

16 June 2014
MALAYSIA EQUITY



FUND FLOW REPORT

Week Ended June 13, 2014

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FOR IMPORTANT DISCLOSURES**

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16 June 2014 | Strategy - Weekly Fund Flow

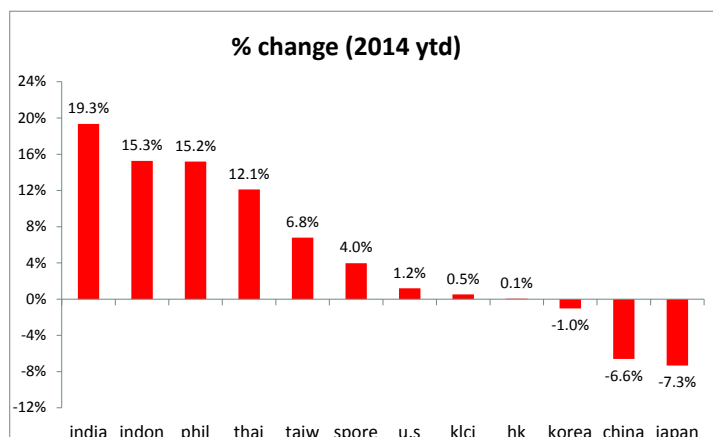
OIL MARKET RISKS KEEPING MONEY FLOW IN CHECK

A. MARKET SNAPSHOT

- As we had cautioned last week, risk appetite is waning, especially in Asia. Equity markets were lacklustre, in a reversal of fortune from that the week before.
- After three consecutive weeks on the ascend, share prices on Wall Street staged a correction, with the Dow Jones and S&P500 falling -0.9% and -0.7% respectively.
- The insurgency in Iraq appears to be making investors anxious, due to the impact on crude oil price. The West Texas Intermediate (WTI) and Brent crudes registered their highest increase in a week this year. The WTI rose 3.5% from USD103.31pb to USD106.91pb, the highest in nine months. Thus far, the turmoil has only affected a small portion of Iraq's oil flow. However, Iraq supplies 3.3 mbpd, or about 4% of global output – the risk of a supply disruption is therefore real.
- Perhaps the only noteworthy market-positive last week was the rally in semiconductor stocks, buoyed by Intel's upgrade of its sales forecast. The semiconductor industry is indeed buoyant, based on sales, especially in the U.S.
- Reflecting a spike in geopolitical risks, share prices in Europe also fall, with the DAX and CAC falling -0.7% and -0.8% respectively. The FTSE was the worse performing market last week, falling -1.2%. The initial positive impact of the ECB's announcement of a monetary boost failed to sustain.
- China's CSI rebounded from a loss the week before to record a gain of 2.0%, the best performing index last week. China's stock market had risen in four out of the last five weeks, a strong indication that investors believe the economy has bottomed out.
- In contrast, the performance of Emerging Asia was muted. The euphoria in Bangkok faded last week, as the SET fell -0.1%, after gaining >4% in the preceding fortnight. Jakarta and India also declined.
- Against regional trend, the KLCI rose 0.8%. Year-to-date, the index is in the greenzone, up 0.5%.

Performance of major markets		
Weekly % change	Week before	Last week
China CSI300	-1.01	1.95
Hang Seng	-0.57	1.60
KLCI	-0.57	0.75
Taiwan Taiex	0.65	0.68
Phil Comp	1.73	0.33
Nikkei 225	3.04	0.14
Thai SET	2.99	-0.14
Straits Times	0.11	-0.19
Jakarta JCI	0.88	-0.21
Korea KOSPI	0.03	-0.23
India Sensex	4.87	-0.66
S&P500	1.34	-0.68
DAX	0.44	-0.74
CAC	1.36	-0.83
Dow Jones	1.24	-0.88
FTSE	0.20	-1.17

