


MALAYSIA EQUITY RESEARCH | DECEMBER 29, 2014

<p>Week Ended December 26, 2014</p>	Foreign Flow Meter	
	 Tide	LOW
	 Current	LOW

- Share prices in most markets around the world ended the Christmas week on a positive note.
- It was a seasonally slow trading period as most investors were away. Still, prices continued to rebound in the bellweather market, Wall Street, after the sharp selloff in the second week of December.
- The Dow Jones and S&P500 added 1.4% and 0.9% respectively. It was a significant week as the Dow Jones broke the important psychological threshold of 1,800 points for the first time.
- It was a “Santa Clause” rally indeed and came after the US GDP growth accelerated to 5% on annualised basis in 3Q14.
- The KLCI was the best performing market last week, after halting three straight weeks of losses. The index rose 2.8%, the best weekly gain this year.
- After the heaviest foreign fund attrition from Asia this year, the outflow took a breather last week, more on account of the holiday breaks as we approached the end of the year.
- After seven straight weeks of foreign money attrition, Malaysia reported a small inflow last week.
- This was an abrupt halt to three weeks of harrowing selldown, from November 28 to December 19, during which foreign investors dumped RM2.85b of Malaysian equity.
- Last week, foreign investors purchased local equity in the open market (i.e excluding off-market deals) amounted to RM28.1m net. It was marginal, but a welcomed money inflow nevertheless.

29 December 2014 | Strategy - Weekly Fund Flow

 Zulkifli Hamzah
 zulkifli.hamzah@midf.com.my
 +603 21738390

THE TIDE OUT TAKES A BREATH

A. MARKET SNAPSHOT

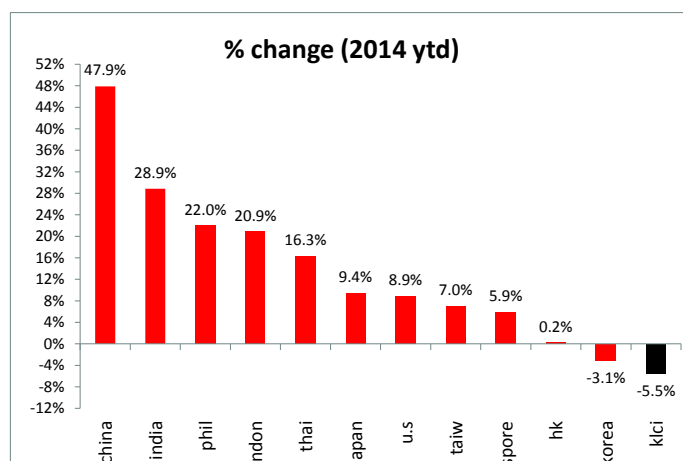
- Share prices in most markets around the world ended the Christmas week on a positive note.
- It was a seasonally slow trading period as most investors were away. Still, prices continued to rebound in the bellweather market, Wall Street, after the sharp selloff in the second week of December following the unrelentless decline in oil prices.
- The Dow Jones and S&P500 added 1.4% and 0.9% respectively. It was a significant week as the Dow Jones broke the important psychological threshold of 1,800 points for the first time.
- It was a “Santa Clause” rally indeed. It came after the US Department of Commerce reported on Tuesday that the economy is firing on all cylinders, as GDP growth accelerated to 5% on annualised basis in 3Q14. That was the fastest since 2003, and exceeded the Government’s earlier 3.9% estimate and the 4.3% projected by economists.
- The Dow Jones closed at another record highs of 18,053.7 points on Friday. It was the 37th amazing time that records had been broken this year. The rally on Wall Street was broad based. On Friday, the Russell 2000 Index, the indicator for small-cap stocks, climbed to its all-time high, while the Nasdaq Composite Index reached a level unseen since 2000.
- In Asia, share prices continued to climb in China, where the CSI300 added a relatively sedate 1.9%. The index had risen for seven consecutive weeks now, during which it had gained a massive 37.7%. For the year, the CSI300 had risen a whopping 48%, making it the best performer in the world, overtaking the Indian, Philippines and Indonesia markets, which had hitherto been investors’ darlings this year.
- The KLCI was surprisingly the best performing market last week, after halting three straight weeks of losses. The index rose 2.8% last week, the best weekly gain this year. However, for the year-to-date, the index had lost -5.5%, and remained rooted at the bottom of our ranking chart.

