

MIDF EQUITY STRATEGY | 6 APRIL 2020

WEEK ENDED 3 APRIL 2020

- Most equity markets worldwide were in a sea of red last week as the number of confirmed Covid-19 cases around the globe surpassed the one million mark.
- Brent crude oil recorded its first gain in six weeks after settling 36.8% higher at USD34.1pb. The rally was partially due to President Trump's expectation that world oil producers will resume production cuts. Sentiment was further aided by data showing that U.S. drillers had cut the number of rigs actively pumping oil by 62 this week, the most in a week since 2015.
- Foreign investors marked their eighth straight of net selling in Asian equities. Based on the provisional aggregate data for the seven Asian exchanges that we track, investors classified as "foreign" sold -USD3.26b net last week, slightly lower than the -USD3.43b disposed in the preceding week.
- The pace of foreign net selling on Bursa continued to slowdown last week. Based on data from Bursa, international investors sold -RM486.0m net of local equities last week compared to the -RM631.9m net disposed in the preceding week.
- The FBM KLCI declined 0.9% for the week after settling at 1,330.7 points. Similarly, the Ringgit depreciated by 0.4% against the greenback to reach USD/MYR4.355 during the week.

TRUMP RATTLES THE MARKETS ONCE AGAIN

A. MARKET SNAPSHOT

- Most equity markets worldwide were in a sea of red last week as the number of confirmed Covid-19 cases around the globe surpassed the one million mark.
- Wall Street's main indexes fell more than 10.0% for the week as the impact of the Covid-19 has been reflected in the unemployment levels in the U.S. The U.S economy lost 701,000 nonfarm payroll jobs in March 2020. This was also the first time since 2010 that the nonfarm payrolls showed a lost in jobs, putting an end to a 113-month streak of job creation. Meanwhile, U.S-based carriers such as American Airlines and Southwest Airlines have applied to the U.S Treasury for a portion of the USD25b payroll assistance grants approved by the Congress in the preceding week.
- In Asia, China's Official NBS Manufacturing PMI soared to 52.0 in Mar-20 from a record low of 35.7 in Feb-20 and exceed market expectations of 45. It is also the strongest performance since Sep-17 as most of the companies have resumed their operations from the lockdown in the previous month. Output, new orders and employment increased while exports continue to fall. In addition, business sentiment strengthened to 54.4 from 41.8 in Feb-20. While this gives some relief, the sustainability of such fast recovery in the sector remain in doubt as fears of Covid-19 still lingers.
- Germany retail sales in Feb-20 grew 1.2%mom, beating market forecast of 0.1%mom. The retail sales recorded is the highest since Nov-19 of 1.7%mom driven by increase in sales in foods, beverages and tobacco (5.2%mom vs 1.2%mom in Jan-20) and cosmetic, pharmaceutical and medicinal (1.7%mom vs 0.1%mom), among others. The increase in sales is believed to be due to the panic buying and stockpiling in regards to the COVID-19 fear. In contrast to that, a decline in sales was seen in textiles, clothing and leather (-1%mom vs 3.2%mom), information and communication and technology (-0.4%mom vs 2.4%mom) and construction, household appliances and furniture (-1.6%mom vs 2.5%mom).
- Brent crude oil recorded its first gain in six weeks after settling 36.8% higher at USD34.1pb. The rally was partially due to President Trump's expectation that world oil producers will resume production cuts. Sentiment was further aided by data showing that U.S. drillers had cut the number of rigs actively pumping oil by 62 this week, the most in a week since 2015. The rig count data was evidence that shale drillers in America who contributed much of the global oil glut, were already paring output even before Trump's comments last week.

Table 1 Weekly performance of major indices		
Weekly % change	Week before	Last week
Thai SET	-2.44	3.55
Jakarta JCI	8.36	1.71
Phil PCOMP	10.21	1.53
Korea KOSPI	9.68	0.45
China CSI 300	1.56	0.09
Taiwan TAIEX	5.03	-0.36
KLCI	3.05	-0.93
Hang Seng	2.98	-1.06
DAX	7.88	-1.11
FTSE 100	6.16	-1.72
S&P 500	10.26	-2.08
Dow Jones	12.84	-2.70
CAC 40	7.48	-4.53
FSSTI Index	4.90	-5.52
India SENSEX	-0.34	-7.46
Nikkei	17.14	-8.09