Source: Bloomberg



B. TRACKING MONEY FLOW

- Global funds added Asian stocks to their portfolios for the fifth consecutive week, according to aggregate data from our proxy markets.
- Global funds remained aggregate net buyers of stocks in the seven Asian exchanges that we track (Korea, Taiwan, Thailand, Malaysia, Indonesia, Philippines and India ¹) last week. “Foreign” institutional funds bought USD1.5b, lower than the revised figure of USD1.8b mopped up the week before.
- Revised figures show a much higher inflow of foreign portfolio capital into India in the week before last. About USD3b of foreign money has entered the Indian equity market after the election.
- Last week’s preliminary data indicates that foreign interest in Indonesia and Korea continued to be repressed. Foreign funds are reportedly upbeat on Thailand since early June, after the military coup, but the exchange reported a net outflow of foreign liquidity last week, probably due to some funds cashing out amid the optimism. We believe that portfolio funds could be switching out of some Asian markets into China, where prices are on an uptrend on growing consensus that the economy has bottomed out. Taiwan, a proxy market for China, has been recording steady inflow of foreign money this year.
- Stocks listed in Malaysia attracted USD95.3m of foreign money last week.

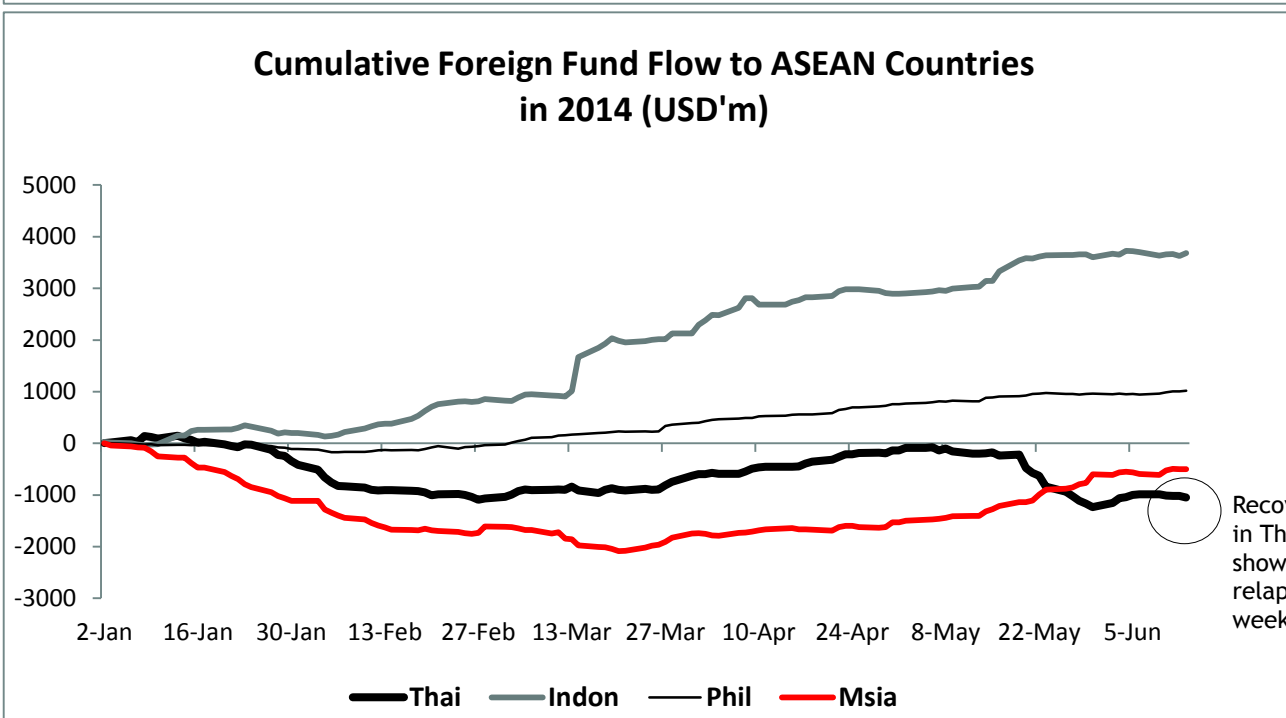
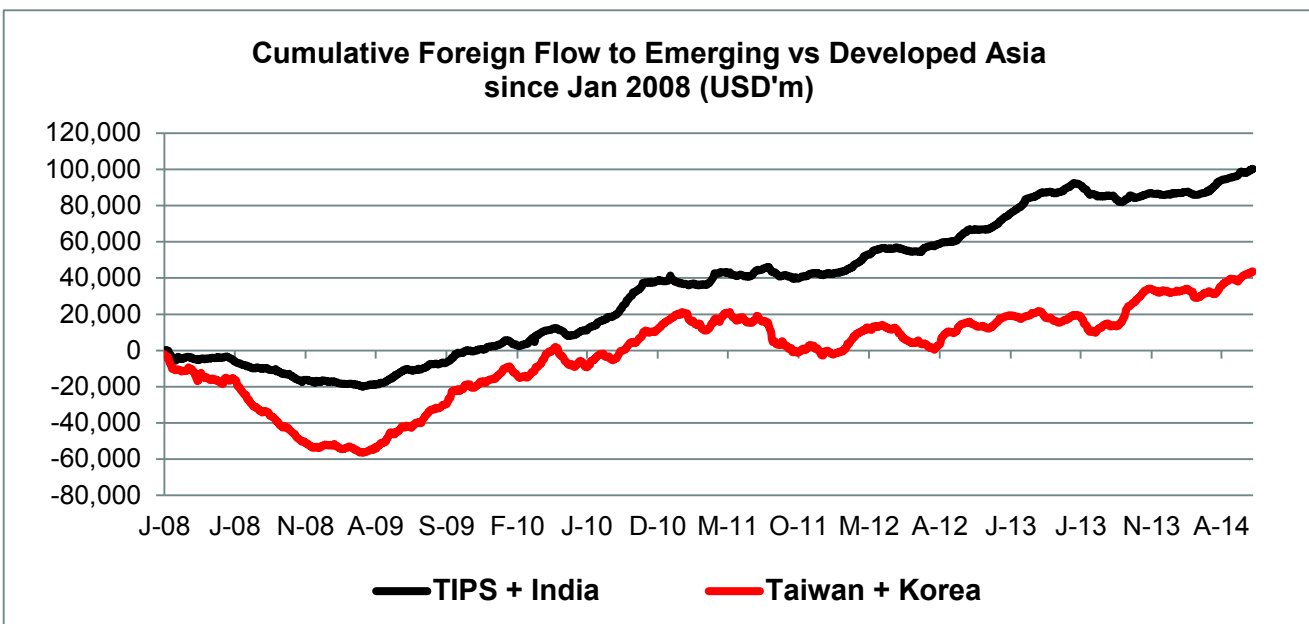
¹ These markets, for which fund flow data is publicly available, are our proxy for Asia.

WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)								
WEEK ENDED	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	MALAYSIA	TOTAL
DEC 27	98.7	-52.0	-384.2	-2.1	222.1	277.4	-34.6	125.3
JAN 3	-564.8	18.1	15.1	3.1	116.4	2.2	10.3	-399.6
JAN 10	390.7	71.3	-29.6	-36.3	-55.8	181.2	-209.6	311.9
JAN 17	-111.1	-62.4	274.0	-4.1	268.6	877.3	-217.8	1024.6
JAN 24	-82.1	-50.3	66.2	15.3	158.4	327.8	-378.8	56.6
JAN 31	-775.4	-392.3	-128.1	-85.0	-500.5	-581.7	-263.4	-2726.4
FEB 7	-1149.3	-416.3	22.3	-57.8	-213.9	-2251.7	-329.5	-4396.2
FEB 14	-142.6	-71.6	163.3	31.9	-11.3	197.8	-228.6	-61.2
FEB 21	127.8	-84.7	376.8	79.3	331.3	1036.0	-28.2	1838.2
FEB 28	636.3	-80.5	96.5	18.7	313.9	655.6	90.4	1730.9
MAR 7	127.4	163.8	96.1	139.3	838.9	355.4	-67.0	1654.0
MAR 14	-1245.6	-7.7	717.1	72.4	119.8	527.0	-301.2	-118.2
MAR 21	-616.2	2.4	284.4	49.7	1213.1	82.2	-101.9	913.6
MAR 28	426.4	164.0	174.4	135.3	1027.1	1041.5	253.1	3221.4
APR 4	1522.7	159.7	353.7	103.2	856.8	1202.3	33.2	4231.7
APR 11	994.1	132.0	205.3	61.9	299.3	701.6	127.6	2521.8
APR 18	410.3	100.8	140.3	32.6	41.9	739.8	-5.8	1459.8
APR 25	524.0	167.0	155.9	136.6	247.4	770.5	50.4	2051.9
MAY 2	-503.3	101.7	-82.7	76.9	322.4	299.1	123.2	337.4
MAY 9	-668.5	-72.8	95.5	52.0	390.2	-348.7	82.0	-470.4
MAY 16	1236.5	-77.9	330.2	82.7	1637.8	285.2	203.6	3697.9
MAY 23	1060.8	-599.5	313.3	68.7	277.4	537.0	311.1	1968.3
MAY 30	256.1	-398.5	-39.7	-10.7	398.3	489.2	300.7	995.5
JUN 6	293.7	246.0	99.0	-18.6	1008.0	181.6	6.0	1815.8
JUN 13	105.6	-62.5	-15.7	70.6	640.7	669.5	95.3	1503.4

