

MALAYSIA EQUITY RESEARCH | SEPTEMBER 15, 2014

Week Ended September 12, 2014

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- Most notably, Korea registered its first weekly outflow since early May this year.
- We wrote in previous week's report that there was an apparent increase in aversion towards Malaysian equity. This is again reaffirmed by the flow of fund data last week.
- For the second week running, investors classified as "foreign" continued to sell Malaysian equity. These investors sold a net total of -RM197.3m of Malaysian equity in the open market (i.e. excluding off-market deals) on Bursa.
- On cumulative basis, foreign investors remained net sellers of Malaysian stocks in 2014. The net outflow as of last Friday had increased slightly to -RM1.79b.

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15 September 2014 | Strategy - Weekly Fund Flow

Reversing tide from emerging Asia?

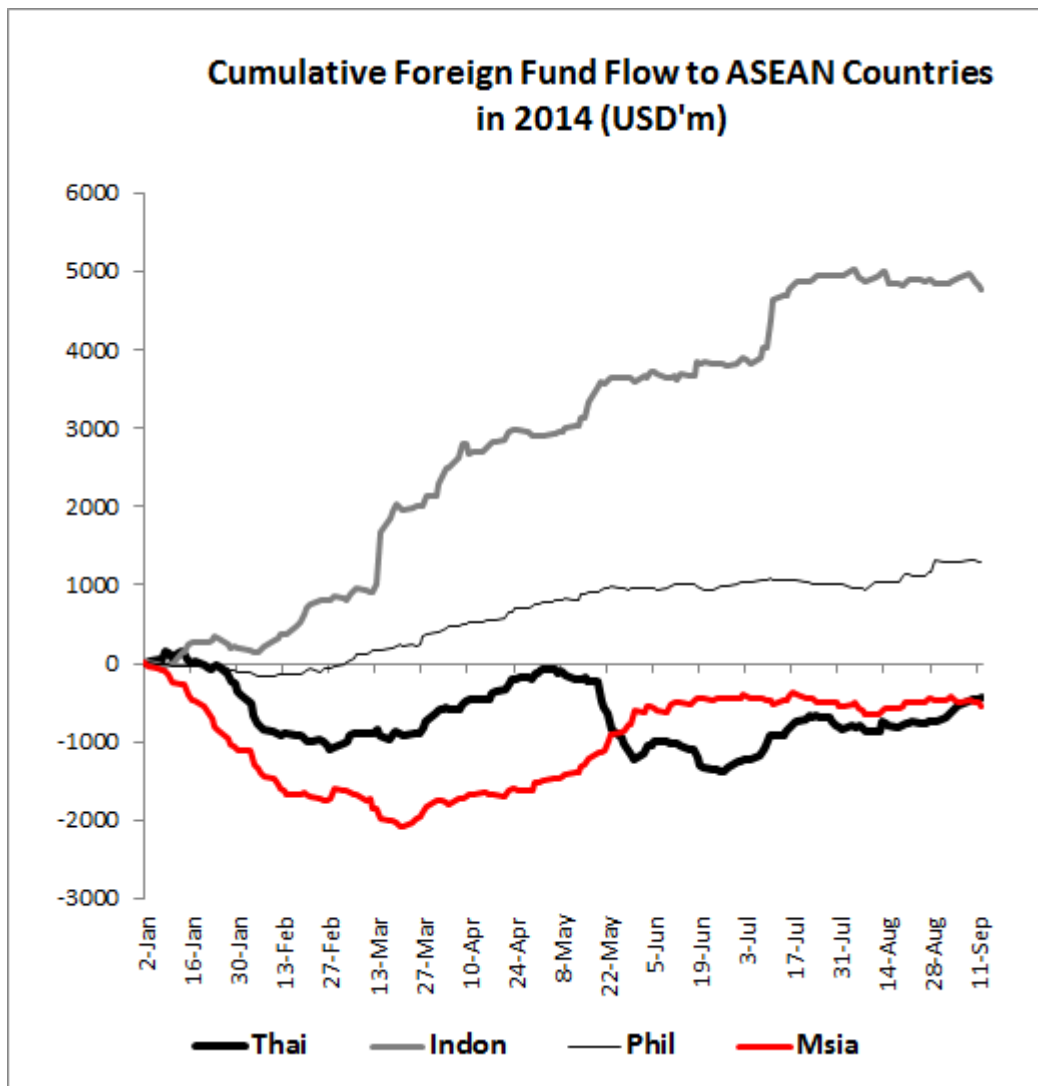
TRACKING MONEY FLOW - ASIA

- The global funds inflow into Asian equity markets made an abrupt turn for the exit after previous four weeks of rising tide.
- Last week, the aggregate net flow of foreign equity investment to the seven markets that we track, i.e. Korea, Taiwan, Thai, Malaysia, Indonesia, Philippines and India, recorded its first outflow of -USD155.1m since the first week of August this year. These markets, for which fund flow data is publicly available, are our proxy for Asia.
- Except for Thailand, India and the Philippines, all other markets recorded negative flow last week.
- Most notably, Korea registered its first weekly outflow since early May this year. Taiwan, another North Asian country, also recorded an outflow of -USD222.7m last week after strong bouts of money inflow in late August. Indonesia, the Southeast Asia's biggest economy, experienced its biggest net weekly outflow for this year at -USD148.0m.