Source: Bloomberg

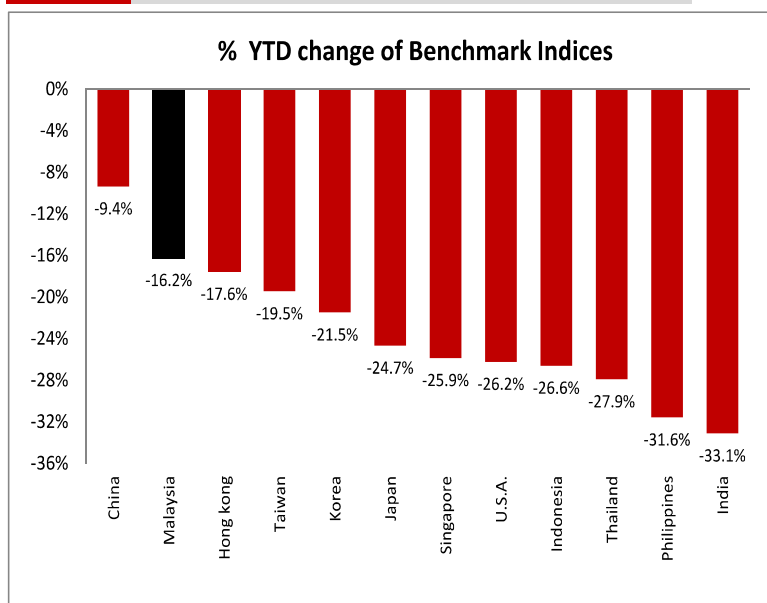
FUND FLOW REPORT

- The FBM KLCI declined 0.9% for the week after settling at 1,330.7 points. Similarly, the Ringgit depreciated by 0.4% against the greenback to reach USD/MYR4.355 during the week.

B. TRACKING MONEY FLOW - ASIA¹

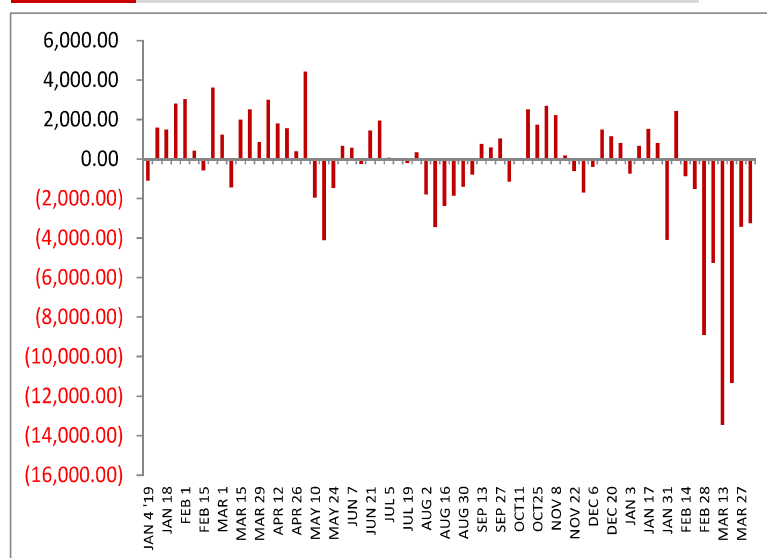
- Foreign investors marked their eighth straight of net selling in Asian equities. Based on the provisional aggregate data for the seven Asian exchanges that we track, investors classified as “foreign” sold -USD3.26b net last week, slightly lower than the -USD3.43b disposed in the preceding week. North Asian markets remained casualties of last week’s sell-off in Asia.
- South Korea continued to see international funds leaving the country for the eighth week running. The selling momentum was little changed as foreign investors sold -USD1.85b net of local equities last week compared to -USD1.86b in the week before. Foreign investors were net sellers on every day of the week, extending the daily selling spree to 22 days. Thursday recorded the highest foreign net outflow during the week at -USD583.8m while Tuesday saw the lowest at -USD140.1m as China’s manufacturing activity unexpectedly expanded in March. Meanwhile, South Korea’s consumer prices rose 1.0%yoy in March with food prices picking up as more people sheltered at home because of the coronavirus. The consumer price index (CPI) gained 1.0 percent in March to 105.54 from the same month a year ago, hovering at the 1-percent level for the third straight month.
- Similar to South Korea, Taiwan logged its eighth week of foreign net selling after foreign investors dumped -USD508.9m of local equities during the holiday-shortened week. Taiwan ended the last trading day in March on a sour note international funds sold -USD216.7m net of local equities on Tuesday despite the better-than-expected Chinese manufacturing data. As such, the month of March saw a total foreign net outflow of a staggering -RM12.08b, the largest amongst the seven Asian markets we track. Aside from that, Taiwan’s consumer confidence index was 78.51 points in March, a decrease of 5.42 points from February, and the lowest since August 2017.

