

# FUND FLOW REPORT

## MIDF EQUITY STRATEGY | 23 DECEMBER 2019 WEEK ENDED 20 DECEMBER 2019

- Major global equity markets ended in the green zone last week amidst a series of central bank policy decisions.
- Brent crude oil price ended 0.6% higher for the week at USD66.14pb. Support continued to come from the easing U.S.-China trade dispute whereby China on Thursday announced a list of import tariff exemptions for six oil and chemical products from the U.S. This was after Washington and Beijing said that an interim trade deal is set to be signed in January 2020.
- Offshore funds continued to enter Asian markets for the second week. Based on the provisional aggregate data for the seven Asian exchanges that we track, investors classified as “foreign” accumulated RM1.51b net last week, compared to USD1.49bm net bought in the preceding week.
- International funds made a modest comeback to Bursa last week. Based on data from Bursa, international investors acquired RM72.9m net of local equities last week, snapping the six-week foreign net selling spree.
- The FBM KLCI ended the week in the black for the third week, gaining 2.5% to settle at 1,610.2 points. Meanwhile, the Ringgit depreciated by 0.2% against the greenback to reach USD/MYR4.141.

TRADE OPTIMISM BRINGS BACK INVESTORS TO ASIA

A. MARKET SNAPSHOT

- Major global equity markets ended in the green zone last week amidst a series of central bank policy decisions.
- U.S. manufacturing output rebounded more than expected in November, as the overall IPI jumped by 1.1%mom, the biggest jump in two years. Nevertheless, annual growth remains in contractionary mode. Overall IPI shrank by -0.7%yoy, manufacturing output by -0.6%yoy and electricity by -4.4%yoy. Mining production moderated to 2.1%yoy, weakest gain since Feb-17. In addition, production of consumer goods further declined by -1.2%yoy, entering eight-consecutive months of contractions. Global trade tension and market uncertainty are among major factors contributing to the slowdown in manufacturing as well as overall IPI performances. Despite Fed's three rate cuts, industrial activities in the US remain weak and domestic demand seems to lose its strength as reference to the poor trend in consumer goods output growth.
- Despite the continuous USA-China trade war, China's IPI growth hits 5-month high while retail sales increases by 8%yoy, the highest gain since Jul-19, fuelled by government's stimulus package and strong domestic demand. Positive development of trade negotiation between Trump-led administration and Chinese government indirectly support the uptick performances. Looking at domestic demand, China is operating at full-employment condition as jobless rate touches its new bottom point of 3.6% in 2Q19 and consumer confidence has been hovering above 120 points in 2019, highest in more than 25 years.
- A number of central banks around the world including the Bank of England held their key interest rate at current level during policy meetings last week, in line with Fed's interest rate decision in December. Policy rate for both England and Japan are already at low levels while Indonesia had been rapidly cutting, at four times this year. Currently, Indonesia's key interest rate stood at 5%. Almost all major countries have been engaging in expansionary policy, be it monetary or fiscal in order to tackle slowing economy due to increasing risks at both external and domestic front. Household expenditure continued to increase but at a slower pace while business investments significantly weakened. There is no sign of substantial improvement in business confidence mainly due to the ongoing US-China trade crusade.
- Brent crude oil price ended 0.6% higher for the week at USD66.14pb. Support continued to come from the easing U.S.-China trade dispute whereby China on Thursday announced a list of import tariff exemptions for six oil and chemical products from the U.S. This was after Washington and Beijing said that an interim trade deal is set to be signed in January 2020.

Table 1 Weekly performance of major indices

Weekly % change	Week before	Last week
FTSE 100	1.57	3.11
KLCI	0.17	2.48
CAC 40	0.80	1.73
S&P 500	0.73	1.65
India SENSEX	1.40	1.64
Korea KOSPI	4.25	1.56
Jakarta JCI	0.17	1.40
China CSI 300	1.69	1.24
Dow Jones	0.43	1.14
Hang Seng	4.49	0.66
DAX	0.88	0.27
Taiwan TAIEX	2.74	0.26
FSSTI Index	0.61	-0.05
Thai SET	0.96	-0.06
Nikkei	2.86	-0.86
Phil PCOMP	0.97	-1.33

