

MALAYSIA EQUITY RESEARCH | 19 January 2015

## **Week Ended 16 January 2015**

- The flow out of Asian equity continued on last week as global funds made a general retreat for the second week in a row. Nevertheless, the rate of net outflow for the week was rather measured at less than one-and-a-half billion dollars thanks to a strong reversal into India.
- A surprise rate cut by the Indian central bank last week provided a big boost for its stock market and sent key indices higher.
- For Malaysia, it was a week to remember but for the wrong reason.
- Foreign money outflow from the Malaysian equity market surged to its highest level since August 2013. Last week, investors classified as “foreign” offloaded local equity in the open market (i.e. excluding off-market deals) amounted to -RM1.42b.

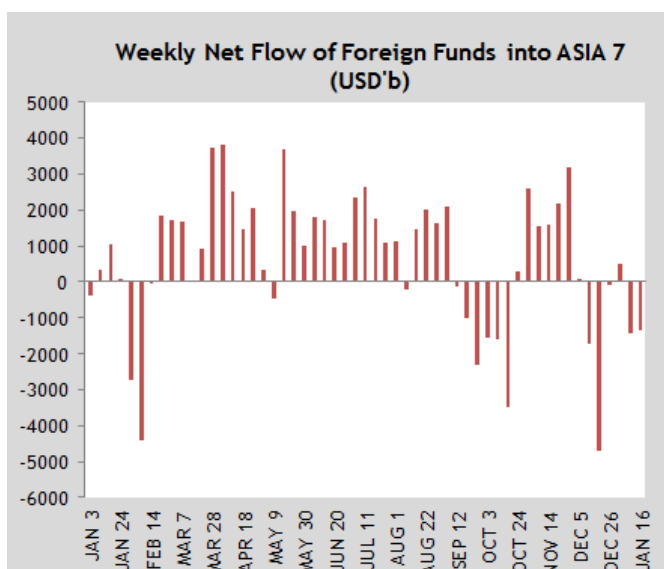
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19 January 2015 | Strategy - Weekly Fund Flow

## Tide out of Asia continues

### TRACKING MONEY FLOW - ASIA

- The flow out of Asian equity continued on last week as global funds made a general retreat for the second week in a row. Nevertheless, the rate of net outflow for the week was rather measured at less than one-and-a-half billion dollars thanks to a strong reversal into India (see table).
- Funds classified as “foreign” were, in aggregate, net sellers of stocks in the seven Asian exchanges that we track. The net amount sold decreased slightly from -USD1.43b to -USD1.36b last week.
- All the markets that we track recorded negative flows last week except for Philippines and India.
- The Philippines stock market rallied to a new historic high last week on bets that slumping crude prices will cut costs for the Philippines economy which imports almost all of its oil requirements. Furthermore, a surprise rate cut by the Indian central bank last week provided a big boost for its stock market and sent key indices higher. The benchmark S&P BSE Sensex jumped nearly 700 points during the week to a one-and-a-half month high level.
- As in earlier week, foreign net liquidity exited our so-called “Emerging Asia”, as represented by the markets in Thailand, Indonesia, Philippines (TIPs), Malaysia and the India. But collectively, the net outflow amount declined from -USD777m to -USD117m last week.
- Conversely, the rate of outflow from our so-called “Developed” Asia, as represented by Taiwan and Korea, rose markedly from -USD658m to -USD1,243m last week. While the net funds attrition out of Taiwan decreased marginally from -USD540m in prior week to -USD499m, the South Korean market flow showed a clear haemorrhage from -USD118m to -USD744 last week.

