

14 April 2014
MALAYSIA EQUITY



FUND FLOW REPORT

Week Ended Apr 11, 2014

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FOR IMPORTANT DISCLOSURES**

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14 April 2014 | Strategy - Weekly Fund Flow

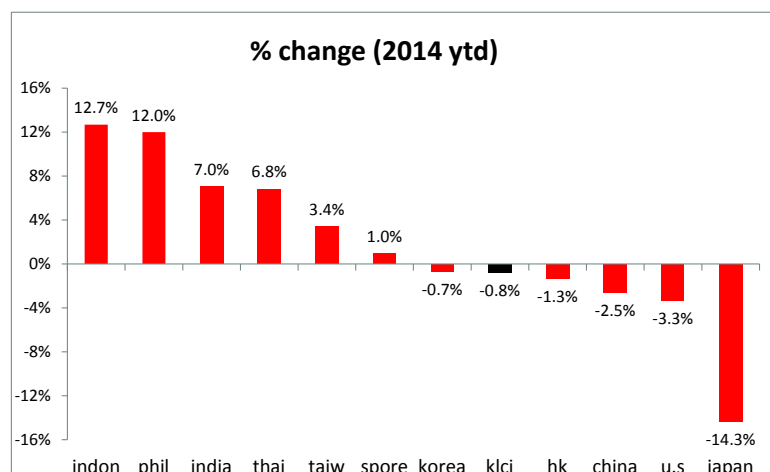
ASIA ON A ROLL DESPITE TECH JITTERS

A. MARKET SNAPSHOT

- Equity investors around the world turned jittery last week, absorbing the impact of the price correction in the U.S.
- As the bellweather equity market, Wall Street was a cause for concern as it recorded its worst 2-day drop (Thursday-Friday) since June last year. April is the reporting month for the first quarter corporate earnings, and expectations have turned cautious that the numbers are not going to keep up with the lofty valuation. The Dow Jones and S&P500 lost -2.4% and -2.7% respectively. Technology stocks led the slide as concerns focused on the profitability of IT companies, whose numbers are expected to lag expectations the most.
- The global selloff in technology stocks was not constrained to Wall Street. In Europe, stocks such as ARM Holdings, United Internet AG, Logitech International SA and Infineon Technologies AG recorded heavy losses .
- Bucking the trend somewhat was Asia, where a few markets continued to be in the greenzone. China's CSI and HK's Hang Seng led the pack, gaining 3.9% and 2.2% respectively, after the authority announced decision to allow mainland and Hong Kong investors to trade shares in each others' market. However, the focus last week was Indonesia which held its parliamentary election. The frontrunner party is the opposition Indonesian Democratic Party-Struggle (PDI-P). However, the party won < 20% of the votes in Wednesday's parliamentary election. It was the highest but below the threshold needed for a party to nominate a presidential candidate on its own. The JCI lost -3.2% on Thursday, wiping out the gains for the week, on prospect of a coalition heading to the presidential election.
- The KLCI was strongly supported and closed the week above 1,850 for the third week in a row at 1852.7 points.

Performance of major markets		
Weekly % change	Week before	Last week
China CSI300	1.56	3.90
Hang Seng	2.01	2.19
India Sensex	0.09	1.21
Phil Comp	3.17	0.55
Korea KOSPI	0.36	0.47
Taiwan Taiex	1.30	0.22
KLCI	0.32	-0.21
Thai SET	1.69	-0.33
Straits Times	1.28	-0.45
Jakarta JCI	1.88	-0.85
FTSE	1.21	-2.00
Dow Jones	0.55	-2.35
CAC	1.66	-2.65
S&P500	0.40	-2.65
DAX	1.13	-3.92
Nikkei 225	2.50	-7.33

