

MALAYSIA EQUITY RESEARCH | 10 November

Week Ended 7 November 2014

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- Uncertainty over the pending verdict as well as the reaction to the outcome of the high-profile trial of an opposition leader may have perturbed some foreign investors and resulted in a slight net foreign liquidity outflow from Malaysia last week.
- Global funds' aversion towards Malaysian equity returned after a mere one week respite. In the fourth quarter of this year, the local bourse has thus far witnessed only two weeks of foreign fund inflows.
- Investors classified as "foreign" resumed selling of Malaysian equity. These foreign investors sold a net total of -RM29.7m of Malaysian equity in the open market on Bursa last week, a reversal from RM460 net purchase in earlier week.

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10 November 2014 | Strategy - Weekly Fund Flow

Ebbing inflows

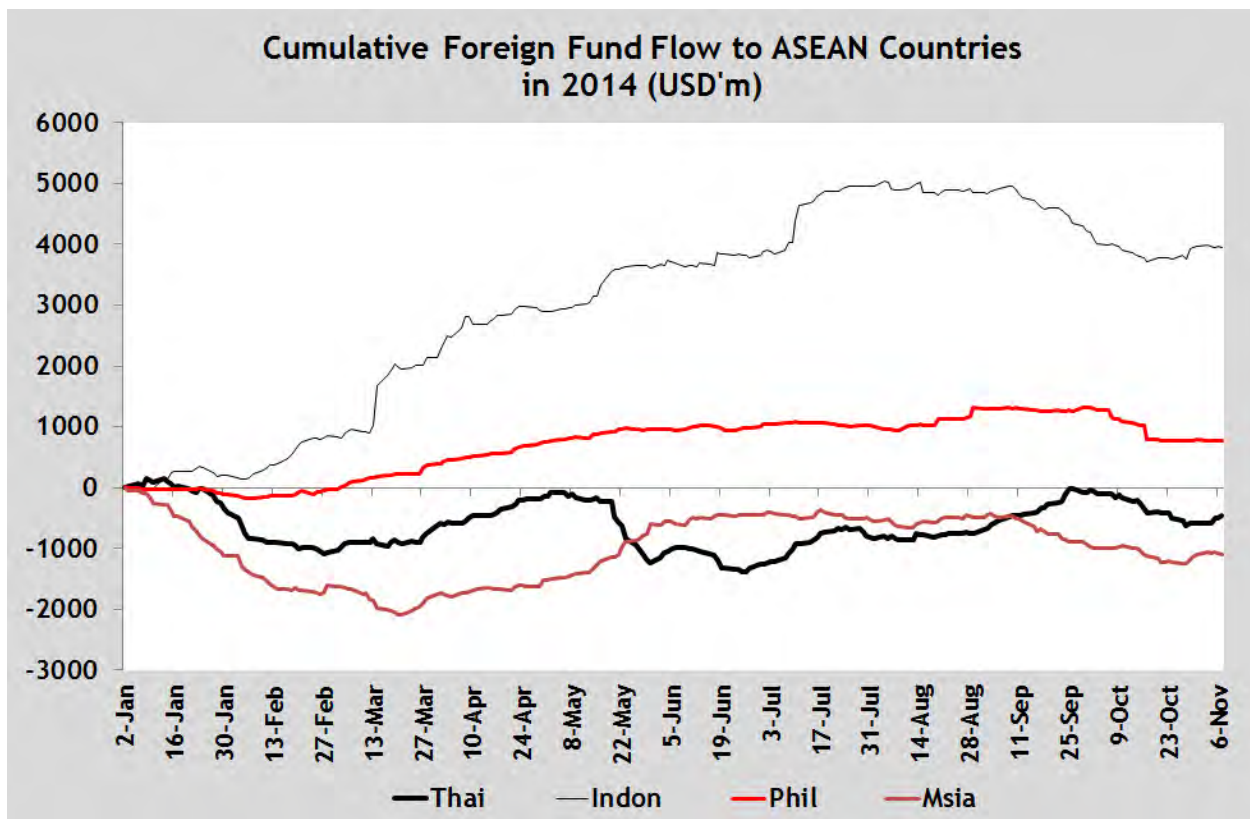
TRACKING MONEY FLOW - ASIA

- The flow into Asian equity continued on last week as global funds made a general return for the third week in a row. Nonetheless, the rate of inflow is showing signs of ebbing (see table).
- Except for Korea which gave back more than what it received a week earlier, as well as Indonesia, the Philippines and Malaysia which registered marginal net outflows, all other markets that we track recorded positive flow last week.
- Funds classified as “foreign” were, in aggregate, net buyers of stocks in the seven Asian exchanges that we track. The net amount bought however declined from USD2.6b to USD1.0b last week.
- 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 USD940m to USD496m last week.
- Similarly, the rate of inflow into our so-called “Developed” Asia, as represented by Taiwan and Korea, slowed down markedly last week. The net funds addition into Taiwan declined from USD1.4b in prior week to USD798m. In Korea, the flow reversed from USD219m to -USD249 last week.
- In tandem with the fund outflow from Korea, its shares closed lower for the week with exporters among hardest hit caused by growing concern over the fallout of a weaker Japanese Yen. Recall a decision by Bank of Japan two weeks ago to have another round of quantitative easing in order to boost the economy. The Korean Won strengthened further against the Yen last week to levels last seen in third quarter of 2008.
- Net exit of foreign funds from the Indonesian bourse may be precipitated by the country's 5.01 percent GDP growth in the third quarter, its lowest since 2009. Stocks in Jakarta were markedly lower for the week.
- Malaysia too experienced a slight net foreign liquidity outflow last week. Uncertainty over the pending verdict as well as the reaction to the outcome of the high-profile trial of an opposition leader may have perturbed some foreign investors.

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

WEEK ENDED	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	MALAYSIA	TOTAL
MAY 30	256.1	-398.5	-39.7	-10.7	398.3	489.2	300.74	995.5
JUN 6	293.7	246.0	99.0	-18.6	1008.0	181.6	6.01	1815.8
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	408.0	797.5	-8.63	1045.0

