

MALAYSIA EQUITY RESEARCH | 7 October 2014

Week Ended 3 October 2014

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- Indonesian equity benchmark declined to a three-month low in reaction to its parliament selection of a house speaker that may be adversarial towards President-elect Joko Widodo's plans to boost economic growth.
- As reaffirmed by the flow of fund data last week, global funds' aversion towards Malaysian equity continued on for the fifth consecutive week, and again at a subsiding intensity.
- Investors classified as "foreign" continued to sell Malaysian equity. These foreign investors sold a net total of - RM342.3m of Malaysian equity.
- Local institutions' supported the market for the sixth week running, mopping up RM324m last week. Nonetheless, participation decreased slightly to RM2.01b, from RM2.08b the week before.

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

7 October 2014 | Strategy - Weekly Fund Flow

The outflow continues

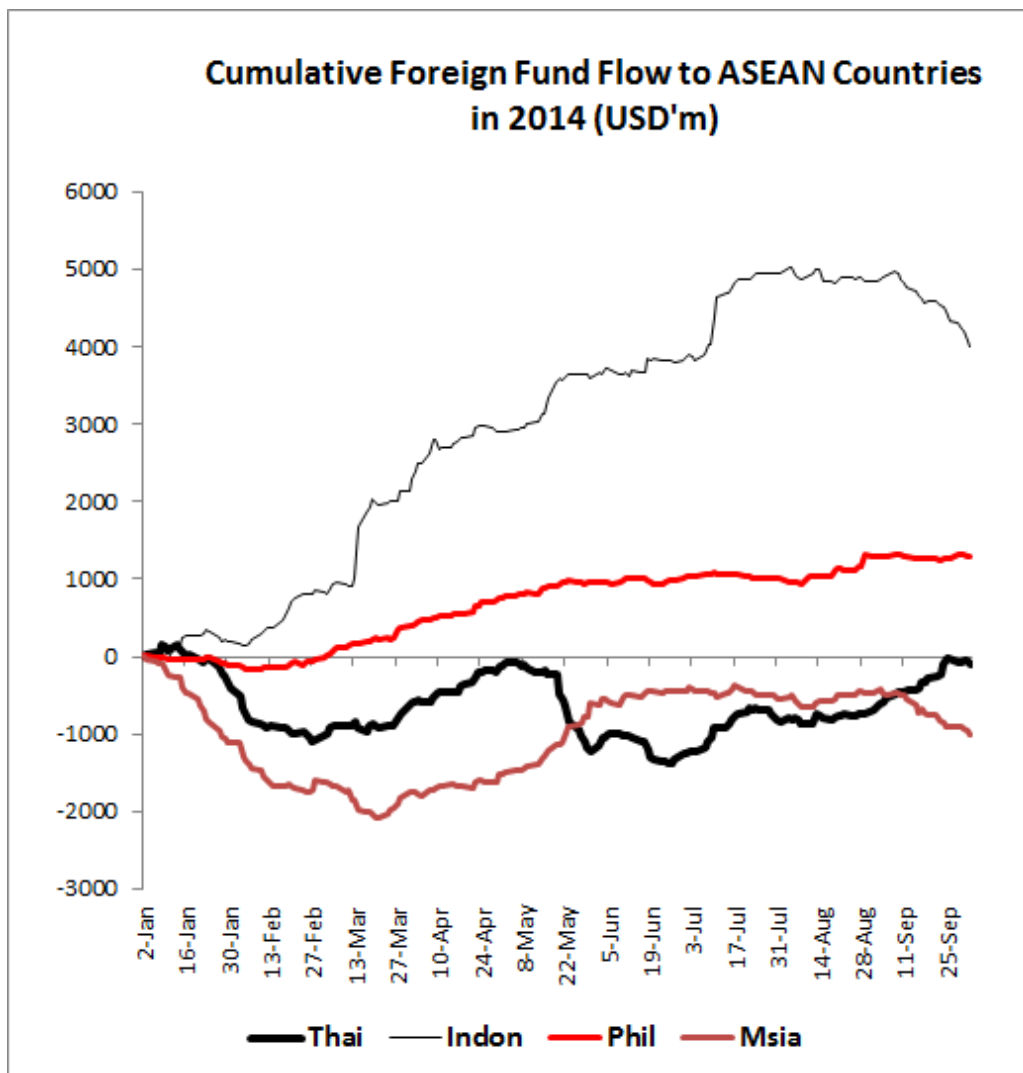
TRACKING MONEY FLOW - ASIA

- The flow out of Asian equity continued on last week, as global funds made a general exit for the fourth week in a row. Even the recent regional darling, Thailand, recorded its first outflow since early August this year.
- Except for the Philippines and India which registered marginal net inflows, all other markets that we track recorded negative flow last week.
- Funds classified as “foreign” were, in aggregate, net sellers of stocks in the other five Asian exchanges that we track (Korea, Taiwan, Thailand, Malaysia and Indonesia). The net amount sold however declined from USD2.3b to USD1.7b last week (see bar chart).