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

NET FLOW (USD'm)	TIPs + India	Taiwan + Korea	Total
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	13,609	10,435	24,044 (23,547*)

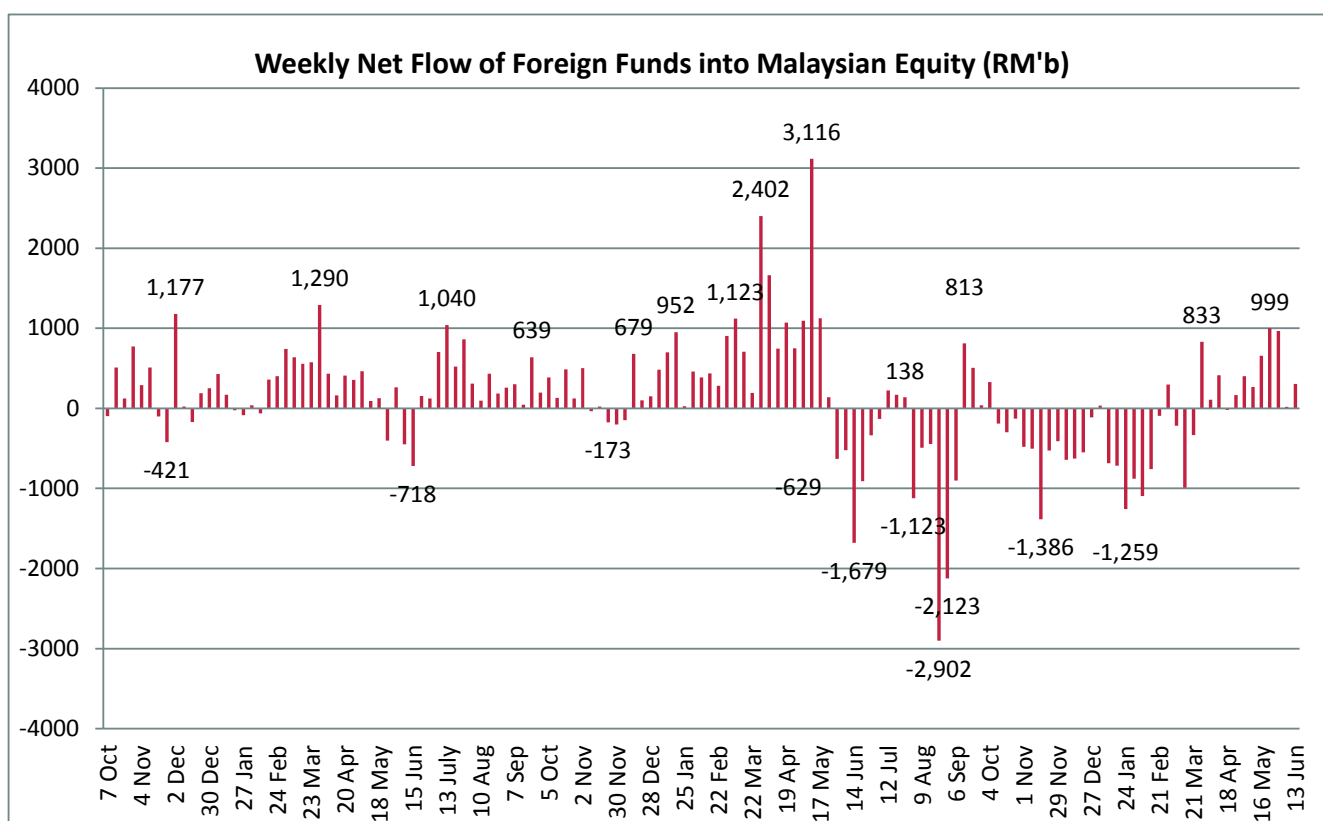
TIP = Thailand, Indonesia, Philippines * including Malaysia



