

# FUND FLOW REPORT

Week Ended  
January 22, 2016

Foreign Flow Meter (M'sia)



Tide

(rising)  
MODERATE-HIGH



Current

(declining)  
MODERATE-HIGH

- Global equity remained in the redzone last week but optimism has risen following a strong performance on Friday. As a sign of returning stability, China's CSI300 index fell by only -0.17% last week. Focus was more on the crude oil market.
- The price of crude oil turned volatile throughout the week. From a depressed level on Monday, it rebounded to >USD30pb on Tuesday, before plunging to as low as USD27.10pb on Wednesday. On Friday, the price surged 10%, the highest percentage increase since 4 Nov 2008, to USD32.18pb at the close of trading.
- The sudden rebound in the price of crude oil on Friday was driven by expectations of monetary stimulus by central banks around the world to arrest the risks emanating from the financial market. It was a catalyst for markets to rally on Friday.
- However, we note that crude oil price retreated again on Monday, falling -5.2% to USD30.5pb.
- In the forex market, the Ringgit was the biggest Asian gainer on Friday, rising 2.07% against US dollar, its biggest 1-day gain since 21 June 2010. It was also the best performer among Asian currencies last week rising 2.42%. The Ringgit was clearly buoyed by Bank Negara's decision to reduce the statutory reserve ratio, which we estimate will release RM6.2b into the banking system.
- At the last quoted USD/RM4.2928, the Ringgit moved into the greenzone this year, rising marginally by 0.03%ytd. Indeed, it is now the second best performing currency in Asia this year, behind Yen. It was down -18.6% in 2015.
- Asian equity remained under foreign selling pressure for the third consecutive week. Nevertheless, foreign selling of stocks listed on Bursa Malaysia remained under control. Total amount of equities sold, net of purchases, increased to -RM833.6m last week, the highest in 17 weeks. However, the daily attrition did not exceed RM300m indicating the low overhang of foreign liquidity in the system, which we estimate to be only in the region of RM6b compared with an estimated RM50b in the aftermath of the General Election.