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

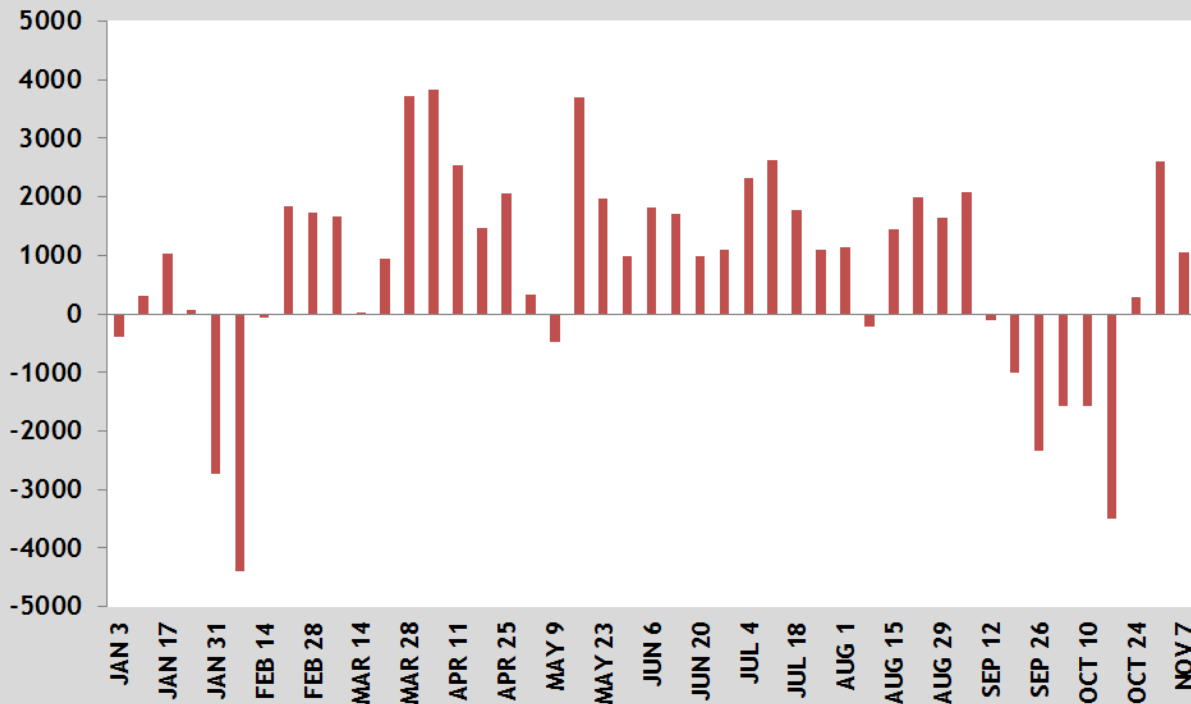


Source: Various countries' exchanges, via Bloomberg. These figures are subject to revisions. Aggregated by MIDFR.

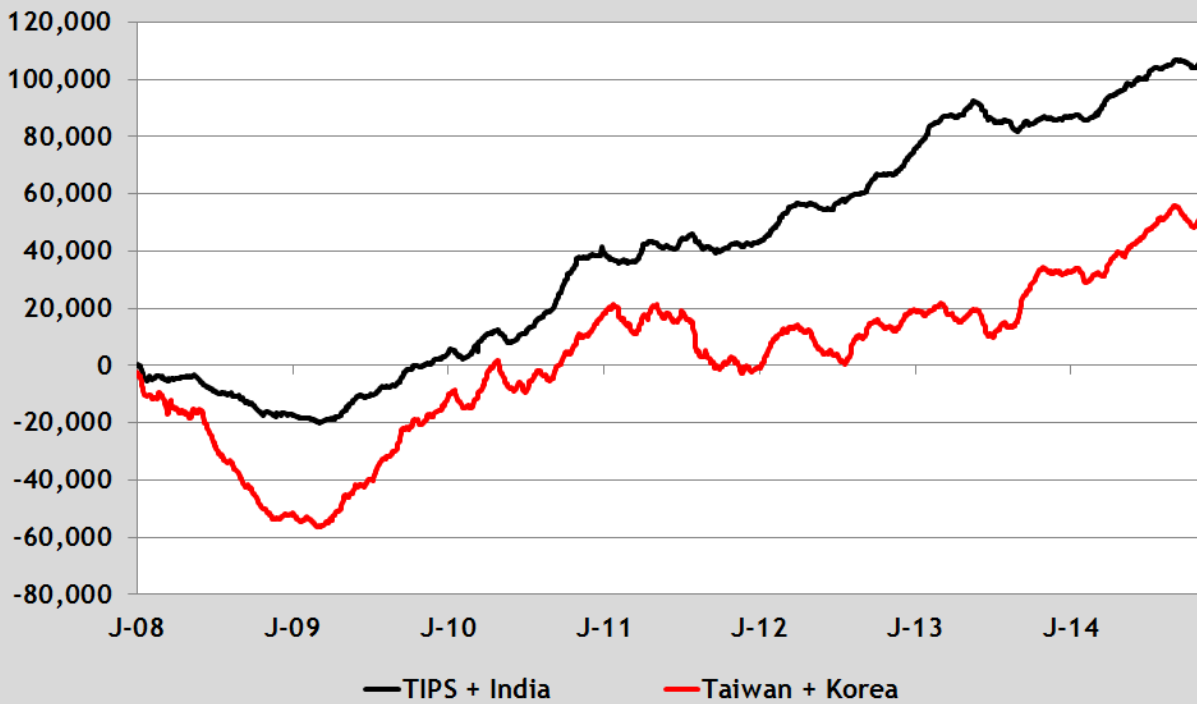
NET FLOW (USD'm)	TIP + India	Taiwan + Korea	Total
2008	-17,195	-53,106	-70,301
2009	20,580	40,063	60,642
2010	35,690	29,234	64,924
2011	2,748	-17,801	-15,053
2012	31,302	19,976	51,278 [55,663]^
2013	12,446	13,500	25,946 [27,170]^
2014	18,860	17,808	36,669 [35,568]^

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)



