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MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

MIDF EQUITY STRATEGY | 4 JULY 2022

WEEK ENDED 1 JULY 2022

- Major markets posted declines last week after registering strong gains the week prior amidst tug of war of sentiments on inflation, economic slowdown and recession
- The S&P500 lost -2.21% for the week to finish at 3,825.33 points while the Dow Jones Industrial Average erased -1.28% to 31,097.26 points
- Out of the 16 major indices that we track, 11 were in the red. Taiwan's TAIEX was at the bottom of the list after losing -6.27%. Jakarta's JCI declined -3.53% while South Korea's KOSPI was down -2.59%
- Advancers were China's CSI 300 at +1.64%, followed by the FBM KLCI at +0.91% and the Hang Seng Index at +0.65%
- The US manufacturing PMI in June was 53%, a reduction of 3.1 percentage points from May and the lowest reading since June 2020. Consumer confidence was down to 98.7, the lowest in 16 months
- China's business activities rebounded in June, with a manufacturing PMI of 50.2 and non-manufacturing PMI of 54.7
- S&P Global Ratings revised Malaysia's long term sovereign credit ratings outlook to 'stable' from 'negative'. It foresees Malaysia's GDP growth at +6.1% in 2022 and +5.0% in 2023
- Malaysia's producer prices rose +11.2%yoy in May, led by faster PPI inflation in the mining and manufacturing sectors by +20.6%yoy and +10.1%yoy respectively
- Leading index in Malaysia improved to a slower decline of -0.5%yoy, pointing to better growth prospects for the economy
- The FBM KLCI rose +0.91% last week, settling at 1,449.74 points on Friday. The Ringgit saw a weekly depreciation by circa -0.10% against the US dollar to close at USD/MYR 4.4073 while the Brent crude oil price declined -1.32% for the week to close at USD111.63 per barrel

Tug of war of sentiments

A. MARKET SNAPSHOT

- The pullback in global markets came back into play last week after posting strong gains the week prior in view of the tug of war of sentiments on inflation, economic slowdown and concerns whether actions taken by monetary policy makers would trigger a recession.
- Benchmark indexes on Wall Street pared part of the gains they made in the previous week amidst weaker data of manufacturing activities and consumer spending. The S&P500 lost -2.21% for the week to finish at 3,825.33 points while the Dow Jones Industrial Average erased -1.28% to 31,097.26 points.
- Out of the 16 major indices that we track, 11 were in the red, with Taiwan's TAIEX at the bottom of the list after losing -6.27%. Jakarta's JCI declined -3.53% while South Korea's KOSPI was down -2.59%. Topping the list of advancers was China's CSI 300 at +1.64%, followed by the FBM KLCI at +0.91% and the Hang Seng Index at +0.65%.

Table 1 Weekly performance of major indices

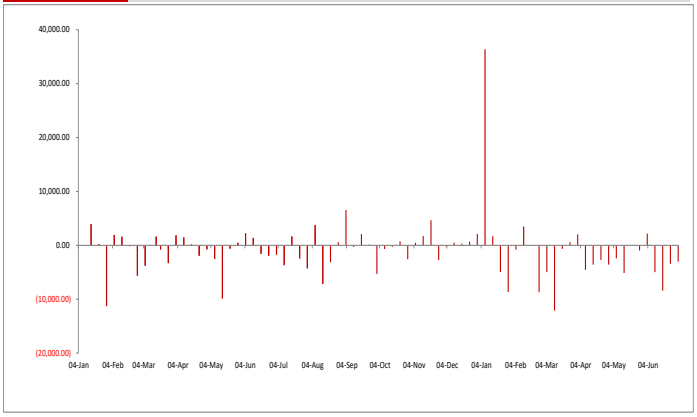
Name	% chg week before	% chg last week
China CSI 300	1.99	1.64
KLCI	-1.38	0.91
Hang Seng	3.06	0.65
India Sensex	2.66	0.34
Thai SET	0.60	0.25
FSSTI	0.44	-0.52
FTSE 100	2.74	-0.56
Phil PCOMP	-1.80	-0.84
Dow Jones	5.39	-1.28
NIKKEI 225	2.04	-2.10
S&P 500	6.45	-2.21
DAX	-0.06	-2.33
CAC 40	3.24	-2.34
Korea KOSPI	-3.05	-2.59
Jakarta JCI	1.53	-3.53
Taiwan TAIEX	-2.16	-6.27