Performance of major markets

Weekly % change	Week before	Last week
KLCI	-0.98	2.82
Taiwan TaieX	-0.31	2.38
Straits Times	-1.34	2.26
China CSI300	5.95	1.85
Dow Jones	3.03	1.40
DAX	2.00	1.38
CAC	3.23	1.28
Nikkei 225	1.44	1.12
Hang Seng	-0.57	1.01
FTSE	3.88	0.99
Korea KOSPI	0.43	0.94
S&P500	3.41	0.88
Phil Comp	-1.36	0.85
Jakarta JCI	-0.31	0.43
Thai SET	-0.04	-0.26
India Sensex	0.08	-0.48

Source: Bloomberg

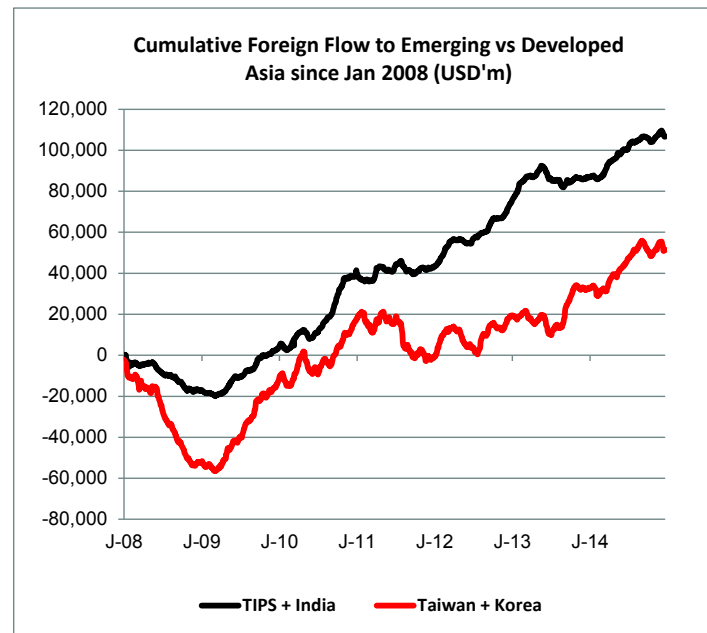
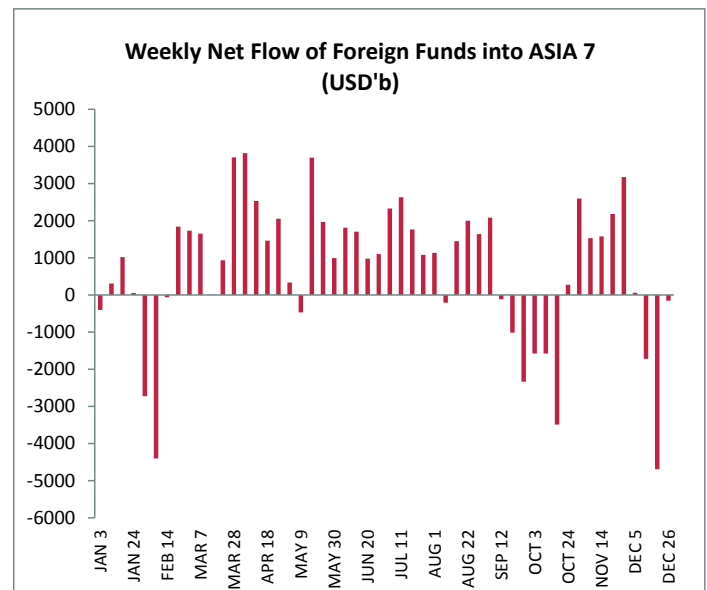
Major Asian indices