- Malaysia was still not on investors' radar screen last week, as with the week before that. There were marginal but rising net outflows of foreign funds from the local bourse during the past two weeks.
- Money flow into Thailand nevertheless continued to be positive amounted to USD88.6m, albeit at a lower rate compared to the earlier week. Institutional investors were arguably remained drawn to the stabilizing political situation as well as recoveries in its domestic economy. As mentioned last week, Thailand recently made strong gains in the World Economic Forum's competitiveness ranking released, jumping six notches to 31.
- Similarly, India also managed to retain USD391.1m net inflow of foreign equity investment as investors continued to believe the new Narendra Modi's government has what it takes to rekindle India's long hope for economic reform.
- As oft-repeated, the overhang of liquidity in Asia is rather sizable. More than USD100 billion of foreign liquidity had moved into the seven Asian markets aforementioned during the past three years. In 2014 to-date, there was an aggregate net inflow of circa USD41.6b.

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

WEEK ENDED	KOREA	THAI	INDON	PHIL	INDIA	TAIWAN	MALAYSIA	TOTAL
APR 4	1522.7	159.7	353.7	103.2	377.3	1271.6	33.24	3821.4
APR 11	1001.8	132.0	205.3	61.9	299.3	702.3	127.57	2530.2
APR 18	410.3	100.8	140.3	32.6	41.9	743.7	-5.83	1463.7
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	391.1	-222.7	-61.47	-155.1

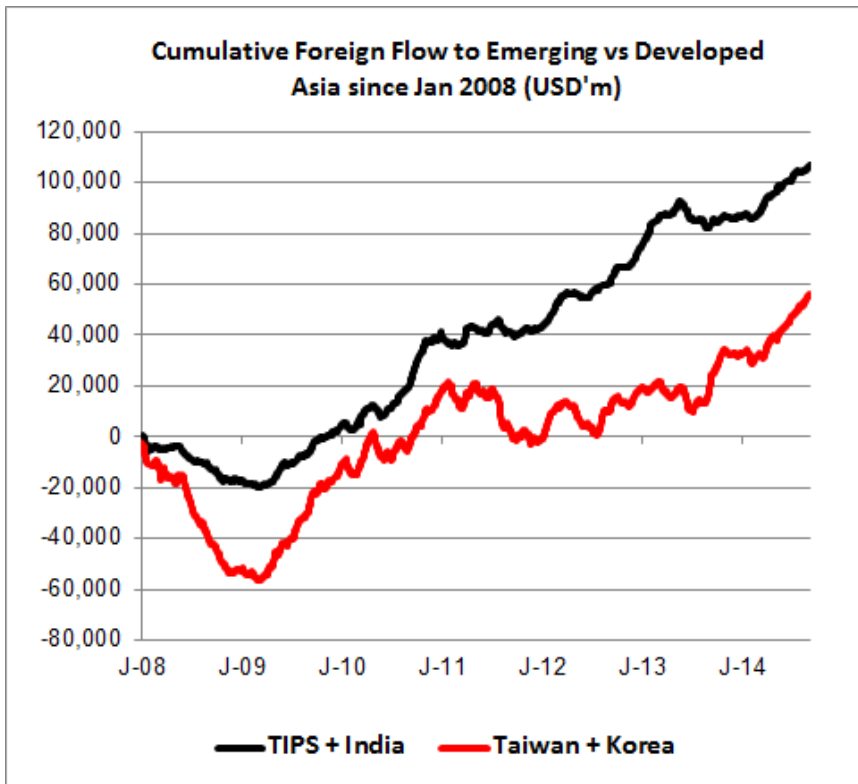
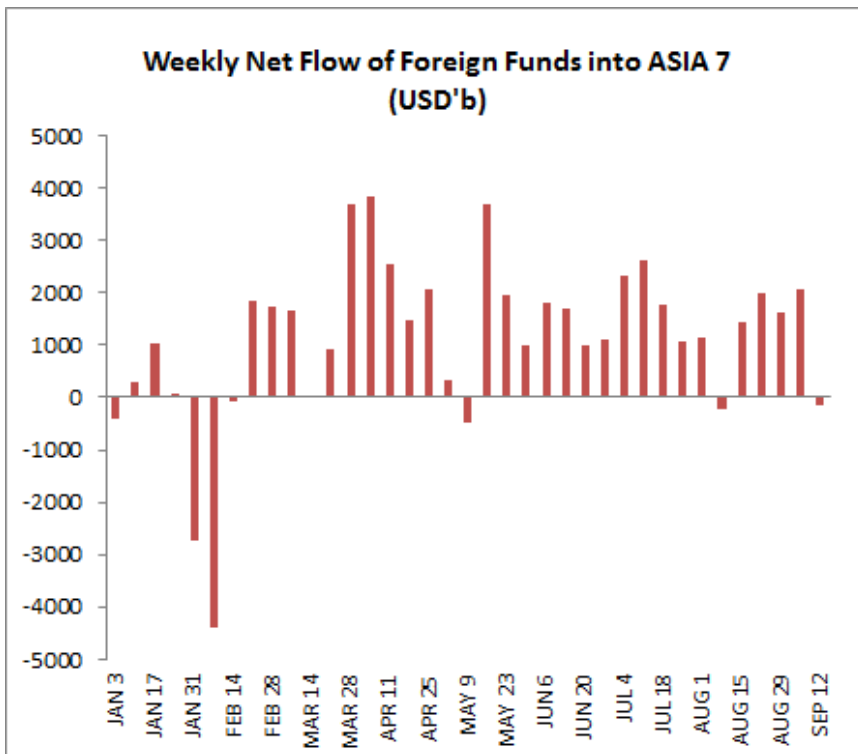
Source: Various countries' exchanges. These figures are subject to revisions.