- As in earlier week, foreign liquidity left both our so-called “Developed” Asia, as represented by Taiwan and Korea, and “Emerging Asia”, as represented by the markets in Thailand, Indonesia, Philippines (TIPs), Malaysia and the India. Collectively, the amount of money that left Taiwan and Korea amounted to more than twice that which left their “Emerging Asia” counterparts.
- Nonetheless, the rate of outflow from “Developed” Asia slowed down markedly last week. The funds withdrawal from Taiwan declined from -USD1.2b in prior week to -USD866m. Similarly, the outflow more than halved in Korea to -USD309m. Taiwan and Korea markets remain vulnerable to bouts of aversion towards technology stocks on Wall Street as well as due to the high level of foreign liquidity overhang in both markets.
- Net exit of foreign funds from the Indonesian bourse entered its fourth consecutive weeks with the rate of outflow risen to -USD344m last week. Indonesian equity benchmark declined to a three-month low as investors sold stocks in reaction to its parliament selection of a house speaker that may be adversarial towards President-elect Joko Widodo’s plans to boost economic growth. Likewise, the rupiah weakened to levels last seen in February this year.
- Malaysia continued to experience net foreign liquidity outflow last week, as with the four consecutive weeks before that. There were shrinking but still sizable net outflows of foreign funds from the local bourse during the past three weeks.

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

WEEK ENDED	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	MALAYSIA	TOTAL
APR 25	524.0	167.0	155.9	136.6	247.4	770.5	50.44	2051.9
MAY 2	-503.3	101.7	-82.7	76.9	322.4	299.1	123.24	337.4
MAY 9	-668.5	-72.8	95.5	52.0	390.2	-348.7	82.01	-470.4
MAY 16	1236.5	-77.9	330.2	82.7	1637.8	285.2	203.58	3698.1
MAY 23	1060.8	-599.9	313.3	68.7	277.4	537.0	311.07	1968.3
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	12.2	-866.2	-104.76	-1667.9

