

# FUND FLOW REPORT

**MIDF EQUITY STRATEGY | 28 MARCH 2022**

**WEEK ENDED 25 March 2022**

- Most major markets maintained their upward trajectories over the past week, albeit on a moderated pace as the Fed's hawkish stance and ongoing Russia-Ukraine tensions weigh on sentiments.
- Fed chair Jerome Powell said the central bank needs to move "expeditiously" to return the stance of monetary policy to a more neutral level. Other Fed officials echoed Powell's stance, signalling the Fed's aggressiveness in raising interest rates to combat inflation.
- The US economic growth momentum in the coming months could be constrained by the normalisation of the monetary policy as well as soaring consumer prices, notably the surging gas and oil prices in view of the conflict in Ukraine.
- Japan's consumer prices showed a rapid pace in two years as the headline CPI inflation in Feb-22 surged to +0.9%yoy. The stronger inflationary pressure primarily stemmed from the soaring energy and food costs.
- Malaysia's headline inflation moderated for the fourth month, down by +2.2%yoy in Feb-22, marking the slowest price increases in six months. PPI moderated to a 10-month low in Jan-22 at +9.2%yoy. This was the slowest PPI inflation since Mar-21.
- The FBM KLCI increased by +0.76% for the week to settle at 1,603.30 points. The Ringgit saw a weekly depreciation by circa 0.34% against the US dollar to close at USD/MYR 4.2095 last Friday while the Brent crude oil price saw a +11.79% weekly movement last week, to close at USD120.65/b last Friday.

25 MARCH 2022 | Strategy - Weekly Fund Flow

MIDF Research Team

## Foreign inflows continue in Asia market

### A. MARKET SNAPSHOT

- Most major markets maintained their upward trajectories over the past week, albeit on a moderated pace after a strong rebound in the week prior as investors continue to worry about the US Federal Reserve's increasingly hawkish stance, the protracting uncertainties between Russia and Ukraine and as prices of commodities continued inching upwards.
- Fed chair Jerome Powell said the central bank needs to move "expeditiously" to return the stance of monetary policy to a more neutral level. Other Fed officials echoed Powell's stance, signalling the Fed's aggressiveness in raising interest rates to combat inflation. We maintain our expectations that the Fed will continue hiking rates by 25bps at each upcoming meeting later this year.
- The US Conference Board Leading Economic Index (LEI) grew +0.3%mom in Feb-22 (Jan-22: -0.5%mom), signalling a pickup in economic growth as the Omicron subsided and governments lifted restrictions but it is not all rosy just yet. Similarly, the Coincident Economic Index (CEI) rose +4%yoy (Jan-22: +2.7%yoy). Looking ahead, the US economic growth momentum in the coming months could be constrained by the normalisation of the monetary policy as well as soaring consumer prices, notably the surging gas and oil prices in view of the conflict in Ukraine.
- Japan's consumer prices showed a rapid pace in two years as the headline CPI inflation in Feb-22 surged to +0.9%yoy (Jan-22: +0.5%yoy). The stronger inflationary pressure primarily stemmed from the soaring energy and food costs. The faster inflation in the prices for clothes & footwear and culture & recreation also contributed to this effect. Stripping out the volatile prices of fresh food, the core CPI inflation accelerated to +0.6%yoy (Jan-22: +0.2%yoy), indicating steady underlying price pressure. With the inflation rate remaining well below the 2% target set by the Bank of Japan, we don't foresee any tightening of monetary policy in the near future. Meanwhile, the country's manufacturing activities improved in Mar-22, with the au Jibun Bank Manufacturing PMI edging up to 53.2 (Feb-22: 52.7), on the back of recovery in factory production due to the improving Covid-19 situation locally. While businesses remained optimistic, they expressed concerns over the higher inflationary pressure. Other downside factors include ongoing supply constraints and slower demand from China with renewed lockdown measures in some parts of the economy.
- In Germany, the factory-gate inflation increased for the 15th consecutive month as the producer price index hit a record high of +25.9%yoy in Feb-22 (Jan-22: +25%) due to soaring energy prices and faster inflation for fertilisers & nitrogen compounds, machines and food. We foresee the headline CPI inflation to follow similar path in the coming months. Given the skyrocketing oil prices in light of the tensions in Ukraine, this poses a stronger inflationary pressure on Germany's producer prices going forward.
- Hong Kong's Feb-22 CPI accelerated to +1.6%yoy (Jan-22: +1.2%yoy), underpinned by the higher prices of food, clothing & footwear, transport and miscellaneous services. In addition, the costs of alcoholic drinks & tobacco, and durable goods

