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MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

MIDF EQUITY STRATEGY | 25 JULY 2022

WEEK ENDED 22 JULY 2022

- The 3 main indices on Wall Street saw weekly gains last week. Dow Jones added +2.0% to close at 31,899.29, the S&P 500 was up by +2.4% to end at 3,961.63, while the tech-heavy Nasdaq gained +3.3% to close at 11,834.11.
- Out of the 16 major indices that we track, 15 were in the positive territory except for Shenzhen which declined by -0.2%. Among the top advancers were Bombay's Sensex (+4.3%), Tokyo's Nikkei (+4.2%) and Jakarta's JCI (+3.5%).
- The US initial unemployment claims have increased to 251,000 (+7,000), the highest since November as more companies proceeded to announce job cuts.
- The European Central Bank (ECB) has raised its benchmark deposit rate on Thursday by 50-basis points to 0%.
- Britain's annual consumer price inflation (CPI) rose to +9.4% in Jun-22, its highest rate in 40 years.
- The Bank of Thailand (BoT) is expected to raise its key interest rate for the first time since late 2018 from a record low of 0.5% at the next meeting.
- The Bank of Japan (BoJ) had decided to maintain its ultra-low interest rates despite a wave of policy tightening by other central banks.
- Malaysia's CPI rose by +3.4%yoy in Jun-22, mainly fueled by food prices which were up by +6.1yoy.
- •The FBM KLCI gained +3.34% last week, closing at 1,465.80 points on Friday. The MYR depreciates by 0.1% to close at USD/MYR 4.4530, while the Brent crude oil price was higher by +2.0% for the week, closing at USD103.20 per barrel.

Global markets recovered last week

A. MARKET SNAPSHOT

- Despite showing a lackluster performance on Friday due to weak corporate earnings, the 3 main indices on Wall Street saw weekly gains last week. Dow Jones added +2.0% to close at 31,899.29, the S&P 500 was up by +2.4% to end at 3,961.63, while the tech-heavy Nasdaq gained +3.3% to close at 11,834.11. Dow Jones and the S&P 500 marked their biggest weekly percentage gains in 4 weeks.
- Out of the 16 major indices that we track, 15 were in the positive territory except for Shenzhen which declined by -0.2%. Among the top advancers were Bombay's Sensex (+4.3%), Tokyo's Nikkei (+4.2%) and Jakarta's JCI (+3.5%).
- Based on the US Labour Department data, the initial unemployment claims have increased to 251,000 (+7,000) during the week ended July 16, the highest since November as more companies proceeded to announce job cuts amid growing concerns over a recession. On an adjusted basis, initial claims rose to 248,991 last week. In the recent weeks, big tech companies including Microsoft Corp and Apple Inc have warned that they will slow down on hiring due to the global economic uncertainty.

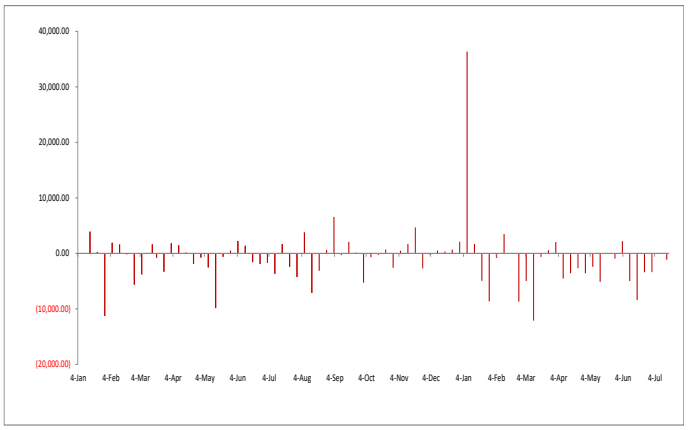
Table 1 Weekly performance of major indices

Name	% chg week before	% chg last week
India Sensex	-1.32	4.30
Nikkei 225	1.02	4.20
Jakarta JCI	-1.31	3.53
FBMKLCI	-0.52	3.34
DAX	-1.16	3.02
CAC 40	0.05	3.00
Taiwan TAIEX	0.60	2.74
Korea KOSPI	-0.84	2.67
FSSTI	-1.03	2.65
S&P 500	-0.93	2.55
Dow Jones	-0.16	1.95
FTSE 100	-0.52	1.64
Hang Seng	-6.57	1.53
Thai SET	-1.57	1.26
Phil PCOMP	-2.62	1.10
China CSI 300	-4.07	-0.24

