

MALAYSIA EQUITY RESEARCH | 24 November

Week Ended 21 November 2014

- The flow into Asian equity continued on last week as global funds made a general return for the fifth week in a row. More encouragingly, the rate of net inflow for the week surpassed two billion dollars mainly attributable a resurgent South Korea.
- Asian stock markets were generally higher last week as investors cheered news of an interest rate cut in China.
- Global funds' aversion towards Malaysian equity is attested by the gradual but persistent outflows of late. The local bourse has received only two weeks of foreign fund inflows thus far in the fourth quarter of this year.
- Investors classified as "foreign" continued selling of Malaysian equity. These foreign investors sold a net total of -RM141.6m of Malaysian equity in the open market (i.e. excluding off-market deals) on Bursa last week, a clear rise over the -RM27.3m outflow in earlier week.

Syed Muhammed Kifni
smkifni@midf.com.my
03-21738383

24 November 2014 | Strategy - Weekly Fund Flow

Strong tide into Asia continues

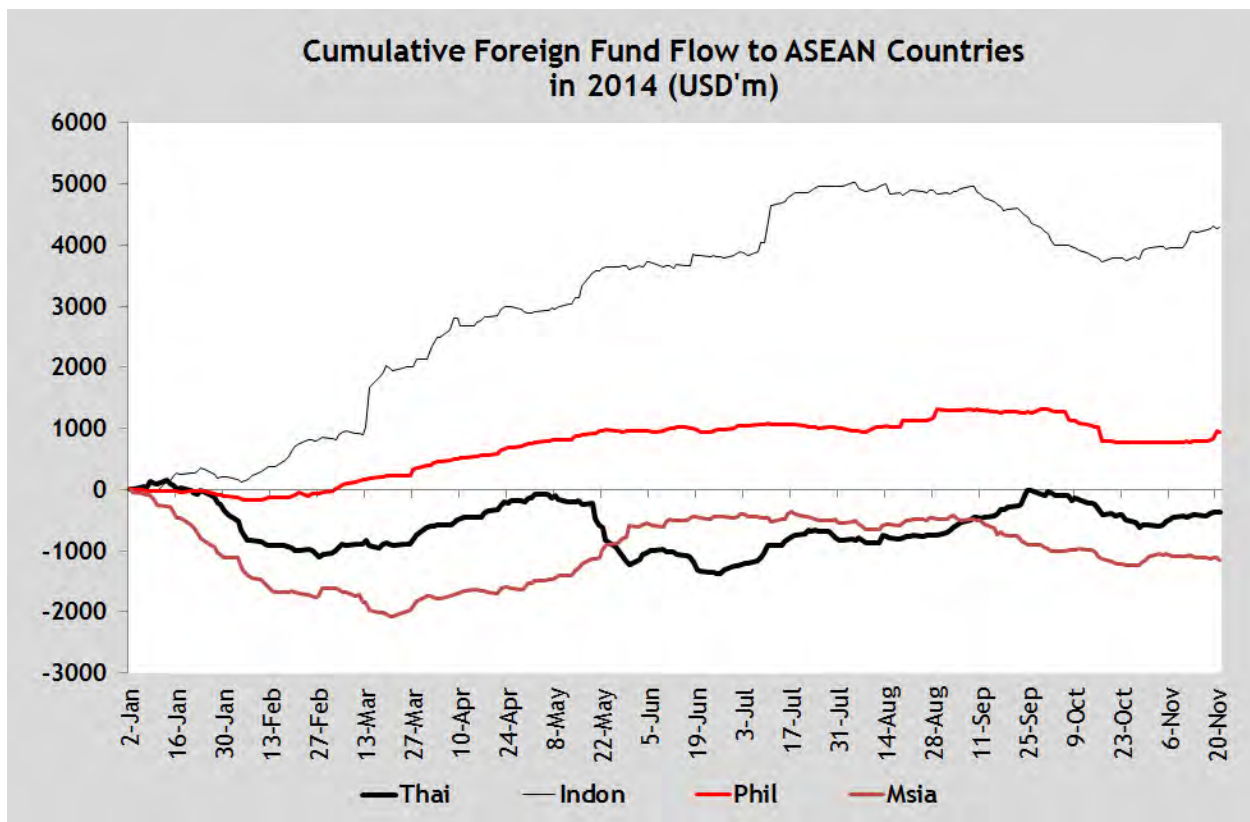
TRACKING MONEY FLOW - ASIA

- The flow into Asian equity continued on last week as global funds made a general return for the fifth week in a row. More encouragingly, the rate of net inflow for the week surpassed two billion dollars mainly attributable a resurgent South Korea (see table).
- Funds classified as “foreign” were, in aggregate, net buyers of stocks in the seven Asian exchanges that we track. The net amount bought increased from USD1.6b to USD2.1b last week.
- All the markets that we track recorded positive flows last week except for Malaysia which continued to register net outflow for the third week in a row. It seems the local market remained under the radar of foreign funds.
- As in earlier week, foreign net liquidity entered our so-called “Emerging Asia”, as represented by the markets in Thailand, Indonesia, Philippines (TIPs), Malaysia and the India. But collectively, the amount declined from USD770m to USD326m last week.
- Conversely, the rate of inflow into our so-called “Developed” Asia, as represented by Taiwan and Korea, risen markedly last week. While the net funds addition into Taiwan increased marginally from USD817m in prior week to USD855m, the South Korean market flow showed a clear reversal from -USD13m to USD958 last week.
