

9 June 2014  
**MALAYSIA EQUITY**



# **FUND FLOW REPORT**

**Week Ended June 6, 2014**

**KINDLY REFER TO THE LAST PAGE OF THIS PUBLICATION  
FOR IMPORTANT DISCLOSURES**

Zulkifli Hamzah  
 zulkifli.hamzah@midf.com.my  
 +603 21738390

9 June 2014 | Strategy - Weekly Fund Flow

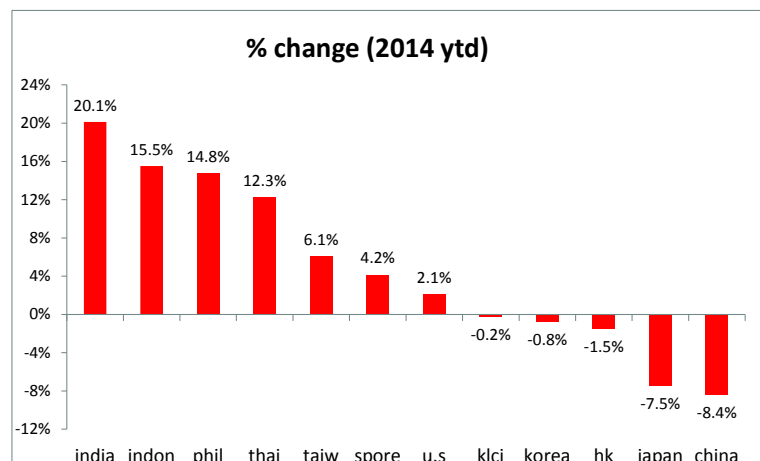
## BACK TO THAILAND, BUT WANING RISK APPETITE FOR ASIA?

### A. MARKET SNAPSHOT

- The last month of the first half of 2014 kicked off on a rather auspicious note as most markets ended in the greenzone last week.
- Wall Street continued its spectacular run with the Dow Jones and S&P500 rising for the third consecutive week by 1.2% and 1.3% respectively. Investors were buoyed by gains in the labour market, as non-farm payroll of 217k beat expectations. It was also the 4th consecutive month that jobs created exceeded 200,000. The last time this happened was in early 2000s. Unemployment rate stayed at an almost 6-year low of 6.3%.
- Prices also rose after the European Central Bank announced its latest monetary stimulus in the form of a series of refinancing operations worth as much as EUR400b. The ECB is also exploring US Fed's style Quantitative Easings. The ECB cut its deposit rate to -0.1%, becoming the first major central bank to take one of its main rates negative, and lowered its benchmark interest rate (the MRO rate) to 0.15%. The main catalyst for this is concerns over a prolonged period of price deflation.
- Asian Emerging markets had a good week, with India's Sensex rebounding strongly by 4.9% after profit-taking in the preceding week. The index climbed to a record high on Friday, driven by energy stocks, which were buoyed by optimism that the new Indian government will allow an increase in natural gas prices by 1 July.
- In Thailand, the exchange is also rebounding strongly with the SET index gaining 3.0% last week, the second best weekly performance this year. The military government is taking steps to revive economic prospects and last week accelerated payments to rice farmers while capping the prices of many consumer goods until November in order to manage the cost of living. The benchmark Jakarta and Manila indices also rebounded last week.
- The KLCI fell -0.57% on thin volume, likely attributable to the mid-year school break.

Performance of major markets		
Weekly % change	Week before	Last week
India Sensex	-1.93	4.87
Nikkei 225	1.18	3.04
Thai SET	1.35	2.99
Phil Comp	-2.40	1.73
CAC	0.59	1.36
S&P500	1.21	1.34
Dow Jones	0.67	1.24
Jakarta JCI	-1.59	0.88
Taiwan Taiex	0.75	0.65
DAX	1.79	0.44
FTSE	0.42	0.20
Straits Times	0.54	0.11
Korea KOSPI	-1.10	0.03
Hang Seng	0.50	-0.57
KLCI	0.22	-0.57
China CSI300	0.37	-1.01