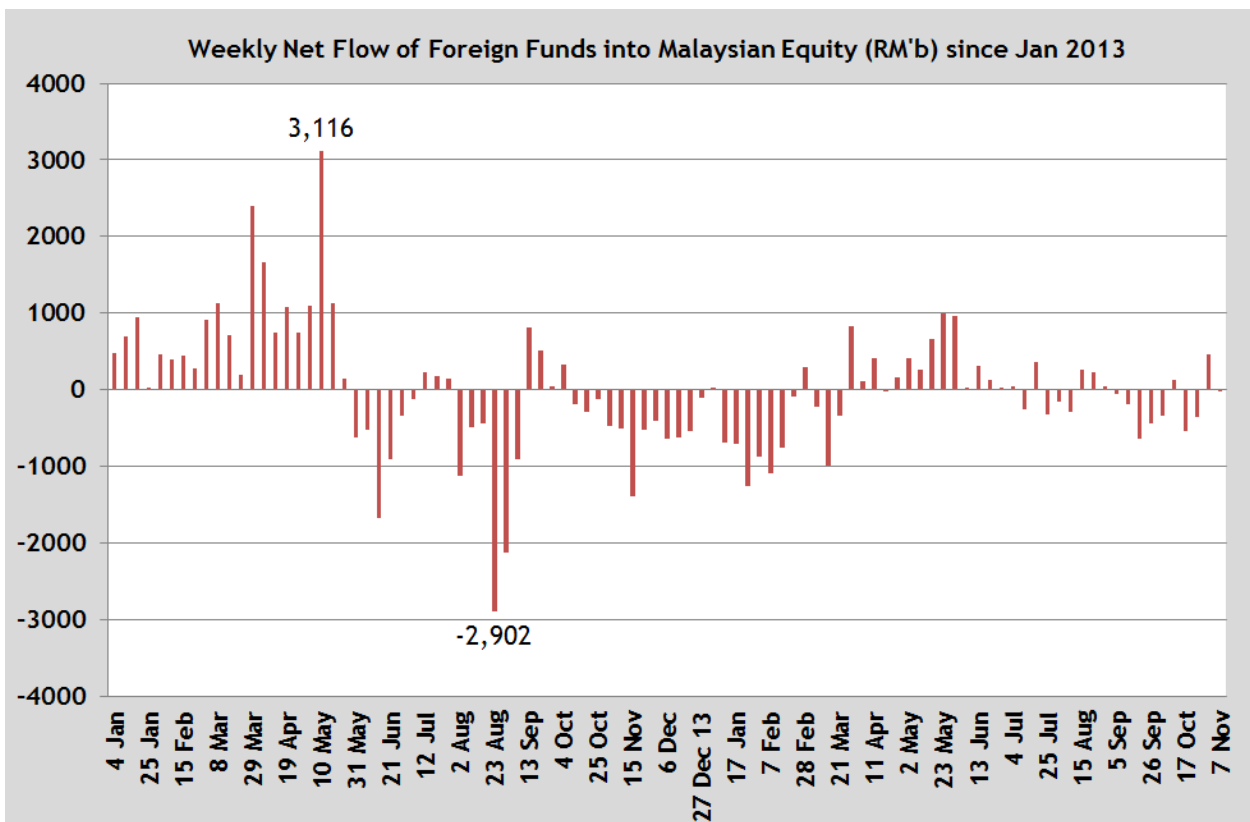
TRACKING MONEY FLOW - MALAYSIA

- Global funds' aversion towards Malaysian equity returned after a mere one week respite. In the fourth quarter of this year, the local bourse has thus far witnessed only two weeks of foreign fund inflows.
- Investors classified as "foreign" resumed selling of Malaysian equity. These foreign investors sold a net total of -RM29.7m of Malaysian equity in the open market (i.e. excluding off-market deals) on Bursa last week, a reversal from RM460 net purchase in earlier week.
- Foreign investors were net sellers on each day except for Monday and Wednesday last week. We saw the buying intensity from the previous week spilled over into Monday trading as RM122m net foreign funds entered our bourse. However -RM53m net selling pressure emerged on Tuesday and pent-up buying worth RM45m resurfaced the day after. Thenceforth, selling margin re-emerged at -50m on Thursday before it jumped further to -RM94m 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 -RM3.72b. In 2013, Malaysia reported a net inflow of RM3.03b.
- Foreign participation rate eased last week. Daily average gross purchase and sale declined to RM900m from RM967m recorded in the prior week.
- Nonetheless, local participation rate is rising.
- In the retail market, the average daily gross purchase and sale increased to RM900m. In tandem with the higher participation rate, local retailers were the net buyers for last week.
- Meanwhile, local institutions' participation rate increased to RM2.4b last week. However, they continued to be net sellers for the second week in a row.