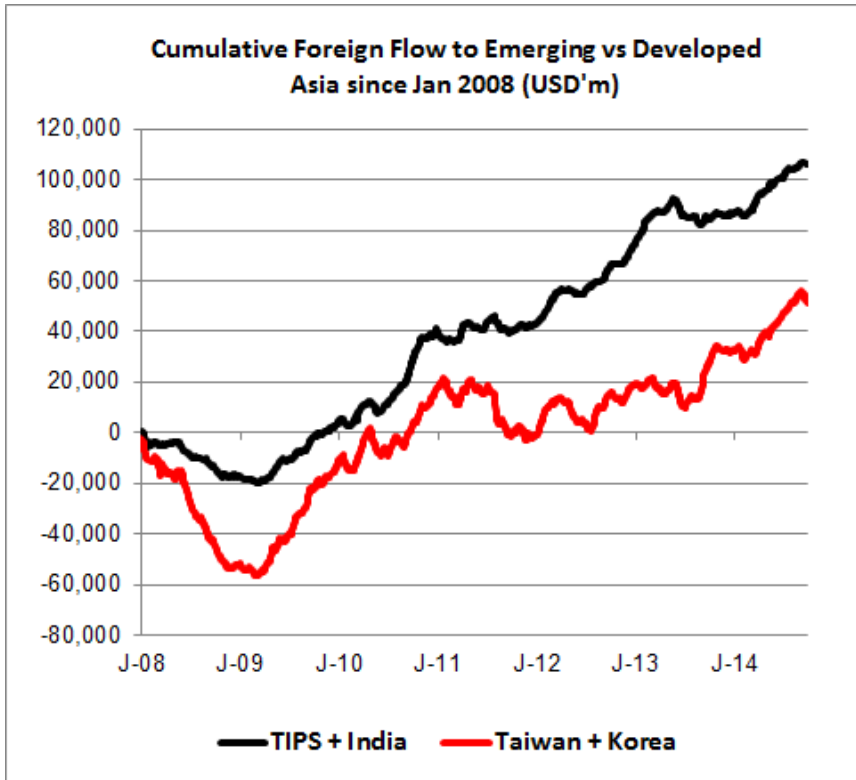
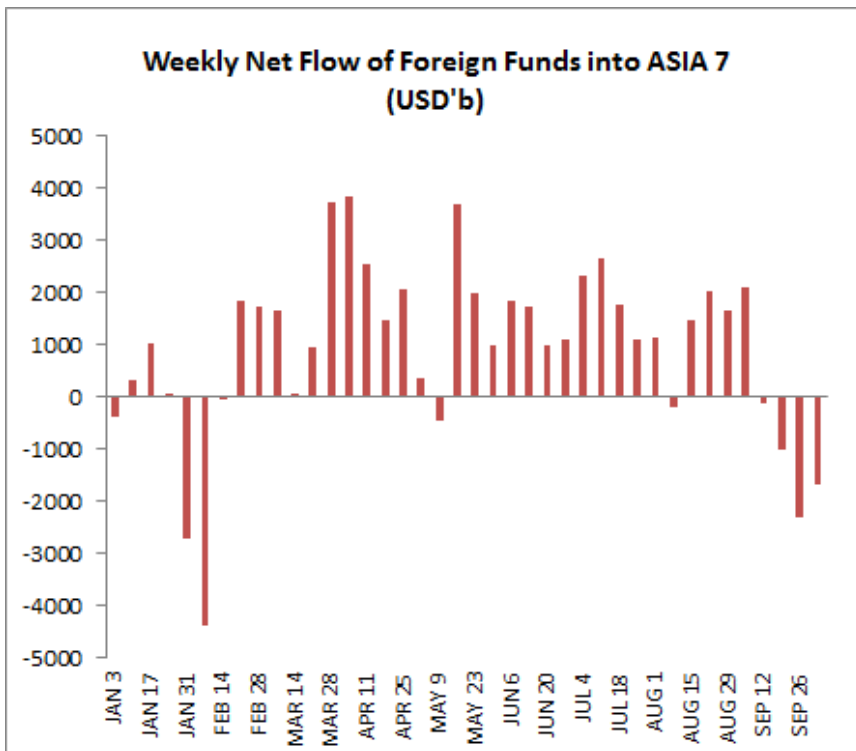
Source: Various countries' exchanges. These figures are subject to revisions.