Source: Bloomberg

B. TRACKING MONEY FLOW - ASIA

- After the heaviest foreign fund attrition from Asia this year, the outflow took a breather last week, more on account of the holiday breaks as we approached the end of the year.
- The biggest tide out of Asia this year was arguably recorded in the working week ended December 19, when an estimated -USD4.7b of funds classified as “foreign” exited the seven Asian¹ exchanges that we track (Korea, Taiwan, Thailand, Malaysia, Indonesia, Philippines and India). The exodus slowed down sharply last week with foreign investors selling, in aggregate, only -USD155m in the aforementioned markets (see chart).
- During the 2-week mini “exodus” of 8-19 December, a massive -USD6.4b left the seven exchanges. The outflow recorded last week was therefore relatively insignificant.
- There continued to be attrition from “Emerging Asia”, as represented by the markets in Thailand, Indonesia, Philippines (TIPs), Malaysia and India. We note that withdrawal from Indonesia remained significant. Meanwhile, the heavy sell-down in “Developed² Asia”, as represented by Korea and Taiwan, abated last week, as foreign investors started buying back Taiwanese stocks.
- The Indonesian exchange was closed on Friday, but for the three days of Monday - Wednesday, foreign investors had sold -USD269m, which was the third highest in a week this year. The rupiah has been on an incline in recent days, and we believe many foreign investors took the opportunity to realize their investments for book closure. The government is expected to announce soon the details of its planned fixed fuel subsidy, which is one of President Jokowi’s cornerstone reform initiative.
- Meanwhile, moving forward, the Indonesian IPO scene in Indonesia is expected to be vibrant next



NET FLOW	TIPs + India	Taiwan + Korea	Total (USD'm)
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	19,948	18,527	38,474 (36,478^)

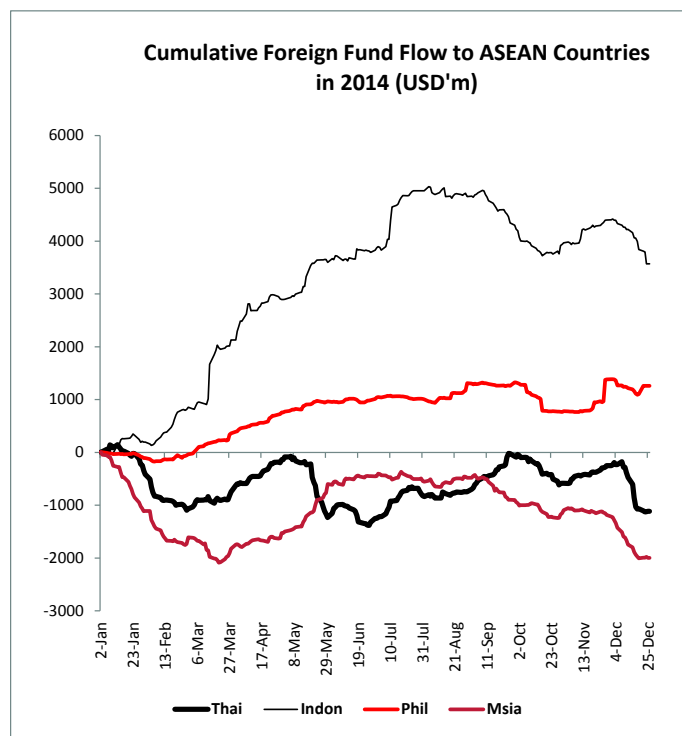
TIP = Thailand, Indonesia, Philippines ^ including Malaysia

¹ These ASIA 7 markets, for which fund flow data is publicly available, are our proxy for Asia.

² Technically, the Korea and Taiwan markets have not yet been classified as “developed” under the MSCI. We use the term liberally only for tracking purposes.

year. There were 24 IPOs in 2014, with the last one being Golden Plantation, which was listed on Tuesday last week with a premium of 21% over the IPO price.