- In tandem with the direction of funds, the main benchmark of the six Asian exchanges that recoded positive inflows ended the week higher. Seoul’s Kospi, Taipei’s Taiex, Jakarta’s JCI and Mumbai’s Sensex led the pack with more than 1 per cent weekly gain. Manila’s PCOMP and Bangkok’s SET risen marginally while FBM KLCI was the only main index that registered a losing week.
- Asian stock markets were generally higher last week as investors cheered news of an interest rate cut in China. The surprise cut came in the wake of slowing annual growth rate which declined to 7.3 percent last quarter, the slowest in five years.

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

WEEK ENDED	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	MALAYSIA	TOTAL
JUN 13	105.6	-62.5	-15.7	70.6	850.9	664.2	95.26	1708.3
JUN 20	69.1	-273.6	154.7	-70.4	-65.7	1125.7	39.91	979.7
JUN 27	359.2	3.4	-51.1	42.0	46.7	694.0	7.80	1102.0
JUL 4	821.8	106.0	45.2	51.3	740.1	547.8	15.53	2327.7
JUL 11	610.5	293.5	816.1	20.4	731.0	239.0	-81.03	2629.5
JUL 18	796.5	186.1	215.3	0.0	422.1	32.9	111.78	1764.6
JUL 25	547.3	52.7	91.5	-49.8	323.1	220.6	-101.10	1084.4
AUG 1	1423.2	-152.3	0.0	-4.1	-460.6	383.3	-51.51	1137.9
AUG 8	148.6	-29.2	-72.2	-67.8	367.6	-466.7	-88.91	-208.6
AUG 15	700.6	82.4	-38.1	86.8	441.8	96.3	82.18	1451.9
AUG 22	499.0	32.7	54.3	96.5	288.7	956.6	71.54	1999.4
AUG 29	405.5	4.1	-56.5	189.1	139.2	948.8	11.68	1641.9
SEP 5	440.6	213.1	70.6	-16.3	793.6	598.8	-19.22	2081.0
SEP 12	-204.8	88.6	-148.0	2.2	432.0	-222.7	-61.47	-114.2
SEP 19	-354.7	169.0	-171.5	-31.9	31.9	-456.9	-197.07	-1011.1
SEP 26	-661.0	253.5	-247.9	-6.1	-366.5	-1164.6	-137.80	-2330.5
OCT 3	-309.1	-75.9	-344.4	20.3	107.2	-866.2	-104.76	-1572.9
OCT 10	-716.4	-64.4	-88.9	-189.7	-304.0	-256.2	41.21	-1578.3
OCT 17	-1093.2	-248.8	-187.8	-299.9	-604.9	-888.2	-166.31	-3489.1
OCT 24	139.0	-93.8	30.5	-8.8	290.6	27.7	-107.49	277.7
OCT 31	219.3	-81.4	210.8	1.6	668.7	1439.5	140.15	2598.6
NOV 7	-248.9	129.9	-14.9	-17.9	891.6	797.5	-8.69	1528.5
NOV 14	-12.9	39.2	259.7	23.7	455.3	816.9	-8.14	1573.9
NOV 21	955.7	40.2	76.1	156.2	95.7	854.8	-42.21	2136.5