Recovery of in Thailand showed a relapse last week

C. MALAYSIA

- Surprisingly, despite foreign selling in Thailand and Indonesia, foreign investors remained net buyers of Malaysian stocks last week.
- Foreign investors bought RM305.8m worth of stocks listed on Bursa last week, a significant rebound from the RM20.1m purchased the week before. It was a decent amount, in view of the low volume and rising risks emanating from the oil market.
- Last week's inflow marks the eighth consecutive week of foreign buying of stocks in the open market (i.e. excluding off-market deals) on Bursa. On cumulative basis, foreign investors remained net sellers of Malaysian stocks in 2014, but the net *outflow* as of last Friday had declined to only -RM1.8b. In 2013, Malaysia reported a net inflow of +RM3.0b.
- Foreign participation on the local bourse plunged to among its lowest in a week this year. The average daily foreign participation rate (average daily gross purchase and sale) on Bursa fell to only RM805m from RM1.1b the week before. While the school holiday season was among the main contributing factors, we believe waning global risk appetite towards equity also had a role to play for the decline in volume.
- As expected, retail investors remained on the sideline, and offloaded -RM80.2m worth of stocks. Indeed, retail investors had been selling for nine weeks in a row, reflecting risk aversion. Participation remained depressed at RM607m, a slight increase from RM570m the week before, which was the lowest for the year.
- Local institutions offloaded -RM225.6m last week. Local institutions have been supporting the market, albeit passively, mopping up about RM1.9b this year. Participation plunged to its lowest in 2014 with average daily volume of only RM1.6b, compared with 1.8b the week before.