- Among the potentially high profile IPO in 2015 is that of the Lion Group. The IPO is particularly mouth watering for investors buoyed by the prospects of Indonesia's aviation sector. The Government has given the greenlight to the Group to build an airport in Banten, which would be double the current size of the Soekarno-Hatta International Airport, with capacity for up to 50m passengers per year.
- Meanwhile, selling in Taiwan and Korea abated significantly last week after the harrowing preceding week. Indeed, foreign funds started buying back Taiwanese stocks, the first time in four weeks. However trading volume was still low, and no meaningful conclusions could be derived. The slow trading period is expected to persist until the new year.



Source: Various countries' exchanges, via Bloomberg. These figures are subject to revisions. Aggregated by MIDFR.

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

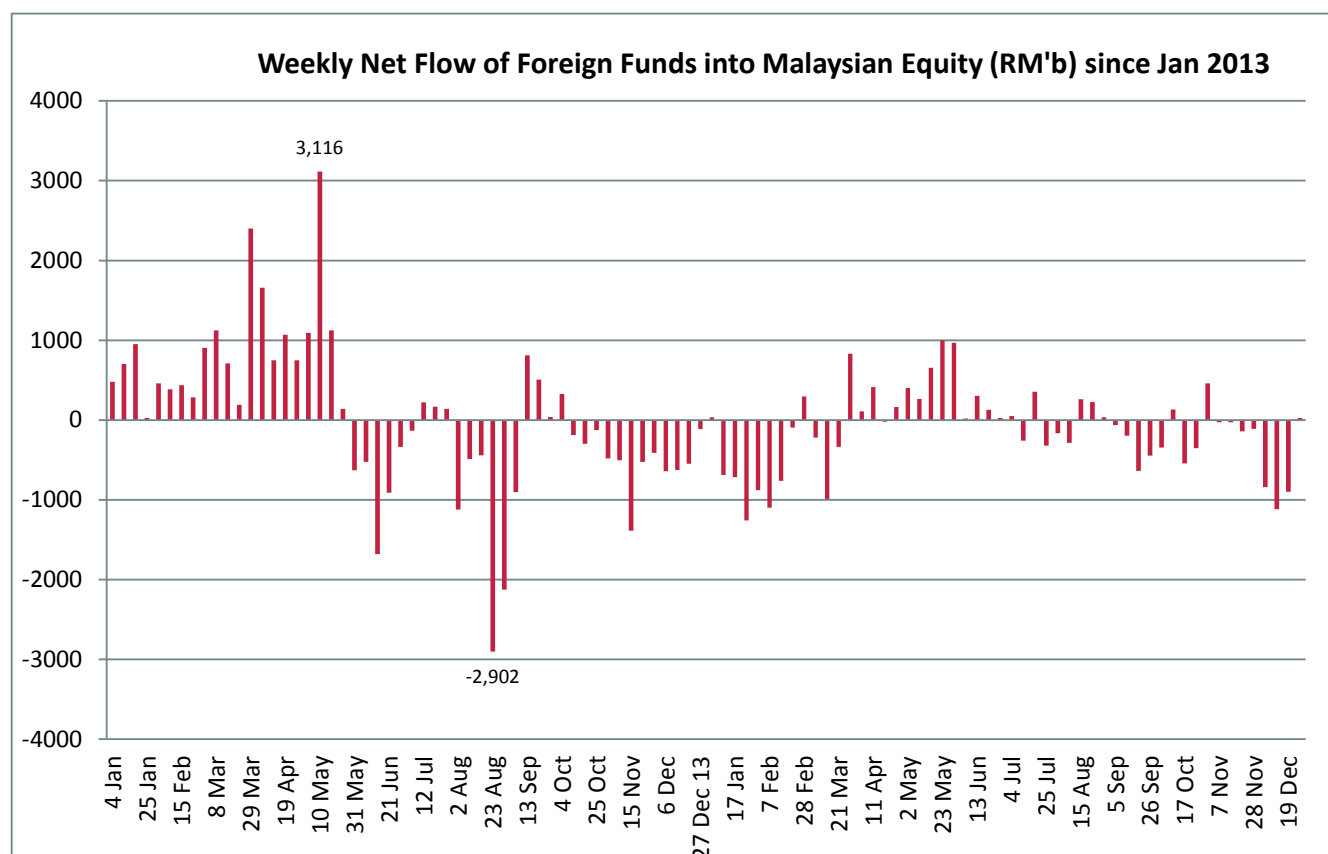
WEEK ENDED	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	MALAYSIA	TOTAL
JUL 4	821.8	106.0	45.2	51.3	740.1	547.8	15.5	2327.7
JUL 11	610.5	293.5	816.1	20.4	731.0	239.0	-81.0	2629.5
JUL 18	796.5	186.1	215.3	0.0	422.1	32.9	111.8	1764.6
JUL 25	547.3	52.7	91.5	-49.8	323.1	220.5	-101.1	1084.3
