

5 May 2014  
**MALAYSIA EQUITY**



# **FUND FLOW REPORT**

**Week Ended May 2, 2014**

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FOR IMPORTANT DISCLOSURES**

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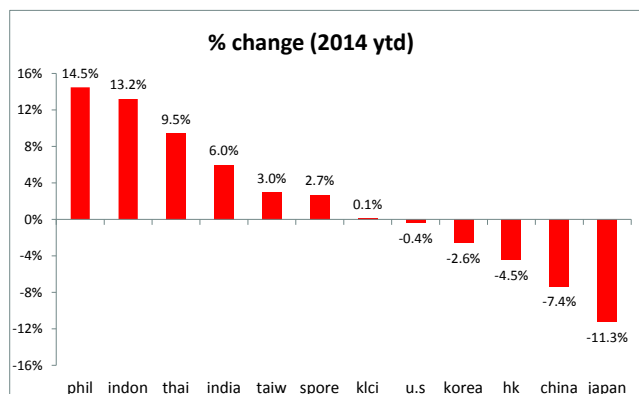
5 May 2014 | Strategy - Weekly Fund Flow

# ASIAN TIDE EBBS

## A. MARKET SNAPSHOT

- The crossover to the month of May could have been worse. Instead, equity markets around the world closed mixed, reflecting a broad range of expectations among investors for the historically volatile month.
- The bellweather market, Wall Street, seems to cast aside the May factor, as the Dow Jones and S&P500 rose 0.9% and 1.0% respectively last week. It was actually a whirlwind week, with non-seasonal factors causing the market to swing either way.
- The Dow Jones closed at the all time high of 16,580 points on Wednesday, buoyed by the Fed's announcement that it is cutting its monthly purchase of assets further to USD45b from USD55b. It reaffirms that the economy is on the recovery track, and outweighs 1Q14 anaemic GDP growth of only 0.1%qoq annualised. Although economists were expecting a growth of 1.1%, it was seen as an aberration caused by the severe winter. The market appears optimistic that the economy can pick up the slack and meet the 2.9% growth in 2014 as projected by the Fed.
- This optimism was reinforced after the strong non-farm payroll on Friday. The number of jobs created rose to 288,000 in April, higher than the 218,000 expected and the highest since January 2012. It also followed an upward-revised 203,000 jobs created in March. Unemployment dropped from 6.7% to 6.3%, the lowest level since September 2008. However, geopolitics again ruled the day. Stocks fell on Friday as investors took profit amid rising risk aversion caused by the situation in Ukraine. Russia faces a May 25 deadline for further economic sanctions.
- Asian markets were lacklustre last week with India and Indonesia both leading the losses. There was a slight respite from selling pressure in China after the official PMI numbers show that the manufacturing sector was still growing in April.
- The KLCI gained 0.45% as it edges towards the all-time high of 1882 points.

Performance of major markets		
Weekly % change	Week before	Last week
FTSE	0.91	2.05
DAX	-0.09	1.64
Taiwan Taiex	-2.15	1.06
S&P500	-0.08	0.95
Thai SET	-0.07	0.95
Dow Jones	-0.29	0.93
Phil Comp	0.21	0.87
KLCI	0.45	0.44
CAC	0.27	0.33
Nikkei 225	-0.60	0.20
Hang Seng	-2.36	0.17
China CSI300	-2.55	-0.42
Straits Times	0.42	-0.46
Korea KOSPI	-1.63	-0.62
Jakarta JCI	0.01	-1.20
India Sensex	0.26	-1.25
Source: Bloomberg		



## B. TRACKING MONEY FLOW

- Ebbing of the money tide may be on the horizon. After pumping money into Asian equity for six straight weeks, global funds appear to be taking a breather last week.
- In aggregate, foreign investors were still net purchasers of stocks in the seven Asian equity markets that we track (Korea, Taiwan, Thailand, Malaysia, Indonesia, Philippines and India <sup>1</sup>). However, the amount declined significantly to USD260m, from USD2.1b the week before. This could be partly explained by the holiday-shortened trading week, but some of the numbers offer valuable insights.
- In particular, Indonesia reported foreign selling in its equity market, the first in 12 weeks. Investors fearing political risks probably took the opportunity to cash out on the strength of the rupiah, which has gained of late with strong economic numbers – trade was in surplus for the second straight month in March while inflation decelerated in April.
- Foreign funds also sold Korean equity for the first time in six weeks. As in the case of Indonesia, investors are probably also taking advantage of the strong exchange rate to realize their positions. The Korean won has strengthened to near 6-year high, on optimism over the country's current account surplus.
- Meanwhile, foreign investors remained upbeat on Thailand and the Philippines.