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

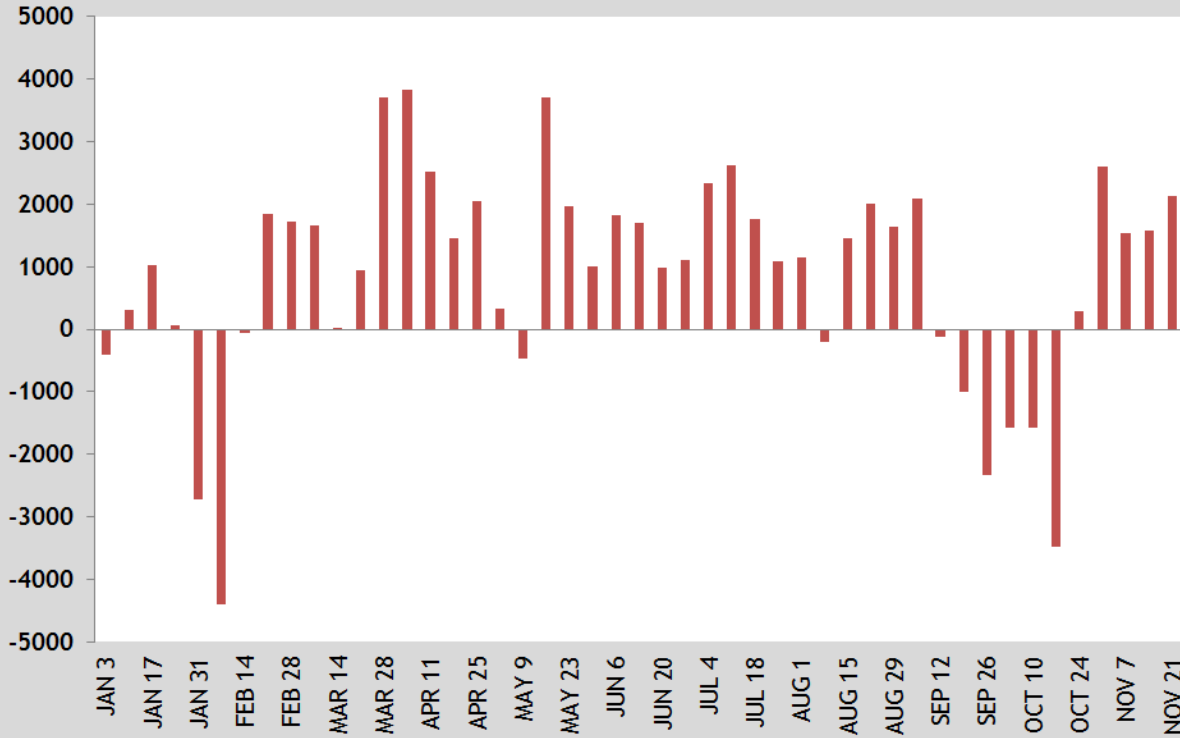


Source: Various countries' exchanges, via Bloomberg. These figures are subject to revisions. Aggregated by MIDFR.

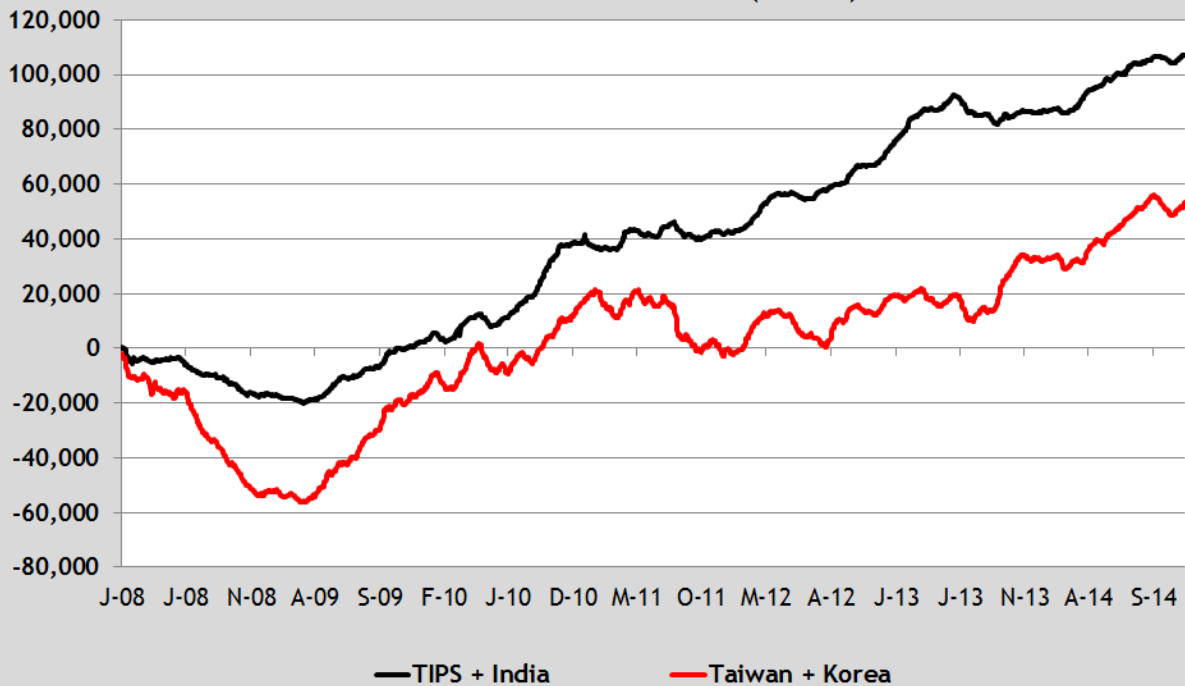
NET FLOW (USD'm)	TIP + India	Taiwan + Korea	Total
2008	-17,195	-53,106	-70,301
2009	20,580	40,063	60,642
2010	35,690	29,234	64,924
2011	2,748	-17,801	-15,053
2012	31,302	19,976	51,278 [55,663]^
2013	12,446	13,500	25,946 [27,170]^
2014	20,490	20,423	40,913 [39,762]^