| Table 1 Weekly performance of major indices |                   |                 |
|---------------------------------------------|-------------------|-----------------|
| Name                                        | % chg week before | % chg last week |
| NIKKEI                                      | 6.62              | 4.93            |
| FSSTI                                       | 2.49              | 2.49            |
| S&P 500                                     | 6.16              | 1.79            |
| Phil PCOMP                                  | -1.47             | 1.67            |
| Taiwan TAIEX                                | 1.11              | 1.26            |
| FTSE 100                                    | 3.48              | 1.06            |
| Korea KOSPI                                 | 1.72              | 0.85            |
| KLCI                                        | 1.47              | 0.76            |
| Jakarta JCI                                 | 0.47              | 0.68            |
| Dow Jones                                   | 5.50              | 0.31            |
| Hang Seng                                   | 4.18              | -0.04           |
| Thai SET                                    | 1.24              | -0.10           |
| DAX                                         | 5.76              | -0.74           |
| India Sensex                                | 4.16              | -0.87           |
| CAC 40                                      | 5.75              | -1.01           |
| China CSI 300                               | -0.94             | -2.14           |

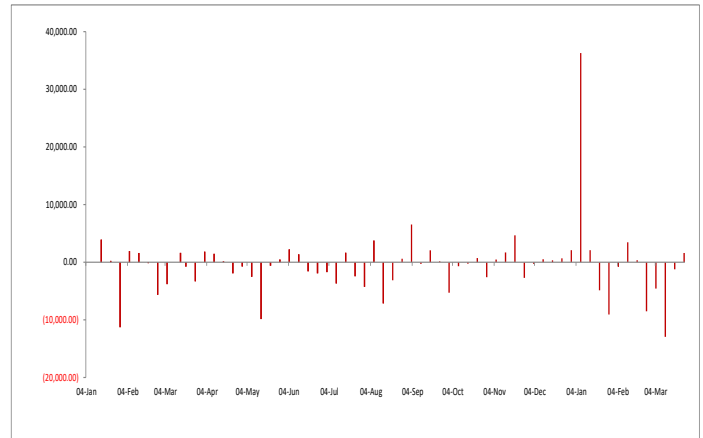
Source: Bloomberg

increased after registering a deflation in the prior month. With the food supply returning to the pre-pandemic level in view of the record-high deliveries from mainland China, this would soften the inflationary pressure on Hong Kong's consumer prices in the upcoming months.