- After 11 years, the European Central Bank (ECB) has raised its benchmark deposit rate on Thursday by 50-basis points to 0%, more than expected as it has previously guided for a 25-basis point hike. The policymakers have also unveiled its Transmission Protection Instrument (TPI), a new bond purchase scheme aimed to help more indebted euro zone countries, including Italy, and to prevent financial fragmentation within the currency bloc.
- According to the Office for National Statistics, Britain's annual consumer price inflation (CPI) rose to +9.4% in Jun-22, its highest rate in 40 years. This was up from +9.1% in the month prior and slightly above consensus estimates of +9.3%. The latest rise shows that Britain has had the highest rate of inflation among the Group of Seven advanced economy in almost 40 years. Investors are now expecting the Bank of England (BoE) to raise the interest rates from 1.25% to 1.75% next month.
- The Bank of Thailand (BoT) is expected to raise its key interest rate for the first time since late 2018 from a record low of 0.5% at the next meeting. The central bank governor said that the economic recovery is still not broad-based with the export sector performing better than its pre-pandemic levels, while tourism remains low. He ruled out an off-cycle policy meeting ahead of the one schedule on Aug 10 as the factors to be monitored are still within forecasts. In Jun-22, the BoT forecasted the economy to grow by +3.3% this year and +4.2% next year, with the headline inflation expected to be at +6.2% and +2.5% in 2022 and 2023 respectively.
- On Friday, Indonesia's trade minister stated that the country is considering removing a domestic sales requirement for palm oil exports. This was underpinned by the high inventories which have derailed the recovery of palm oil fruit prices. After putting a temporary ban on exports in late May, Indonesia requires companies to sell a portion of their output domestically before issuing export permits, under a policy known as DMO. However, the previous temporary ban on shipments coupled with the DMO policy had led to a surge in stocks, storage issues and a dip in the price of palm oil fruit received by farmers.

- The Hong Kong Monetary Authority is expected to lift its base rate to reflect the expected Fed rate hike next week due to a linked exchange rate with the USD. It was noted that the city's central bank has increased its currency purchases this year to maintain the peg as sufficient liquidity has attracted traders to short the HKD against the higher-yielding USD.
- In contrast, the Bank of Japan (BoJ) had decided to maintain its ultra-low interest rates despite a wave of policy tightening by other central banks. Its governor, Haruhiko Kuroda, stated that he has no plan of raising interest rates or hiking an implicit 0.25% cap previously set for BoJ's 10-year bond yield target. It was also noted that the government is not looking to withdraw the stimulus soon despite its inflation rising above its target of 2% due to the soaring fuel and commodity prices.

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



Source: Bloomberg, Bursa Malaysia, MIDFR

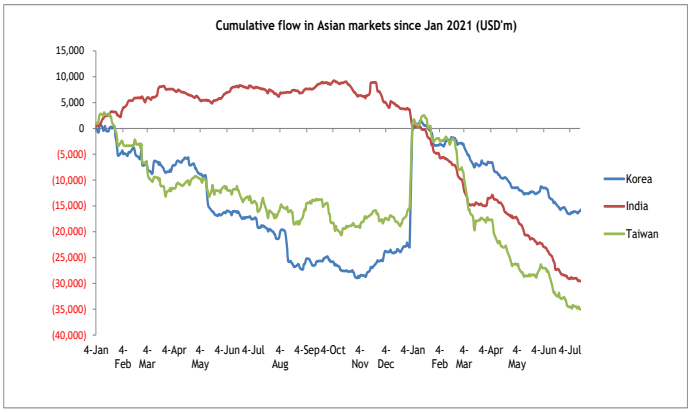
- Malaysia's CPI rose by +3.4%yoy in Jun-22, mainly fueled by food prices which were up by +6.1yoy. This is in comparison with the +2.8yoy increase in May-22. Among the groups, transport was up by +5.4%yoy largely due to the increase in the average price of RON97 which saw an 80% jump. This is followed by restaurant & hotels (+5%yoy), furnishings, household equipment & routine household maintenance (+3.4%yoy), miscellaneous goods & services (+2.2%yoy) and recreation services & culture (+2.2%yoy).
- The FBM KLCI gained +3.34% last week, closing at 1,465.80 points on Friday. As for the MYR, it saw a weekly depreciation of about -0.1% to close at USD/MYR 4.4530 last week. Meanwhile, the Brent crude oil price was higher by +2.0% for the week, closing at USD103.20 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