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	19,230	18,388	37,619 [36,619]^

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



TRACKING MONEY FLOW - MALAYSIA

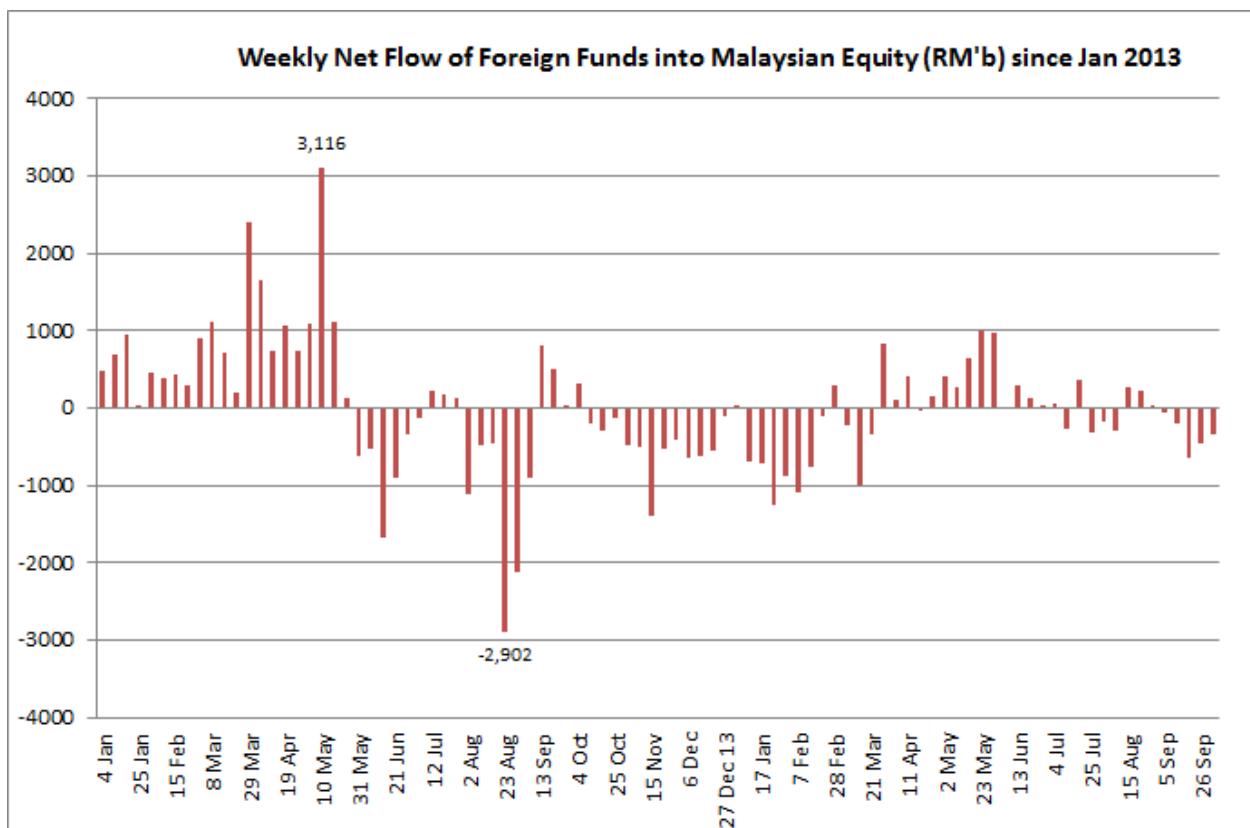
- As reaffirmed by the flow of fund data last week, global funds' aversion towards Malaysian equity continued on for the fifth consecutive week, and again at a subsiding intensity.
- Investors classified as "foreign" continued to sell Malaysian equity. These foreign investors sold a net total of -RM342.3m of Malaysian equity in the open market (i.e. excluding off-market deals) on Bursa last week, down from -RM447.4m a week before.
- Foreign investors were net sellers on each day from Monday all the way to Thursday last week. However the intensity varied rather widely. It started off the week with a marginal net outflow of -RM15m in Monday. The selling margin then jumped to -RM135m on Tuesday before it ebbed to -RM72m on Wednesday. The net outflow grew again to -RM135m on Thursday before the foreign investors turned buyers albeit marginally by RM16m 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 -RM3.39b. In 2013, Malaysia reported a net inflow of RM3.0b.
- Foreign participation rate eased last week. Daily average gross purchase and sale declined to RM915m from RM952m recorded in the prior week.
- Similarly, local participation rate is declining. In the retail market, the average daily gross purchase and sale fell further to RM850m. Nonetheless, despite the lower participation rate, local retailers remained net buyers for the third consecutive weeks.
- Meanwhile, local institutions' supported the market for the sixth week running, mopping up RM324m last week. Nonetheless, participation decreased slightly to RM2.01b, from RM2.08b the week before.

