



MALAYSIA EQUITY RESEARCH | JANUARY 12, 2015

Week Ended January 9, 2014	Foreign Flow Meter	
		Tide
	Current	MODERATE (Falling)

- After the first 6 trading days (fewer for some markets), it is apparent that the fate of the various equity markets is diverging 2015.
- Wall Street, the global bellweather market, may be looking at a profit-taking year, after the record-breaking 2014.
- The early pacers this year have all been from Asia, with the Philippines and Thailand in the lead hitting the ground running.
- However the flow of fund data suggests that global investors are still in the process of forming their conviction towards general Asia for 2015.
- Trading in the first six days suggests that after early hesitations, foreign investors appear to be giving Indonesia the vote of confidence with strong inflow on Friday.
- The Philippines market is also still in investors' radar screen, even after the PSEi index had risen for six years in a row.
- After six trading days into 2015, the writing on the wall is not so auspicious for Malaysia, although we would not interpret it as being ominous.
- Investors classified as "foreigners" had been net sellers in five out of the opening six days on Bursa. The net outflow was -RM587.2m, higher than the corresponding period in 2014 of -RM497.2m.

12 January 2015 | Strategy - Weekly Fund Flow

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EARLY DAYS EBB AND FLOW

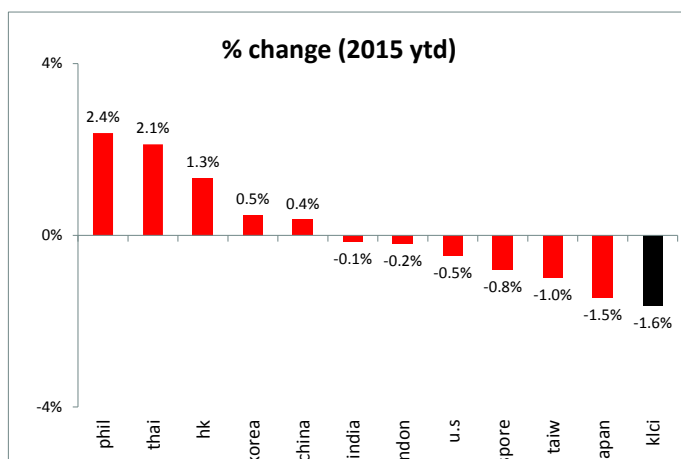
A. MARKET SNAPSHOT

- Early year trading pattern is usually insightful of what lies ahead for the main part of the year.
- After the first 6 trading days (fewer for some markets), it is apparent that the fate of the various equity markets is diverging 2015.
- Wall Street, the global bellweather market, may be looking at a profit-taking year, after the record-breaking 2014, during which the Dow Jones recorded a new record high 38 times while the S&P 500 re-wrote record 53 times.
- The Dow Jones and S&500 fell for the second consecutive week, shedding -0.54% and -0.65% respectively, most of it due to the sell-down on Friday.
- But it was a roller coaster week indeed. The S&P500 swung by >1% in 3 days last week. The uncertainty was driven by continued rout of the crude oil price. The WTI price fell below USD48pb for the first time since 2009 and ended trading for the week at RM48.36pb. The biggest fear is that low oil price will drag capex in the industry, which will hurt corporate earnings. Positive U.S. employment statistics for December, with nonfarm payroll rising above expectation by 252,000 and jobless rate declining to 5.6% also failed to reverse the decline.
- European stocks fared worse with the CAC losing -1.72%, the weakest among peers, while the DAX fell -1.19%. The weakness in Europe is underlined by concerns over banks in Spain and Italy, as well as uncertainty over the fate of Greece in the euro pact. The ECB's rumoured Eur500b bond-buying plans has not excited the investors.
- The early pacers this year have all been from Asia, with the Philippines and Thailand in the lead hitting the ground running. Both markets' benchmarks rose by >2% last week. China's CSI300, which rose an astounding 52% last week appears to still have steam, gaining for the 9th consecutive week although by a marginal 0.4%.
- The KLCI lost ground for the second consecutive week, shedding -1.2%. It is the worst performer so far this year.