25 January 2016 | Strategy - Weekly Fund Flow

## OILY SITUATION

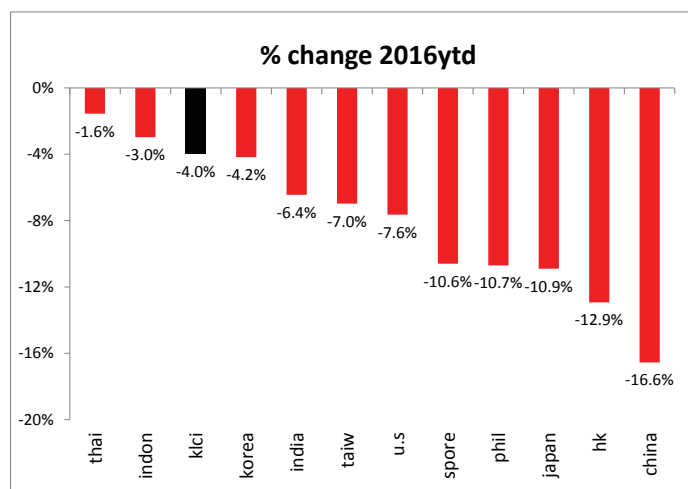
### A. MARKET SNAPSHOT

- Global equity remained in the redzone last week but the sentiment seems to be that markets have passed an inflexion point, especially after the strong performance on Friday.
- After two weeks of heavy decline, China's CSI closed last week marginally lower at -0.17%. However, much of the week's development was influenced by events in the crude oil market.
- On Monday, the price of Brent crude oil fell further and dipped below USD28pb after international sanctions on Iran were lifted. The International Atomic Energy Agency is satisfied that Iran has curbed its nuclear weapon programme. Iran has the world's 4th-largest crude oil reserves and the biggest deposits of natural gas.
- Throughout the week, the price of crude oil turned volatile. From a depressed level on Monday, it rebounded to >USD30pb on Tuesday, before plunging to as low as USD27.10pb on Wednesday. On Friday, the price surged 10%, the highest percentage increase since 4 Nov 2008, to USD32.18pb at the close of trading. #
- The sudden rebound in the price of crude oil on Friday was driven by expectations that central banks are turning dovish and are coming together to arrest the risks emanating from the financial market. The Bank of Japan is expected to expand its quantitative easing when it meets this week, while the Bank of China may continue to pump liquidity into the market through its Medium Term Lending Facility. Meanwhile ECB's Draghi said on Thursday that there are "no limits" to how far ECB will go to meet its inflation target of just below 2%. Expectations are high of a 10bp cut to the ECB's deposit rate in March.
- That were the catalysts for markets to rally in Asia on Friday. In the forex market, the Ringgit was the biggest gainer on Friday. It rose 2.07%, its biggest 1-day gain since 21 June 2010 and was also the best performer among Asian currencies last week rising 2.42%. Indeed, it is now the second best performing currency in Asia this year, behind Yen. It was buoyed by Bank Negara's decision last week to reduce the statutory reserve ratio, which we estimate will release RM6.2b into the banking system.
- At the last quoted USD/RM4.2928, the Ringgit moved into the greenzone this year, rising marginally by 0.03%ytd. It was down -18.6% in 2015.
- The local bond market also experienced a strong rally. The yield on 10year MGS dropped a massive 282 basis points last week to 3.877%. The rally was apparently driven by foreign buying.
- The KLCI surged 24 points or 1.52% on Friday but was still down -0.2% for the week.

### Performance of major markets

Weekly % change	Week before	Last week
CAC	-2.85	3.01
DAX	-3.09	2.30
Thai SET	0.13	1.78
FTSE	-1.83	1.65
S&P500	-2.17	1.41
Dow Jones	-2.19	0.66
Korea KOSPI	-2.02	0.03
Taiwan Taiex	-1.67	-0.08
India Sensex	-1.92	-0.08
China CSI300	-7.22	-0.17
KLCI	-1.75	-0.21
Nikkei 225	-3.11	-1.10
Jakarta JCI	-0.49	-1.49
Straits Times	-4.38	-2.04
Hang Seng	-4.56	-2.26
Phil Comp	-1.92	-3.74

Source: Bloomberg

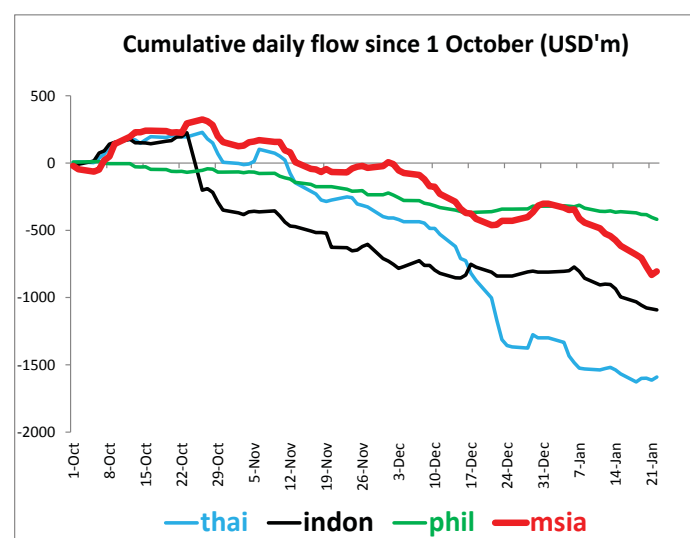
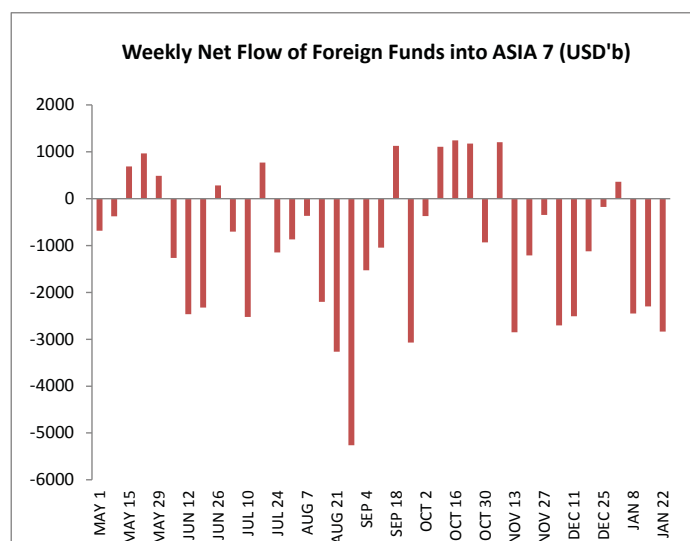