Chart 1 Cumulative performance of major markets



Source: Bloomberg

Chart 2 Weekly Net Flow of Foreign Funds into 7 Asian Markets since Jan 2019 (USD'm)

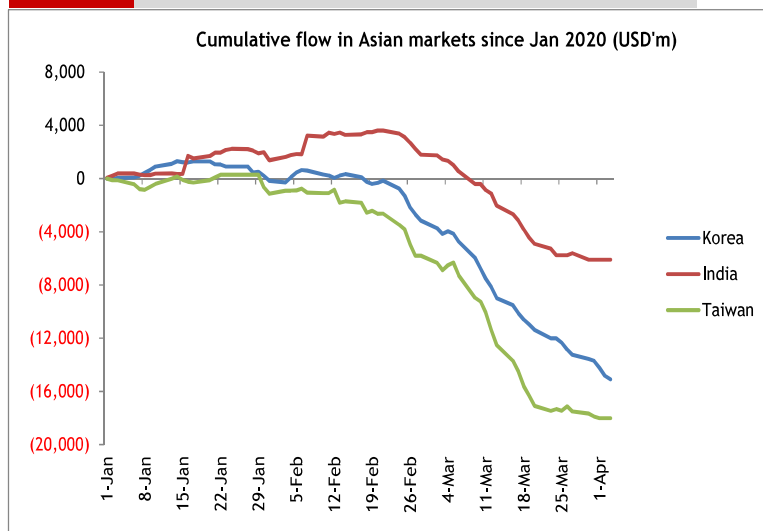


Source: Bloomberg, Bursa Malaysia, MIDFR

¹ Based on 7 Asian markets, for which fund flow data is publicly available. These are our proxy for Asia: TIPS (Thailand, Indonesia, Philippines), Korea, Taiwan, India and Malaysia.

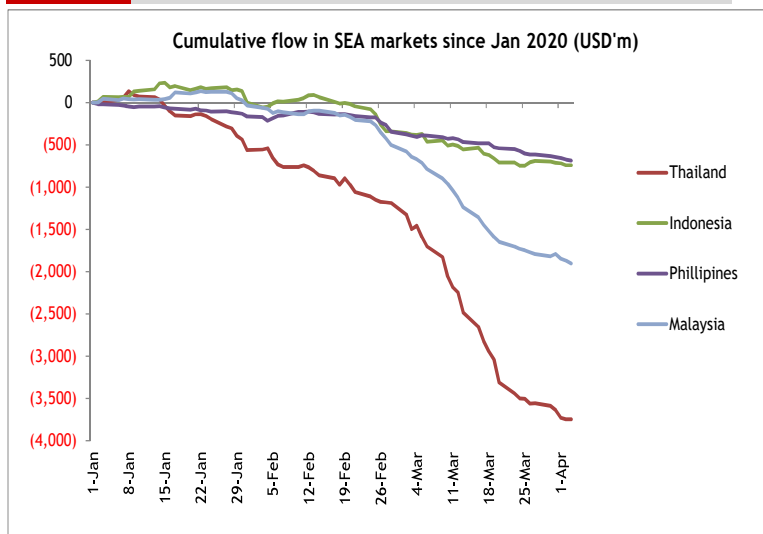
- In emerging South East Asian markets that we monitor, all markets continue to experience foreign net attrition.
- In Thailand, foreign investors sold -USD191.6m net compared to -USD244.5m in the preceding week but marked the 12th consecutive week of foreign net selling. Thursday saw the lowest foreign net outflow during the week of -USD19.3m as support for Brent crude oil came from President Trump's comments on possible production cuts by Saudi Arabia and Russia. In fact, Brent crude oil price surged above USD30pb on Friday, leading the SET index to its best week since 2015. On a separate note, the Thailand has declared a nationwide curfew forbidding anyone from going outdoors from 10pm to 4am effective 3 April 2020.
- The level of Manila's foreign net selling activity declined slightly to -USD69.3m last week. International funds were net sellers on every day of the week, stretching the selling spree to 12 days, the longest since the 18-day selling streak in May 2019. Foreign net selling peaked on Thursday at -USD19.9m. Overall sentiment on Thursday was influenced by the Philippines' PMI fell sharply to a record low of 39.7 in March 2020 dragged by the factory shutdowns due to the Covid-19 pandemic. The local stock barometer followed suit to close 1.2% lower at 5,342.3 points.
- In Jakarta, international funds were back in selling mode at a tune of -USD50.6m, wiping off the USD18.2m foreign net inflow in the week before. It was also notable that Indonesia has the smallest foreign net outflow amongst its ASEAN peers namely Thailand, Malaysia and the Philippines on a year-to-date basis. The year-to-date foreign net outflow from Indonesia is only -USD616.0m.