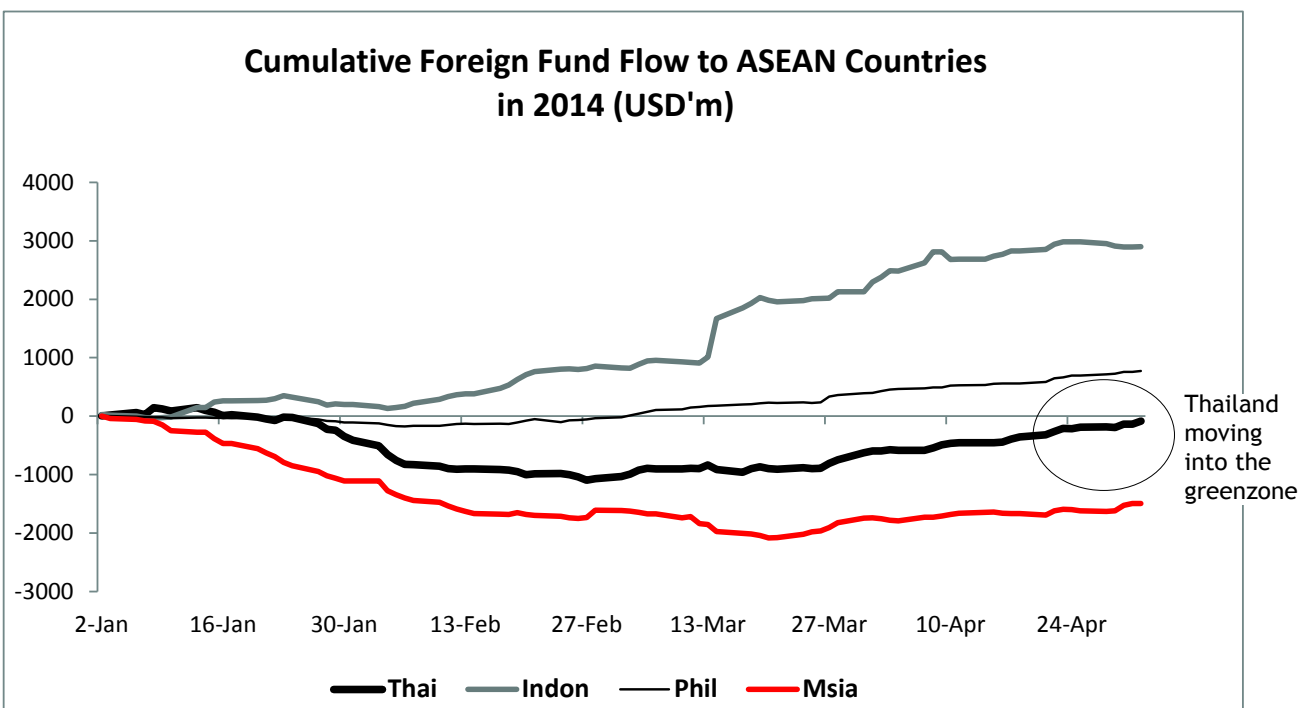
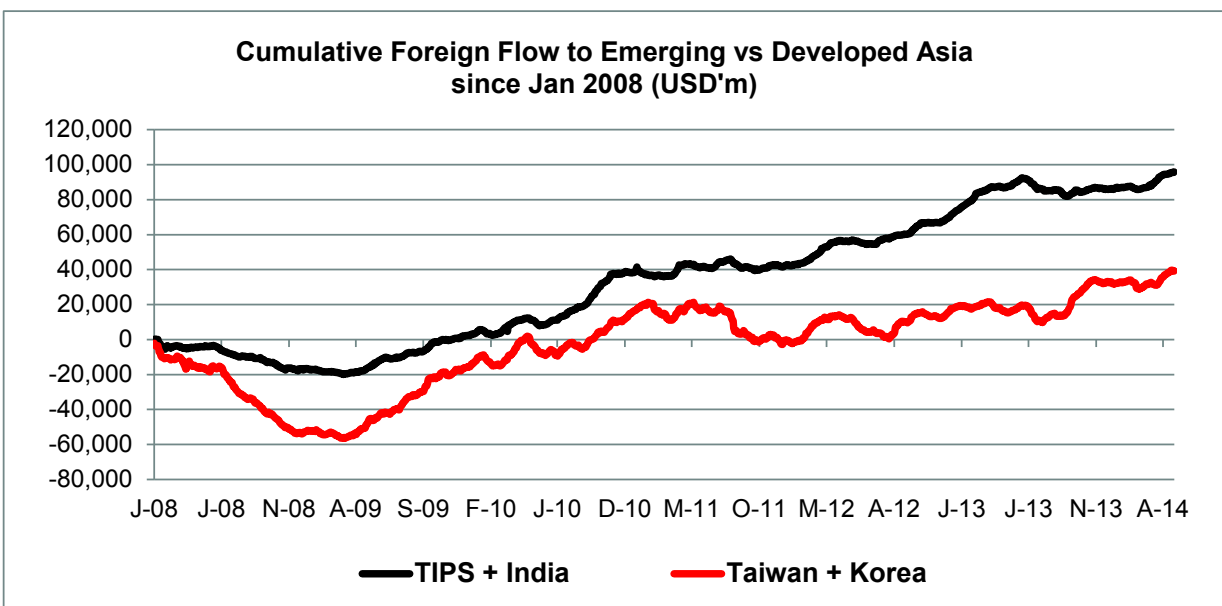
<sup>1</sup> These markets, for which fund flow data is publicly available, are our proxy for Asia.