Source: Bloomberg



## B. TRACKING MONEY FLOW

- The net inflow of global portfolio funds into Asian stocks continued for the fourth consecutive week, based on 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 <sup>1</sup>) last week. Institutional funds classified as “foreign” bought USD1.0b, similar to the amount mopped up the week before. The amount was uninspiring, reflecting moderating appetite for risk.
- After four weeks of selling, foreign portfolio investors made a beeline for Thailand, where they acquired USD246m of stocks, the highest amount recorded in a week this year. Thailand military junta are warming up to foreign investors, with a series of pro-growth measures and prospects of a swift return to economic normalcy.
- Elsewhere, foreign interests appear to be fading in the broader Asian markets, especially Asian Emerging markets. Neither buying nor selling was robust enough to deserve a mention.
- However, we note that the presence of “foreign” portfolio capital in the aggregate markets aforementioned hit new highs last week. Since early 2009, a cumulative total of USD114.9b of global portfolio capital is estimated to have found its way to the equity markets of TIPs+India.
- Stocks listed in Malaysia attracted only USD6.1m of foreign money last week.

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

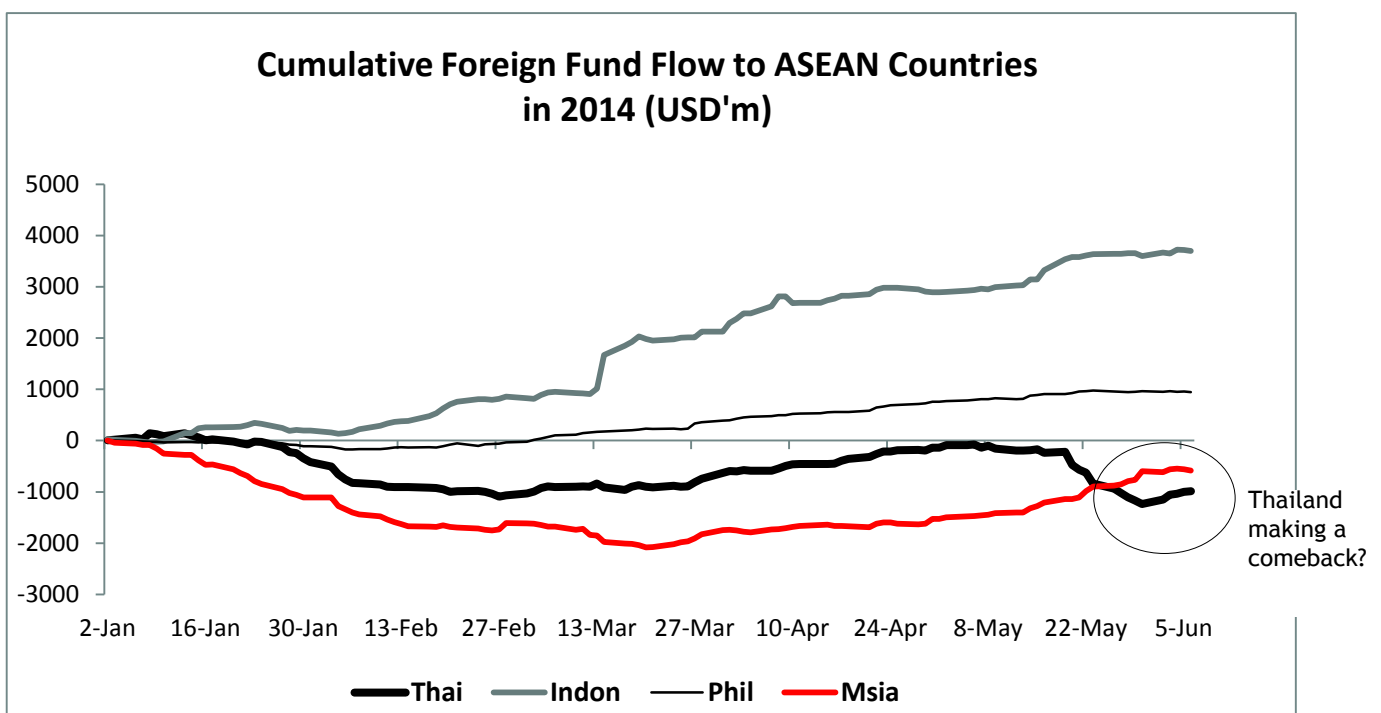
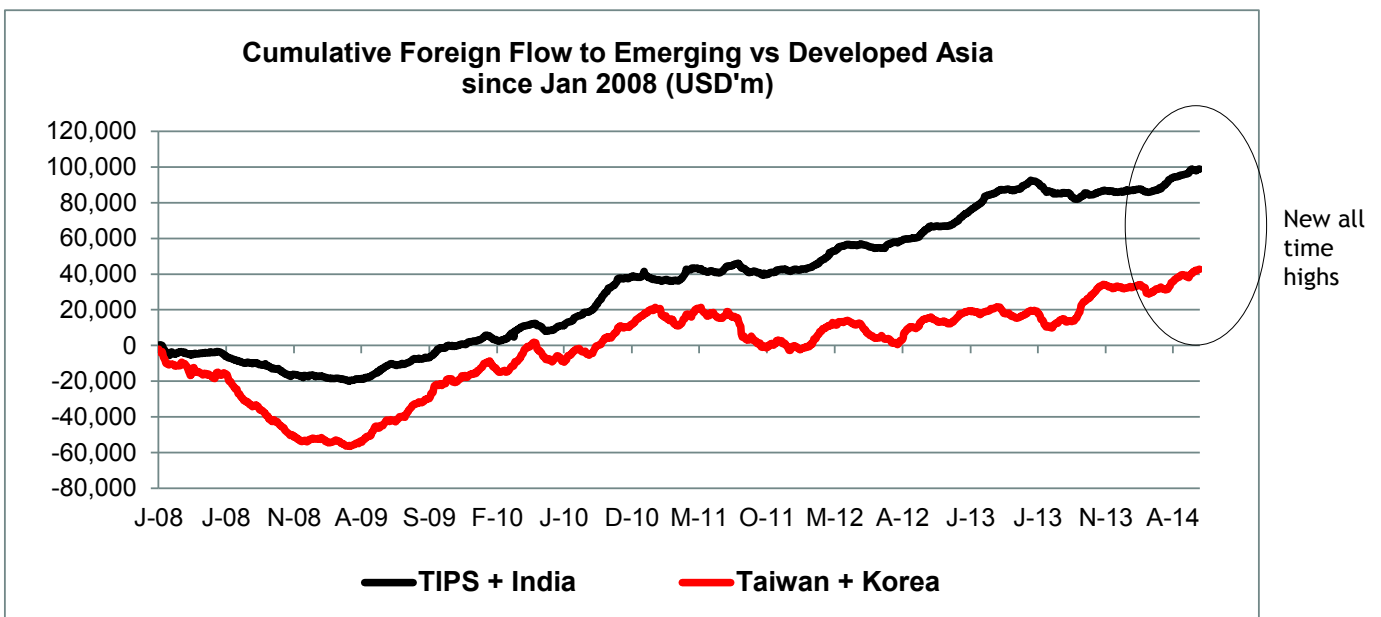
### WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)

WEEK ENDED	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	MALAYSIA	TOTAL
DEC 20	2.9	-194.2	21.7	-77.3	969.8	37.4	-168.7	591.6
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	189.9	181.6	6.1	997.7