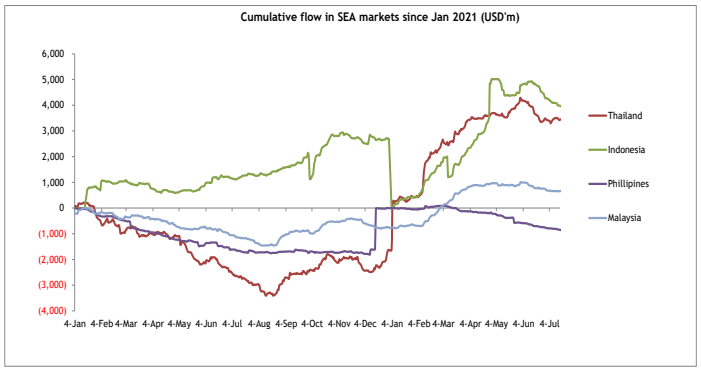
- Foreign investors turned to net buyers last week. Based on the provisional aggregate data for the 7 Asian exchanges that we track, investors classified as "foreign" net bought USD1.74b last week, reversing a net sell of -USD1.16b in the previous week. Out of the 29 trading weeks so far this year, there has been 9 weeks of net buying and 20 weeks of net selling.
- For the week ended 22 July 2022, only Philippines and Taiwan recorded net outflows. After 20 consecutive weeks, Philippines saw net outflow of -USD25.0m last week, while the net outflow in Taiwan moderated to -USD103.7m from -USD616.7m in the previous week.
- The bulk of the inflows came from India which recorded net inflow of USD1.07b after posting outflows for the past 15 weeks. In India, foreign investors had net bought equities for every day of the week, except on Monday when they net sold -USD177.1m. This was followed by Korea which saw a tenfold increase of net inflow from the week prior to USD733.2m. Korea saw 3 consecutive weeks of net buying.
- The heaviest inflows were seen on Thursday, with the amount of USD1.02b, mainly due to the inflows in Taiwan at USD415.1m, Korea at USD285.7m and India at USD234.4m. Thursday saw the second largest inflows which amounted to USD745.5m mainly due to the inflow in India at a rate of USD876.8m. The third largest inflows of USD278.5m were seen on Monday mainly due to the USD475.2m net inflow in Korea.
- Both Tuesday and Friday saw net foreign outflows amounting to -USD18.6m and -USD285.3m respectively mainly due to the outflows in Taiwan. On Tuesday, Taiwan saw an outflow of -USD138.6m and it posted an outflow of -USD252.3m on Friday.
- From the ASEAN markets that we tracked, Malaysia saw the highest net inflow for the week at USD42.95m, ahead of Thailand and Indonesia at USD24.1m and USD2.5m 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)

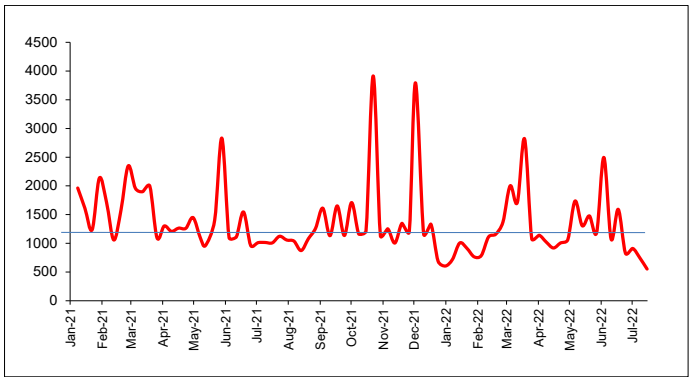
WEEK	KOREA	THAI	INDO	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
10-Jun	(1,860.00)	(170.14)	89.77	(48.27)	(1,425.80)	(1,459.30)	(99.37)	(4,973.11)
17-Jun	(1,085.70)	(352.11)	(92.56)	(69.02)	(2,985.80)	(3,703.00)	(115.98)	(8,404.17)
24-Jun	(998.50)	(311.22)	(281.92)	(36.55)	(967.10)	(799.40)	(13.90)	(3,408.59)
01-Jul	(949.60)	71.07	(266.27)	(41.21)	(681.20)	(1,435.70)	(72.69)	(3,375.60)
08-Jul	349.60	36.62	(169.23)	(26.18)	(108.60)	35.30	(27.29)	90.22
15-Jul	74.50	(30.81)	(108.64)	(34.70)	(433.80)	(616.70)	(6.31)	(1,156.46)
22-Jul	733.20	24.11	2.50	(24.99)	1,066.60	(103.70)	42.95	1,740.67