WEEKLY NET FLOW OF FOREIGN FUND INTO EQUITY (USD'm)								
WEEK ENDED	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	MALAYSIA	TOTAL
NOV 15	-263.9	-377.6	-175.0	-40.1	108.3	-586.1	-392.2	-1726.5
NOV 22	72.1	-285.4	-20.5	-57.1	311.5	-778.6	-164.1	-922.2
NOV 29	403.2	-532.2	24.7	59.1	210.8	665.8	-127.6	704.0
DEC 6	-729.4	-586.1	-96.9	-46.0	448.6	265.8	-198.9	-942.8
DEC 13	-1071.1	-428.4	-34.2	-47.1	821.0	580.8	-194.2	-373.2
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	245.2	299.1	123.2	260.2

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

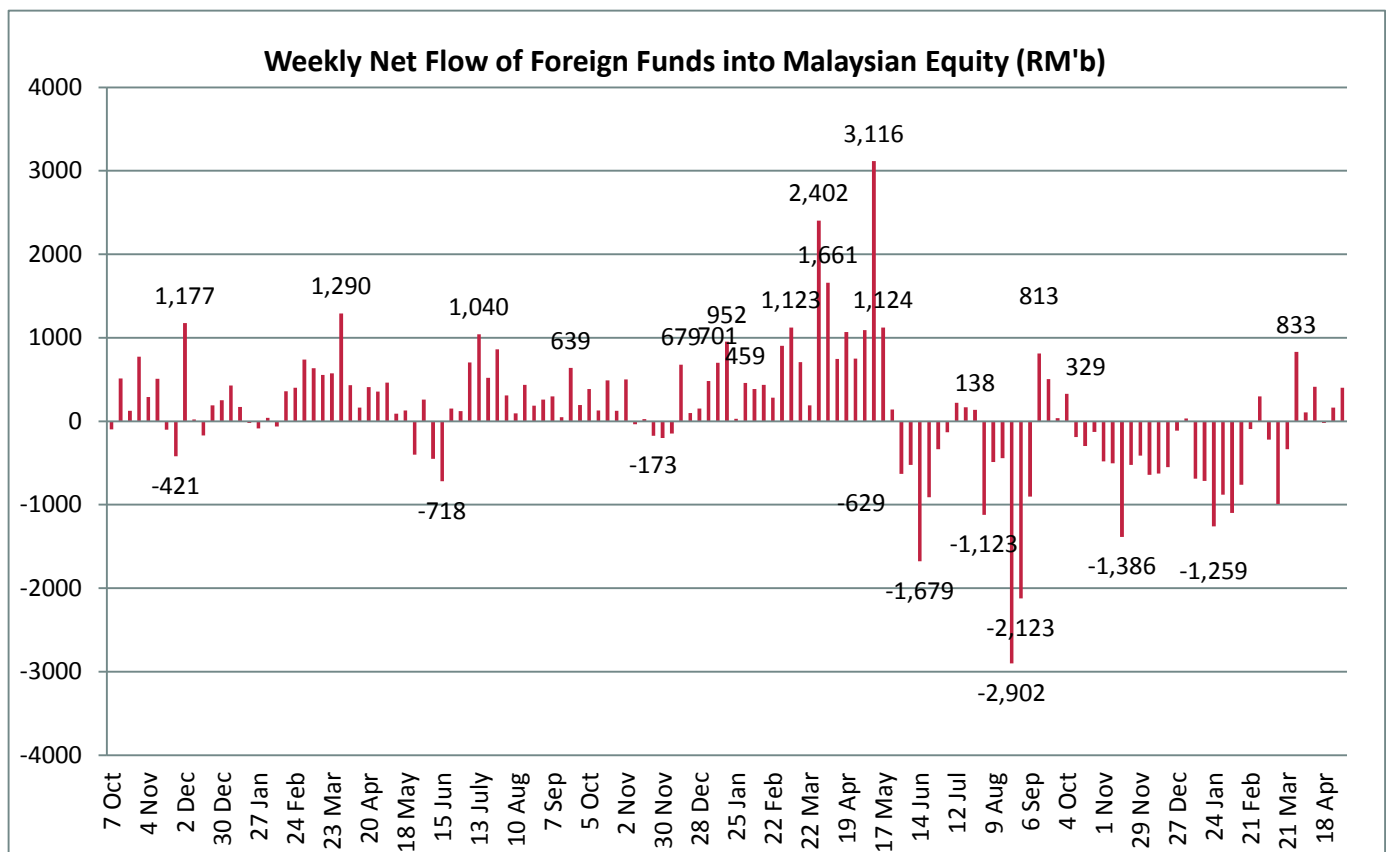
NET FLOW (USD'm)	TIPs + India	Taiwan + Korea	Total
2008	-17,195	-53,106	-70,301
2009	20,580	40,063	60,642
2010	35,690	29,234	64,924
2011	2,748	-17,801	-15,053
2012	31,302	19,976	51,278 (55,663*)
2013	12,446	13,500	25,946 (27,170*)
2014	9,118	6,337	15,455 (13,836*)

TIP = Thailand, Indonesia, Philippines \* including Malaysia



## C. MALAYSIA

- Malaysia bucked the trend last week. While the flow of global money to Asian equity subsided, Malaysia reported increased foreign buying of its listed shares.
- Foreign funds added RM402m of Malaysian stocks to their portfolio holdings last week. It was more than double compared with RM165.1m the week before and was the third highest in a week this year. Foreign funds were net buyers in the last three trading days of the 4-day trading week. Buying spiked to RM317m on Wednesday, the last trading day of April. That was the second highest in a day this year, after foreigners snapped up RM419m, coincidentally on the last day of February.
- For 2014 year-to-date, Malaysia still recorded a cumulative foreign money outflow. However, last week's intensified buying had reduced the cumulative net outflow for the year to less than RM5b, at RM4.97b. In 2013, Malaysia reported a net inflow of RM3.03b. We should note that all these are figures transacted in the open market, and exclude off-market trading.
- Foreign participation continued to rebound as the average daily foreign participation rate (average daily gross purchase and sale) surged to RM1.1b. It was the first time in three weeks that participation exceeded RM1b. It was also higher than the average so far this year.
- The jittery retail market is clearly evident. Retailers offloaded RM113.8m last week, the highest this year. Participation rate plunged to only RM799m, from > RM1b in each of the preceding two weeks.
- Local institutions sold RM288.6m last week, taking advantage of foreign buying to clear some of their holdings. Participation of the local funds remained elevated, with participation rate at RM2.1b. Participation rate has exceeded RM2b every week this year, compared with an average of RM1.9b in 2013.