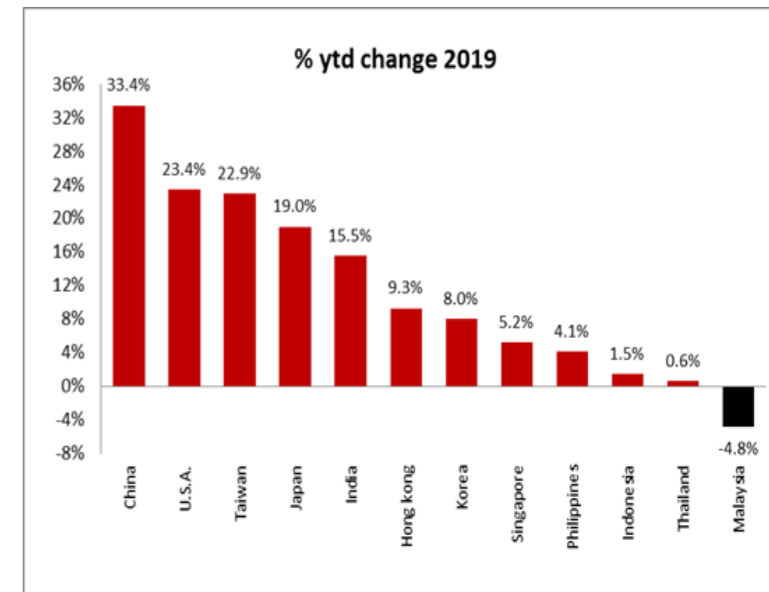
Source: Bloomberg

- The FBM KLCI ended the week in the black for the third week, gaining 2.5% to settle at 1,610.2 points. Meanwhile, the Ringgit depreciated by 0.2% against the greenback to reach USD/MYR4.141.

B. TRACKING MONEY FLOW - ASIA<sup>1</sup>

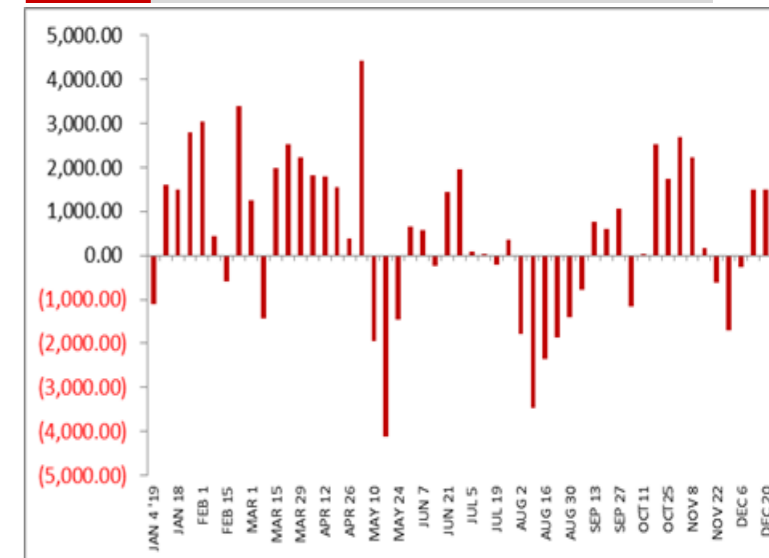
- Offshore funds continued to enter Asian markets for the second week. Based on the provisional aggregate data for the seven Asian exchanges that we track, investors classified as "foreign" accumulated RM1.51b net last week, compared to USD1.49bm net bought in the preceding week.
- South Korea experienced its second weekly foreign net inflow of USD1.03b last week. Monday was the only day during the week which saw a foreign net outflow of -USD156.1m following uncertain views over the progress of China U.S trade negotiations. Meanwhile, the level of foreign net buying was the highest during the week on Tuesday at USD464.2m which pushed the KOSPI index 1.3% higher to close at 2195.6 points, a level not seen since late April this year. On a year-to-date basis, international investors have so far bought USD1.16b net of local equities in South Korea, the smallest foreign net inflow amongst the seven Asian markets we monitor.
- In contrast, foreign investors in Taiwan turned net sellers at a tune of -USD304.2m net, marking the first foreign net outflow after two straight weeks of foreign net inflow. Similar to Korea, the cheer in trade optimism saw foreign investors flocking into Taiwan on Tuesday at a tune of USD279.3m net, the highest during the week. The local bourse followed suit to rise 1.3% higher to close above 12,000 points for the first time in more than a year. The month of December still sees a foreign net inflow of USD1.55b. Meanwhile, Taiwan in 2019 has so far seen a foreign net inflow of RM10.08b, the second highest amongst the seven Asian markets we monitor.
- In emerging South East Asian markets that we monitor, half recorded a foreign net outflow while the other half saw a foreign net inflow during the week.