# On Monday the price of Brent crude retreated again by -5.2% to USD30.50pb. The market was concerned over Saudi Aramco's decision to maintain its investment in oil and natural gas projects.

## FUND FLOW REPORT

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

- Asian equity remained under foreign selling pressure for the third consecutive week.
- Based on provisional data from the respective exchanges, investors classified as “foreign” offloaded -USD2.84b net in the 7 Asian stock markets that we track (TIPs + India, Taiwan, Korea and Malaysia).
- Also for the third week running, all markets that we track reported net foreign selling.
- There was a massive outflow from Korea last week. Foreigners dumped -USD1.05b of Korean equity, only the fourth time since the first week of 2014 that the weekly outflow amount had exceeded USD1b. The market was hit by news that Barclays will exit South Korea and Taiwan entirely, according to Reuters. Meanwhile, much of the foreign attrition has also been reportedly attributable to the sell-down by SAMA Foreign Holdings, which is managed by the Saudi Arabia Monetary Agency, the country’s central bank.
- In Taiwan share prices did not react negatively last Monday to the landslide election results favouring the pro-independence DPP. There was also a small foreign attrition on the day. For the week, the total amount offloaded by foreigners actually receded to -USD512m, compared with -USD675m and -USD1,166m in the preceding two weeks. The USD15b National Stability Fund, Taiwan’s largest government fund, pledged on Monday to support stocks until April. That calmed jittery foreign investors to a certain degree. Nevertheless, concerns remained that China could punish Taiwan economically, either by restraining tourism or making it more difficult for Taiwan to negotiate FTAs with other countries.
- In South East Asia, foreign attrition in Indonesia receded after the heavy outflow the week before triggered by the terrorist incident. Among the markets, Philippines seemed to be the most vulnerable currently. Foreigners offloaded -USD57m last week, the highest in eight weeks. The Peso is also down -1.7%ytd.
- Thailand equity seems to be in foreigners’ radar screen. The SET was the best performer in Asia for the second week running and the outflow last week was marginal.



October was the turning month for the Ringgit

<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.