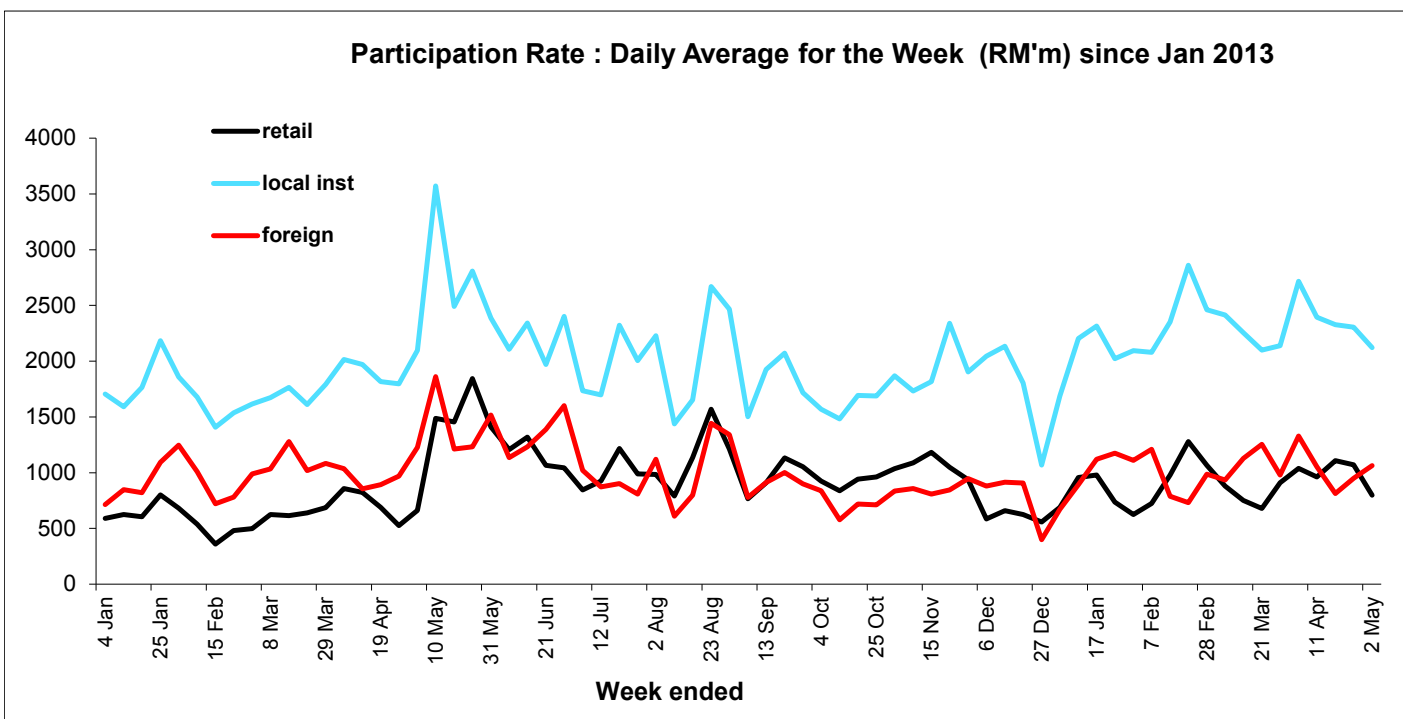


Source: Bursa, excluding off-market trades

**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)*
DEC 13	1632.9	1663.1	-30.2	5660.6	5005.1	655.5	1971.4	2596.7	-625.3	-194.2
DEC 20	1557.5	1560.2	-2.7	4785.3	4233.7	551.6	1992.6	2541.5	-548.9	-168.7
DEC 27	1092.9	1134.9	-42.0	2216.3	2060.2	156.1	743.2	857.3	-114.1	-34.6
JAN 3	1391.3	1360.9	30.4	3345.9	3410.2	-64.3	1359.3	1325.4	33.9	10.3
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