TIP = Thailand, Indonesia, Philippines; []^ including Malaysia

Weekly Net Flow of Foreign Funds into ASIA 7 (USD'b)



Cumulative Foreign Flow to Emerging vs Developed Asia since Jan 2008 (USD'm)



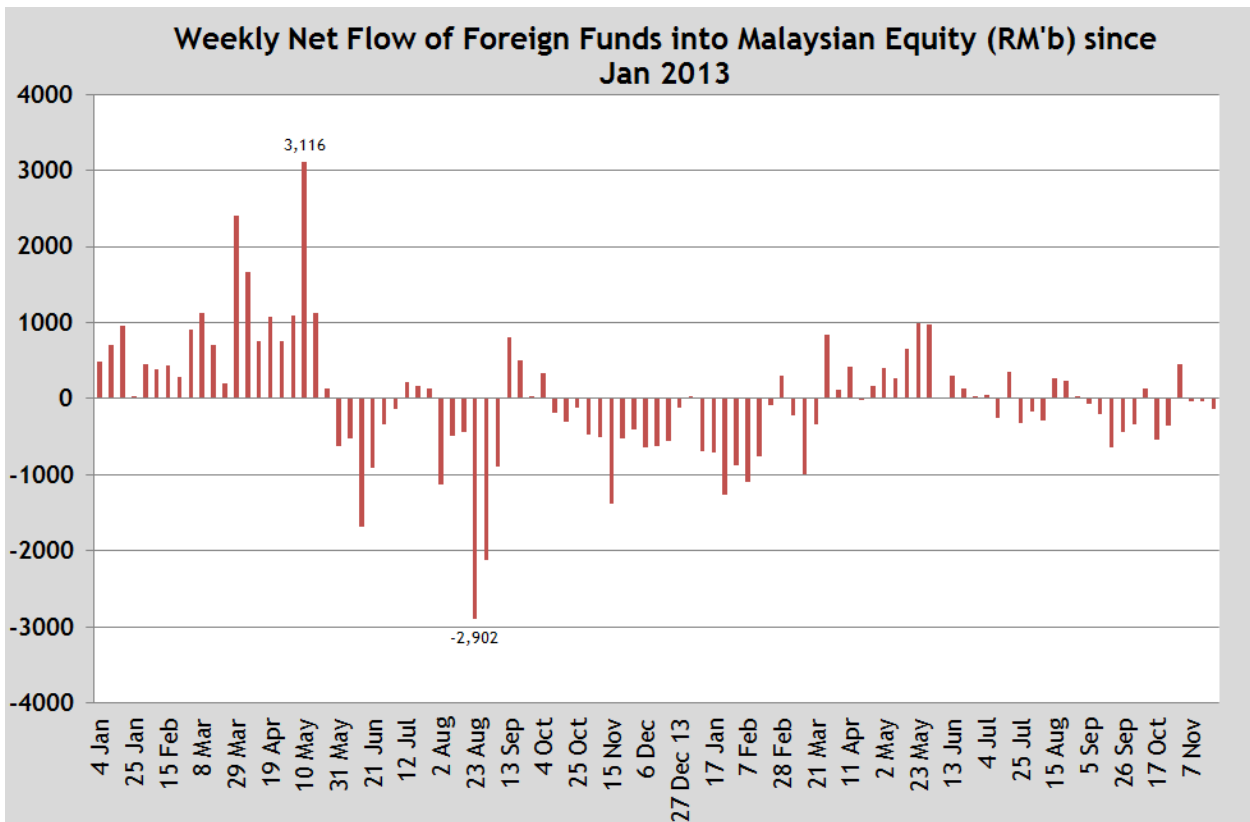
TRACKING MONEY FLOW - MALAYSIA

- Global funds' aversion towards Malaysian equity is attested by the gradual but persistent outflows of late. The local bourse has received only two weeks of foreign fund inflows thus far in the fourth quarter of this year.
- Investors classified as "foreign" continued selling of Malaysian equity. These foreign investors sold a net total of -RM141.6m of Malaysian equity in the open market (i.e. excluding off-market deals) on Bursa last week, a clear rise over the -RM27.3m outflow in earlier week.
- Foreign investors were net sellers on each day except for Tuesday last week. We saw the selling intensity from the previous week spilled over into Monday trading as -RM86m net foreign funds exited our bourse. This was followed by the emergence of RM102m net buying interest on Tuesday. However, it