Chart 3 Net Flow of Foreign Funds into Taiwan, Korea and India since Jan 2019 (USD'm)



Source: Bloomberg, MIDFR

Chart 4 Net Flow of Foreign Funds into South East Asia Emerging Markets since Jan 2019 (USD'm)



Source: Bloomberg, Bursa Malaysia, MIDFR

Table 2 Weekly Net Flow Of Foreign Fund Into Equity By Market (USD'm)

WEEK	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
FEB 14	-273.3	-97.1	52.9	15.9	72.1	415.7	17.1	203.3
FEB 21	-486.6	-199.0	-106.4	-24.5	322.8	-918.2	-107.4	-1,519.3
FEB 28	-3,002.9	-131.7	-297.1	-184.9	-1,824.8	-3,159.9	-299.5	-8,900.9
MAR 6	-1,580.2	-512.9	-123.6	-49.4	-1,246.4	-1,469.8	-283.9	-5,266.1
MAR 13	-4,233.6	-782.3	-89.6	-73.5	-2,573.2	-5,252.4	-450.2	-13,454.8
MAR 20	-2,414.7	-829.1	-157.3	-74.0	-2,878.5	-4,565.9	-411.6	-11,331.1
MAR 27	-1,856.7	-244.5	18.2	-75.9	-706.4	-420.8	-143.5	-3,429.7
APR 4	-1,847.2	-191.6	-50.6	-69.3	-481.1	-508.9	-111.4	-3,260.1

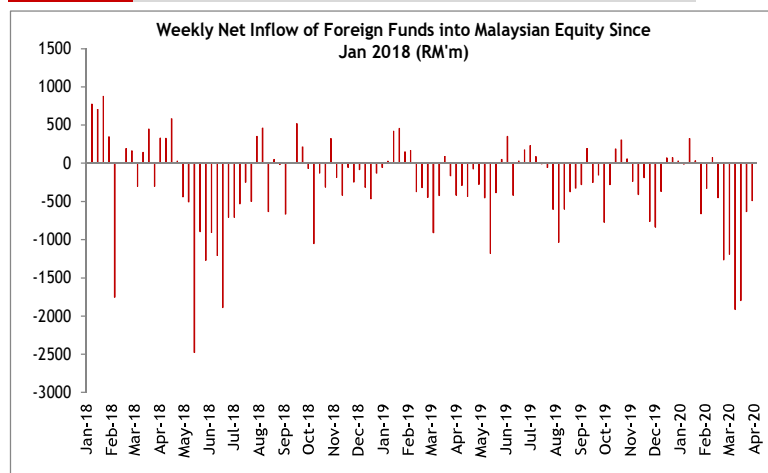
Source: Respective exchange statistics reported on Bloomberg. Bursa Malaysia. These figures are subject to revisions.