\* 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 lists the Top 10 Net Money Inflows and Net Money Outflows for the week ended 3 May 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	
GENTING BHD	8.17	-1.44	0.51	-
BUMI ARMADA BERHAD	6.71	0.07	-0.25	BOW
UMW HOLDINGS BHD	2.05	0.26	-0.19	BOW
MALAYSIA AIRPORTS HLDGS BHD	1.76	0.38	0.50	-
BERJAYA SPORTS TOTO BHD	1.71	-0.72	-3.05	BOW
LAFARGE MALAYSIA BHD	1.69	-0.55	1.71	-
PETRONAS DAGANGAN BHD	1.69	-2.24	-0.78	BOW
ALLIANCE FINANCIAL GROUP BHD	1.51	1.84	-0.67	BOW
GENTING PLANTATIONS BHD	1.44	-0.08	2.40	-
KUALA LUMPUR KEPONG BHD	1.13	-3.32	0.42	-

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

- Genting Berhad recorded the highest net money inflow totaling RM8.17m last week. Its share price gained 0.51% for the week in tandem with the broader market rise. Recently, it submitted a US\$1m application fee to the New York State Gaming Commission to establish a casino. If accepted, it would be its third casino in the United States.
- Bumi Armada came in second with RM6.71m net inflows. Its share price nonetheless retreated -0.25% week-on-week despite the firmer broader market. It is notable that money net inflow amidst retreating share price indicates Buy on weakness (BOW) stance among investors on this stock.
- UMW Holdings attracted the third highest net money inflow of RM2.05m during the review week. However, pent-up selling masked the returning buying interest as its stock price declined -0.19% during the week. As stated earlier, money net inflow amidst retreating share price indicates BOW stance among investors on this stock.

## TOP 10 NET MONEY OUTFLOWS

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
MALAYAN BANKING BHD	-14.66	-6.33	-0.70	-
PUBLIC BANK BERHAD	-13.68	41.21	-1.58	-
BRITISH AMERICAN TOBACCO BHD	-13.59	8.44	1.64	SOS
DIGI.COM BHD	-10.89	5.21	3.36	SOS
AXIATA GROUP BERHAD	-9.99	-2.39	1.20	SOS
IOI CORPORATION BHD	-6.04	-3.29	2.48	SOS
AMMB HOLDINGS BHD	-3.64	-2.92	0.14	SOS
TELEKOM MALAYSIA BHD	-3.35	-4.09	2.49	SOS
IJM CORP BHD	-3.01	-6.39	-0.16	-
MMC CORP BHD	-2.28	0.03	0.71	SOS

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

- Banking giants, Maybank and Public Bank, registered the two largest net money outflows during the review week totaling -RM14.66m and -RM13.68m respectively. Accordingly, its share prices retreated despite the on-week rise in FBM KLCI. Last week, Public Bank announced a renounceable rights issue at a discount of 20-35% to its theoretical ex-rights price which may result in dilution to its earnings per share.
- Mobile telecommunication heavyweights, Digi.com and Axiata, recorded the fourth and fifth largest weekly outflows at -RM10.89m and -RM9.99m respectively which may be attributable to profit taking from their recent price gains. Pursuant to Digi.com recently announced results, we reaffirmed our buy call on the stock due to higher earnings achieved from its full-scale modernized network. Furthermore, the much awaited business trust proposal could be another positive catalyst that could further unlock the stock value.

<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.