was net selling all the way for the remainder of the week. Thenceforth, fund outflows stood at -51m on Thursday before it ebbed slightly to -RM94m on Thursday and rose again to -RM58m on Friday.
- On cumulative basis, foreign investors remained net sellers of Malaysian stocks in 2014. The net outflow as of last Friday had increased to -RM3.89b. In 2013, Malaysia reported a net inflow of RM3.03b.
- Foreign participation rate nonetheless risen slightly last week. Daily average gross purchase and sale increased to RM777m from RM724m recorded in the prior week.
- In contrast, we saw lower local participation rates.
- In the retail market, the average daily gross purchase and sale declined from RM789m to RM742m. In spite of the lower participation rate, local retailers were the net buyers for last week.
- Local institutions' participation rate more than halved to RM1.8b from RM2.1b in earlier week. Furthermore, they continued to be net sellers for the fourth week in a row.

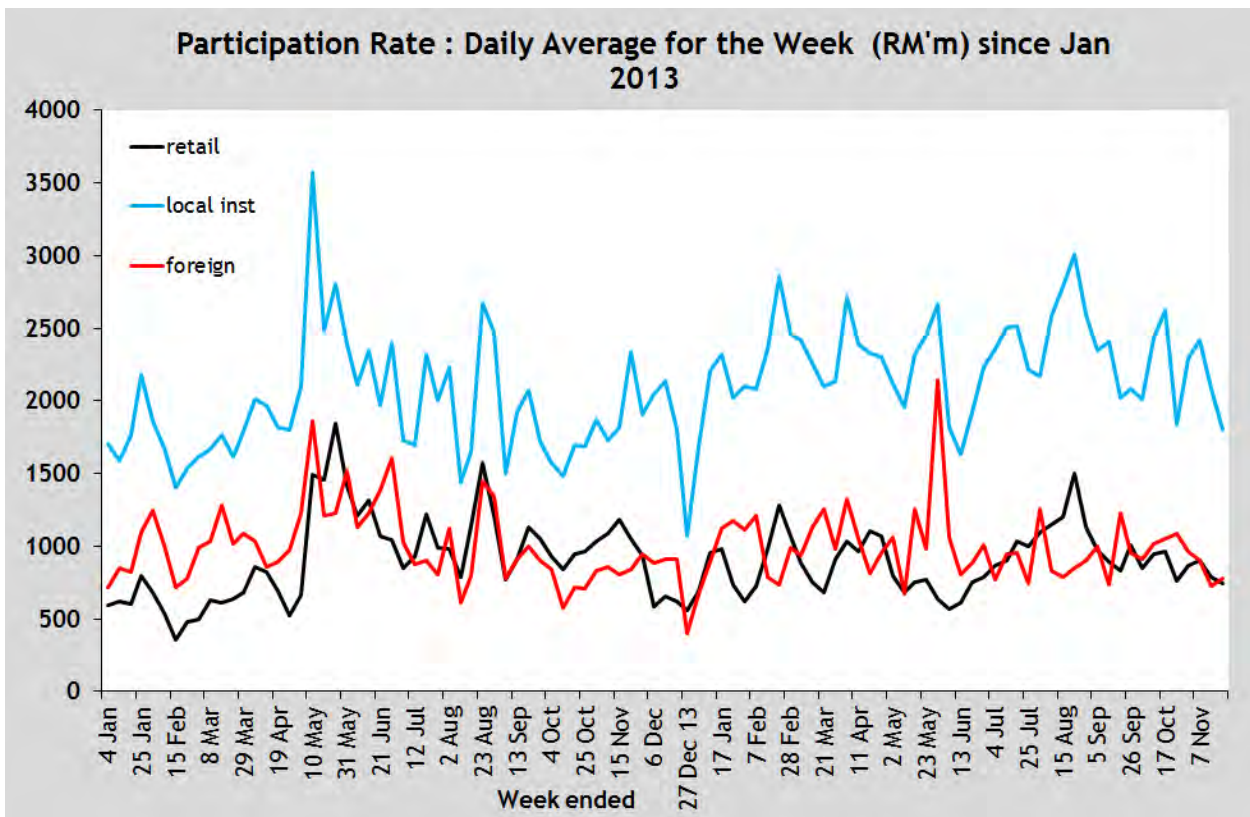
BURSA MALAYSIA: WEEKLY MARKET PARTICIPATION (RM'm)