Source: Bloomberg



B. TRACKING MONEY FLOW

- Global funds remained net buyer of Asian equity for the fourth week running, based on the numbers from our proxy markets. There was a decline, but the rate of inflow was still strong.
- Foreign investors bought into seven Asian equity markets that we track (Korea, Taiwan, Thailand, Malaysia, Indonesia, Philippines and India ¹) last week, committing USD2.83b, compared with USD4.23b the week before.
- For the third week running, all seven countries reported net surplus in the inflow foreign portfolio money. A big tide continued to wash ashore the more developed markets of Korea and Taiwan. So far this year, these two markets combined have attracted USD4.1b, compared with USD6.2b for the other 5 markets.
- Despite the less desirable election outcome in Indonesia, foreign money continue to flow into the Jakarta exchange, for the 10th straight week now. We note that the amount which left on Thursday (after the election result) was relatively moderate. Indeed, the inflow resumed on Friday.
- The flow to India slowed down markedly last week. Voting in India's general election is under way. Malaysia received USD127.6m last week.

¹ These markets, for which fund flow data is publicly available, are our proxy for Asia.

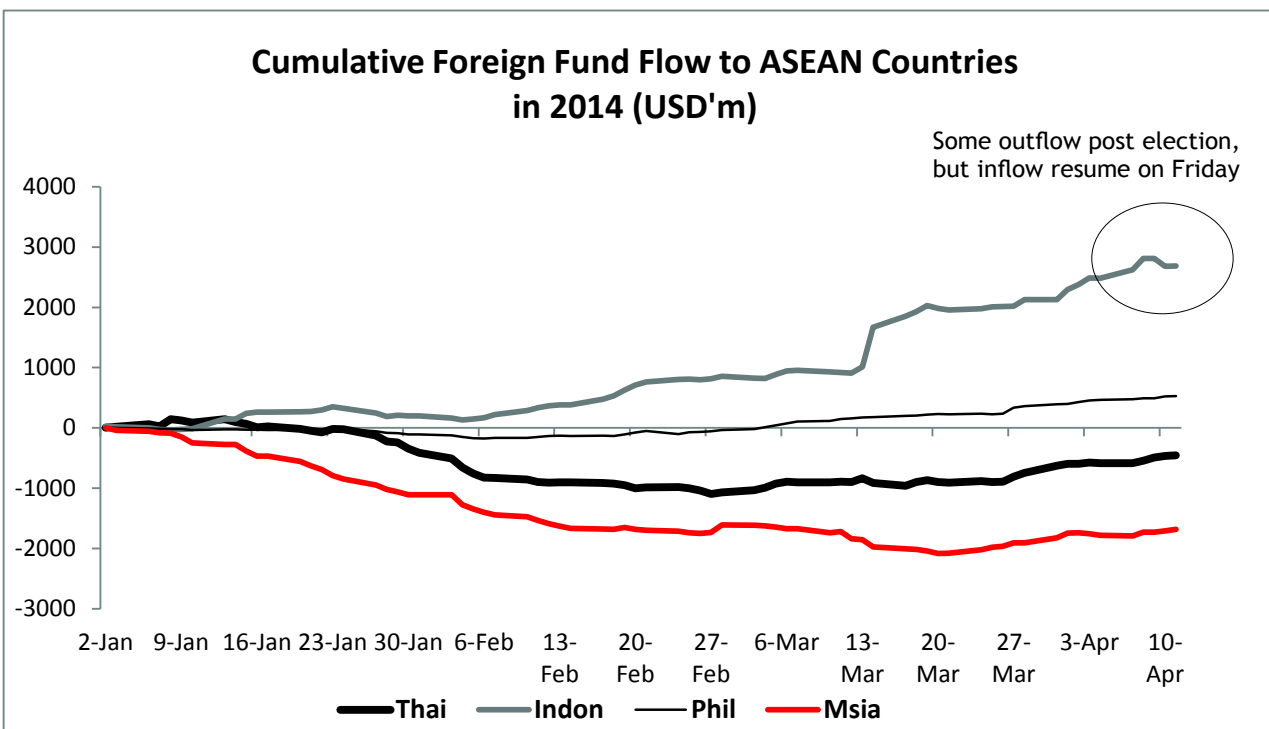
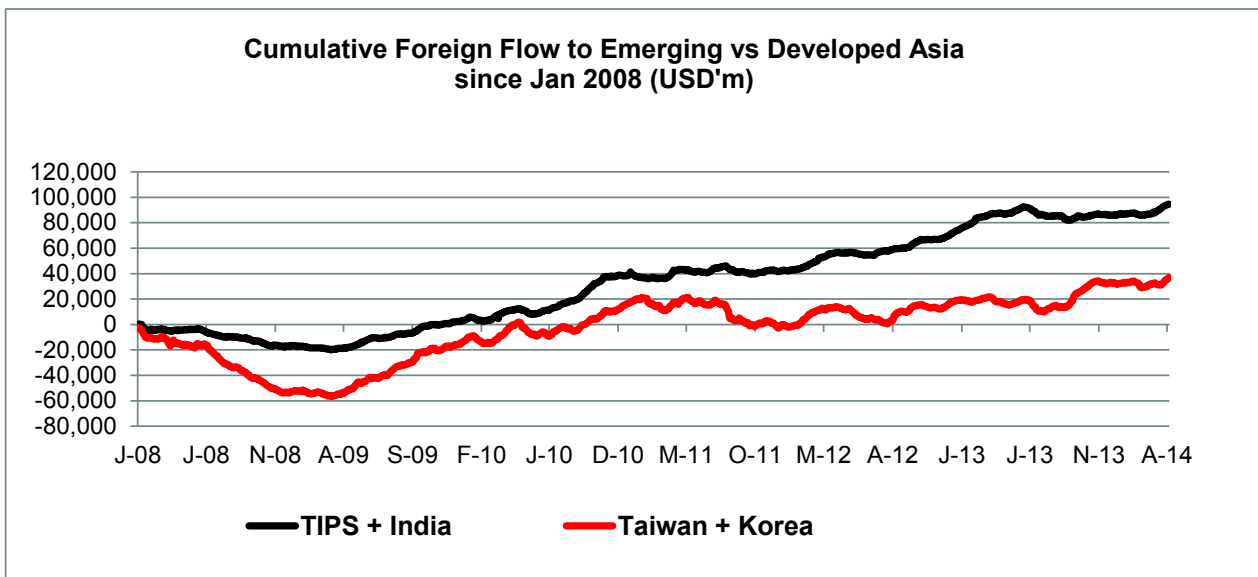
WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)