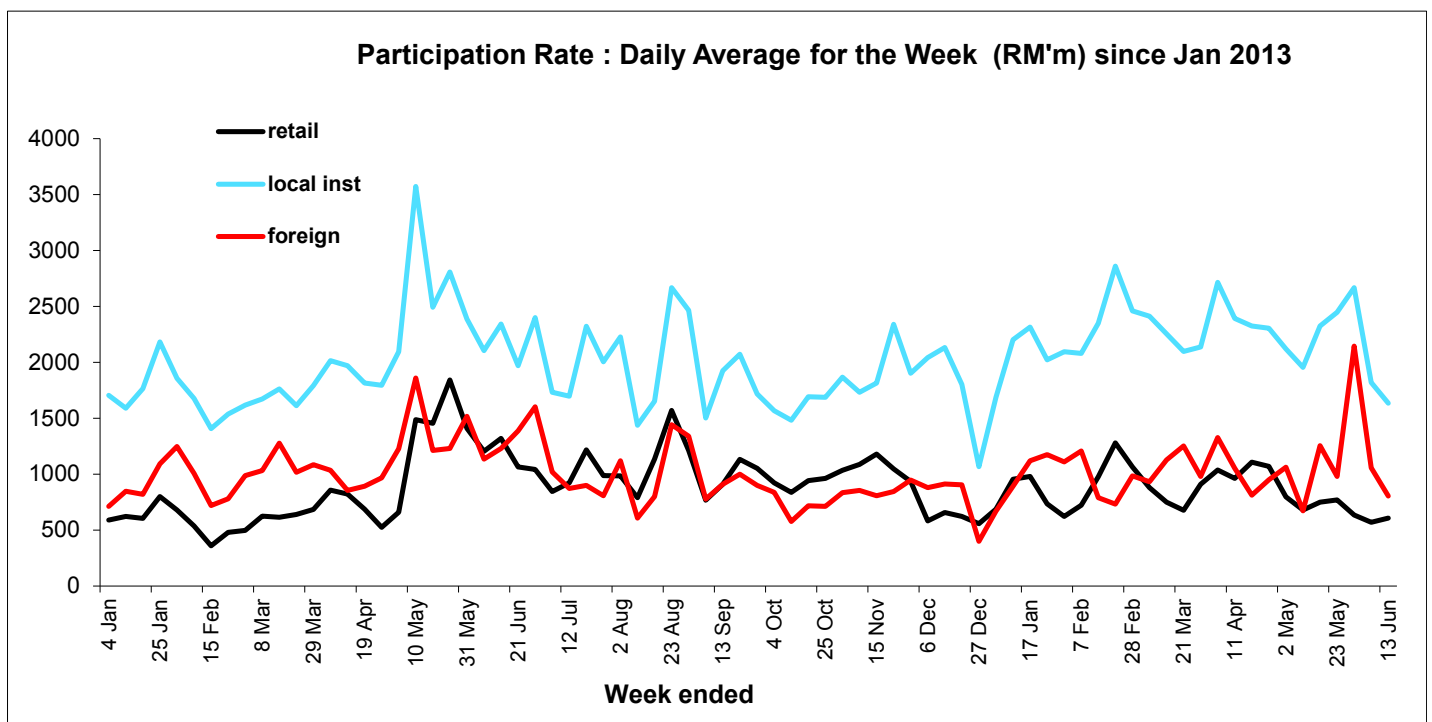


Source: Bursa, excluding off-market trades

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)*
JAN 17	1481.3	1459.3	22.0	3821.4	3127.3	694.1	1323.9	2040.0	-716.1	-217.0
JAN 24	1839.1	1844.6	-5.5	5689.7	4425.2	1264.5	2307.1	3566.1	1259.0	-378.8
JAN 31	1283.2	1211.7	71.5	4595.8	3787.2	808.6	1779.5	2659.6	-880.1	-263.4
FEB 7	1502.5	1394.8	107.7	4655.6	3667.2	988.4	1870.1	2966.2	-1096.1	-329.5
FEB 14	2428.0	2468.4	-40.4	6279.0	5478.4	800.6	1593.8	2354.0	-760.2	-228.6
FEB 21	3204.9	3194.0	10.9	7193.9	7111.3	82.6	1783.0	1876.5	-93.5	-28.2
FEB 28	2749.0	2584.1	164.9	5923.0	6384.1	-461.1	2613.0	2316.8	296.2	90.4
MAR 7	2198.5	2206.0	-7.5	6148.8	5922.4	226.4	2224.0	2442.9	-218.9	-67.0
MAR 14	1919.2	1840.2	79.0	6095.9	5185.6	910.3	2324.6	3313.9	-989.3	-301.2
MAR 21	1674.4	1721.6	-47.2	5438.6	5056.8	381.8	2966.6	3301.2	-334.6	-101.9
MAR 28	2276.4	2274.1	2.3	4929.7	5764.7	-835.0	2866.3	2033.6	832.7	253.1
APR 4	2555.8	2633.0	-77.2	6775.8	6806.3	-30.5	3374.9	3267.2	107.7	33.2
APR 11	2416.8	2396.6	20.2	5766.2	6200.8	-434.6	2842.9	2428.5	414.4	127.6
APR 18	2762.7	2774.2	-11.5	5831.2	5801.0	30.2	2023.3	2042.0	-18.7	-5.8
APR 25	2653.3	2696.6	-43.3	5702.2	5824.0	-121.8	2459.2	2294.1	165.1	50.4
MAY 2	1540.6	1654.4	-113.8	4097.0	4385.6	-288.6	2329.5	1927.1	402.4	123.2
MAY 9	1688.1	1720.0	-31.9	4775.2	5009.1	-233.9	1812.9	1547.1	265.8	82.0
MAY 16	1473.0	1525.3	-52.3	4346.6	4951.1	-604.5	2837.2	2180.4	656.8	203.6
MAY 23	1899.5	1950.7	-51.2	5649.1	6597.1	-948.0	2950.0	1950.8	999.2	311.1
MAY 30	1521.4	1657.4	-136.0	6252.8	7083.8	-831.0	5848.0	4881.0	967.0	300.7
JUN 6	1377.6	1473.0	-95.4	4586.9	4511.6	75.3	2655.8	2635.7	20.1	6.0
JUN 13	1478.1	1558.3	-80.2	3977.0	4202.6	-225.6	2165.1	1859.3	305.8	95.3