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

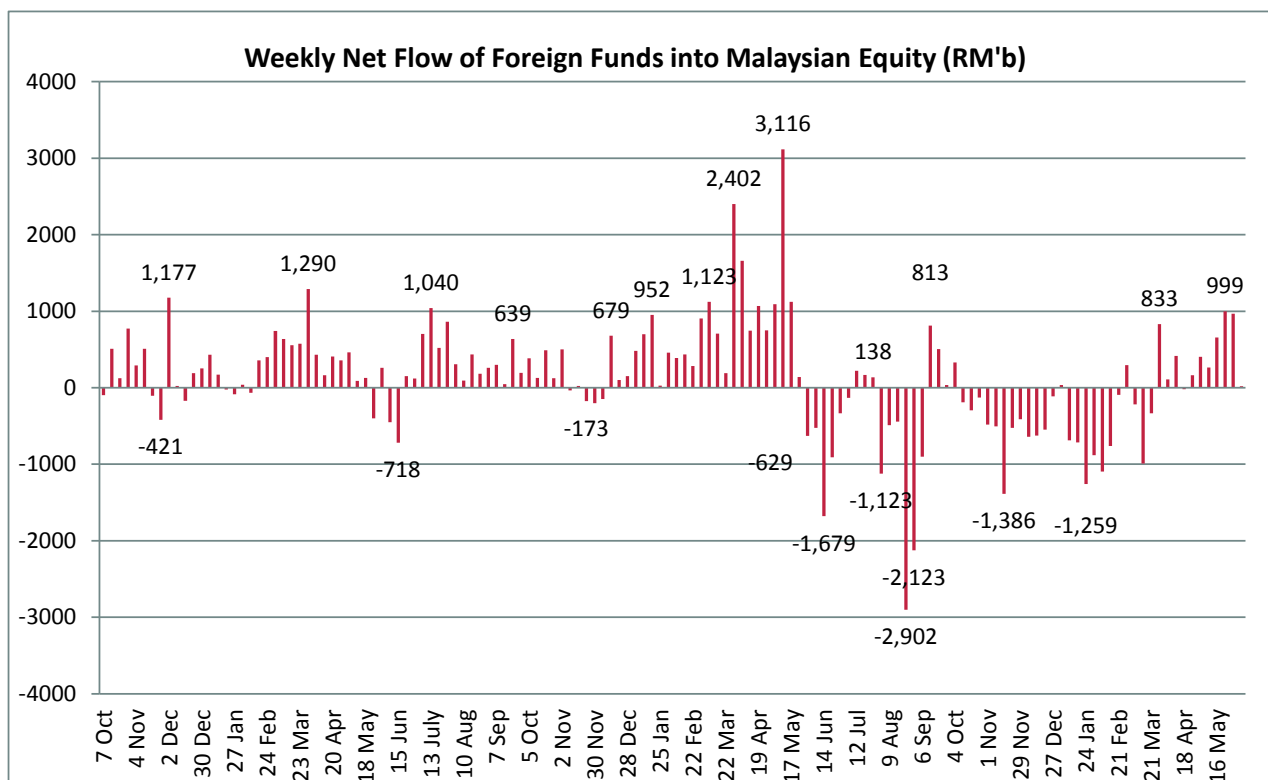
NET FLOW (USD'm)	TIPs + India	Taiwan + Korea	Total
2008	-17,195	-53,106	-70,301
2009	20,580	40,063	60,642
2010	35,690	29,234	64,924
2011	2,748	-17,801	-15,053
2012	31,302	19,976	51,278 (55,663*)
2013	12,446	13,500	25,946 (27,170*)
2014	12,158	9,660	21,817 (21,225*)

TIP = Thailand, Indonesia, Philippines \* including Malaysia



## C. MALAYSIA

- In line with the trend elsewhere in Asia, the flow of foreign portfolio fund into Malaysia declined significantly last week.
- Foreign investors bought only RM20m worth of stocks listed on Bursa last week, the lowest when the investors were in a purchasing mode this year. Still, it was the seventh consecutive week of foreign buying in the open market (i.e excluding off-market deals). For 2014, foreign investors remained net sellers (on cumulative basis) of Malaysian stocks, but the net *outflow* as of last Friday had declined to only -RM2.1b. In 2013, Malaysia reported a net inflow of +RM3.0b.
- After selling on Monday, foreign investors bought back on Tuesday and Wednesday, but started selling again in the last two days of the week. This reflects volatility in sentiment, exacerbated by the decline in risk appetite.
- Indeed, declining foreign interests, not only in Malaysia, but also across general Asia, is one of the main themes playing out in the market right now. It is seasonal, with the onset of summer, school holiday break and the World Cup, which is kicking off soon. Risk appetite is falling as investors refrain from going “long” ahead of the summer season.
- The average daily foreign participation rate (average daily gross purchase and sale) on Bursa fell from RM2.1b the week before to only RM1.1b last week.
- Retail investors’ participation plunged to RM570m, the lowest this year, clearly due to the school holiday break. Retailers sold RM95m, offloading for the eighth consecutive week.
- Local institutions participation also plunged to its lowest this year with average daily volume of only RM1.8b. Local funds bought a marginal RM75m last week.