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	19,947	22,201	42,148 [41,588]^

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



TRACKING MONEY FLOW - MALAYSIA

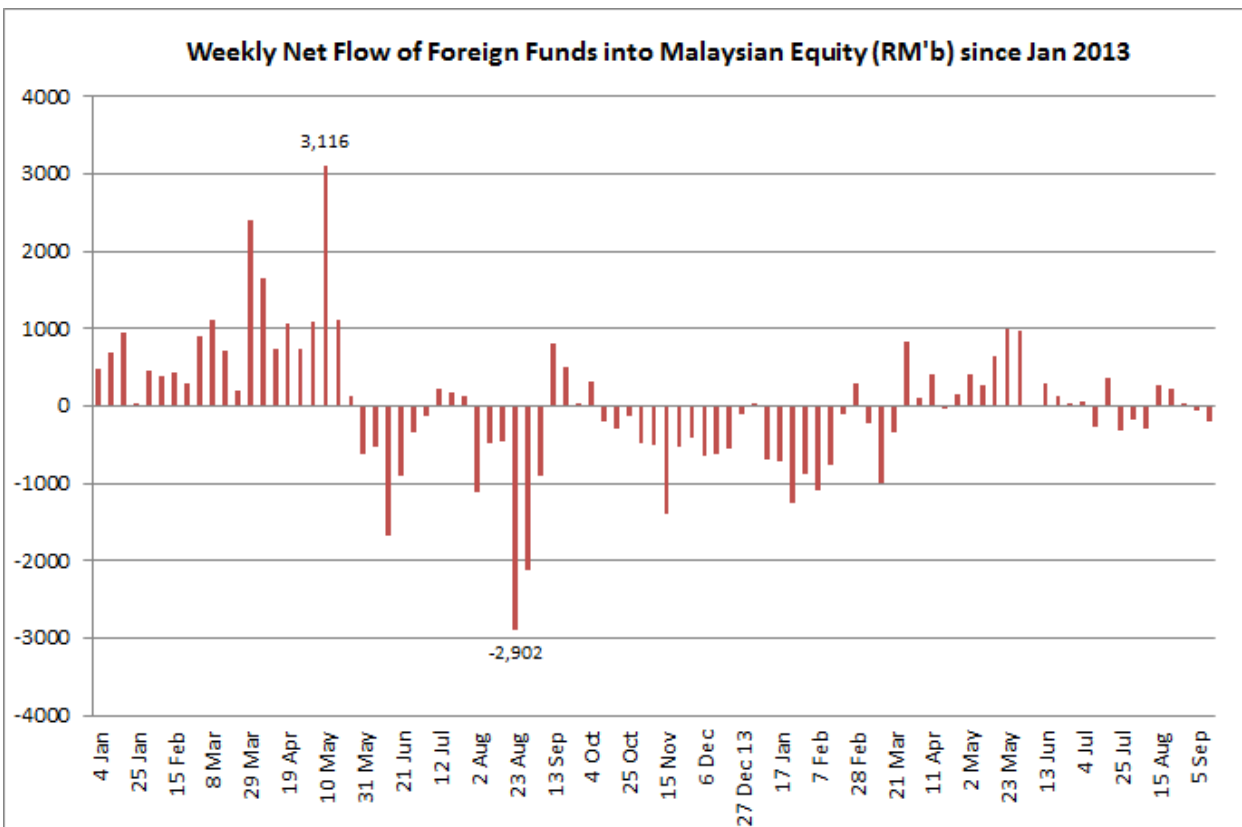
- We wrote in previous week's report that there was an apparent increase in aversion towards Malaysian equity. This is again reaffirmed by the flow of fund data last week.
- For the second week running, investors classified as "foreign" continued to sell Malaysian equity. These foreign investors sold a net total of -RM197.3m of Malaysian equity in the open market (i.e. excluding off-market deals) on Bursa.
- The foreign investors were net buyers on Monday. However they turned sellers in the subsequent two days, with the net amount sold having exceeded RM100m. They again briefly turned buyers on Thursday, albeit marginally, before executing their net sell orders totalling nearly RM173m on Friday.
- On cumulative basis, foreign investors remained net sellers of Malaysian stocks in 2014. The net outflow as of last Friday had increased slightly to -RM1.79b. In 2013, Malaysia reported a net inflow of +RM3.0b.
- Foreign participation rate however eased last week. Daily average gross purchase and sale declined to RM739m from the billion level 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 RM896.3m. Retailers remained cautious, having offloaded -RM34m, extending the sell down to 22 consecutive weeks.
- Meanwhile, local institutions' supported the market for the third week running, mopping up +RM231.5m last week. Nonetheless, participation increased slightly to RM2.41b, from RM2.35b the week before.