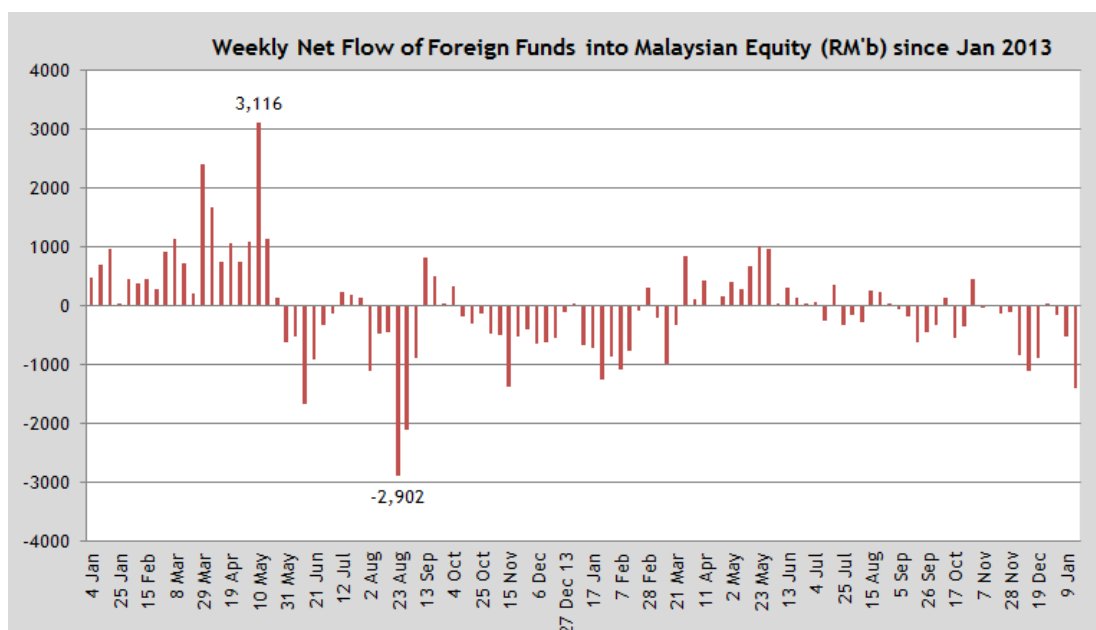


WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)								
WEEK ENDED	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	MALAYSIA	TOTAL
AUG 8	148.6	-29.2	-72.2	-67.8	367.6	-467.3	-88.91	-209.1
AUG 15	700.6	82.4	-38.1	86.8	441.8	96.1	82.18	1451.7
AUG 22	499.0	32.7	54.3	96.5	288.7	956.9	71.54	1999.7
AUG 29	405.5	4.1	-56.5	189.1	139.2	947.7	11.68	1640.8
SEP 5	440.6	213.1	70.6	-16.3	793.6	598.6	-19.22	2080.8
SEP 12	-204.8	88.6	-148.0	2.2	432.0	-222.6	-61.47	-114.0
SEP 19	-354.7	169.0	-171.5	-31.9	31.9	-457.3	-197.07	-1011.5
SEP 26	-661.0	253.5	-247.9	-6.1	-366.5	-1166.0	-137.80	-2331.9
OCT 3	-309.1	-75.9	-344.4	20.3	107.2	-866.0	-104.76	-1572.7
OCT 10	-716.4	-64.4	-88.9	-189.7	-304.0	-256.1	41.21	-1578.2
OCT 17	-1093.2	-248.8	-187.8	-299.9	-604.9	-888.4	-166.31	-3489.3
OCT 24	139.0	-93.8	30.5	-8.8	290.6	27.9	-107.49	277.8
OCT 31	219.3	-81.4	210.8	1.6	668.7	1439.8	140.15	2598.9
NOV 7	-248.9	129.9	-14.9	-17.9	891.6	797.9	-8.69	1529.0
NOV 14	-12.9	39.2	259.7	23.7	455.3	818.0	-8.14	1575.0
NOV 21	955.7	40.2	76.1	156.2	139.3	856.5	-42.21	2181.8
NOV 28	860.1	127.4	113.1	439.4	833.5	831.4	-32.20	3172.7
DEC 5	470.8	19.8	-65.5	-114.0	275.8	-280.5	-243.02	63.3
DEC 12	-696.2	-246.2	-110.6	-54.3	534.7	-824.1	-320.21	-1716.9
DEC 19	-1514.0	-593.7	-383.4	-111.1	-732.1	-1095.9	-257.68	-4687.8
DEC 26	-49.5	-46.4	-269.2	155.7	-292.8	405.2	8.03	-89.0
JAN 2	-144.56	-32.43	194.0	-2.69	143.6	387.1	-44.07	500.9
JAN 9	-118.1	-191.0	14.0	-9.7	-440.3	-540.1	-150.33	-1435.6
JAN 16	-743.6	-283.6	-160.1	369.8	353.0	-499.0	-396.07	-1359.7