Source: Bloomberg

- Manufacturing activities in the United States saw a slower expansion in June with declines in new orders, backlog of orders and new exports, on the back of ongoing supply chain constraints. The manufacturing PMI was 53%, a reduction of 3.1 percentage points from May and the lowest reading since June 2020.
- Consumer spending in the US fell in May for the first time in 2022 which saw a reduction of -0.4%mom following a +0.3%mom gain in April. The PCE price inflation remained unchanged in May, though still at a high level of +6.3%yoy, driven by quicker increase in energy and food prices. On a month-on-month basis, PCE rose faster at +0.6%mom in May after gaining +0.2%mom in April.
- The US also recorded a slump in consumer confidence to its lowest level in 16 months, down for the second consecutive month to a reading of 98.7 in June, from 103.2 in May. American consumers were pessimistic on the future economic outlook as the expectations index fell to 66.4, the weakest reading since Mar-13. As a forward-looking indicator, the weaker consumer confidence points towards weaker momentum in the latter part of the year as Americans are more worried about inflation, particularly due to higher fuel and food prices. The weaker confidence signals consumers would hold back their spending plans especially for big ticket items.
- China's business activities rebounded in June on the back of easing lockdown pressures as the National Bureau of Statistics (NBS) manufacturing PMI marked the first expansion in four months, rising to 50.2 in Jun-22 from 49.6 in May-22. This reflects increased activities in the manufacturing sector, driven by rising output, new orders and purchasing activities. Similarly, the NBS PMI for the non-manufacturing sector surged to 54.7, from 47.8 in May-22.
- In Japan, the CPI inflation remain unchanged at +2.5%yoy in May-22, remaining at its highest level in 7.5 years. Sources of inflation comes from rising prices of foods, clothes, housing, furniture and culture & recreation; while charges of fuel, light & water as well as education recorded moderate increase compared to the previous month. Excluding fresh food prices, the core CPI inflation remained at +2.1%, the highest reading since Mar-15 and remaining above the BOJ's 2% inflation target for the second straight month.
- Singapore's manufacturing production grew faster at +13.8%yoy in May-22 (Apr-22: +6.4%yoy), marking the eighth straight month of expansion. Following relaxation of Covid-19 restrictions, the better-

than-expected growth in May-22 was underpinned by stronger output of electronics (+33.6%yoy), driven by higher production of semiconductors, and precision engineering (+3.2%yoy). In contrast, biomedical manufacturing declined faster (-7.2%yoy), dragged down by lower output in the pharmaceutical sub-sector. Output of chemical sector also declined (-3.4%yoy), largely due to weaker production of petrochemicals. The stronger production activity was in line with the stronger non-oil domestic exports in the same month, which was also supported by strong growth in shipments of E&E.

Chart 1 Weekly Net Flow of Foreign Funds into 7 Asian Markets since Jan 2021 (USD'm)