WEEK ENDED	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	MALAYSIA	TOTAL
OCT 25	1077.1	16.2	-20.4	-105.8	672.4	254.3	-40.3	1853.6
NOV 1	525.2	-96.5	-69.2	-7.2	798.2	467.4	-152.0	1465.9
NOV 8	-619.2	-202.7	-97.4	-77.9	209.3	-12.5	-158.4	-958.8
NOV 15	-263.9	-377.6	-175.0	-40.1	108.3	-586.1	-392.2	-1726.5
NOV 22	72.1	-285.4	-20.5	-57.1	311.5	-778.6	-164.1	-922.2
NOV 29	403.2	-532.2	24.7	59.1	210.8	665.8	-127.6	704.0
DEC 6	-729.4	-586.1	-96.9	-46.0	448.6	265.8	-198.9	-942.8
DEC 13	-1071.1	-428.4	-34.2	-47.1	821.0	580.8	-194.2	-373.2
DEC 20	2.9	-194.2	21.7	-77.3	969.8	37.4	-168.7	591.6
DEC 27	98.7	-52.0	-384.2	-2.1	222.1	277.4	-34.6	125.3
JAN 3	-564.8	18.1	15.1	3.1	116.4	2.2	10.3	-399.6
JAN 10	390.7	71.3	-29.6	-36.3	-55.8	181.2	-209.6	311.9
JAN 17	-111.1	-62.4	274.0	-4.1	268.6	877.3	-217.8	1024.6
JAN 24	-82.1	-50.3	66.2	15.3	158.4	327.8	-378.8	56.6
JAN 31	-775.4	-392.3	-128.1	-85.0	-500.5	-581.7	-263.4	-2726.4
FEB 7	-1149.3	-416.3	22.3	-57.8	-213.9	-2251.7	-329.5	-4396.2
FEB 14	-142.6	-71.6	163.3	31.9	-11.3	197.8	-228.6	-61.2
FEB 21	127.8	-84.7	376.8	79.3	331.3	1036.0	-28.2	1838.2
FEB 28	636.3	-80.5	96.5	18.7	313.9	655.6	90.4	1730.9
MAR 7	127.4	163.8	96.1	139.3	838.9	355.4	-67.0	1654.0
MAR 14	-1245.6	-7.7	717.1	72.4	119.8	527.0	-301.2	-118.2
MAR 21	-616.2	2.4	284.4	49.7	1213.1	82.2	-101.9	913.6
MAR 28	426.4	164.0	174.4	135.3	1027.1	1041.5	253.1	3221.4
APR 4	1522.7	159.7	353.7	103.2	856.8	1202.3	33.2	4231.7
APR 11	1001.8	132.0	205.3	61.9	368.1	933.6	127.6	2830.4