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

## TRACKING MONEY FLOW - MALAYSIA

- It was a week to remember but for the wrong reason.
- Foreign money outflow from the Malaysian equity market surged to its highest level since August 2013. Last week, investors classified as “foreign” offloaded local equity in the open market (i.e excluding off-market deals) amounted to -RM1.42b. That was the highest since the last week of August 2013, and the second time in six weeks that money outflow exceeded the RM1b mark.
- Foreign investors were net sellers every single day last week. Selling peaked on Wednesday, when a net amount of -RM413.1m was offloaded. Foreigners had not sold more than RM400m in a single day in the open market since 4 February 2014. Indeed, the amount sold in the last three trading days exceeded RM300m per day, a level of intensity that Bursa had not experienced in 2014.
- For the year to January 16, the cumulative net outflow had already exceeded the RM2b mark at RM2.003m. That was about 30% of the total outflow recorded in 2014.
- The foreign sell-down on Bursa is happening amid heightened level of participation. Foreign participation rate (daily average gross purchase and sale) surged to RM1.14b, the second week in a row that the amount exceeded RM1b. The average daily foreign participation rate in 2014 was RM980m.
- Local institutions supported the market aggressively last week, mopping up RM1.34b net. The participation rate was also elevated at RM2.2b.
- Local retailers were cautious last week, buying only RM75m net. Most retail investors were still on the sideline although participation rate climbed to RM756m. That was even lower than 2014’s average of RM873m.