AUG 1	1423.2	-152.3	0.0	-4.1	-460.6	383.3	-51.5	1137.9
AUG 8	148.6	-29.2	-72.2	-67.8	367.6	-466.7	-88.9	-208.6
AUG 15	700.6	82.4	-38.1	86.8	441.8	96.3	82.2	1451.9
AUG 22	499.0	32.7	54.3	96.5	288.7	956.6	71.5	1999.4
AUG 29	405.5	4.1	-56.5	189.1	139.2	948.8	11.7	1641.9
SEP 5	440.6	213.1	70.6	-16.3	793.6	598.8	-19.2	2081.0
SEP 12	-204.8	88.6	-148.0	2.2	432.0	-222.7	-61.5	-114.2
SEP 19	-354.7	169.0	-171.5	-31.9	31.9	-456.9	-197.1	-1011.1
SEP 26	-661.0	253.5	-247.9	-6.1	-366.5	-1164.6	-137.8	-2330.5
OCT 3	-309.1	-75.9	-344.4	20.3	107.2	-866.0	-104.8	-1572.7
OCT 10	-716.4	-64.4	-88.9	-189.7	-304.0	-256.2	41.2	-1578.3
OCT 17	-1093.2	-248.8	-187.8	-299.9	-604.9	-888.2	-166.3	-3489.1
OCT 24	139.0	-93.8	30.5	-8.8	290.6	27.7	-107.5	277.7
OCT 31	219.3	-81.4	210.8	1.6	668.7	1439.5	140.2	2598.6
NOV 7	-248.9	129.9	-14.9	-17.9	891.6	797.9	-8.7	1529.0
NOV 14	-12.9	39.2	259.7	23.7	455.3	818.0	-8.1	1575.0
NOV 21	955.7	40.2	76.1	156.2	139.3	854.8	-42.2	2180.1
NOV 28	860.1	127.4	113.1	439.4	833.5	831.4	-32.5	3172.7
DEC 5	470.8	19.8	-65.5	-114.0	275.8	-279.9	-243.0	64.0
DEC 12	-696.2	-246.2	-110.6	-54.3	534.7	-824.2	-320.2	-1717.0
DEC 19	-1514.0	-593.7	-383.4	-111.1	-732.1	-1095.9	-257.7	-4687.8
DEC 26	-49.5	-46.4	-269.2	155.7	-358.7	405.2	8.1	-154.9