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

C. TRACKING MONEY FLOW - MALAYSIA

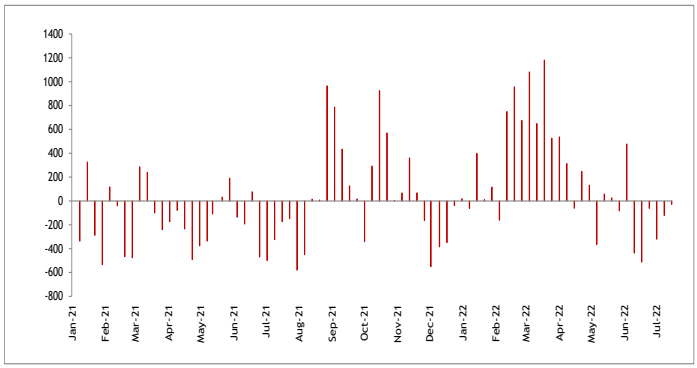
- After recording net foreign outflows for the past 6 weeks, Bursa Malaysia saw net foreign inflow of RM191.3m last week.
- Foreigners were net buyers for every day of the week last week. The day with the highest net foreign inflow was on Monday at RM81.7m, followed by Friday at RM72.8m and Thursday at RM21.6m.
- Local institutions continued to be net sellers for the second consecutive week after selling -RM87.0m worth of equities last week. They started of the week by net selling -RM60.2m on Monday and -RM19.3m on Tuesday. They then briefly net bought RM5.6m on Wednesday and RM0.8m on Thursday, before turning to net sellers again on Friday after selling -RM14.0m.
- Meanwhile, local retailers ended their net buying streak last week after they net sold -RM104.2m worth of equities. They were net selling every day last week except on Tuesday when they net bought RM4.2m. Friday saw the heaviest net outflow from the retailers at -RM58.8m.
- In terms of the sectors, the top three sectors that saw the highest net inflows from foreigners were Financial Services, Technology and Utilities at RM141.9m, RM39.2m and RM37.5m respectively. Only two sectors saw foreign net outflows which were Industrial Products and Services at -RM145.6m and Transport at -RM2.5m.
- To date, international funds have been net buyers for 18 out of the 29 weeks of 2022, with a total net inflow of RM6.11b. Local institutions were net sellers for 22 out of 29 weeks, with a total net outflow of -RM7.89b. Local retailers have been net buyers for 19 out of 29 weeks of 2022. To date, they have net bought RM1.78b.
- In terms of participation, there was an increase in average daily trade value (ADTV) among all investor classes. Retail investors saw growth in ADTV of +40.8%, while institutional and foreign investors saw growth of +47.0% and +42.4% 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)*
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)
08-Jul	1,773.20	1,682.51	90.69	2,908.50	2,878.63	29.85	1,804.04	1,924.58	(120.55)	(27.29)
15-Jul	1,300.69	1,247.64	53.05	2,142.77	2,167.84	(25.07)	1,366.68	1,394.64	(27.95)	(6.31)
22-Jul	1,742.06	1,846.32	(104.24)	3,125.06	3,212.09	(87.03)	2,061.48	1,870.20	191.27	42.95

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 22 JULY 2022

- PCHEM recorded the highest net money inflow for the week ended 22 July 2022 to the tune of RM5.1m. Its share price was up by +6.0% for the week, outperforming FBM KLCI which added +3.3%.
- IHH HEALTHCARE posted the second highest net money inflow of RM3.0m, while its share price was marginally higher by +0.8%, underperforming the local bourse which was up by +3.3%.
- INARI AMERTRON saw the third highest net money inflow of RM2.6m last week with its share price advancing by +8.7%, outperforming the local benchmark which was higher by +3.3%.

Table 4 Top 10 Net Money INFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
PCHEM	5.07	2.02	6.04	-
IHH HEALTHCARE	2.96	2.05	0.78	-
INARI AMERTRON	2.62	1.89	8.73	-
MAYBANK	1.90	1.02	2.56	-
TENAGA	1.65	0.96	1.13	-
SIME DARBY PLANTATION	1.25	0.75	2.70	-
MISC	1.02	1.11	2.95	-
MAHB	1.01	0.76	5.93	-
IOI CORP	0.99	0.68	2.31	-
MAXIS	0.83	0.52	5.69	-

- TELEKOM saw the largest net money outflow of -RM1.5m, while its share price rose by +2.6%, underperforming the FBM KLCI which advanced by +3.3%. The net money outflow amidst a rising share price may indicate a sell on strength (SOS) stance among some investors.
- CIMB GROUP registered the second highest net money outflow of -RM1.3m. Its share price was higher by +4.0% last week, slightly outperforming the local benchmark which rose by +3.3%. There is also an indication of SOS among some investors.
- TOP GLOVE recorded the third highest net money outflow -RM1.2m, while its share price remained unchanged last week, underperforming the local bourse which recovered by +3.3%.

Table 5 Top 10 Net Money OUTFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
TELEKOM	-1.52	-1.50	2.62	SOS
CIMB GROUP	-1.27	-1.27	3.96	SOS
TOP GLOVE	-1.19	-1.02	0.00	-
GAMUDA	-1.08	-0.95	3.07	SOS
HLB	-0.75	-0.30	0.49	SOS
AMMB	-0.58	-0.64	1.30	SOS
PUBLIC BANK	-0.55	-2.40	3.86	SOS
SIME DARBY	-0.54	-0.55	4.05	SOS
BOUSTEAD	-0.51	-0.55	5.52	SOS

[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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