- Malaysia's headline inflation moderated for the fourth month, down by +2.2%yoy in Feb-22 (Jan-22: +2.3%yoy), marking the slowest price increases in six months. This is attributable to the slower non-food inflation at +1.5%yoy (Jan-22: +1.7%yoy), in contrast to further rise in food inflation to 4-year high of +3.7%yoy. PPI moderated to a 10-month low in Jan-22 of +9.2%yoy (Dec-21: +10%yoy). This was the slowest PPI inflation since Mar-21 following improvements in the supply condition. The lower drag in the PPI was underpinned by the slower inflation in the mining (+34.3%yoy; Dec-21: +45.1%yoy) and manufacturing sectors (+7%yoy; Dec-21: +7.6%yoy). We maintain our projection that the CPI inflation will moderate to +2.1% this year from +2.5% in 2021. While the source of inflation will come from rising food prices and growing demand, we opine that the normalisation of supply in the latter part of the year and the price control imposed on retail fuel and selected food items will limit the upward pressure on the overall CPI inflation.
- Consumer prices in Singapore rose at a rapid pace last month as the CPI accelerated to a nine-year high of +4.3%yoy (Jan-22: +4%yoy). The stronger-than-expected inflation reflected the soaring costs of private transportation, in light of the recent skyrocketing global oil prices. Compared to the preceding month, the CPI inflation climbed to +0.9%mom after remaining flat in Jan-22. Excluding the accommodation and private transport costs, the core inflation rate surprisingly eased to +2.2%yoy (Jan-22: +2.4%yoy), snapping the streak of an upward trend for seven consecutive months. The reduced underlying price pressure was buoyed by the slower inflation in the prices of food, services, electricity, and gas.
- The FBM KLCI increased by +0.76% for the week to settle above the 1,600-point mark at 1,603.30 points. As for the Ringgit, it saw a weekly depreciation by circa 0.34% against the US dollar to close at USD/MYR 4.2095 last Friday. Meanwhile, Brent crude oil price saw a +11.79% weekly movement last week, to close at USD120.65/b last Friday, buoyed by declining oil stocks and the upcoming OPEC meeting with Russia and nine other allies this Thursday (March 31) to discuss May production levels.

Chart 1

Weekly Net Flow of Foreign Funds into 7 Asian Markets since Jan 2021 (USD'm)



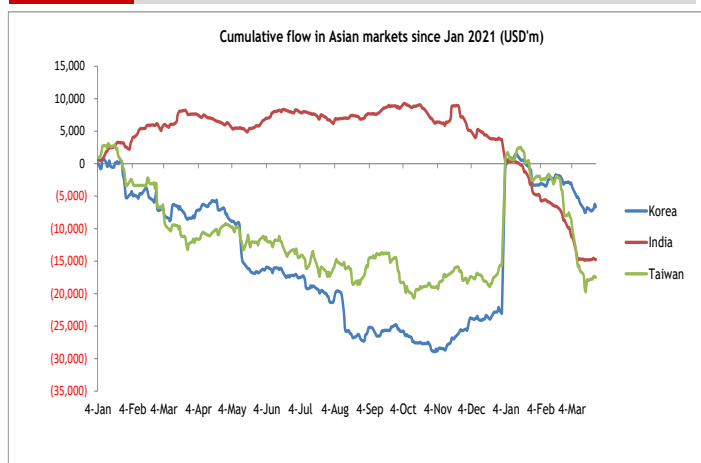
Source: Bloomberg, Bursa Malaysia, MIDFR

<sup>1</sup> Based on 7 Asian markets, for which fund flow data is publicly available. These are our proxy for Asia: TIPs (Thailand, Indonesia, Philippines), Korea, Taiwan, India and Malaysia.