BURSA MALAYSIA: WEEKLY MARKET PARTICIPATION (RM'm)

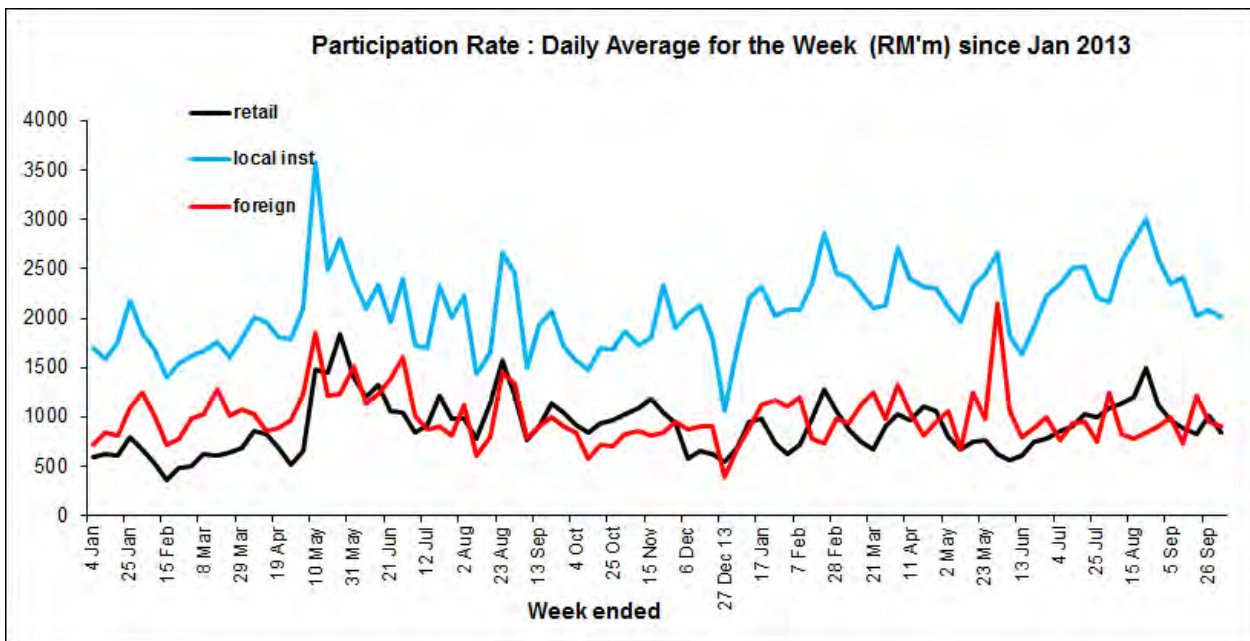
Week ended	LOCAL RETAIL			LOCAL INSTITUTION			FOREIGN			
	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	NET (USD)*
23 May	1899.50	1950.70	-51.20	5649.10	6597.10	-948.00	2950.00	1950.80	999.20	311.07
30 May	1521.40	1657.40	-136.00	6252.80	7083.80	-831.00	5848.00	4881.00	967.00	300.74
6 Jun	1377.60	1473.00	-95.40	4586.90	4511.60	75.30	2655.80	2635.70	20.10	6.01
13 Jun	1478.10	1558.30	-80.20	3977.00	4202.60	-225.60	2165.10	1859.30	305.80	95.26
20 Jun	1830.50	1913.30	-82.80	4784.60	4830.50	-45.90	2283.50	2154.80	128.70	39.91
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

* 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.