Source: Bloomberg, Bursa Malaysia, MIDFR

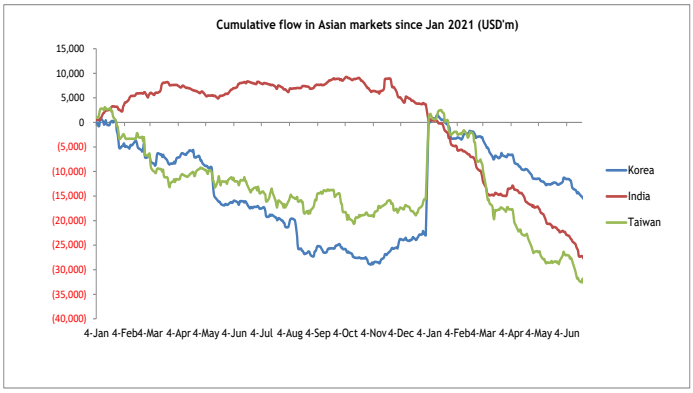
- S&P Global Ratings revised Malaysia's long-term sovereign credit ratings outlook to 'stable' from 'negative'. It foresees Malaysia's GDP growth at +6.1% in 2022 and +5.0% in 2023, supported by strong exports, high commodity prices, and domestic demand following the reopening of the economy. S&P affirmed the 'A-' for long-term and 'A-2' for short-term foreign currency sovereign credit ratings as well as Malaysia's 'A' for long-term and 'A-1' for short-term local currency ratings.
- Malaysia's producer prices rose slightly faster at +11.2%yoy in May-22 (Apr-22: +11%yoy) as local suppliers continued to face challenges from rising cost pressures. In particular, the mining and manufacturing sectors recorded faster PPI inflation at +20.6%yoy and +10.1%yoy, respectively. Although the rate of PPI inflation for agriculture, forestry & fishing industry slowed to +16.7%yoy, the double-digit increase highlights the ongoing upward pressures especially for food prices. Factors such as rising import costs, shortages of labour, and high commodity prices add to the inflationary pressures experienced by local producers, on top of other supply constraints and disruption in the global supply chain. With PPI inflation remaining above CPI inflation, we opine businesses may pass on more cost increases to their consumers. In other words, apart from growing demand, the rise in selling prices continued to be underpinned by pressures from the supply side.
- Meanwhile, Malaysia's leading index (LI) saw an improvement with a slower decline of -0.5%yoy in Apr-22 (Mar-22: -1.4%yoy), pointing to better growth prospects for Malaysia's economy in the near term. The continued decline in LI, however, was due to reduced approvals of housing units, attributable to slower applications from housing developers. Exports grew faster at +30.5%yoy in May-22, supported by increased shipments to regional countries and stronger re-exports (May-22: +79.1%yoy; Apr-22: +16.8%yoy). Robust expansion in shipments of E&E and commodities, particularly palm oil and petroleum products, also contributed to the stronger exports' growth. We maintain our projection of a +6% GDP growth this year. Further relaxation of Covid-19 restrictions including the reopening of international borders will allow activities in the domestic economy to continue growing in 2HCY22, though we remain cautious on external developments which could affect Malaysia's economic outlook.
- The FBM KLCI rose +0.91% last week, settling at 1,449.74 points on Friday. As for the Ringgit, it saw a weekly depreciation by circa -0.10% against the US dollar to close at USD/MYR 4.4073 last Friday. Meanwhile, the Brent crude oil price declined -1.32% for the week to close at USD111.63 per barrel.

[1] 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

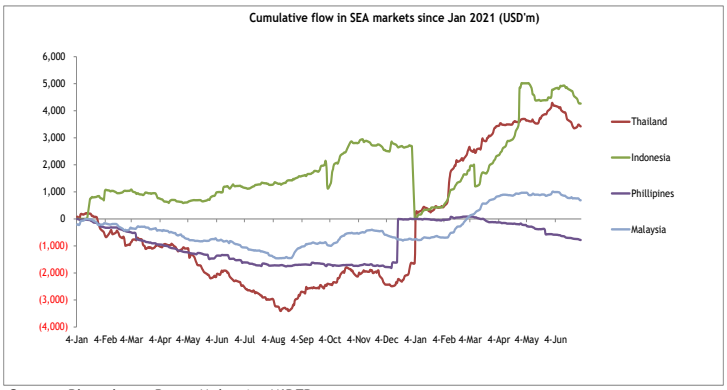
- Foreign investors remained net sellers of Asian equities for the fourth straight week, almost on par with the amount they disposed the week prior. Based on the provisional aggregate data for the seven Asian exchanges that we track, investors classified as "foreign" sold -USD3.01b net last week, slightly lower as compared to a net selling of -USD3.41b in the previous week. Out of the 26 trading weeks so far in 2022, there has been 19 weeks of net selling and seven weeks of net buying.
- For the week ended July 1, only Thailand posted a net foreign inflow out of the seven Asian exchanges. There was net inflow of USD71.1m into the country, a reversal from its outflow trend for three consecutive weeks.
- The bulk of the outflows came from Taiwan at -USD1.44b, Korea at -USD949.6m and India at -USD320m. Other outflows recorded were from Indonesia, Malaysia and the Philippines at a rate of -USD266.3m, -USD72.7m and -USD41.2m respectively. The Philippines has seen net foreign outflows for 17 consecutive weeks now while India is looking at 13 weeks.
- Foreign investors started last week as net buyers of Asian equities at a rate of USD318m, before turning net sellers for the next four days of the week. This was led by inflows into Taiwan, South Korea and Thailand amounting to USD314.4m, USD198.9m and USD47.4m respectively. This was moderated by net outflows in India and Indonesia, coming in at -USD139.4m and -USD88.8m respectively.
- Thursday saw the heaviest outflow to the tune of RM1.28b, where foreign investors net sold on all seven exchanges. Taiwan suffered the most outflow on that day at -USD834.7m, followed by Korea at USD307.2m.
- The day with the lowest foreign fund outflow was on Wednesday at a rate of -USD523.7m, led by South Korea (-USD292.4m) and Taiwan (-USD99.5m).
- Foreign funds left Indonesia and the Philippines every trading day last week, totalling -USD266.3m and -USD41.2m respectively.