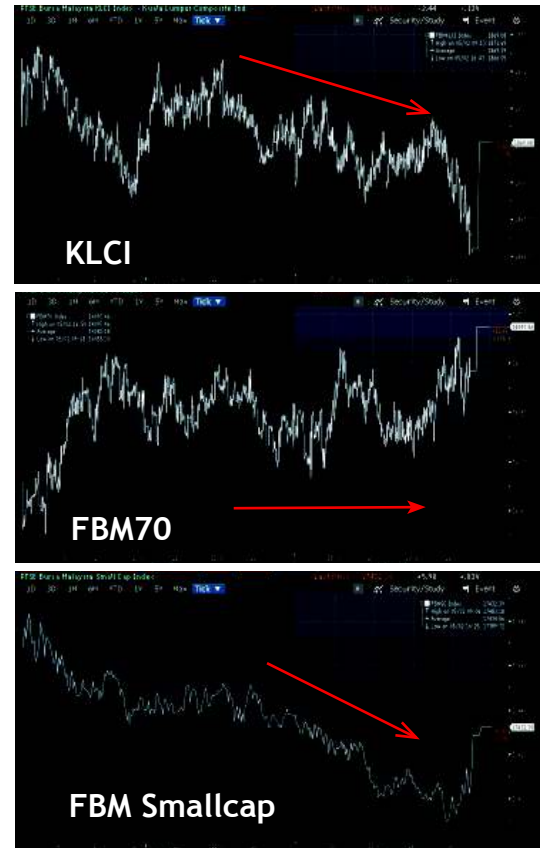
Source: Bloomberg, MIDFR



D. THE WEEK AHEAD

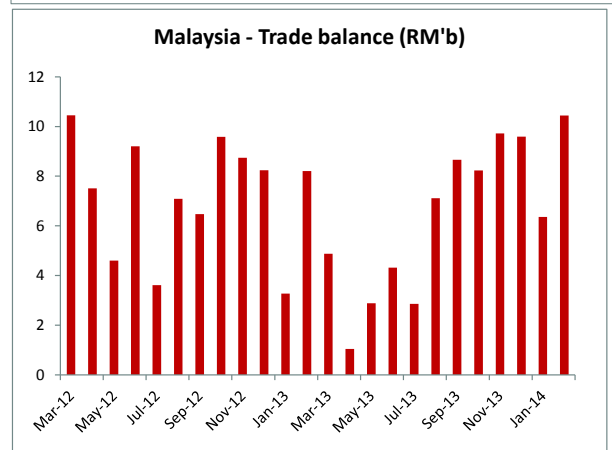
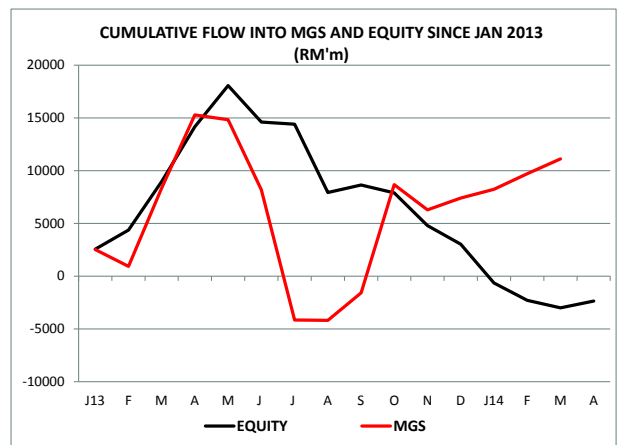
OMINOUS START TO MAY?

- Much has been said about the historically volatile month of May. On Friday, the opening trading day for the month, the FBM KLCI lost a marginal -0.1%, the FBM70 gained 0.2% while the FBM Smallcap was almost unchanged.
- *Intraday* trading pattern on the day offers insightful information. For the most part of the day, the KLCI and FBM Smallcap indices drifted lower (see charts). Only the FBM70 appears to be holding fort, with meaningful gains only in the first and the last hour.
- What we can surmise is that short-term conviction in the local market appears to be rather lacking, based on the first day trading of the month. One has to be brave to be aggressive in approaching the market over the next few weeks.
- Technically though, the market is still in a comfortable region. We have not detected any negative bearish signal. In fact, if the FBM70 were to rise about half a percent this week, the index will be on the verge of staging a “golden crossover”, that is when the fast-moving 50-day moving average (DMA) line cuts the 200-DMA from below.
- We expect a challenging week ahead for the KLCI and smallcap stocks. Preference may be skewed towards the FBM70s.



PIVOTAL WEEK FOR MALAYSIA

- Next week will be another important test of the country’s macro fundamentals. Two important insightful developments are the trade numbers for March (due Wednesday) and Bank Negara’s 3rd Monetary Policy Committee (MPC) meeting for 2014 (due Thursday).
- Recall that Malaysia’s trade balance hit a 24-month high of . in February, with exports growing at double digit for the third month in a row. We expect another set of strong trade numbers to keep foreign funds flowing into MGS, as it will diminish further concerns over Malaysia’s current account. A strong set of trade numbers will also improve the ringgit’s fundamentals.
- Meanwhile, we do not expect the MPC to turn hawkish when it meets on Thursday. Recall that CPI inflation stopped accelerating in March for the first time in seven months. Fodd prices, which account for >30% of the CPI basket remained benign. Anecdotal evidences, such as the tomato glut in Cameron Highlands, suggest that price pressure had continued to be in remission in April. (CPI figures for April will only be released on May 21).





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