Source: Various countries' exchanges. These figures are subject to revisions.

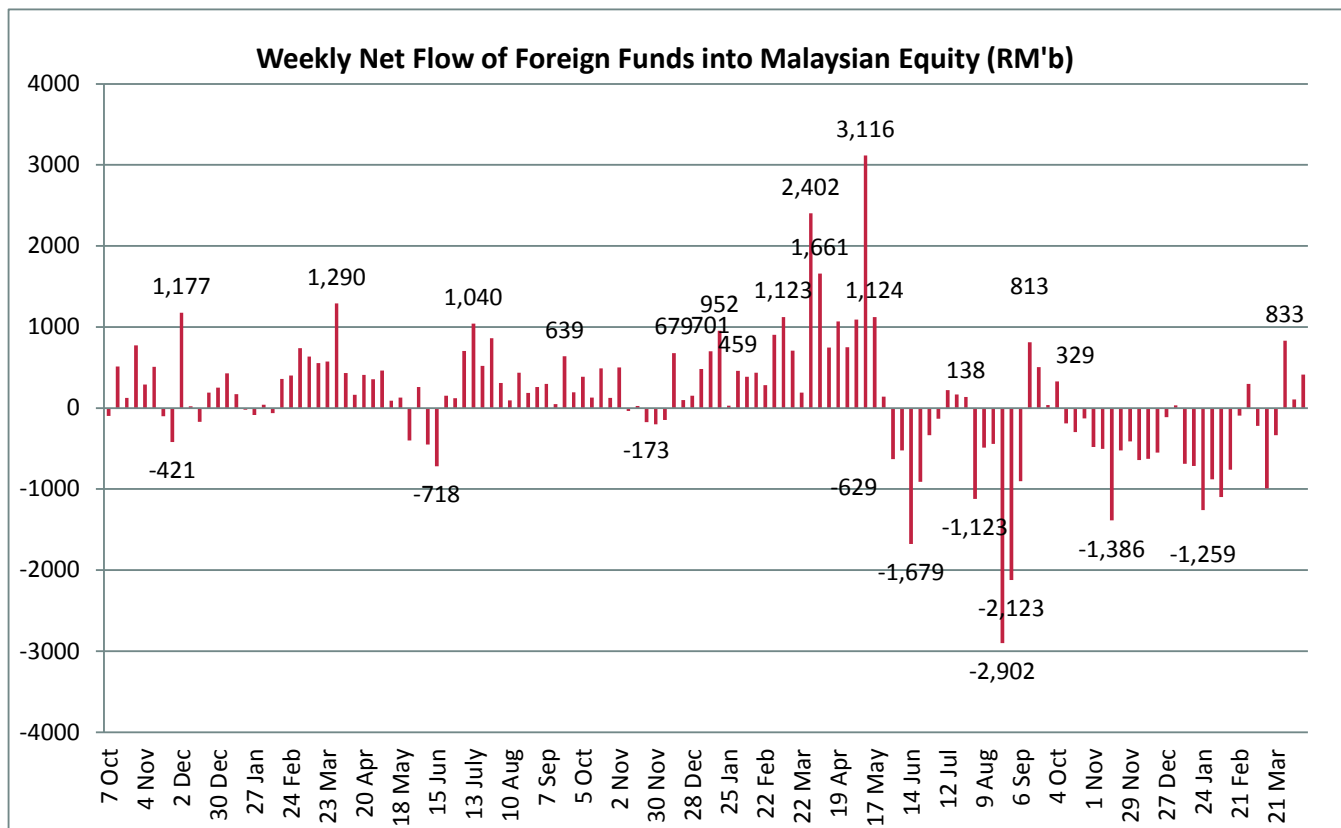
NET FLOW (USD'm)	TIPs + India	Taiwan + Korea	Total
2008	-17,195	-53,106	-70,301
2009	20,580	40,063	60,642
2010	35,690	29,234	64,924
2011	2,748	-17,801	-15,053
2012	31,302	19,976	51,278 (55,663*)
2013	12,446	13,500	25,946 (27,170*)
2014	7,823	4,093	11,915 (10,252*)