BURSA MALAYSIA: WEEKLY MARKET PARTICIPATION (RM'm)

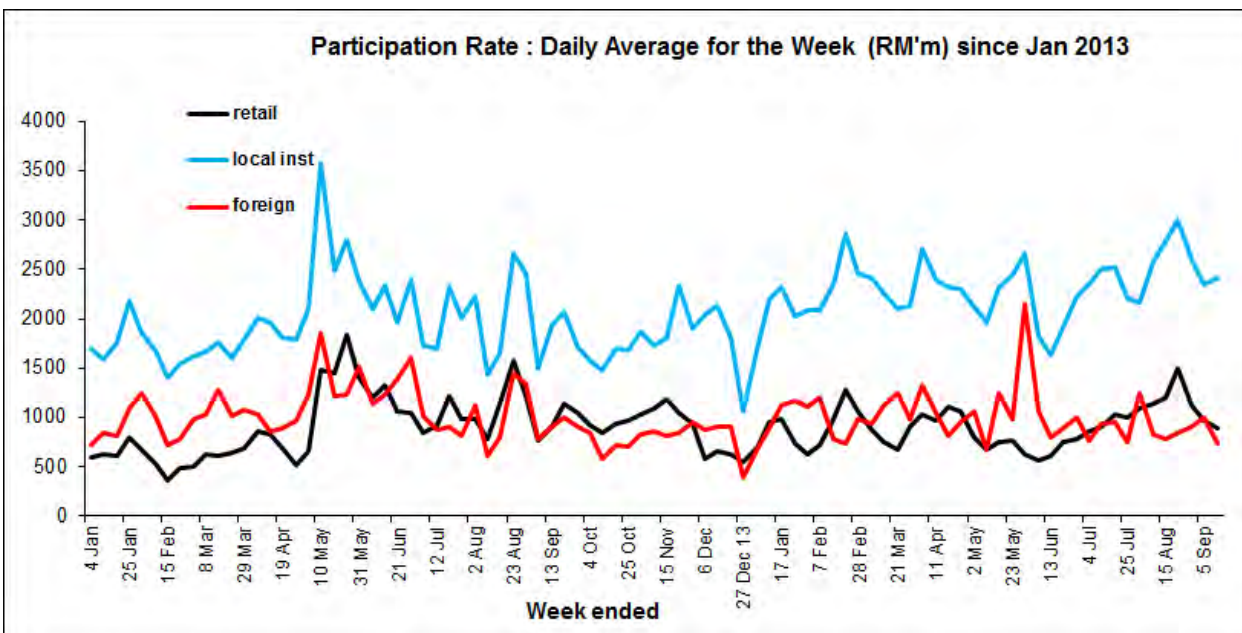
Week ended	LOCAL RETAIL			LOCAL INSTITUTION			FOREIGN			
	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	BOUGHT	SOLD	NET (RM)	NET (USD)*
2 May	1540.60	1654.40	-113.80	4097.00	4385.60	-288.60	2329.50	1927.10	402.40	123.24
9 May	1688.10	1720.00	-31.90	4775.20	5009.10	-233.90	1812.90	1547.10	265.80	82.01
16 May	1473.00	1525.30	-52.30	4346.60	4951.10	-604.50	2837.20	2180.40	656.80	203.58
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

* 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.