

FUND FLOW REPORT

Week Ended
February 12, 2016

Foreign Flow Meter (M'sia)



Tide

MODERATE



Current

MODERATE

- Equity markets around the world remained under selling pressure for the second consecutive week, after rallying in the last week of January. All markets which opened for trading last week ended in the redzone.
- Sentiment towards equity weakened noticeably after crude oil price, which is an important proxy of risk appetite, spiralled downwards throughout most of the week.
- However, oil price rebounded sharply on Friday. The price of Brent crude oil rose a massive 11% to USD33.36pb, the biggest 1-day rally since the 11.8% surge on 11 December 2008. The spike in oil price helped equity prices to rally on Wall Street and in Europe on Friday.
- In Asia, trading days for most markets were shortened last week due to the Lunar New Year. China and Taiwan markets were closed the entire week while that in Korea did not trade for 3 days. Only the markets in Thailand and India opened the entire week. It was an ugly week for Asian equity. Japan's Nikkei 225 crashed -11.1% while India also fell by a heavy -6.6%.
- The KLCI fell -1.1% last week and has lost -2.9% year-to-date. It is currently the third best performing markets in Asia after Jakarta and Bangkok.
- Despite turbulence in the stock market, the Ringgit fell by only -0.25%. It was in the greenzone until Thursday, before falling -0.45% on Friday. The worst hit Asian currency last week was the Korean Won which fell -1.16%.
- After two weeks of buying, foreign investors turned net sellers on Bursa last week. However, the amount was not sizeable and the outflow reflects the contagion effect arising from the upheavals in the global equity markets. Indeed, foreigners turned net buyers on Friday, somewhat against the tide as overseas investors were selling in Korea, Thailand and the Philippines on the day.

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OIL RALLY ON FRIDAY TO TURN THE TIDE

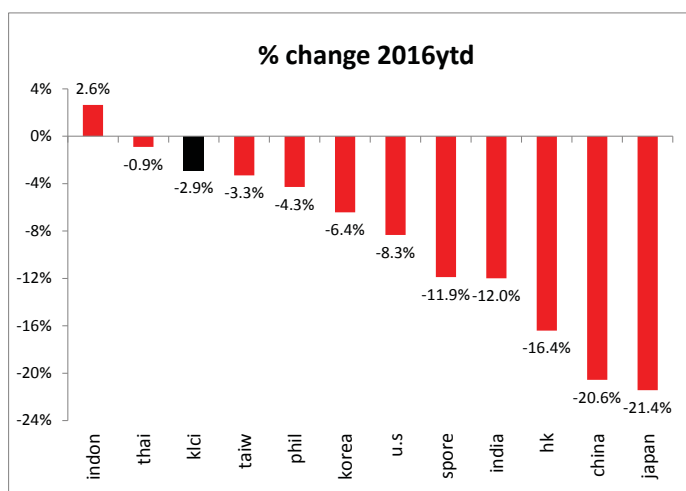
A. MARKET SNAPSHOT

- Equity markets around the world remained under selling pressure for the second consecutive week, after rallying in the last week of January. All markets which opened for trading last week ended in the redzone.
- Sentiment towards equity weakened noticeably after crude oil price, which is an important proxy of risk appetite, spiralled downwards throughout most of the week. The big fall was on Wednesday when Brent fell by -7.8%, in the aftermath of the release of the IEA monthly report. The IEA warned of worsening supply glut, forecasting a surplus of 1.75mbpd in 1H16, compared with a forecast of 1.5mbpd made in January. The excess would worsen as Iranian output increased as part of an overall surge in OPEC output. Various negative commentaries also did not help. The CEO of BP Plc said last week that the company was “very bearish” in 1H16. Oil trader, the Vitol Group BV, expects low prices to prevail for as long as a decade.
- However, oil price rebounded sharply on Friday. The price of Brent crude oil rose a massive 11% to last trade at USD33.36pb. It was the biggest 1-day rally in price since the 11.8% surge on 11 December 2008. The surge in oil price helped equity prices to rebound – the Dow Jones and S&P500 gained 2% while the Dax and CAC added 2.5% each on Friday.
- The recovery on Friday helped mitigate Wall Street’s losses for the week. In Europe, the price decline for the week was still heavy as the DAX and CAC fell -3.4% and -4.9% respectively. In Germany, investors were spooked by worries over Deutsche Bank AG’s creditworthiness and the -2.2%yoy fall in December’s IPI which was worse than expected. In France, SocGen and Rio Tinto posted disappointing results, triggering a selloff in mining and banking shares. Meanwhile, Sweden’s central bank cut its key interest rate unexpectedly, pushing it deeper into negative territory as the repo rate was reduced to minus 0.50% from minus 0.35%.
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- Despite turbulence in the stock market, the Ringgit fell by only -0.25%. It was in the greenzone until Thursday, before falling -0.45% on Friday. The worst hit Asian currency last week was the Korean Won which fell -1.16%. The KLCI lost -1.1%.