## B. TRACKING MONEY FLOW - ASIA<sup>1</sup>

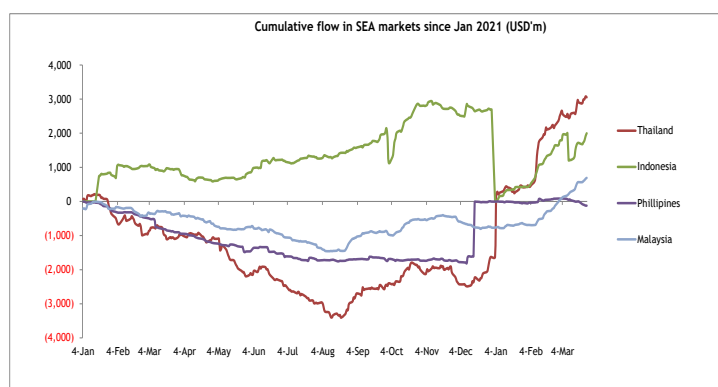
- Asian markets reversed four consecutive weeks of net outflows as investors turned net buyers. Based on the provisional aggregate data for the seven Asian exchanges that we track, investors classified as “foreign” bought USD1.16b net last week. Out of the 12 trading weeks so far in 2022, there has been seven weeks of net selling and five weeks of net buying.
- The week began with a net outflow of USD355.6m on Monday, led by Korea, the Philippines and Indonesia at USD456.6m, USD74.52m and USD39.5m respectively. The next three days were positive before the week ended in the red on Friday with net outflows of USD434.06, again led by Korea at USD431m. Taiwan and Thailand posted net losses of USD88.6m and USD25.7m.
- Thursday was the best performing day with USD772.7m of net inflows, with Korea being the main contributor at USD763.4m, followed by Indonesia and Thailand at USD128.9m and USD84.5m respectively.
- Taiwan topped the charts with a net inflow of USD482.8m for the week, as it breaks away from its net outflow for five consecutive weeks prior. Playing second fiddle was Indonesia with a net inflow of USD281.6m. Korea came in third with inflows of USD174.6m.
- The Philippines was the only market with net outflows everyday last week. It was also the only one that recorded a net outflow last week, amounting to USD120.58m, extending its losing streak for the third week.
- We opine that the net inflow seen last week could represent the early innings of the rotational flows into Asia as the region yields a more certain and convincing prospects for economic recovery as global markets continue to be shrouded with uncertainties over Russia and Ukraine and inflationary concerns.

**Chart 2** Net Flow of Foreign Funds into Taiwan, Korea and India since Jan 2021 (USD'm)



Source: Bloomberg, MIDFR

**Chart 3** Net Flow of Foreign Funds into South East Asia Emerging Markets since Jan 2021 (USD'm)



Source: Bloomberg, Bursa Malaysia, MIDFR

**Table 2** Weekly Net Flow Of Foreign Fund Into Equity By Market (USD'm)

| WEEK   | KOREA      | THAI     | INDO     | PHIL     | INDIA      | TAIWAN     | M'SIA  | TOTAL       |
|--------|------------|----------|----------|----------|------------|------------|--------|-------------|
| 11-Feb | 671.00     | 1,285.03 | 532.26   | 111.60   | (173.34)   | 853.76     | 179.05 | 3,459.37    |
| 18-Feb | 573.20     | 343.20   | 265.02   | (27.65)  | (696.90)   | (333.95)   | 228.34 | 351.26      |
| 25-Feb | (1,132.90) | 120.81   | 307.21   | 31.62    | (2,109.34) | (5,890.19) | 161.07 | (8,511.72)  |
| 04-Mar | (729.63)   | 320.79   | 317.48   | 2.91     | (2,534.82) | (2,201.43) | 257.91 | (4,566.79)  |
| 11-Mar | (2,430.11) | 19.00    | (748.65) | (47.42)  | (3,448.40) | (6,427.80) | 155.06 | (12,928.32) |
| 18-Mar | (724.31)   | 334.64   | 501.70   | (38.21)  | (119.30)   | (1,459.30) | 280.98 | (1,223.80)  |
| 25-Mar | 174.62     | 149.80   | 281.60   | (120.58) | 70.90      | 482.80     | 124.60 | 1,163.74    |

Source: Respective exchange statistics reported on Bloomberg. Bursa Malaysia. These figures are subject to revisions.