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)

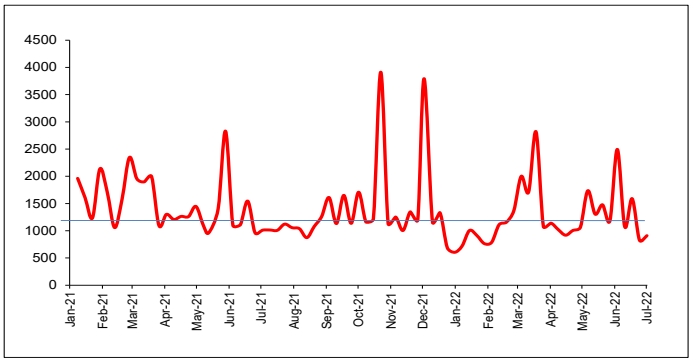
WEEK	KOREA	THAI	INDO	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
20-May	347.50	271.06	(9.58)	(9.81)	(637.10)	85.40	5.94	53.41
27-May	(250.40)	200.88	111.03	(188.08)	(1,107.10)	296.20	(18.83)	(956.30)
03-Jun	971.50	178.02	326.84	(19.38)	(476.70)	1,092.50	109.18	2,181.96
10-Jun	(1,860.00)	(170.14)	89.77	(48.27)	(1,425.80)	(1,459.30)	(99.37)	(4,973.11)
17-Jun	(1,085.70)	(352.11)	(92.56)	(69.02)	(2,985.80)	(3,703.00)	(115.98)	(8,404.17)
24-Jun	(998.50)	(311.22)	(281.92)	(36.55)	(967.10)	(799.40)	(13.90)	(3,408.59)
01-Jul	(949.60)	71.07	(266.27)	(41.21)	(320.00)	(1,435.70)	(72.69)	(3,014.40)

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

C. TRACKING MONEY FLOW - MALAYSIA

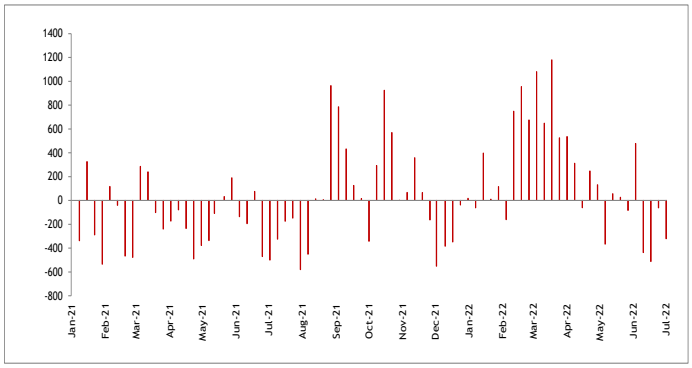
- The trend of foreign fund outflows continued on Bursa Malaysia for the fourth consecutive week, where foreign investors net sold -RM320.3m of Malaysian equities last week. This was at an accelerated pace from the -RM61.5m net outflow the previous week.
- Foreign investors were net sellers for the whole week except on Tuesday, when they net bought RM17.2m. The heaviest outflow observed was on Thursday at -RM196.3m.
- Local institutions turned net buyers for the week at RM182.7m after net selling -RM7.9m the week before. They were net sellers on Monday and Tuesday at -RM11.9m and -RM29.6m respectively before turning net buyers on Wednesday and Thursday at RM69.7m and RM167.4m respectively. They then net sold again at a rate of RM12.9m on Friday.
- Local retailers maintained their net buying spree for the fourth week coming, net buying RM137.5m. They were net buyers every day of the week, the highest being on Monday amounting to RM44.6m.
- To date, international funds have been net buyers for 17 out of the 26 weeks of 2022, with a total net inflow of RM6.07b. Local institutions were net sellers for 20 out of 26 weeks, with a total net outflow of RM7.81b. Local retailers have been net buyers for 17 out of 26 weeks of 2022. Year-to-date, they have been net buyers at RM1.74b.
- In terms of the sectors, Industrial Products and Services, Technology and Energy saw the highest net outflow by foreigners amounting to -RM124.6m, -RM83.0m and -RM60.1m. Biggest net buying by foreigners was Utilities with RM19.6m.
- In terms of participation, there was a growth in average daily trade value (ADTV) among foreign investors by +10.14%. Both retail investors and institutional investors saw declines in ADTV for the week by -7.56% and -13.85% 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)*
27-May	2,612.51	2,477.44	135.08	4,228.23	4,280.33	(52.11)	2,925.16	3,008.14	(82.97)	(18.83)
03-Jun	2,419.83	2,541.23	(121.38)	5,095.50	5,451.60	(356.09)	6,478.64	6,001.15	477.48	109.18
10-Jun	2,086.88	1,894.83	192.04	3,469.21	3,224.37	244.85	1,937.61	2,374.51	(436.91)	(99.37)
17-Jun	2,675.65	2,452.80	222.85	4,661.52	4,372.84	288.68	3,722.38	4,233.90	(511.51)	(115.98)
24-Jun	2,213.75	2,144.34	69.41	4,248.19	4,256.07	(7.89)	2,037.23	2,098.73	(61.51)	(13.90)
01-Jul	2,083.07	1,945.51	137.54	3,754.57	3,571.82	182.73	2,117.60	2,437.89	(320.28)	(72.69)