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

FUND FLOW REPORT

C. TRACKING MONEY FLOW - MALAYSIA

- After seven straight weeks of foreign money attrition, Malaysia reported a small inflow last week.
- This was an abrupt halt to three weeks of harrowing sell-down, from November 28 to December 19, during which foreign investors dumped RM2.85b of Malaysian equity. Last week, investors classified as “foreign” purchased local equity in the open market (i.e excluding off-market deals) amounted to RM28.1m net. It was marginal, but a welcomed money inflow nevertheless.
- The foreign selling streak that stretched for 18 consecutive days from 26 November ended on 19 December. It was a disconcerting period of sell-down, but the length of the period was still shorter than the 29 consecutive days of selling recorded from 3 January to 26 February this year. We note that foreign investors had been net buyers in three out of the last four trading days on Bursa.
- For the year to December 26, the net outflow was -RM6.8b, more than double the +RM3.0b net inflow in 2013.
- As expected, volume was very thin. Foreign participation rate (daily average gross purchase and sale) plunged to RM553m, the lowest this year.
- Local participation rate was also low. The daily average gross purchase and sale of local retail and institutional investors were the lowest during the year at RM483m and RM1.55b respectively.
- Local retailers are currently very bearish, taking any opportunity of a market rebound to clear out their positions. Retailers sold -RM74.5m last week, and -RM119.6m the week before.