TIP = Thailand, Indonesia, Philippines * including Malaysia



C. MALAYSIA

- Foreign portfolio funds bought listed Malaysian equity for the third week running. Last week foreign funds added RM414.4m of Malaysian equity to their portfolio, significantly higher than the RM107.7m purchased the week before. Foreign funds have not bought for three consecutive weeks since October 2013.
- Foreign investors' optimism is reflected by the fact that they were net buyers every single trading day last week. The amount bought hit RM195.5m on Monday, the third highest in a day this year. It tapered on Tuesday but buying remained steady throughout Wednesday to Friday, despite the upheavals on Wall Street and Europe with respect to the tech selloff, and the election outcome in Indonesia.
- Despite the reported surplus in the flow of fund in the last three weeks, Malaysia remained in the red for 2014. The year's cumulative net withdrawal from Malaysian equity amounted to RM5.55b as of last week. However, this was a 20% reduction from the cumulative peak of RM6.90b.
- Foreign participation rate remained elevated last week. Average daily foreign participation rate (average daily gross purchase and sale) was RM1.05b, the second week in a row that it exceeded the RM2b mark.
- Surprisingly, retail investors were net buyers last week, despite events abroad. Retailers bought RM20.2m net on relatively active participation of RM963m.
- Local institutions offloaded RM434.6m last week, on active gross trading averaging RM2.39b daily, the 14th week in a row that participation exceeded the RM2b mark.