Performance of major markets		
Weekly % change	Week before	Last week
Phil Comp	0.62	2.38
Thai SET	-0.84	2.12
China CSI300	2.55	0.37
Hang Seng	2.18	0.26
Korea KOSPI	-1.11	-0.09
Jakarta JCI	1.47	-0.50
Dow Jones	-1.22	-0.54
S&P500	-1.46	-0.65
FTSE	-0.94	-0.71
Straits Times	0.50	-0.95
Taiwan Taiex	1.01	-0.99
KLCI	-0.66	-1.16
DAX	-1.59	-1.19
Nikkei 225	-2.07	-1.45
India Sensex	2.37	-1.54
CAC	-1.01	-1.72

Source: Bloomberg

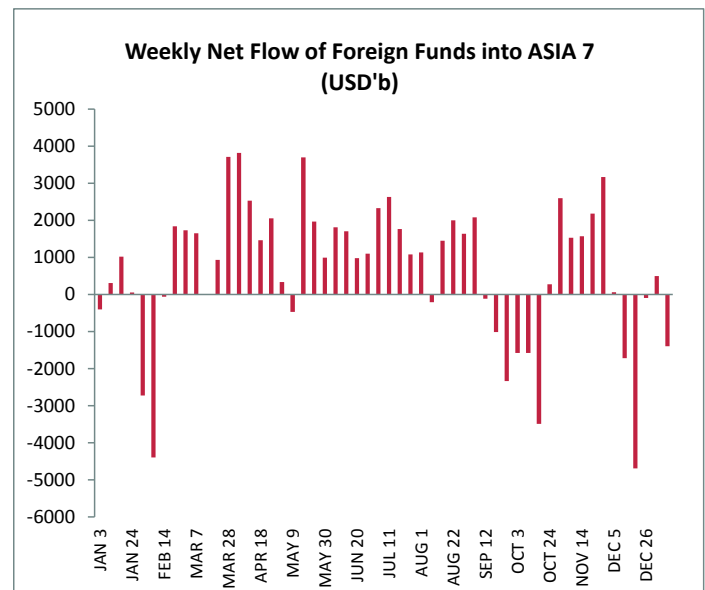
Major Asian indices (2014)



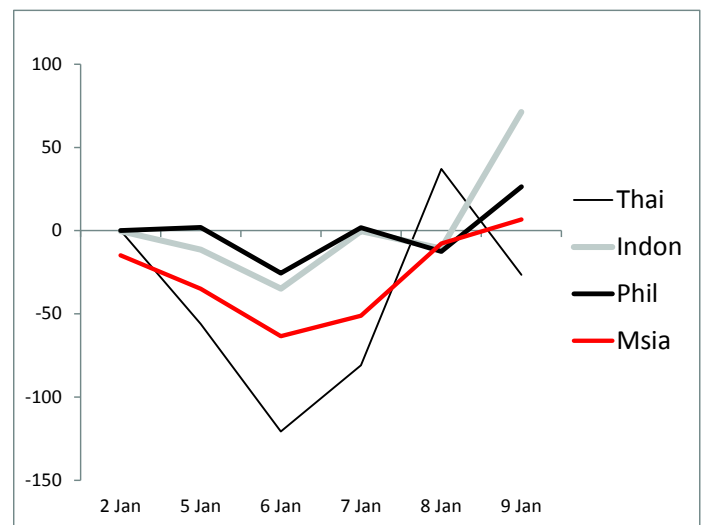
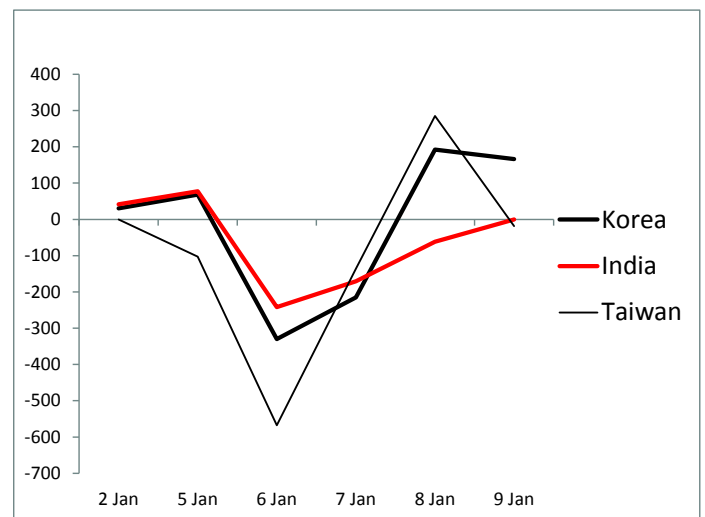
Source: Bloomberg