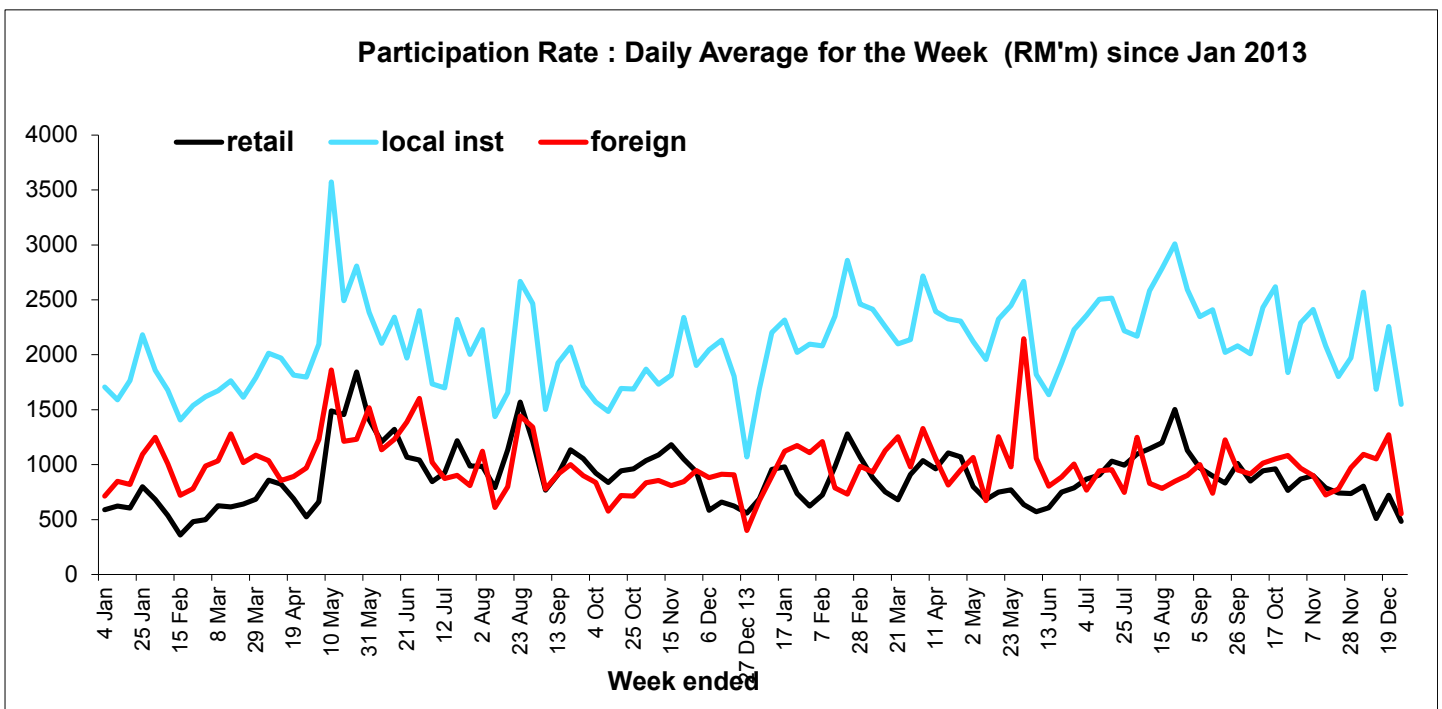


Source: Bursa, excluding off-market trades

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)*
AUG 1	1624.9	1660.7	-35.8	3353.6	3152.8	200.8	1792.4	1957.4	-165.0	-51.5
AUG 8	2843.0	2880.5	-37.5	6617.1	6294.2	322.9	1931.3	2216.7	-285.4	-88.9
AUG 15	2985.5	3016.8	-31.3	6852.4	7082.7	-230.3	2090.5	1828.9	261.6	82.2
AUG 22	3689.5	3819.6	-130.1	7473.0	7569.4	-96.4	2234.7	2008.2	226.5	71.5
AUG 29	2768.6	2879.9	-111.3	6523.4	6448.5	74.9	2272.6	2236.2	36.4	11.7
SEP 5	1873.7	2005.4	-131.7	4790.0	4597.1	192.9	1970.0	2031.2	-61.2	-19.2
SEP 12	2223.6	2257.8	-34.2	6142.5	5911.0	231.5	1748.2	1945.5	-197.3	-61.5
SEP 19	1674.4	1655.2	19.2	4352.0	3735.4	616.6	2130.7	2766.5	-635.8	-197.1
SEP 26	2528.4	2528.2	0.2	5429.0	4981.8	447.2	2157.1	2604.5	-447.4	-137.8
OCT 3	2135.1	2117.2	17.9	5183.9	4859.5	324.4	2116.0	2458.3	-342.3	-104.8
OCT 10	1974.1	1795.8	178.3	4705.7	5018.0	-312.3	2095.3	1961.3	134.0	41.2
OCT 17	2382.5	2422.3	-39.8	6843.7	6259.0	584.7	2358.9	2903.8	-544.9	-166.3
OCT 24	1436.6	1622.6	-186.0	3946.1	3408.8	537.3	1992.2	2343.5	-351.3	-107.5
OCT 31	2114.6	2222.5	-107.9	5549.8	5901.9	-352.1	2646.4	2186.4	460.0	140.2
NOV 7	2267.3	2234.2	33.1	6030.9	6034.3	-3.4	2233.9	2263.6	-29.7	-8.7
NOV 14	2011.5	1923.2	78.3	5176.2	5227.2	-51.0	1797.5	1824.8	-27.3	-8.2
NOV 21	1932.6	1780.0	152.6	4500.8	4511.8	-11.0	1871.5	2013.1	-141.6	-42.2
NOV 28	1847.2	1835.2	12.0	4977.1	4880.2	96.9	2376.0	2484.9	-108.9	-32.5
DEC 5	2139.0	1883.9	255.1	6715.5	6131.6	583.9	2314.1	3153.1	-839.0	-243.0
DEC 12	1276.9	1267.6	9.3	4771.1	3662.7	1108.4	2072.1	3189.8	-1117.7	-320.2
DEC 19	1741.3	1860.9	-119.6	6153.4	5135.8	1017.6	2732.2	3630.2	-898.0	-257.7
DEC 26	928.9	1003.4	-74.5	3119.6	3073.2	46.4	1120.0	1091.9	28.1	8.1

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



DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (23878-X). It is for distribution only under such circumstances as may be permitted by applicable law.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD.

The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein

This document may not be reproduced, distributed or published in any form or for any purpose.



MIDF RESEARCH is part of
MIDF Amanah Investment Bank Berhad (23878 - X)
(Bank Pelaburan)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Business Address:
11 & 12 th Floor, Menara MIDF,
82, Jalan Raja Chulan, 50200
Kuala Lumpur.
Tel: 2173 8888
Fax: 2173 8380