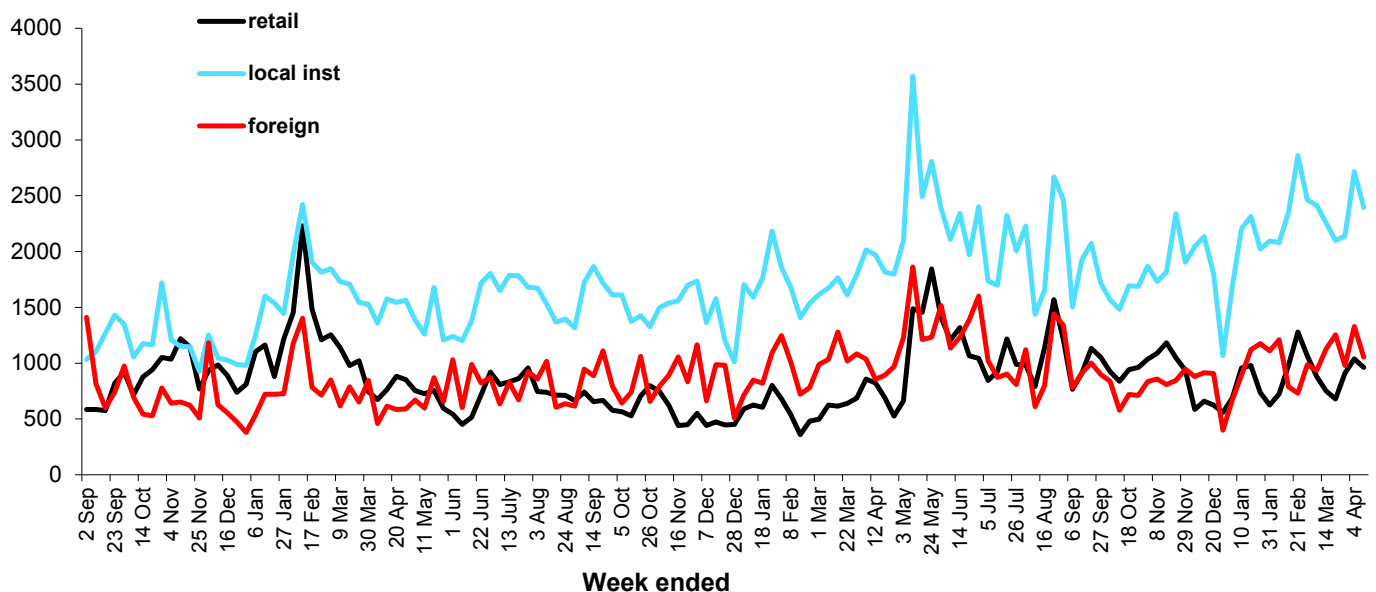


Source: Bursa, excluding off-market trades

BURSA MALAYSIA: WEEKLY MARKET PARTICIPATION (RM'm)

Week ended	LOCAL RETAIL			LOCAL INSTITUTION			FOREIGN			
	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	NET (USD)*
NOV 22	2677.1	2564.3	112.8	6058.6	5646.9	411.7	1849.3	2373.8	-524.5	-163.9
NOV 29	2297.5	2383.0	-85.5	5008.0	4511.5	496.5	2161.8	2572.8	-411.0	-127.6
DEC 6	1430.9	1488.7	-57.8	5460.6	4761.0	699.6	1880.9	2522.7	-641.8	-198.9
DEC 13	1632.9	1663.1	-30.2	5660.6	5005.1	655.5	1971.4	2596.7	-625.3	-194.2
DEC 20	1557.5	1560.2	-2.7	4785.3	4233.7	551.6	1992.6	2541.5	-548.9	-168.7
DEC 27	1092.9	1134.9	-42.0	2216.3	2060.2	156.1	743.2	857.3	-114.1	-34.6
JAN 3	1391.3	1360.9	30.4	3345.9	3410.2	-64.3	1359.3	1325.4	33.9	10.3
JAN 10	2442.1	2340.4	101.7	5799.8	5215.1	584.7	1889.8	2576.2	-686.4	-209.3
JAN 17	1481.3	1459.3	22.0	3821.4	3127.3	694.1	1323.9	2040.0	-716.1	-217.0
JAN 24	1839.1	1844.6	-5.5	5689.7	4425.2	1264.5	2307.1	3566.1	1259.0	-378.8
JAN 31	1283.2	1211.7	71.5	4595.8	3787.2	808.6	1779.5	2659.6	-880.1	-263.4
FEB 7	1502.5	1394.8	107.7	4655.6	3667.2	988.4	1870.1	2966.2	-1096.1	-329.5
FEB 14	2428.0	2468.4	-40.4	6279.0	5478.4	800.6	1593.8	2354.0	-760.2	-228.6
FEB 21	3204.9	3194.0	10.9	7193.9	7111.3	82.6	1783.0	1876.5	-93.5	-28.2
FEB 28	2749.0	2584.1	164.9	5923.0	6384.1	-461.1	2613.0	2316.8	296.2	90.4
MAR 7	2198.5	2206.0	-7.5	6148.8	5922.4	226.4	2224.0	2442.9	-218.9	-67.0
MAR 14	1919.2	1840.2	79.0	6095.9	5185.6	910.3	2324.6	3313.9	-989.3	-301.2
MAR 21	1674.4	1721.6	-47.2	5438.6	5056.8	381.8	2966.6	3301.2	-334.6	-101.9
MAR 28	2276.4	2274.1	2.3	4929.7	5764.7	-835.0	2866.3	2033.6	832.7	253.1
APR 4	2555.8	2633.0	-77.2	6775.8	6806.3	-30.5	3374.9	3267.2	107.7	33.2
APR 11	2416.8	2396.6	20.2	5766.2	6200.8	-434.6	2842.9	2428.5	414.4	127.6