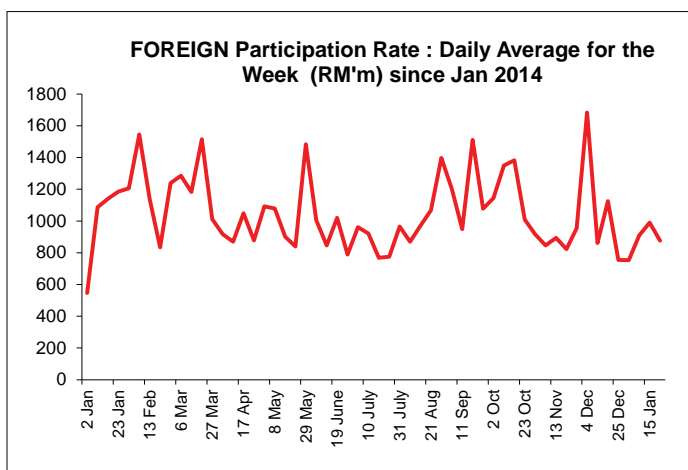
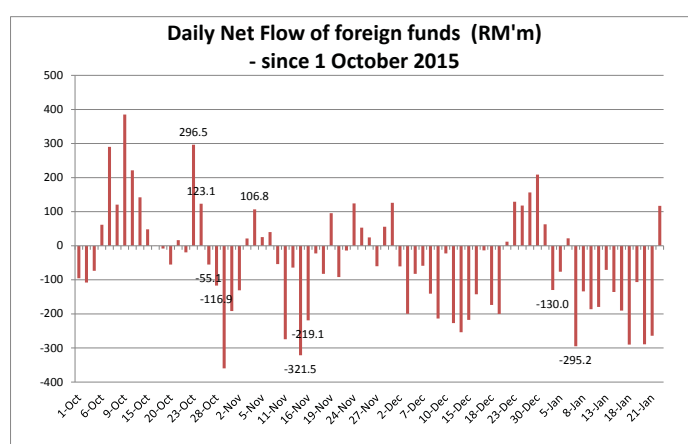
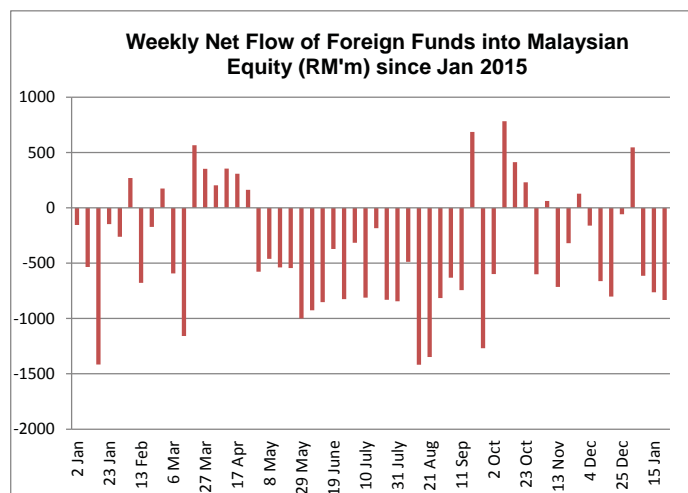
#### WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)

WEEK	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
DEC 11	-957.6	-94.3	-49.8	-52.0	-152.2	-1049.8	-155.1	-2510.9
DEC 18	-756.1	-343.7	45.1	-35.3	50.2	100.4	-186.0	-1125.3
DEC 25	-97.9	-492.4	-65.9	22.9	211.1	258.2	-13.8	-177.8
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

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

**C. TRACKING MONEY FLOW - MALAYSIA**

- Foreign selling of stocks listed on Bursa Malaysia remained under control, despite continued heavy outflow from Asia last week.
- Total amount of equities sold, net of purchases, increased to -RM833.6m last week, the highest in 17 weeks. This is estimated based on transactions in the open market and excluded off market deals.
- Selling was relatively aggressive in the first four days of the week. On Monday, Wednesday and Thursday, the net amount offloaded exceeded RM200m. However, it was capped at RM300m. In comparison, there had been 19 days in 2015 during which the foreign net sale had surpassed RM300m.
- The fact that the daily attrition did not exceed RM300m indicates the low overhang of foreign liquidity in the system, which we estimate to be only in the region of RM6b compared with an estimated RM50b in the aftermath of the General Election.
- On Friday, after 11 straight days of selling, foreign investors turned net buyers with a purchase amount of RM116.9m. It was a moderate amount and did not reflect the broad buoyancy experienced not only in the equity market, but also in the bond and foreign exchange markets.
- Year-to-date, foreigners have sold -RM2.21b net. In 2015, the net outflow was -RM19.5b.
- Despite heavy selling and a vibrant Friday, foreign participation rate (average daily volume) actually dropped last week to RM876m from RM990m the week before. Even on Friday, foreign participation amounted to only RM785m. In comparison, participation averaged RM1.05b per day last year.
- Local institutions and retailers absorbed RM820.8m and RM12.8m respectively last week. Local investors took the opportunity of a rally on Friday to offload some position.
- The participation rate of local institutions rose to RM2.16b but retail activity was surprisingly subdued, with trade averaging RM827m, the lowest in 3 weeks. Indeed on Friday, volume fell to RM680m, 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)*
DEC 11	1593.2	1561.1	32.1	5658.40	5027.7	630.7	1820.4	2483.2	-662.8	-155.1
DEC 18	1627.2	1539.2	88.0	5388.30	4675.1	713.2	2411.5	3212.7	-801.2	-186.0
DEC 25	1081.3	1075.9	5.4	2600.60	2547.2	53.4	1101.4	1160.2	-58.8	-13.8
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