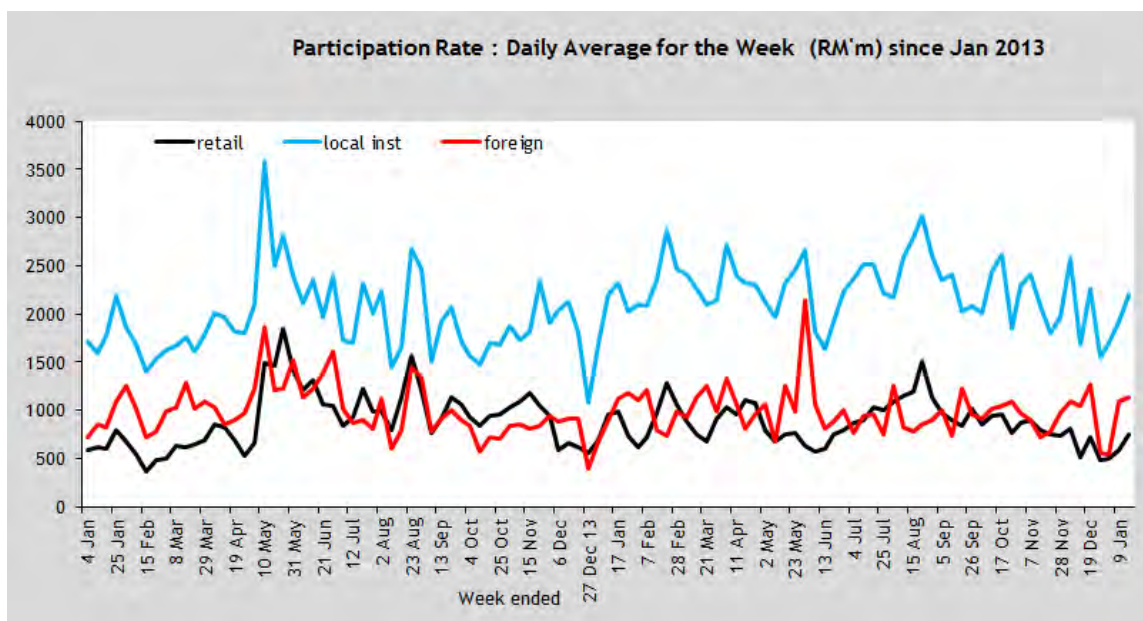


Source: Bursa, excluding off-market trades

## 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)*
5 Sep	1873.70	2005.40	-131.70	4790.00	4597.10	192.90	1970.00	2031.20	-61.20	-19.22
12 Sep	2223.60	2257.80	-34.20	6142.50	5911.00	231.50	1748.20	1945.50	-197.30	-61.47
19 Sep	1674.40	1655.20	19.20	4352.00	3735.40	616.60	2130.70	2766.50	-635.80	-197.07
26 Sep	2528.40	2528.20	0.20	5429.00	4981.80	447.20	2157.10	2604.50	-447.40	-137.80
3 Oct	2135.10	2117.20	17.90	5183.90	4859.50	324.40	2116.00	2458.30	-342.30	-104.76
10 Oct	1974.10	1795.80	178.30	4705.70	5018.00	-312.30	2095.30	1961.30	134.00	41.21
17 Oct	2382.50	2422.30	-39.80	6843.70	6259.00	584.70	2358.90	2903.80	-544.90	-166.31
24 Oct	1436.60	1622.60	-186.00	3946.10	3408.80	537.30	1992.20	2343.50	-351.30	-107.49
31 Oct	2114.60	2222.50	-107.90	5549.80	5901.90	-352.10	2646.40	2186.40	460.00	140.15
7 Nov	2267.30	2234.20	33.10	6030.90	6034.30	-3.40	2233.90	2263.60	-29.70	-8.69
14 Nov	2011.50	1933.20	78.30	5176.20	5227.20	-51.00	1797.50	1824.80	-27.30	-8.14
21 Nov	1932.60	1780.00	152.60	4500.80	4511.80	-11.00	1871.50	2013.10	-141.60	-42.21
28 Nov	1847.20	1835.20	12.00	4977.10	4880.20	96.90	2376.00	2484.90	-108.90	-32.20
5 Dec	2139.00	1883.90	255.10	6715.50	6131.60	583.90	2314.10	3153.10	-839.00	-243.02
12 Dec	1276.90	1267.60	9.30	4771.10	3662.70	1108.40	2072.10	3189.80	-1117.70	-320.21
19 Dec	1741.30	1860.90	-119.60	6153.40	5135.80	1017.60	2732.20	3630.20	-898.00	-257.68
26 Dec	928.90	1003.40	-74.50	3119.60	3073.20	46.40	1120.00	1091.90	28.10	8.03
2 Jan	970.70	1028.00	-57.30	3496.50	3284.80	211.70	1016.00	1170.40	-154.40	-44.07
9 Jan	1501.30	1399.40	101.90	5003.60	4570.30	433.30	2448.00	2983.20	-535.20	-150.33
16 Jan	1932.40	1853.20	79.20	6176.10	4835.40	1340.70	2141.00	3556.90	-1415.90	-396.07

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



## TOP 10 STOCKS: MONEY FLOW

Tables below list the Top 10 Net Money Inflows and Net Money Outflows for the week ended 16 January 2015 among the largest 100 market capitalized stocks on Bursa Malaysia.

### TOP 10 NET MONEY INFLOWS

- Public Bank attracted the highest net money inflow of RM54.63m last week. The official announcement of an abortion to the proposed merger between CIMB and RHB Capital may have prolonged Public Bank's position as the second largest banking group based on market capitalization. Nonetheless, its share price slightly underperformed the broader market with a weekly flat performance against a 0.64% gain for the FBM KLCI.
- Digi.com came in second with RM8.43m net inflow. Its share price also underperformed the FBM KLCI with a mere 0.16% weekly gain.
- Axiata recorded the third highest net money inflow of RM6.49m. Its share price outperformed the wider market with a 0.72% weekly gain.

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
PUBLIC BANK	54.63	8.78	0.00	-
DIGI.COM	8.43	-8.94	0.16	-
AXIATA	6.49	3.71	0.72	-
GENTING M'SIA	4.09	2.14	-3.27	BOW
BAT	3.84	-1.88	4.69	-
TOP GLOVE	2.33	0.08	3.46	-
GENTING	2.29	-0.07	-3.94	BOW
PETRONAS CHEM	2.01	-0.13	-0.20	BOW
MISC	1.59	2.56	2.16	-
CAHYA MATA S'WAK	1.14	0.63	2.01	-

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

### TOP 10 NET MONEY OUTFLOWS

- Tenaga Nasional registered the largest net money outflow during the review week totaling -RM17.11m. However, its share price outperformed with a 1.55% weekly gain against a 0.64% rise for the FBM KLCI. The net outflow amidst rising share price may indicate Sell on strength (SOS) stance among some investors.
- Maybank saw the second largest net money outflow of -RM12.13m last week. The stock was an underperformer albeit marginally as it ended the week lower by a mere -0.12%.
- CIMB came in third with -RM12.00m net outflow. Even so, its share price wildly outperformed the broader market last week with a massive 9.96% gain in reaction to the cancellation of the merger deal with RHB Capital.

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
TNB	-17.11	15.18	1.55	SOS
MAYBANK	-12.13	14.89	-0.12	-
CIMB	-12.00	5.27	9.96	SOS
GAMUDA	-7.24	-5.92	-1.57	-
GUINNESS	-6.04	0.13	-0.33	-
AMMB	-5.57	-5.44	-0.16	-
MAXIS	-4.98	1.80	-0.14	-
TELEKOM M'SIA	-4.61	-0.81	-1.47	-
MAHB	-3.75	0.41	5.90	SOS
MBSB	-3.05	-0.84	-13.28	-

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

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### MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >15% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >15% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -15% and +15% over the next 12 months.
SELL	<i>Negative</i> total return is expected to be -15% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >15% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

#### SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.