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

Participation Rate : Daily Average for the Week (RM'm)


D. TOP 100 STOCKS: MONEY FLOW ²

- Tables below lists the Top 10 Net Money Inflows and Net Money Outflows for the week ended 12 April 2014 among the largest 100 market capitalized stocks on Bursa Malaysia.

TOP 10 NET MONEY INFLOWS

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
AXIATA GROUP BERHAD	3.23	6.84	-1.04	BOW
ORIENTAL HOLDINGS BERHAD	2.43	-0.04	5.75	-
KPJ HEALTHCARE BERHAD	2.24	-2.15	8.39	-
GENTING MALAYSIA BHD	2.04	5.64	1.19	-
BIMB HOLDINGS BHD	1.06	0.73	0.00	-
BERJAYA SPORTS TOTO BHD	1.05	0.47	1.02	-
PUBLIC BANK BERHAD	0.98	6.16	-5.29	BOW
YTL CORPORATION BERHAD	0.69	-0.63	0.00	-
MALAYSIA MARINE AND HEAVY EN	0.64	0.39	-1.52	BOW
DATASONIC GROUP BHD	0.60	-2.45	3.85	-

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

- Axiata Group recorded the highest net money inflow totaling RM3.23m last week. Its share price nonetheless retreated 1.04% for the week in tandem with the broader market decline. Its Indonesia's subsidiary, PT XL Axiata, has officially merged with PT Axis Telekom Indonesia on 8 April. The merger created a telecommunication giant with 65 million customers across Indonesia. It is notable that money net inflow amidst retreating share price indicates Buy on weakness (BOW) stance among investors on this stock.
- Oriental Holdings came in second with RM2.43m net inflows. Its share price rose 5.75% week-on-week despite the softer broader market. Furthermore, its trade volume for the week jumped to 4.41m units from a 2-year weekly average of only 1.24m units. Technically, this stock is arguably at the cusp of a trend reversal.
- KPJ Healthcare attracted the third highest net money inflow of RM2.24m during the review week. Buying interest returned mid-week which catapulted the stock to close 8.39% higher during the review week. The stock seems attempting to establish a bottom after falling from a peak in the third quarter of last year.

TOP 10 NET MONEY OUTFLOWS

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
IJM CORP BHD	-20.80	-8.18	4.51	SOS
AMMB HOLDINGS BHD	-19.67	6.32	-1.25	-
CIMB GROUP HOLDINGS BHD	-13.95	5.00	-0.27	-
MALAYSIA AIRPORTS HLDGS BHD	-10.75	-1.86	0.12	SOS
TELEKOM MALAYSIA BHD	-10.72	11.54	1.72	SOS
TENAGA NASIONAL BHD	-10.58	65.67	4.94	SOS
MALAYAN BANKING BHD	-7.88	11.53	0.00	-
SIME DARBY BERHAD	-7.59	10.83	0.22	SOS
ALLIANCE FINANCIAL GROUP BHD	-5.79	-5.73	4.12	SOS
MAXIS BHD	-5.20	1.57	0.87	SOS