Week ended	LOCAL RETAIL			LOCAL INSTITUTION			FOREIGN			
	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	NET (USD)*
11 Jul	2193.50	2330.60	-137.10	6459.40	6064.60	394.80	2226.70	2484.40	-257.70	-81.03
18 Jul	2024.60	2101.00	-76.40	4893.90	5173.30	-279.40	2087.20	1731.40	355.80	111.78
25 Jul	2429.30	2550.80	-121.50	5767.00	5324.60	442.40	1705.00	2025.90	-320.90	-101.10
1 Aug	1624.90	1660.70	-35.80	3353.60	3152.80	200.80	1792.40	1957.40	-165.00	-51.51
8 Aug	2843.00	2880.50	-37.50	6617.10	6294.20	322.90	1931.30	2216.70	-285.40	-88.91
15 Aug	2985.50	3016.80	-31.30	6852.40	7082.70	-230.30	2090.50	1828.90	261.60	82.18
22 Aug	3689.50	3819.60	-130.10	7473.00	7569.40	-96.40	2234.70	2008.20	226.50	71.54
29 Aug	2768.60	2879.90	-111.30	6523.40	6448.50	74.90	2272.60	2236.20	36.40	11.68
5 Sep	1873.70	2005.40	-131.70	4790.00	4597.10	192.90	1970.00	2031.20	-61.20	-19.22
12 Sep	2223.60	2257.80	-34.20	6142.50	5911.00	231.50	1748.20	1945.50	-197.30	-61.47
19 Sep	1674.40	1655.20	19.20	4352.00	3735.40	616.60	2130.70	2766.50	-635.80	-197.07
26 Sep	2528.40	2528.20	0.20	5429.00	4981.80	447.20	2157.10	2604.50	-447.40	-137.80
3 Oct	2135.10	2117.20	17.90	5183.90	4859.50	324.40	2116.00	2458.30	-342.30	-104.76
10 Oct	1974.10	1795.80	178.30	4705.70	5018.00	-312.30	2095.30	1961.30	134.00	41.21
17 Oct	2382.50	2422.30	-39.80	6843.70	6259.00	584.70	2358.90	2903.80	-544.90	-166.31
24 Oct	1436.60	1622.60	-186.00	3946.10	3408.80	537.30	1992.20	2343.50	-351.30	-107.49
31 Oct	2114.60	2222.50	-107.90	5549.80	5901.90	-352.10	2646.40	2186.40	460.00	140.15
7 Nov	2267.30	2234.20	33.10	6030.90	6034.30	-3.40	2233.90	2263.60	-29.70	-8.69
14 Nov	2011.50	1933.20	78.30	5176.20	5227.20	-51.00	1797.50	1824.80	-27.30	-8.14
21 Nov	1932.60	1780.00	152.60	4500.80	4511.80	-11.00	1871.50	2013.10	-141.60	-42.21

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



Source: Bursa, excluding off-market trades



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

DISCLOSURES AND 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 AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >15% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >15% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -15% and +15% over the next 12 months.
SELL	<i>Negative</i> total return is expected to be -15% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >15% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.