Chart 1 YTD performance of major markets



Source: Bloomberg

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



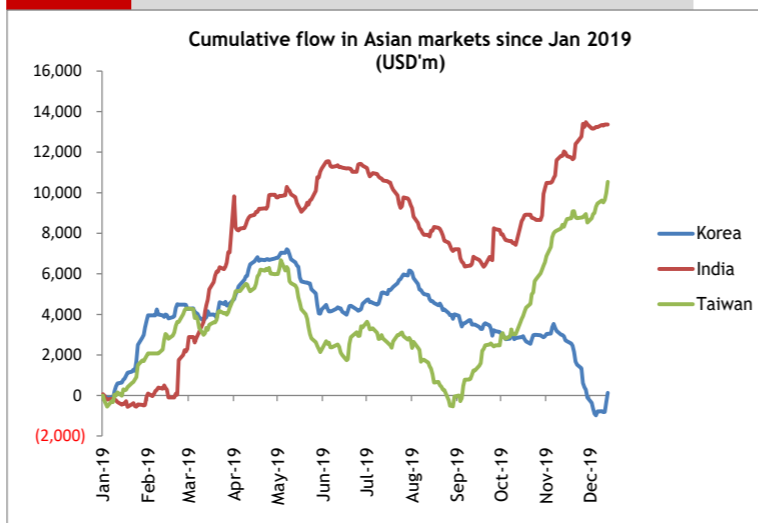
Source: Bloomberg, Bursa Malaysia, MIDFR

<sup>1</sup> 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.



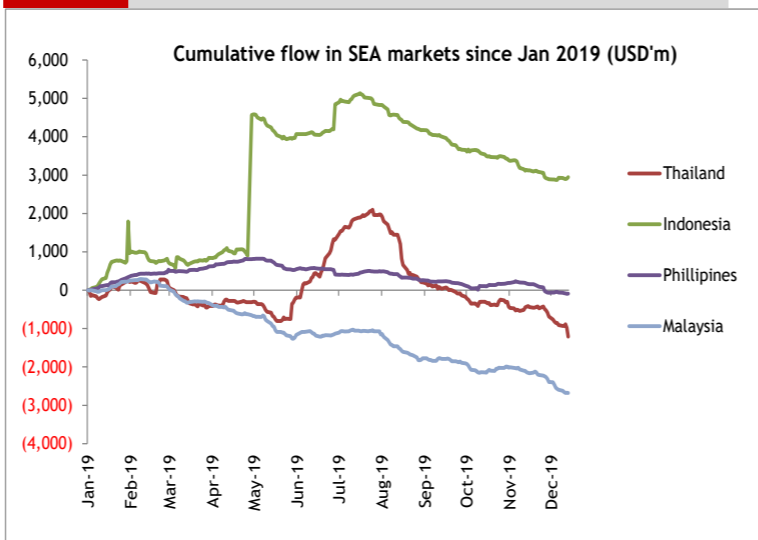
- In Bangkok, the pace at which foreign investors were disposing local equities was lower to reach -USD97.5m net last week, extending the foreign net selling to the fifth consecutive week. Foreign funds were net sellers on three out of four days during the week with Monday recording the highest at -USD159.9m net. On the monetary policy front, the central bank of Thailand held its policy rate at a record low of 1.25% which was in line with the U.S Fed's interest rate decision in December. The previous two cuts this year were an attempt to curb the strong Baht aside from risks of an economic slowdown due to external risks
- In Manila, the level of foreign net selling quadrupled to -USD116.5m net last week. It was notable that international funds were net sellers on every day of the week with Thursday recording the highest at -USD40.5m net. With less than two weeks before 2019 ends, the Philippines has seen a foreign net outflow of only -USD202.9m net, the smallest amongst the four ASEAN markets we monitor. We expect trading to be thin as the year-end festive season gets closer.
- In Jakarta, offshore funds bought USD421.1m net of local equities last week, marking the third uninterrupted week of foreign net inflow. Foreign net buying occurred on every day of the week except on Thursday which saw a marginal foreign net outflow of -USD18.7m. Foreign net inflow on the other hand was the highest on Friday at USD199.8m net, coinciding with the 0.6% advance in the nation's local stock barometer to 6,284.4 points, a level not observed since late October this year.