B. TRACKING MONEY FLOW

- Although stock prices have risen noticeably in markets such as the Philippines and Thailand, the flow of fund data suggests that global investors are still in the process of forming their conviction towards general Asia for 2015.
- Last week, based on provisional data from the exchanges, investors classified as “foreign” were net sellers in the 7 Asian¹ stock markets that we track (India, Taiwan, Korea, Thailand, Indonesia, Philippines and Malaysia). The amount was sizeable enough to be significant, in the region of -USD1.33b. This indicates that any gain in prices in some of the markets in Asia have likely been driven by domestic likely.
- In this report, we look at the daily foreign flow of fund in the first six trading days of 2015 (2 - 9 January) in the seven Asian markets. Although still early in the year, this may offer some insights into what lies ahead. Some markets were closed on 2 January, namely Taiwan, Thailand and the Philippines.
- After early day hesitations, foreign investors appear to be giving Indonesia the vote of confidence with strong inflow on Friday. President Joko Widodo said early in the year that the Government has fiscal ability to boost the economy by building infrastructure, including railway and roads, as well as bridges, power plants and ports. Meanwhile the capital market is expected to be boosted by a targeted 32 IPOs in 2015, compared with only 24 in 2014.
- The Philippines market is still in investors’ radar screen, even after the PSEi index had risen for six years in a row. The country is expected to benefit from low oil price growth projected at 6-7% this year.
- Among the more developed markets, Korea has fared better than Taiwan. Money flow to Korea was relatively strong in the last two days, while foreign investors have sold Taiwan stocks in 4 out of the 5 days that the market has opened this year. Among Asian markets, the tech-heavy Taiwan market is the most correlated with Wall Street.
- Meanwhile, foreign investors have been selling Thailand and Malaysia stocks, although the situation may be turning around for the latter.



Foreign Fund Flow: The first six days of trading (USD'm)