Performance of major markets

| Weekly % change | Week before | Last week |
|-----------------|-------------|-----------|
| Taiwan Taiex | -0.22 | closed |
| China CSI300 | 0.60 | closed |
| S&P500 | -3.10 | -0.81 |
| KLCI | -0.32 | -1.13 |
| Dow Jones | -1.59 | -1.43 |
| Phil Comp | 1.16 | -1.64 |
| Jakarta JCI | 3.98 | -1.76 |
| Thai SET | 0.41 | -2.28 |
| FTSE | -3.87 | -2.40 |
| Straits Times | -0.22 | -3.17 |
| DAX | -5.22 | -3.43 |
| Korea KOSPI | 0.30 | -4.30 |
| CAC | -4.90 | -4.89 |
| Hang Seng | -2.01 | -5.02 |
| India Sensex | -1.02 | -6.62 |
| Nikkei 225 | -3.99 | -11.10 |

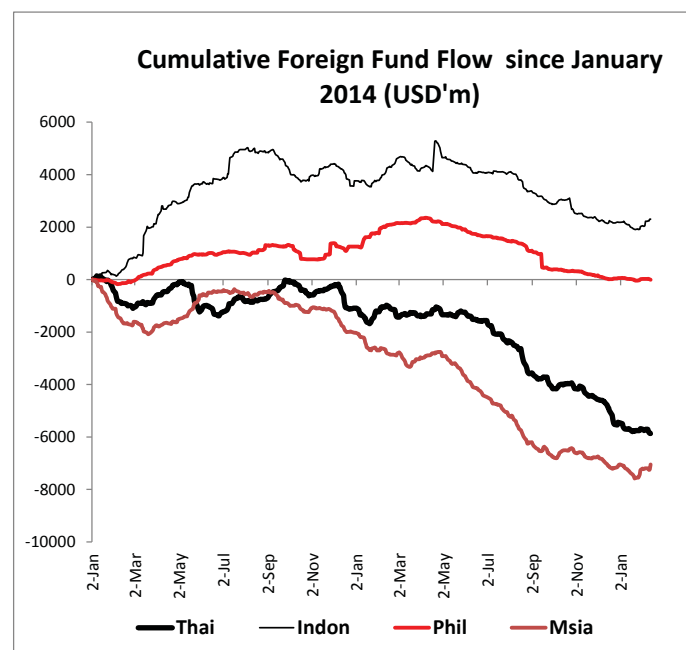
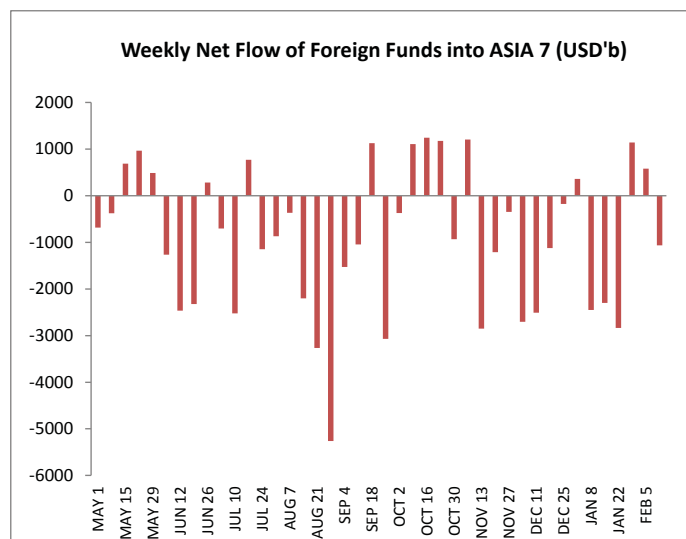
Source: Bloomberg