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

- For the second week in a row, IJM Corp recorded the largest net money outflow. In fact, the amount ballooned to -20.80m from -RM8.18m a week earlier. Interestingly, its share price rallied further by 4.51% during the review week and we note that it had surged by more than 12% since end February this year. Like we stated last week, IJM Corp is well positioned to win some of the construction works for the RM5.9b West Coast Expressway which will be awarded from this month onwards. But the net outflows amidst rising share price indicate Sell on strength (SOS) stance among some investors.
- Banking stocks AMMB and CIMB Group registered the second and third largest net money outflows during the review week totaling -RM19.67m and -RM13.95m respectively. Accordingly, its share prices retreated in tandem with the on-week decline in FBM KLCI.

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

E. THE WEEK AHEAD

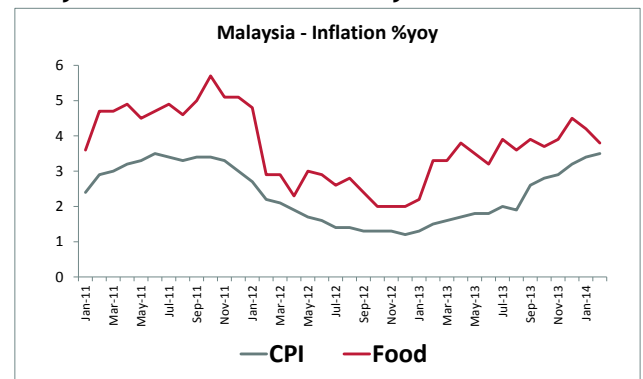
AGITATION OVER WALL STREET

- Like it or not, Wall Street remains the world's bellweather market for equity. Currently, the market in the U.S is in the process of "unwinding", with prices retracing amid the occasional thematic selloff, such as that witnessed last week with the technology sector rout.
- Funds are, apparently, also undertaking a portfolio rebalancing exercise, switching out of index-linked names while the valuation is still generous (Dow is >16,000 points while the S&P is still >1,800 points), and moving instead into the laggards.
- Prospect-wise, we remain cautious over the U.S for a couple of reasons:
 - » The earnings reporting season (for 1Q14 financials) may turn unsavoury, if many companies report fell behind expectations. The selloff of technology stocks last week, amid worries over earnings, is probably a taste of things to come;
 - » The market is heading into May, which is historically not a good month for Wall Street (recall the adage "Sell in May and go away"?).
- Uncertainty on Wall Street may be the catalyst for funds to hunt for value elsewhere. Asia appears to be a prime target as seen by the flow of fund data in the past few weeks. However, the risk of a reversal also heightens.

WHAT TO LOOK OUT FOR

- The week ahead is rather quiet on the macro front. We would be wary over two outcomes:
 - » Governor Yellen is giving a speech on Wednesday, ahead of the release of the Beige book. That may have a repercussion on the market.
 - » For Malaysia, the inflation rate for March will be released on Friday. Recall that CPI inflation hit a 32-month high of 3.5% in February. However, we are not terribly hawkish over the March number as food price inflation, the biggest component in the CPI basket, decelerated noticeably in February. This may offset some inflationary pressure resulting from the electricity tariff adjustment in January.

Malaysia CPI - Due out on Friday



- We would have expected the retail segment to show the highest degree of agitation over the weakness on Wall Street. However, trading statistics does not seem to suggest this, indicating that retail sentiment remains healthy. While the market for the second and third liners may open on a sombre note, dampen by the weakness on Wall Street and Europe on Friday, we expect plenty of opportunistic accumulation and trading this week.
- Fundamentals of the capital and money market remain intact. Last week, the Thomson Reuters BPAM All Bond Index recorded its largest weekly gain in the past two months, mainly due to the bullish movement in the sovereign segment. Meanwhile, the ringgit continued to strengthen and hit 3.2395 against the US dollar on Friday.



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