**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)

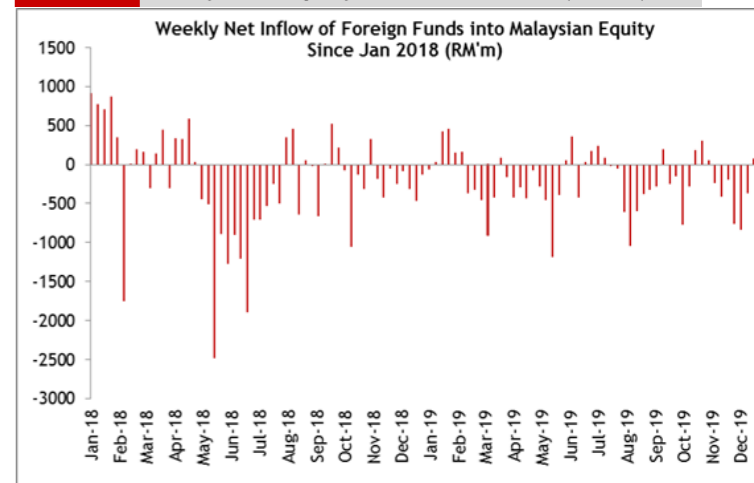
WEEK	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
NOV 1	38.5	-216.1	-123.4	27.6	1,820.6	1,130.9	13.2	2,691.3
NOV 8	151.5	-78.5	-183.1	12.0	1,120.6	1,252.3	-57.2	2,217.5
NOV 15	-503.4	104.0	-64.6	-47.9	210.4	574.2	-98.4	174.2
NOV 22	-1,155.6	-34.6	-40.2	63.4	680.5	43.4	-44.8	-614.7
NOV 29	-1,625.9	-212.0	-189.4	-159.3	883.2	-210.2	-182.3	-1,695.8
DEC 6	-681.5	-222.4	37.0	8.7	-138.2	934.3	-200.0	-262.2
DEC 13	911.5	-304.9	15.0	-28.0	131.6	1,070.2	-88.3	1,707.1
DEC 20	1,032.0	-97.4	421.1	116.4	554.1	-304.2	17.6	1,506.8

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

**C. TRACKING MONEY FLOW - MALAYSIA**

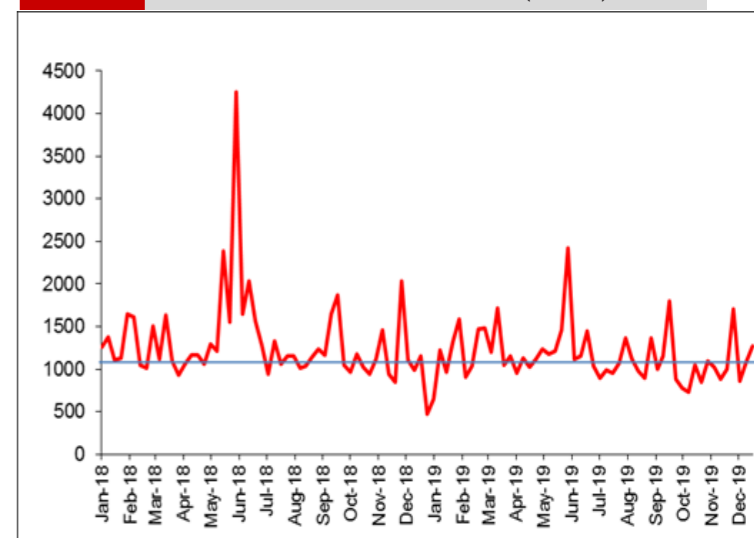
- International funds made a modest comeback to Bursa last week. Based on data from Bursa, international investors acquired RM72.9m net of local equities last week, snapping the six-week foreign net selling spree.
- Bursa began the week on the wrong foot as foreign investors sold -RM85.0m net on Monday, coinciding with the 0.1% decline in the local bourse to 1,569.4 points amidst renewed concerns on the U.S-China phase one trade deal.
- Foreign net selling then inched lower on Tuesday to reach -RM57.1m net as investors digested developments of the preliminary deal between Beijing and Washington, where the exports to China from the U.S will be increased in addition to possible lowering of tariffs on Chinese goods.
- Wednesday marked the return of foreign funds into Bursa at a tune of RM113.6m net after three straight days of foreign of net outflow.
- The foreign net inflow into Bursa was short-lived as foreign investors disposed -RM29.3m net of local equities on Thursday. Notwithstanding this, international funds picked up RM130.7m net of local equities on Friday, the largest foreign net buying in a day since the middle of November this year, lifting the FBMKLCI above 1,600 points for the first time in nearly a month. The heavy foreign net inflow was partially supported by the year-end window dressing activities.
- With less than two weeks before December ends, the month has so far seen a foreign net outflow of -RM1.13b. Meanwhile the year-to-date foreign net outflow from Malaysia as of last Friday has reached -RM11.06b, constituting 94.6% of last year's total foreign net outflow of -RM11.69b.
- In terms of participation, foreign investors saw the sharpest increase in average daily traded value (ADTV) amongst the other investor groups, gaining 17.7% to reach RM1.027b.