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

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

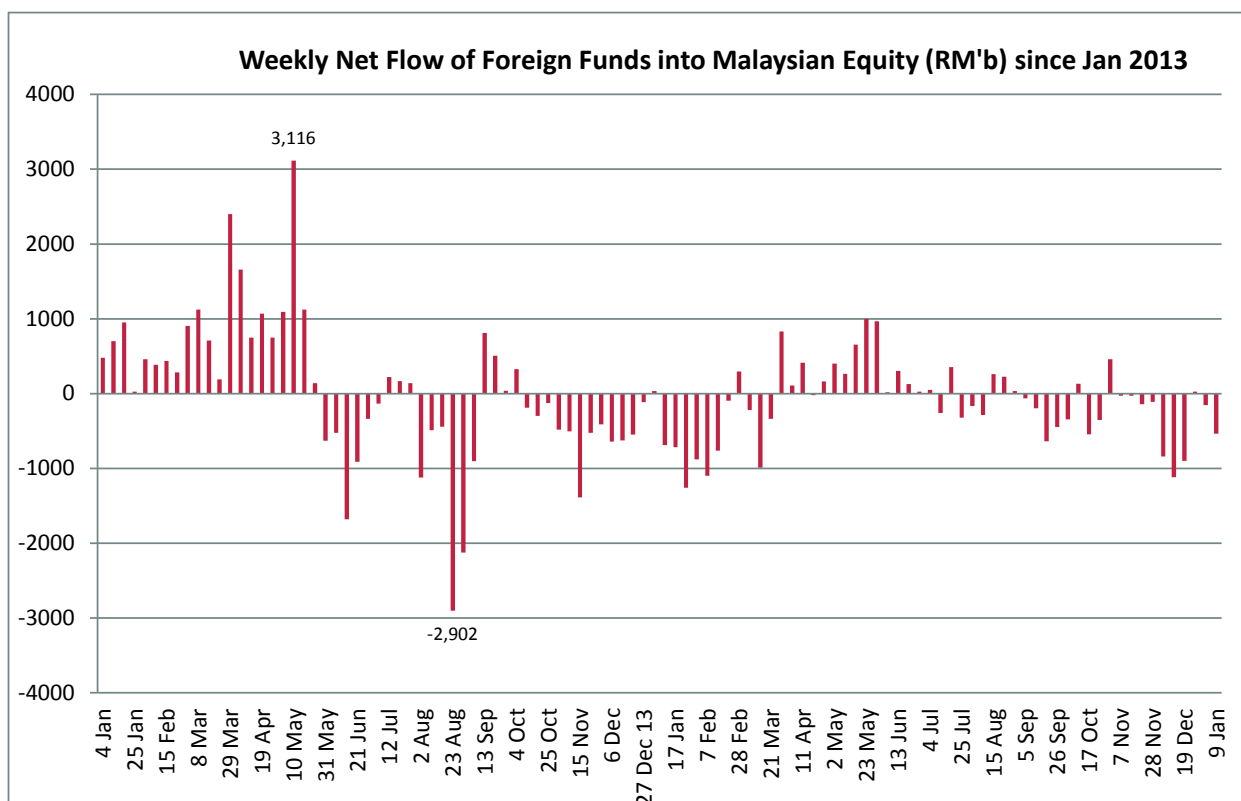
WEEK ENDED	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	MALAYSIA	TOTAL
JUL 18	796.5	186.1	215.3	0.0	422.1	32.9	111.8	1764.6
JUL 25	547.3	52.7	91.5	-49.8	323.1	220.5	-101.1	1084.3
AUG 1	1423.2	-152.3	0.0	-4.1	-460.6	383.3	-51.5	1137.9
AUG 8	148.6	-29.2	-72.2	-67.8	367.6	-466.7	-88.9	-208.6
AUG 15	700.6	82.4	-38.1	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	-292.8	405.2	8.0	-89.0
JAN 2	-144.6	-32.4	194.0	-2.7	143.6	387.1	-44.1	500.9
JAN 9	-118.1	-191.0	14.0	-9.7	-397.6	-540.0	-150.4	-1328.8

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

FUND FLOW REPORT

C. TRACKING MONEY FLOW - MALAYSIA

- After six trading days into 2015, the writing on the wall is not so auspicious for Malaysia, although we would not interpret it as being ominous.
- Investors classified as “foreigners” had been net sellers in five out of the opening six days. Last week, foreign investors sold local equity in the open market (i.e excluding off-market deals) amounted to -RM535.2m net. In the first six days, the net outflow was -RM587.2m, higher than the corresponding period in 2014 of -RM497.2m.
- Net sale by foreigners had already broken the RM200m mark last Tuesday. In 2014, there had been 23 days during which the daily net sale exceeded the threshold.
- On a slightly positive note, foreign funds turned net buyers on Friday, albeit marginally to the amount of +RM24.2m.
- We note that foreign participation surged last week to RM1.1b. It was the first time in three weeks that the daily average gross purchase and sale surpassed the RM1b mark, which we deem as active. However, we note that foreign volume peaked on Wednesday and had retreated thereafter.
- Local institutional investors supported the market last week, mopping up RM433.3m, but it was not on aggressive trading as participation rate was <RM2b at RM1.9b. The average institutional participation rate was RM2.3b in 2014.
- Local retailers also appear to be rather sanguine, mopping up RM101.9m, the first buying in four weeks. However, only the brave ones appear to be dabbling in the market as the participation rate was only RM580m. The average in 2014 was RM873m.