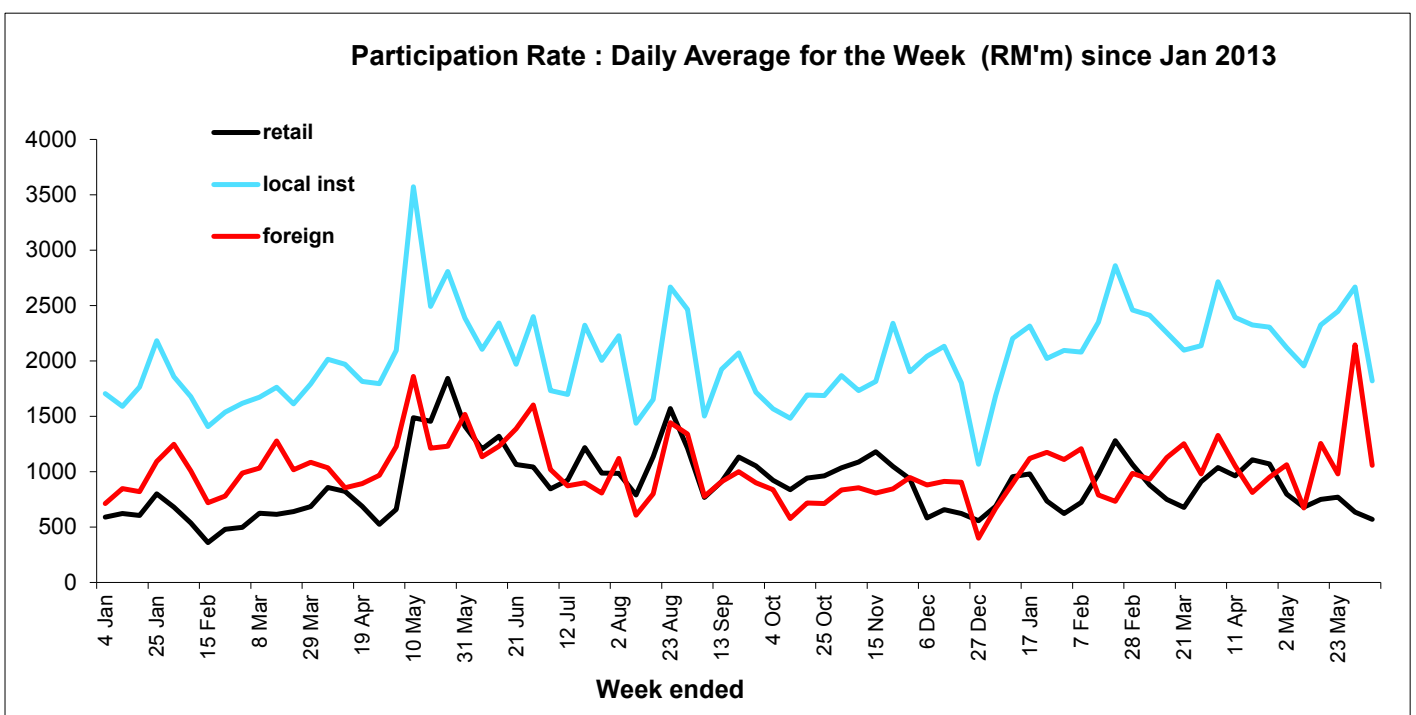


Source: Bursa, excluding off-market trades

**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 10	2442.1	2340.4	101.7	5799.8	5215.1	584.7	1889.8	2576.2	-686.4	-209.3
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	6.1