FUND FLOW REPORT

B. TRACKING MONEY FLOW - ASIA ¹

- After a promising two weeks, foreign investors turned nervous again and were net sellers of Asian equity last week.
- Based on provisional data from the respective exchanges, investors classified as “foreign” disposed a net -USD1.06 worth of stocks last week, in the 7 Asian markets that we track (TIPs + India, Taiwan, Korea and Malaysia). Foreigners purchased USD1.72b in the preceding two weeks.
- Last week’s outflow meant that foreign attrition from the 7 Asian markets has now amounted to -USD6.9b. The outflow in 2015 was -USD9.1b.
- There was no trading on the Taiwan exchange last week. However, in Korea, where the exchange was open for only 2 days, foreign selling was heavy at -USD548m. It was the third highest attrition in a week this year. The severity of the outflow is reflected by the fact that the Won was the worst performing currency in Asia last week. On Thursday, the KOSPI recorded its sharpest fall in 4 years, as investors reacted negatively to the government’s decision to shut down the Kaesong Industrial Complex completely, as a response after North Korea launched its long-range missile. On Friday, tech stocks bore the brunt of the selloff, as the circuit breaker on Kosdaq was triggered after the index dropped by more than 8%.
- There was moderate foreign selling in Thailand, mainly a shift out of oil-related stocks such as PTT and PTT Exploration, as crude oil price came under pressure last week. The Thai baht was the worst performing currency on Friday, shedding -0.9% against the greenback. Traders in the forex market appear unwilling to go long on the baht ahead of the release of Thailand’s 4Q15 GDP growth, due on Monday. Bloomberg consensus has the number at 2.4%yoy, compared with 2.9%yoy in 3Q15.
- One of the most favoured Asian markets currently is Indonesia, where foreigners have been net buyers for 3 consecutive weeks. Despite the pressure on oil price, foreigners still bought USD82m last week. Jakarta is set to benefit from the rally in oil price on Friday.



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.

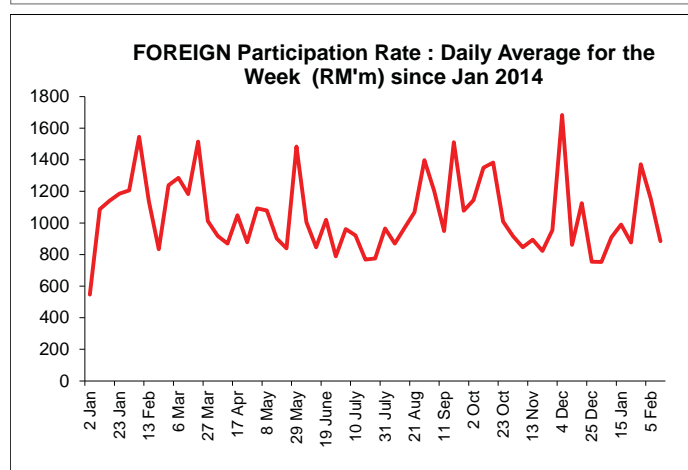
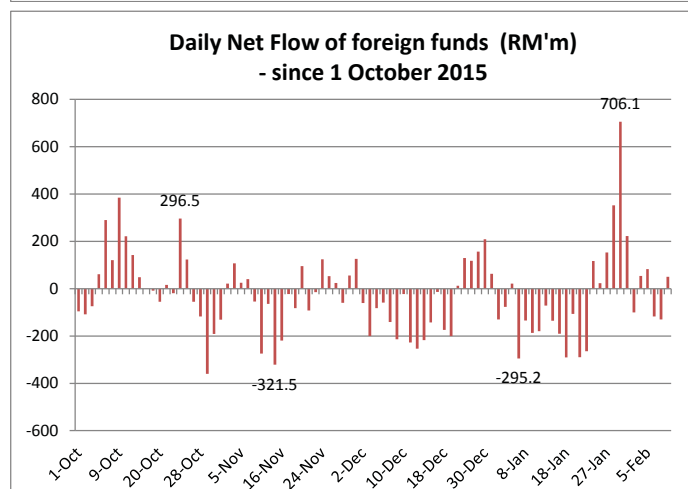
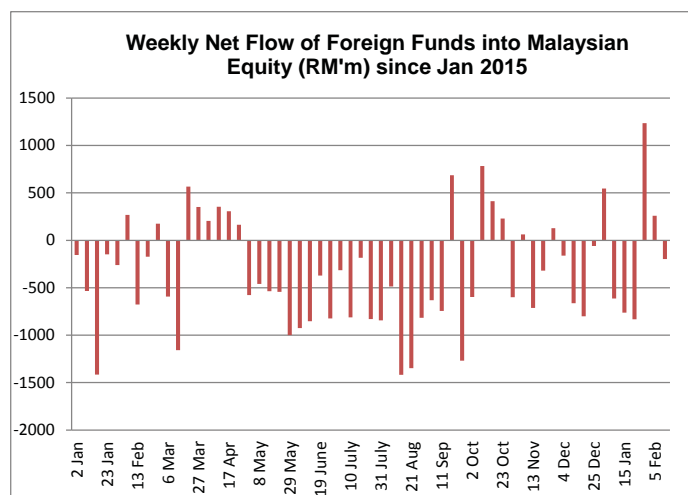
WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)