**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)	
NOV 15	2,144.0	2,055.4	88.6	4,420.3	4,100.3	320.0	1,999.4	2,408.0	-408.5	-98.4
NOV 22	2,502.7	2,454.3	48.4	4,285.2	4,146.4	138.8	2,394.2	2,581.3	-187.2	-44.8
NOV 29	2,544.5	2,401.8	142.7	4,785.8	4,167.3	618.5	3,871.5	4,632.7	-761.2	-182.3
DEC 6	2,222.6	2,146.4	76.2	4,137.6	3,379.1	758.5	1,735.1	2,569.8	-834.6	-200.0
DEC 13	2,579.4	2,511.5	67.9	4,376.2	4,077.0	299.2	2,510.8	2,877.9	-367.1	-88.3
DEC 20	2,541.5	2,543.5	-2.0	4,135.9	4,206.8	-70.9	3,208.7	3,135.8	72.9	17.6

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

**D. MONEY FLOW<sup>2</sup> AMONG BURSA'S TOP 100 CAPITALIZED STOCKS: WEEK ENDED 20 DECEMBER**
**TOP 10 NET MONEY INFLOWS**

- Public Bank Berhad registered the highest net money inflow of RM30.81m last week. Its share price was +4.76% higher for the week, outperforming the local bourse which had a +2.50% weekly gain.
- Top Glove Corp Berhad recorded the second highest net money inflow of RM8.23m. Its share price hugely outperformed the market gaining +9.57% vs FBMKLCI at +2.50%.
- Malayan Banking Berhad saw the third highest net money inflow of RM7.31m. Its share price was +0.94% higher during the week, underperforming the local bourse which was +2.50% higher.

**TOP 10 NET MONEY OUTFLOWS**

- Inari Amertron Berhad saw the largest net money outflow of -RM10.56m last week. Its stock price was -14.00% lower for the week, substantially underperforming vis-à-vis the FBM KLCI which advanced +2.50% during the review week.
- Malaysia Airports Holdings Berhad recorded the second largest net money outflow -RM7.06m during the week under review. Its share price was +0.53% higher during the week, underperforming the market benchmark which had a +2.50% weekly gain. It is notable that the net money outflow amidst advancing share price may indicate a sell on strength (SOS) stance among some investors.
- Velesto Energy Berhad registered the third largest net money outflow of -RM6.14m in the review week. Its share price was -1.32% lower during the week under review, underperforming the local benchmark which was +2.50% higher for the week.

**Table 4 Top 10 Net Money INFLOW**

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
PUBLIC BANK	30.81	-4.71	4.76	-
TOP GLOVE CORP	8.23	0.03	9.57	-
MALAYAN BANKING	7.31	-1.58	0.94	-
GAMUDA BHD	3.58	-0.81	4.23	-
AMMB HOLDINGS	2.83	0.50	4.22	-
PRESS METAL	2.68	1.12	0.00	-
PETGAS BHD	2.66	0.95	4.13	-
SIME DARBY	2.55	0.49	0.00	-
SIME DARBY PROPERTY	2.47	0.46	4.02	-
HAP SENG CONSOLIDATED	1.95	0.75	0.40	-

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)	Remark
	Last Week	Prev Week	Last Week	
INARI AMERTRON	-10.56	-1.39	-14.00	-
MAHB	-7.06	-8.56	0.53	SOS
VELESTO ENERGY	-6.14	-3.34	-1.32	-
PETCHEM BHD	-5.84	-2.94	5.83	SOS
HEINEKEN MSIA	-5.23	4.78	2.05	SOS
SIME DARBY PLANT	-4.99	-1.50	0.38	SOS
SCIENTEX BHD	-4.77	0.26	-4.47	-
IOI CORP BHD	-3.86	-0.15	5.24	SOS
PETDAG BHD	-2.88	-0.71	-2.29	-
FGV HOLDINGS	-2.72	-3.97	2.84	SOS

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

<sup>2</sup> 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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