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

D. MONEY FLOW AMONG BURSA'S TOP 100 CAPITALISED STOCKS: WEEK ENDED 1 JULY 2022

- PETRONAS CHEMICALS topped the list again for the second week, recording an inflow of RM2.48m for the week ended 1 July 2022. Its share price was -1.84% lower for the week, underperforming the local bourse which advanced +0.91%. It is notable that the net money inflow amidst a retreating share price may indicate a buy on weakness (BOW) stance among some investors.
- WESTPORTS saw the second highest net money inflow of RM1.71m. Its share price retreated -1.10% during the week, underperforming the local bourse. There is also an indication of a BOW stance among some investors.
- NESTLE saw the third highest net money inflow of RM1.28m. Its share price was +1.51% higher during the week, outperforming the local bourse which was +0.91% higher.

Table 4 Top 10 Net Money INFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
PCHEM	2.48	2.08	-1.84	BOW
WPRTS	1.71	1.19	-1.10	BOW
NESTLE	1.28	0.71	1.51	-
IHH	1.15	2.35	0.93	-
VS	1.06	1.08	-2.45	BOW
PETGAS	1.00	0.81	1.85	-
KOSSAN	0.96	0.75	-2.99	BOW
GENTING	0.78	0.20	0.00	-
TENAGA	0.75	0.92	-2.32	BOW
MAXIS	0.66	0.82	2.80	-

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

- PUBLIC BANK saw the largest net money outflow of -RM4.42m last week. Its stock price inched lower by -0.23% for the week, underperforming FBM KLCI which was +0.91% higher.
- INARI recorded the second largest net money outflow -RM3.87m during the week under review. Its share price remained unchanged from a week ago, underperforming the market benchmark rose +0.91%.
- MAYBANK came in third with an outflow of -RM1.99m during the week. Its share price advanced +0.23% during the week under review and although this was lower than the FBM KLCI's rise by +0.91%, the net money outflow amidst a rising share price may indicate a sell on strength (SOS) stance among some investors.

Table 5 Top 10 Net Money OUTFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
PBBANK	-4.42	-1.63	-0.23	-
INARI	-3.87	-2.56	0.00	-
MAYBANK	-1.99	-4.49	0.23	SOS
DIGI	-1.79	-1.82	13.40	SOS
MISC	-1.69	-1.77	2.59	SOS
HEIM	-1.67	-1.67	-3.52	-
PMETAL	-1.50	-0.95	-1.47	-
GENM	-1.45	-1.23	1.06	SOS
TM	-1.02	-1.12	2.72	SOS
GENP	-1.01	-0.96	-1.38	-

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

[2] 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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Business Address:
11th Floor, Menara MIDF,
82, Jalan Raja Chulan, 50200
Kuala Lumpur.
Tel: 2173 8888
Fax: 2173 8380