FUND FLOW REPORT

C. TRACKING MONEY FLOW - MALAYSIA

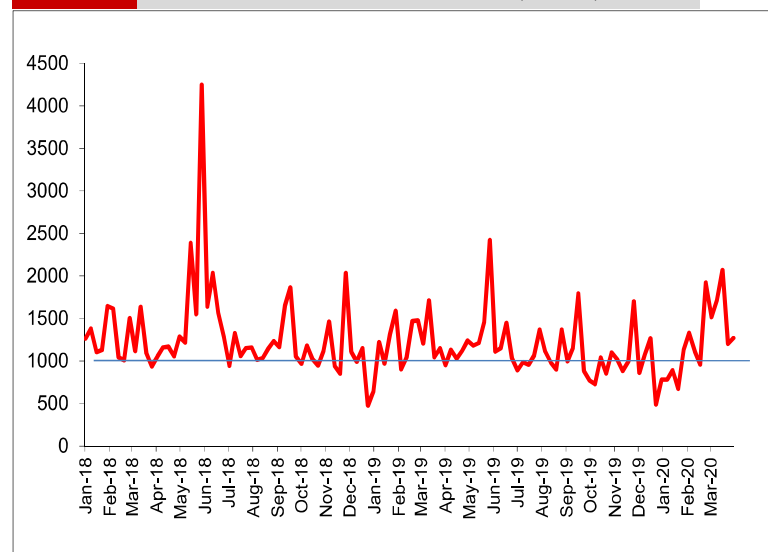
- The pace of foreign net selling on Bursa continued to slowdown last week. Based on data from Bursa, international investors sold -RM486.0m net of local equities last week compared to the -RM631.9m net disposed in the preceding week.
- In comparison to its other six Asian peers that we monitor, Malaysia remains as the nation with the third smallest foreign net outflow on a year-to-date basis. The year-to-date foreign outflow from Malaysia came to -RM8.12b.
- Monday recorded a foreign net outflow of -RM108.5m in tandem with the FBMKLCI's 1.1% drop and the descent of Brent crude oil price to its lowest point in 18 years.
- Tables were turned on Tuesday as offshore investors mopped up RM113.4m net of local equities, snapping the 28-day foreign net selling streak. The local bourse followed suit gain by 1.7% to close at 1,350.9 points, the highest close in more than two weeks. Risk-on appetite was mainly boosted by the expansion in China's manufacturing activity in March 2020.
- However, the foreign net inflow was short-lived as foreign investors dumped -RM253.4m on Wednesday, the highest foreign net outflow during the week. Investors' nerves were frayed as Asian manufacturing activity data including Malaysia showed a slowdown last month.
- The momentum of foreign net selling decelerated to -RM96.8m net on Thursday following President Trump's expectation that Saudi Arabia and Russia to announce a deal on an oil production cut. As such, Brent crude oil price jumped by 28.0% on Thursday to USD29.9pb, the largest daily gain in history.
- Friday then saw a foreign net outflow of -RM140.7m as FTSE Russell kept Malaysia on the watchlist for bond index exclusion. Meanwhile, Malaysia's exports grew by almost 12.0% in February 2020, the strongest in 16 months.
- In terms of participation, the average daily traded value (ADTV) of foreign investors increased the most by 5.5% to RM1.27b, which is still at a healthy level.

Chart 5 Weekly Net Flow of Foreign Funds into Malaysian Equity since Jan 2018 (RM'm)



Source: Bursa Malaysia statistics, MIDFR

Chart 6 Foreign Participation on Bursa: Daily Average for the Week since Jan 2018 (RM'm)



Source: Bursa Malaysia statistics, MIDFR

Table 3 BURSA MALAYSIA: WEEKLY MARKET PARTICIPATION (RM'm)

Week ended	LOCAL RETAIL			LOCAL INSTITUTION			FOREIGN			NET (USD)*
	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	
FEB 28	4,747.5	4,035.0	712.5	8,222.1	7,670.6	551.5	4,181.1	5,445.1	-1,264.0	-299.5
MAR 6	3,306.6	3,044.6	262.0	6,003.1	5,076.3	926.9	3,199.3	4,388.2	-1,188.9	-283.9
MAR 13	4,941.3	4,118.3	823.0	9,398.2	8,309.3	1,088.9	3,335.2	5,247.0	-1,911.9	-450.2
MAR 20	4,223.8	4,338.4	-104.7	8,921.6	7,371.6	1,549.9	4,281.1	6,075.4	-1,794.4	-411.6
MAR 27	3,699.8	3,738.7	-38.9	5,947.9	5,277.1	670.8	2,692.0	3,323.9	-631.9	-143.5
APR 4	4,053.0	3,684.4	368.6	5,449.5	5,332.1	117.4	2,930.1	3,416.1	-486.0	-111.4

Source: Bursa's data * Estimate by MIDF Research based on prevailing exchange rate.