| WEEK | KOREA | THAI | INDON | PHIL | INDIA | TAIWAN | M'SIA | TOTAL |
|--------|---------|--------|--------|-------|--------|---------|--------|---------|
| JAN 1 | -63.6 | 66.5 | 29.0 | 21.4 | 262.4 | -80.9 | 127.2 | 362.1 |
| JAN 8 | -516.7 | -231.7 | -44.2 | -13.5 | -340.7 | -1166.1 | -140.2 | -2452.5 |
| JAN 15 | -751.6 | -36.4 | -139.2 | -26.2 | -499.0 | -674.8 | -173.6 | -2300.8 |
| JAN 22 | -1048.9 | -22.7 | -96.9 | -57.2 | -911.1 | -511.9 | -189.4 | -2838.2 |
| JAN 29 | -10.7 | 72.1 | 115.2 | 54.2 | 48.8 | 566.8 | 295.4 | 1141.8 |
| FEB 5 | 91.2 | -22.7 | 200.3 | 11.0 | -91.8 | 329.7 | 62.1 | 579.8 |
| FEB 12 | -548.2 | -163.9 | 81.8 | -34.3 | -351.4 | 0.0 | -47.7 | -1063.7 |

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

C. TRACKING MONEY FLOW - MALAYSIA

- After two weeks of buying, foreign investors turned net sellers on Bursa last week. However, the amount was not sizeable and the outflow reflects the contagion effect arising from the upheavals in the global equity markets. It is also a blessing in disguise that the trading week was shortened by two days, as it limited the damage imparted on the local bourse.
- Total amount of equities sold by foreigners, net of purchases, amounted to -RM197.1m last week. This is estimated based on transactions in the open market and excluded off market deals. It was a reversal from the RM1.49b purchased in the preceding fortnight.
- Foreign investors were net sellers on Wednesday and Thursday and the amount was relatively significant, exceeding RM100m each day. The source of the attrition was most likely from the RM1.49b aforementioned.
- However, foreigners turned net buyers on Friday, somewhat against the tide as overseas investors were selling in Korea, Thailand and the Philippines on the day. The amount was small, though, at RM50.6m.
- Last week's foreign purchases meant that the cumulative year-to-date outflow for 2016 is now below RM1b at -RM913.4m. For the entire 2015, the net outflow was -RM19.5b.
- Foreign participation rate (average daily traded value of shares) fell below RM1b after having stayed above the level for 2 consecutive weeks. The average amount traded declined to RM884m, which is still healthy in view of the break.
- Local institutions and retailers took the opportunity of price weakness to mop up RM169.6m and RM27.5m respectively. Participation rate of local players was noticeably subdued. Local institutional average trade plunged to RM1.39b while that of retailers dropped sharply to RM420m, both the lowest this year.



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)* |
| JAN 1 | 1369.2 | 1523.2 | -154.0 | 3506.30 | 3898.5 | -392.2 | 1779.9 | 1233.7 | 546.2 | 127.2 |
| JAN 8 | 2318.6 | 2264.8 | 53.8 | 5899.9 | 5340.0 | 559.9 | 1967.4 | 2581.1 | -613.7 | -140.2 |
| JAN 15 | 2311.0 | 2213.2 | 97.8 | 5395.9 | 4730.8 | 665.1 | 2093.9 | 2856.8 | -762.9 | -173.6 |
| JAN 22 | 2073.3 | 2060.5 | 12.8 | 5799.0 | 4978.2 | 820.8 | 1773.8 | 2607.4 | -833.6 | -189.4 |
| JAN 29 | 1367.0 | 1483.6 | -116.6 | 5124.9 | 6243.0 | -1118.1 | 3361.5 | 2126.8 | 1234.7 | 295.4 |
| FEB 5 | 1210.0 | 1226.8 | -16.8 | 4464.9 | 4707.3 | -242.4 | 2437.9 | 2178.7 | 259.2 | 62.1 |
| FEB 12 | 643.8 | 616.3 | 27.5 | 2172.4 | 2002.8 | 169.6 | 1227.2 | 1424.3 | -197.1 | -47.7 |