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

## FUND FLOW REPORT

### D. TOP 100 STOCKS: MONEY FLOW <sup>2</sup>

#### TOP 10 NET MONEY INFLOWS

- Power utility giant Tenaga Nasional registered the highest net money inflow of RM11.75m last week. Nonetheless, its share price underperformed the market benchmark with a -1.99% weekly decline. In comparison, the FBM KLCI retreated by merely -0.21% 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. Recently, Mitsui & Co. was reported to sell an effective 15% stake in Track 3B to Chugoku Electric while TNB will continue owning the balance 70% shareholding.
- IHH Healthcare came in second with RM7.63m net inflow and its share price outperformed the market benchmark as it recorded a 0.46% week-on-week gain. As stated earlier, money inflow amidst retreating share price may indicate BOW stance among some investors. The company recently held a groundbreaking ceremony for a USD70m, 250-bed hospital in Yangon, Myanmar.
- AMMB Holdings recorded the third highest net money inflow of RM5.14m but its share price underperformed the market benchmark as it ended -1.59% lower during the review week. As stated earlier, money inflow amidst retreating share price may indicate BOW stance among some investors.

#### TOP 10 NET MONEY OUTFLOWS

- MISC saw the largest net money outflow of -RM12.94m during the review week. Accordingly, its stock price underperformed the FBM KLCI as it ended the week lower by -1.81% against a smaller -0.21% retreat in the market benchmark. The underperformance may be attributable to the recent rebound in crude oil price as well as the rise in value of Ringgit against US Dollar.
- Top Glove came in second last week with a net outflow of -RM12.50m. Its share price underperformed the market benchmark as it recorded a -2.04% weekly decline which can be attributable to the recent recovery of Ringgit against US Dollar.
- Axiata registered the third largest net money outflow at -RM11.48m in the review week but its share price outperformed the broader market as it registered a small 0.16% weekly gain. Nonetheless, it is notable that net money outflow amidst advancing share price indicates sell on strength (SOS) stance among some investors.



Tables below list the Top 10 Net Money Inflows and Net Money Outflows for the week ended 23 January 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	
TNB	11.75	21.78	-1.99	BOW
IHH HEALTH	7.63	7.62	0.46	-
AMMB	5.14	4.85	-1.59	BOW
DIGI.COM	3.62	-0.33	-0.97	BOW
CIMB	3.31	1.42	2.74	-
HLEONG BANK	2.55	3.53	-1.23	BOW
MAHB	2.54	-1.70	-1.22	BOW
YTL CORP	2.42	-1.56	0.66	-
MALAKOFF	2.24	0.61	1.26	-
GENTING	2.06	-0.30	0.69	-

Source: Bloomberg, MIDFR;

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

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
MISC	-12.94	4.89	-1.81	-
TOP GLOVE	-12.50	-3.32	-2.04	-
AXIATA	-11.48	-0.38	0.16	SOS
MAYBANK	-6.09	-8.92	-0.12	-
IJM CORP	-5.69	-1.02	-0.59	-
PUBLIC BANK	-3.16	-9.78	-0.33	-
IOI CORP	-2.70	0.53	0.46	SOS
PETRO GAS	-1.93	0.08	-1.21	-
HARTALEGA	-1.91	-1.45	-0.50	-
HLEONG FIN	-1.48	0.26	-2.07	-

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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