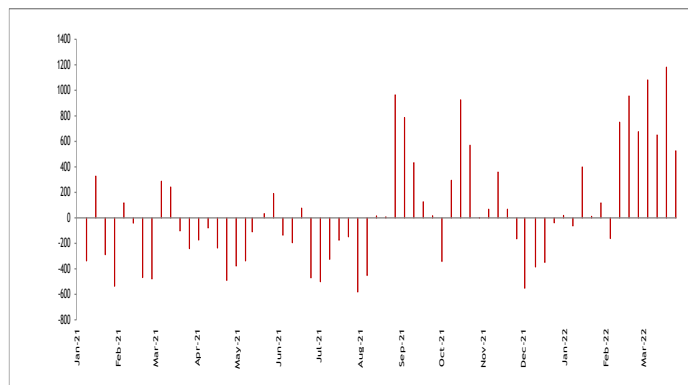


### C. TRACKING MONEY FLOW - MALAYSIA

- Foreign investors and local retailers were net buyers for week ended March 25, which saw total net inflows amounting to RM565.6m. Net inflows from foreign investors amounted to RM525.8m. International funds have been net buyers on Bursa for 10 out of the first 12 weeks of 2022, with a net inflow of RM6.12b year-to-date.
- Foreign investors turned net sellers at -RM8.6m on Monday when the market reopened last week, ending its 30-day streak of net buying, but turned net buyers again for the rest of the week. The largest net inflows from foreign investors were on Thursday (RM176.5m), Tuesday (RM134.3m) and Friday (RM114.5m).
- Local institutions, who have been strong net sellers, ended its 31-day net selling streak on Monday with a net buy of RM58.3m before turning net sellers again from Tuesday to Friday. The largest net outflow was on Tuesday (RM225.2m), Thursday (RM191.7m), followed by Wednesday (RM105m). Overall, local institutions were net sellers at USD565.5m.
- Local retailer movements were rather mixed last week with three days of net selling and two days of net buying, culminating with a net buying position for the week at RM39.9m. They were net sellers on Monday (RM49.8m), Wednesday (RM4m) and Friday (RM12.4m) and net buyers on Tuesday (RM90.94m) and Thursday (RM15.21m).
- Year-to-date, local institutions are net sellers to the tune of RM6.61b while local retailers have been net buyers at RM492.8m.
- In terms of participation, only local institutions saw an increase in average daily trade value (ADTV) by +5.74%. Foreign investors and local institutions recorded declines of -61.77% and -8.87% respectively.

Chart 4

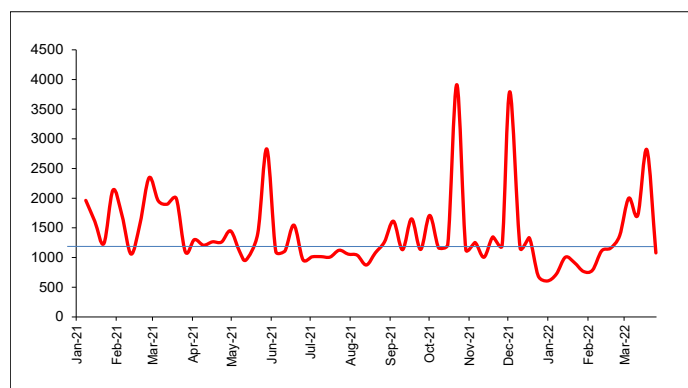
Weekly Net Flow of Foreign Funds into Malaysian Equity since Jan 2021 (RM'm)



Source: Bursa Malaysia statistics, MIDFR

Chart 5

Foreign Participation on Bursa: Daily Average for the Week since Jan 2021 (RM'm)



Source: Bursa Malaysia statistics, MIDFR

Table 3 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)* |
| 18-Feb     | 4,060.40     | 4,102.42 | (42.02)  | 7,223.18          | 8,137.03 | (913.85)   | 3,374.99 | 2,419.14 | 955.85   | 228.34     |
| 25-Feb     | 5,002.47     | 4,810.46 | 192.01   | 7,213.42          | 8,081.09 | (867.66)   | 3,762.13 | 3,086.48 | 675.65   | 161.07     |
| 04-Mar     | 4,465.76     | 4,232.34 | 230.41   | 7,958.43          | 9,270.34 | (1,311.89) | 5,543.57 | 4,462.08 | 1,081.49 | 257.91     |
| 11-Mar     | 4,120.90     | 3,873.52 | 247.39   | 7,986.13          | 8,882.61 | (896.47)   | 4,608.03 | 3,958.94 | 649.08   | 155.06     |
| 18-Mar     | 2,951.68     | 3,127.60 | (175.88) | 6,272.26          | 7,276.78 | (1,004.51) | 7,636.42 | 6,456.01 | 1,180.41 | 280.98     |
| 25-Mar     | 3,234.06     | 3,194.15 | 39.89    | 5,890.69          | 6,456.34 | (565.63)   | 2,956.65 | 2,430.91 | 525.75   | 124.60     |