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



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

- Tables below list the Top 10 Net Money Inflows and Net Money Outflows for the week ended 7 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	
CIMB GROUP HOLDINGS BHD	17.90	10.66	-1.77	BOW
YTL CORPORATION BERHAD	14.98	-2.76	2.45	-
TENAGA NASIONAL BHD	14.42	2.38	-2.99	BOW
ASTRO MALAYSIA HOLDINGS BHD	4.06	1.50	2.06	-
AXIATA GROUP BERHAD	3.92	-24.32	-0.58	BOW
PETRONAS CHEMICALS GROUP BHD	3.41	-6.35	0.59	-
IOI PROPERTIES GROUP BHD	3.13	0.73	0.81	-
HONG LEONG BANK BERHAD	2.94	-0.14	-0.29	BOW
PPB GROUP BERHAD	2.58	0.22	-5.74	BOW
PETRONAS DAGANGAN BHD	2.44	3.14	-4.36	BOW

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

- CIMB Group recorded the highest net money inflow totaling RM17.90m last week. Its share price nonetheless lost -1.77% for the week. It is noteworthy that money net inflow amidst retreating share price indicates Buy on weakness (BOW) stance among investors on this stock.
- YTL Corporation came in second with RM14.98m net inflow. Its share price jumped 2.45% week-on-week despite the retreating broader market. The price rebound came in after it suffered a huge -6.9% drop on 30 May, the steepest since September 2008, pursuant to its exclusion from SC's shariah-compliant list of stocks.
- Tenaga Nasional attracted the third highest net money inflow of RM14.42m during the review week. It recently received a letter of award, together with privately-owned SIPP and YTL Power, for the Track 4A power plant project. Its stock price nevertheless slumped -2.99% during the week as against FBM KLCI's -0.57%. As mentioned above, money net inflow amidst retreating share price may indicate BOW stance among some investors.

## TOP 10 NET MONEY OUTFLOWS

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
TELEKOM MALAYSIA BHD	-8.41	2.37	-0.16	-
ALLIANCE FINANCIAL GROUP BHD	-4.08	1.05	-4.09	-
YTL POWER INTERNATIONAL BHD	-2.45	0.22	1.32	SOS
IJM CORP BHD	-2.21	1.89	4.63	SOS
PARKSON HOLDINGS BHD	-2.03	-2.90	-4.67	-
AMMB HOLDINGS BHD	-1.85	4.67	-1.63	-
SIME DARBY BERHAD	-1.65	18.57	-0.31	-
PETRONAS GAS BHD	-1.31	-0.54	-0.98	-
TOP GLOVE CORP BHD	-0.98	-0.03	-3.10	-
SAPURAKENCANA PETROLEUM BHD	-0.74	-0.93	-3.12	-

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

- Telekom Malaysia registered the largest net money outflow totaling -RM8.41m with its share price inched down -0.16% during the review week. Telekom Malaysia stock price came under intermittent selling pressure since it announced a lower than expected 1Q14 results in late May.
- Alliance Financial Group saw the second largest net money outflow of -RM4.08m last week. Most notably, its share price slumped -4.09% during the week under review. Arguably, the price movement was in reaction to the announcement that its current CEO has decided not to renew his employment contract when it ends on 4 July 2014.
- YTL Power came in third with -RM2.45m new outflow but its share price gained 1.32% despite the softer broader market. It recently received a letter of award, together with privately-owned SIPP and Tenaga Nasional, for the Track 4A power plant project. Nonetheless, the net outflow amidst rising share price indicates Sell on strength (SOS) stance among some investors.

<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.

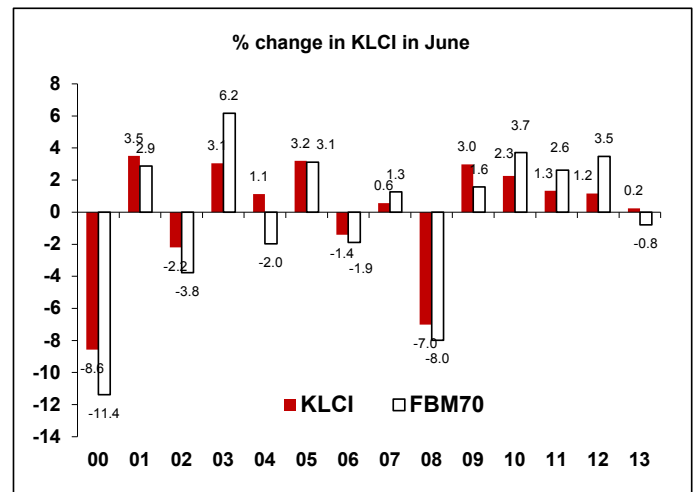
How is money flow calculated? When a trade is performed, its price is compared to the price of the previous trade (the first trade of the day is compared to the previous day's close). If the prices differ, either upticks or downticks, the value of the trade (price multiplied by number of shares) is added to or subtracted from the money flow respectively.