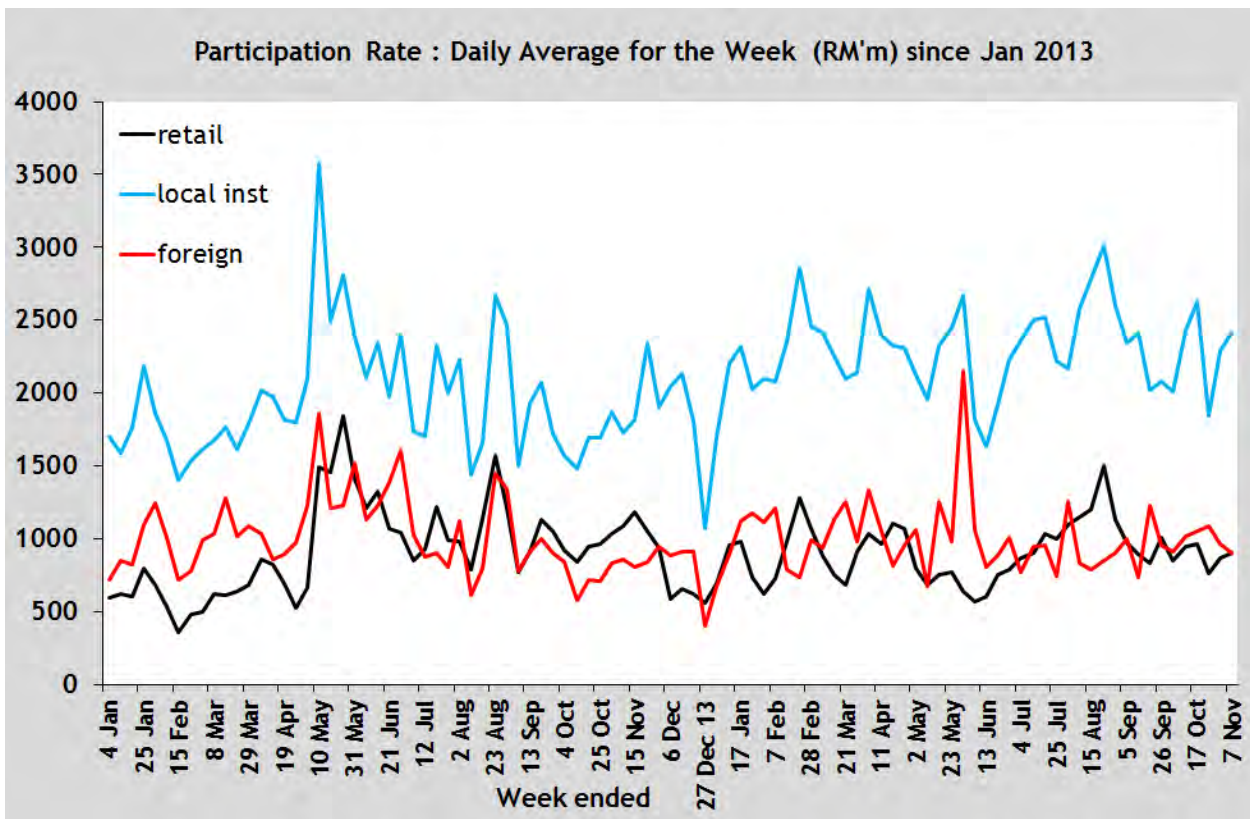
BURSA MALAYSIA: WEEKLY MARKET PARTICIPATION (RM'm)

Week ended	LOCAL RETAIL			LOCAL INSTITUTION			FOREIGN			
	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	NET (USD)*
27 Jun	1937.00	2002.50	-65.50	5592.10	5551.60	40.50	2528.40	2503.40	25.00	7.80
4 Jul	2043.40	2292.80	-249.40	5993.80	5794.70	199.10	1942.40	1892.10	50.30	15.53
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	-8.63

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



Source: Bursa, excluding off-market trades



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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.