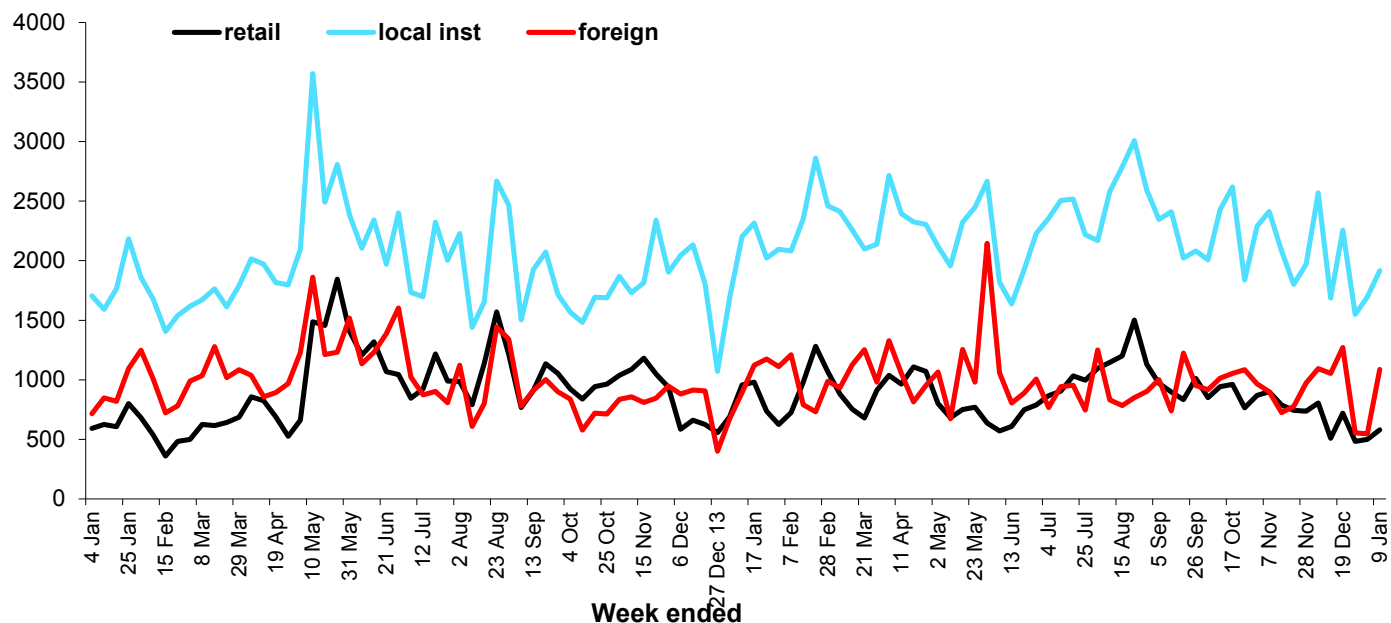


Source: Bursa statistics, excluding off-market trades

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 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	8.0
JAN 2	970.7	1028.0	-57.3	3496.5	3284.8	211.7	1016.0	1170.4	-154.4	-44.1
JAN 9	1501.3	1399.4	101.9	5003.6	4570.3	433.3	2448.0	2983.2	-535.2	-150.4

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

Participation Rate : Daily Average for the Week (RM'm) since Jan 2013


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