Source: Bloomberg, MIDFR

**D. THE WEEK AHEAD**

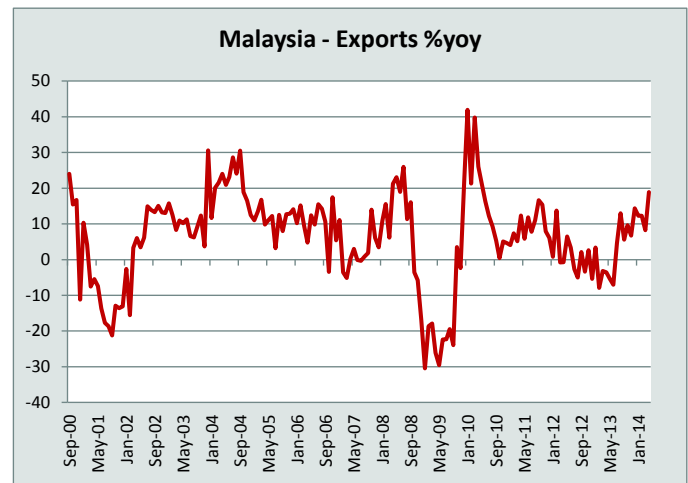
**GAINFUL JUNE**

- Prices on Bursa ended the month of May on a flat note. The KLCI eked out a marginal 0.1% gain for the month while the FBM70 lost a slight -0.2%. Although lacklustre, it was rather unsurprising as May tend to be volatile and prices are more likely to be weighed down by the negatives.
- Trading for June opened last week amid very interesting policy development on the global scale. One of the most talked about is clearly the ECB's rate cut and its hint of a potential ECB-style QE. That is likely to keep sentiment in the global equity market healthy this week. After all, June has been a generally gainful month, with better than even the odds of delivering a positive return. A noticeable exception is June 2013, when share prices took breather in the aftermath of the election euphoria.



**RINGGIT BOOST TO REINFORCE MONEY INFLOW**

- The strong April trade numbers last week should reinforce the long-term prospects of the market. We are particularly buoyed by the strength of exports, which hit RM66.4b, the second highest on record. It grew a robust 18.9%yoy, reflecting the upswing in global economic activity (see chart).
- Malaysia's improving economic fundamentals, combined with the likelihood of the Eurozone loosening its monetary policy further, are expect to keep the ringgit buoyant this week. This is a necessary condition to expect a continued inflow of foreign portfolio money into the system.



**TECHNICALS DRAGGED BY WEAK VOLUME**

- We note that all three KLCI, FBM70 and FBM Smallcap indices are trading just above their respective 50-day moving average line, the short-term support. This is not a point of worry as many local participants are on the sideline during this mid-year school holiday break. Market volume has deteriorated significantly and had even hit the year's low last week (see chart).



- We expect a gradual return of volume this week, picking pace next week onwards as we head towards the closing of the first half this year. We expect window dressing activities as market conditions appear to be permitting, especially the absence of strong selling forces.





## DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (23878-X). It is for distribution only under such circumstances as may be permitted by applicable law.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD.

The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein

This document may not be reproduced, distributed or published in any form or for any purpose.



**MIDF INVESTMENT RESEARCH** is part of  
MIDF Amanah Investment Bank Berhad (23878 - X)  
(Bank Pelaburan)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**Business Address:**  
11 & 12 th Floor, Menara MIDF,  
82, Jalan Raja Chulan, 50200  
Kuala Lumpur.  
Tel: 2173 8888  
Fax: 2173 8380