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



D. TOP 100 STOCKS: MONEY FLOW ²

- Tables below list the Top 10 Net Money Inflows and Net Money Outflows for the week ended 14 June 2014 among the largest 100 market capitalized stocks on Bursa Malaysia.

TOP 10 NET MONEY INFLOWS

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
TENAGA NASIONAL BHD	32.36	14.42	0.17	-
CIMB GROUP HOLDINGS BHD	25.92	17.90	-0.28	BOW
DIGI.COM BHD	6.46	1.32	3.28	-
AXIATA GROUP BERHAD	6.37	3.92	0.00	-
YTL CORPORATION BERHAD	5.08	14.98	-0.60	BOW
KUALA LUMPUR KEPONG BHD	4.82	1.02	2.85	-
GENTING MALAYSIA BHD	3.27	0.26	0.48	-
DIALOG GROUP BHD	2.81	0.24	0.82	-
TELEKOM MALAYSIA BHD	2.18	-8.41	0.49	-
UMW OIL & GAS CORP BHD	2.15	0.40	0.49	-

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

- Tenaga Nasional attracted the highest net money inflow totaling RM32.326m last week. The inflow was arguably in continued reaction to its recent receipt of letter of award, together with privately-owned SIPP and YTL Power, for the Track 4A power plant project.
- CIMB Group came in second with RM25.92m net inflow. Its share price nonetheless lost -0.28% for the week against +0.75% rise in the FBM KLCI. It is noteworthy that money net inflow amidst retreating share price indicates Buy on weakness (BOW) stance among investors on this stock.
- Digi.com recorded the third highest net money inflow of RM6.46m during the review week. Its stock price jumped +3.28% during the week.

TOP 10 NET MONEY OUTFLOWS

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
PUBLIC BANK BERHAD	-17.18	0.67	0.19	SOS
SIME DARBY BERHAD	-10.72	-1.65	0.21	SOS
GENTING BHD	-8.32	2.01	2.00	SOS
AMMB HOLDINGS BHD	-3.00	-1.85	-0.97	-
PETRONAS DAGANGAN BHD	-2.31	2.44	0.50	SOS
PETRONAS CHEMICALS GROUP BHD	-1.38	3.41	-0.15	-
IJM LAND BHD	-1.26	-0.35	7.81	SOS
IHH HEALTHCARE BHD	-1.19	1.17	1.91	SOS
HONG LEONG FINANCIAL GROUP	-1.02	-0.22	-0.63	-
GAS MALAYSIA BHD	-0.82	-0.58	-0.28	-

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

- Public Bank registered the largest net money outflow totaling -RM17.18m but its share price inched higher by +0.19% during the review week. At a recent EGM, its shareholders approved a proposed rights issue at RM13.80 per share, representing a 33% discount to its theoretical ex-price of RM20.64. The net outflow amidst rising share price indicates Sell on strength (SOS) stance among some investors.
- Sime Darby saw the second largest net money outflow of -RM10.72m last week. Its share price made a slight +0.21% gain during the week under review. The net outflow amidst rising share price indicates SOS stance among some investors.
- Genting Berhad came in third with -RM8.32m new outflow but its share price gained +2.00% for the week. The net outflow amidst rising share price indicates SOS stance among some investors.



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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