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

FUND FLOW REPORT

D. TOP 100 STOCKS: MONEY FLOW ²

TOP 10 NET MONEY INFLOWS

- Axiata Group registered the highest net money inflow of RM9.31m last week. Nonetheless, its share price underperformed the market benchmark with a sizable -4.92% weekly decline attributable to continued price adjustments pursuant to the announcement on the auctioning of spectrum during 2016 budget revision. In comparison, the FBM KLCI eased by -1.13% during the week under review. It is notable that net money inflow amidst retreating share price indicates buy on weakness (BOW) stance among some investors. In related news, Dialog Axiata is believed to be in merger talks with the Sri Lanka's unit of Bharti Airtel.
- Inari Amertron came in second with RM7.97m net inflow and, likewise, its share price underperformed the market benchmark as it recorded a -1.85% week-on-week loss. As stated earlier, money inflow amidst retreating share price may indicate BOW stance among some investors.
- Genting Plantation recorded the third highest net money inflow of RM6.07m but its share price underperformed the market benchmark as it ended -2.55% lower during the review which may indicate BOW stance among some investors. It is worth noting that CPO prices are trading at the highest levels since May 2014.

Tables below list the Top 10 Net Money Inflows and Net Money Outflows for the week ended 14 February 2016 among the largest 100 market capitalized stocks on Bursa Malaysia.

| Name | Net Money Flow (RM mn) | | Price (% Chg) | Remark |
|----------------|------------------------|-----------|---------------|--------|
| | Last Week | Prev Week | Last Week | |
| AXIATA | 9.31 | 13.85 | -4.92 | BOW |
| INARI AMERTRON | 7.97 | 2.20 | -1.85 | BOW |
| GENTING PLANT | 6.07 | 2.23 | -2.55 | BOW |
| MISC | 4.98 | 2.04 | 2.59 | - |
| IHH HEALTH | 4.36 | -3.86 | -1.67 | BOW |
| GENTING M'SIA | 3.64 | 10.20 | -6.97 | BOW |
| GAMUDA | 3.47 | -3.80 | -2.85 | BOW |
| DIGI.COM | 2.90 | -1.46 | -3.58 | BOW |
| TOP GLOVE | 1.39 | 0.26 | 1.65 | - |
| IJM CORP | 1.32 | 2.51 | -0.29 | BOW |

Source: Bloomberg, MIDFR;

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

TOP 10 NET MONEY OUTFLOWS

- Tenaga Nasional saw the largest net money outflow of -RM13.42m during the review week. Nonetheless, its stock price outperformed the FBM KLCI as it ended the week higher by 0.30% against a -1.13% loss in the market benchmark. It is notable that net money outflow amidst advancing share price indicates sell on strength (SOS) stance among some investors.
- CIMB Group came in second last week with a net outflow of -RM7.04m. Its share price too outperformed the market benchmark as it recorded a 1.69% weekly gain. As noted earlier, net money outflow amidst advancing share price may indicate SOS stance among some investors.
- Public Bank registered the third largest net money outflow at -RM7.03m in the review week and its share price slightly outperformed the broader market as it registered a smaller -0.22% weekly loss. 

| Name | Net Money Flow (RM mn) | | Price (% Chg) | Remark |
|--------------|------------------------|-----------|---------------|--------|
| | Last Week | Prev Week | Last Week | |
| TNB | -13.42 | -14.91 | 0.30 | SOS |
| CIMB | -7.04 | -1.91 | 1.69 | SOS |
| PUBLIC BANK | -7.03 | -32.29 | -0.22 | - |
| KAREX | -1.44 | -0.44 | -1.08 | - |
| PETRO DAGANG | -1.40 | 2.64 | -0.40 | - |
| HLEONG BANK | -1.23 | 0.32 | -0.76 | - |
| YINSON | -1.19 | -2.14 | -0.73 | - |
| SUNWAY | -1.11 | 0.00 | -0.68 | - |
| KL KEPONG | -0.94 | 1.01 | -2.69 | - |
| YTL CORP | -0.87 | -0.66 | 0.65 | 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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