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

**D. MONEY FLOW<sup>2</sup> AMONG BURSA'S TOP 100 CAPITALISED STOCKS: WEEK ENDED 25 MAR 2022**
**TOP 10 NET MONEY INFLOWS**

- PRESS METAL registered the highest net money inflow of RM2.4m last week. Its share price was -1.57% lower for the week, underperforming the local bourse which had a +0.76% weekly increase.
- IHH HEALTHCARE saw the second highest net money inflow of RM2.23m. Its share price was +2.35% higher during the week, outperforming the local bourse which was +0.76% higher.
- PUBLIC BANK saw the third highest net money inflow of RM1.46m. Its share price was -0.64% lower during the week, underperforming the local bourse which was +0.76% higher.

**Table 4** Top 10 Net Money INFLOW

| Name             | Net Money Flow (RM mn) |           | Price (% Chg) | Remark |
|------------------|------------------------|-----------|---------------|--------|
|                  | Last Week              | Prev Week | Last Week     |        |
| PRESS METAL      | 2.38                   | 2.66      | -1.57         | BOW    |
| IHH HEALTHCARE   | 2.23                   | 1.46      | 2.35          | -      |
| PUBLIC BANK      | 1.46                   | 0.25      | -0.64         | BOW    |
| GENTING          | 1.33                   | 1.52      | 5.20          | -      |
| MISC             | 1.21                   | 1.48      | 0.83          | -      |
| CARLSBERG        | 0.88                   | 0.84      | 6.56          | -      |
| GENTING MALAYSIA | 0.87                   | 1.23      | 6.09          | -      |
| GAMUDA           | 0.84                   | 1.05      | 5.76          | -      |
| INARI AMERTRON   | 0.55                   | 0.92      | 6.60          | -      |
| SUNWAY           | 0.34                   | 0.34      | -0.29         | BOW    |

Source: Bloomberg, MIDFR;

Note: BOW – Buy on weakness, SOS – Sell on strength (Bloomberg defined)

**TOP 10 NET MONEY OUTFLOWS**

- PETRONAS CHEMICALS saw the largest net money outflow of -RM6.24m last week. Its stock price was +2.13% higher for the week, outperforming FBM KLCI which was +0.76% higher during the review week.
- CIMB GROUP recorded the second largest net money outflow -RM2.89m during the week under review. Its share price was -2.58% lower during the week, underperforming the market benchmark which had a +0.76% weekly increase.
- MAYBANK registered the third largest net money outflow of -RM2.65m in the review week. Its share price was -1.33% lower during the week under review, underperforming the local benchmark which was +0.76% higher for the week.

**Table 5** Top 10 Net Money OUTFLOW

| Name        | Net Money Flow (RM mn) |           | Price (% Chg) | Remark |
|-------------|------------------------|-----------|---------------|--------|
|             | Last Week              | Prev Week | Last Week     |        |
| PCHEM       | -6.24                  | -6.98     | 2.13          | SOS    |
| CIMB GROUP  | -2.89                  | -2.15     | 2.58          | SOS    |
| MAYBANK     | -2.65                  | -2.58     | -1.33         | -      |
| AMMB        | -2.33                  | -2.73     | 6.43          | SOS    |
| RHB BANK    | -1.62                  | -1.94     | 0.67          | SOS    |
| VITROX      | -1.44                  | -1.22     | 11.31         | SOS    |
| WESTPORTS   | -1.35                  | -1.25     | 3.67          | SOS    |
| SIME DARBY  | -1.30                  | -1.22     | 12.39         | SOS    |
| IJM CORP    | -1.26                  | -1.02     | 3.18          | SOS    |
| SUNWAY REIT | -1.01                  | -1.02     | -0.74         | -      |

Source: Bloomberg, MIDFR;

Note: BOW – Buy on weakness, SOS – Sell on strength (Bloomberg defined)

<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

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