D. MONEY FLOW² AMONG BURSA'S TOP 100 CAPITALIZED STOCKS: WEEK ENDED 3 APRIL
TOP 10 NET MONEY INFLOWS

- CIMB Group Holdings Berhad registered the highest net money inflow of RM5.74m last week. Its share price dropped -1.96% for the week, underperforming the local bourse which had a -0.93% weekly loss. Nonetheless, it is notable that net money inflow amidst retreating share price may indicate a buy on weakness (BOW) stance among some investors.
- Top Glove Corporation recorded the second highest net money inflow of RM4.63m. Its share price was 1.27% higher, outperforming the local bourse which had a -0.93% weekly loss.
- Public Bank Berhad saw the third highest net money inflow of RM3.75m. Its share price was -1.26% lower during the week, underperforming the local bourse which was -0.93% lower.

TOP 10 NET MONEY OUTFLOWS

- Maxis Berhad saw the second largest net money outflow of -RM5.21m last week. Its stock price was -3.35% lower for the week, underperforming vis-à-vis the FBM KLCI which was -0.93% lower during the review week.
- MY EG Services Berhad recorded the third largest net money outflow -RM4.23m during the week under review. Its share price was 1.59% higher during the week, outperforming the market benchmark which had a -0.93% weekly loss. It is notable that the net money outflow amidst advancing share price may indicate a sell on strength (SOS) stance among some investors.
- Malaysia Airports Holdings Berhad registered the third largest net money outflow of -RM3.17m in the review week. Its share price was -2.05% lower during the week under review, underperforming the local benchmark which was -0.93% lower for the week.

Table 4 Top 10 Net Money INFLOW

Name	Net Money Flow (RM mn)		Price (% Chg) Last Week	Remark
	Last Week	Prev Week		
CIMB GROUP	5.74	-8.47	-1.96	BOW
TOP GLOVE	4.63	-7.16	1.27	-
PUBLIC BANK	3.75	2.74	-1.26	BOW
BURSA	3.51	-2.64	0.81	-
AXIATA	3.46	6.85	-5.33	BOW
GENT MSIA	2.93	-1.13	3.05	-
F&N	2.91	0.27	3.06	-
TELEKOM	2.05	0.22	3.01	-
NESTLE	2.00	-1.30	0.51	-
DIALOG	1.78	-0.03	1.31	-

Source: Bloomberg, MIDFR;

Note: BOW – Buy on weakness, SOS – Sell on strength (Bloomberg defined)

Table 5 Top 10 Net Money OUTFLOW

Name	Net Money Flow (RM mn)		Price (% Chg) Last Week	Remark
	Last Week	Prev Week		
MAXIS	-5.21	0.79	-3.35	-
MY EG	-4.23	-7.24	1.59	SOS
MAHB	-3.17	-12.11	-2.05	-
MISC	-2.66	-0.65	0.40	SOS
CARLSBERG	-2.23	0.34	-5.07	-
HARTALEGA	-1.78	-4.39	-1.29	-
MAYBANK	-1.67	-15.59	0.41	SOS
VELESTO	-1.53	0.08	45.45	SOS
PETCHEM	-1.35	-2.04	1.05	SOS
BUMI ARMADA	-1.13	-0.14	22.2	SOS

Source: Bloomberg, MIDFR;

Note: BOW – Buy on weakness, SOS – Sell on strength (Bloomberg defined)

² Money flow indicates whether a particular stock is being more heavily purchased or sold. Money flow generally confirms price trend. As price rises, money flow is usually positive, vice versa. A divergence may portend a reversal in price trend. A rising stock price with a negative money flow can indicate a future price correction, vice versa.

How is money flow calculated? When a trade is performed, its price is compared to the price of the previous trade (the first trade of the day is compared to the previous day's close). If the prices differ, either upticks or downticks, the value of the trade (price multiplied by number of shares) is added to or subtracted from the money flow respectively.

Source: Bloomberg, MIDFR

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Business Address:
11th Floor, Menara MIDF,
82, Jalan Raja Chulan, 50200
Kuala Lumpur.
Tel: 2173 8888
Fax: 2173 8380