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MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

MIDF EQUITY STRATEGY | 12 JULY 2022

WEEK ENDED 8 JULY 2022

- For the first time this year, Nasdaq recorded gains for 5 consecutive days last week as investors reacted to the better-than-expected job growth in Jun-22.
- For the week, Nasdaq gained +4.6% to close at 11,635.31, the S&P 500 was up by +1.9% to end at 3,899.38, while Dow Jones lagged but still added +0.8% to close at 31,338.15.
- Out of the 16 exchanges that we track, 11 were in the positive territory. Among the top advancers, Philippine's PCOMP gained +3.19%, India's Sensex added +2.97%, while Japan's Nikkei was up by +2.24%.
- US non-farm payrolls rose to 372,000 in Jun-22, while the unemployment rate which stood at 3.6% was in line with estimates and was unchanged from May-22.
- Indonesia is considering cutting its palm oil export levy to encourage more shipments.
- Taiwan's CPI jumped to +3.6%yoy in Jun-22, the highest monthly reading recorded since Aug-08.
- South Korea's CPI advanced by +6.0%yoy in Jun-22, from +5.4%yoy in the month prior, the fastest pace since late 1999.
- Last week, Bank Negara Malaysia (BNM) had decided to raise the overnight policy rate (OPR) by 25-basis points to 2.25%.
- The FBM KLCI declined by -1.65% last week, ending at 1,425.79 points on Friday. As for the MYR, it saw a weekly depreciation of about 0.42% against the USD to close at USD/MYR 4.4260 last week. Meanwhile, the Brent crude oil price declined by -4.13% for the week to close at USD107.02 per barrel.

Market performed better

A. MARKET SNAPSHOT

- For the first time this year, Nasdaq recorded gains for 5 consecutive days last week as investors reacted to the better-than-expected job growth in Jun-22. For the week, Nasdaq gained +4.6% to close at 11,635.31, the S&P 500 was up by +1.9% to end at 3,899.38, while Dow Jones lagged but still added +0.8% to close at 31,338.15. The focus is now on the 2QCY22 earnings season which is due to start next week, and the Jun-22 consumer price index (CPI) report scheduled for Wednesday.
- Out of the 16 exchanges that we track, 11 were in the positive territory, while the remaining were in the red. Among the top advancers, Philippine's PCOMP gained +3.19%, India's Sensex added +2.97%, while Japan's Nikkei was up by +2.24%.
- According to the data released by the Bureau of Labor Statistics, non-farm payrolls rose to 372,000 in Jun-22, stronger than Dow Jones' estimate of 250,000. Meanwhile, the unemployment rate which stood at 3.6% was in line with estimates and was unchanged from May-22. This would likely mean that the Federal Reserve would push through with their aggressive rate hikes in the coming months.

Table 1 Weekly performance of major indices

Name	% chg week before	% chg last week
Phil PCOMP	-0.84	3.19
India Sensex	0.34	2.97
NIKKEI 225	-2.10	2.24
Korea KOSPI	-2.59	1.96
S&P 500	-2.21	1.94
CAC 40	-2.34	1.72
DAX	-2.33	1.58
FSSTI	-0.52	1.15
Taiwan TAIEX	-6.27	0.85
Dow Jones	-1.28	0.77
FTSE 100	-0.56	0.38
Hang Seng	0.65	-0.61
Jakarta JCI	-3.53	-0.80
China CSI 300	1.64	-0.85
Thai SET	0.25	-0.94
FBMKLCI	0.91	-1.65

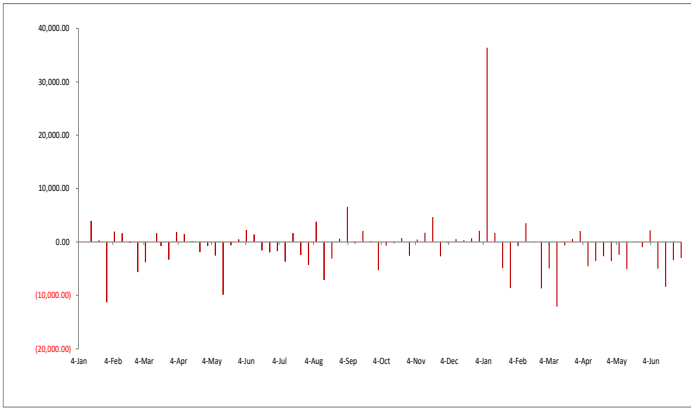
Source: Bloomberg

- According to the National Bureau of Statistics (NBS), China's producer price index (PPI) of +6.1%yoy in Jun-22 eases to 15-month low after a rise of +6.4% in May-22. The slower rise in PPI was said to be attributable to the resumption of additional industrial production, stable supply chains in key sectors and government policies to stabilise commodity prices. Meanwhile, the CPI which rose to +2.5%yoy was the highest in almost 2 years following the surge in fuel prices, though it remained to be below the government's target of +3.0% rise.
- Indonesia is considering cutting its palm oil export levy to encourage more shipments. The previous 3-week ban on shipments that ended in late May had triggered disruption, hence the government has unveiled a series of policies to stimulate exports. The export levy was previously cut to a maximum of USD200/tonne for July from USD375/tonne previously, but it would be increased to USD240/tonne next month. The country's trade ministry is also considering setting the export reference price on a biweekly basis to better capture the fluctuations in international prices.
- Taiwan's CPI jumped to +3.6%yoy in Jun-22, the highest monthly reading recorded since Aug-08. This was slightly above market expectations of a +3.5%yoy increase and was said to likely pressure the central bank to further raise the interest rates. Meanwhile, the core CPI, which excludes energy, vegetable, and fruit prices, rose +2.8%yoy. Last month, the policy rate had been raised for the second time this year. The Taiwan's economy has been largely supported by the global semiconductors shortage that has filled the order books of Taiwanese chipmakers.
- South Korea's CPI advanced by +6.0%yoy in Jun-22, from +5.4%yoy in the month prior, the fastest pace since late 1998 which has led to a growing speculation that the Bank of Korea (BOK) would opt for a more aggressive rate hike in its next meeting on July 13. The BOK warned that the inflation would likely remain elevated, driven by high oil prices, rising consumer demand and increases in gas and electricity taxes. In the week prior, the Minimum Wage Commission has agreed to increase the minimum hourly wage to 9,620 won or by +5% next year.
- Last week, Bank Negara Malaysia (BNM) had decided to raise the overnight policy rate (OPR) by

25-basis points to 2.25%. We are expecting another 25-basis points hike in the remainder of 2HCY22 on the back of stronger than expected domestic demand. The current focus of BNM's monetary policy setting would be to ensure a sustainable recovery of Malaysia's economy. We are anticipating further policy normalisation to be carried out in the Sep-22 Monetary Policy Committee (MPC) meeting with another 25-basis points hike.

- According to the Department of Statistics Malaysia (DOSM), Malaysia's Industrial Production Index (IPI) grew by +4.1%yoy in May-22, mainly supported by the growth in the IPI's manufacturing and electricity sectors which recorded growth of +6.9% and +2.8% respectively. However, the +4.1%yoy growth was slower than Apr-22's +4.6%yoy expansion. In contrast, the mining sector shrank by -4.9%yoy. The IPI contracted by -1.0%mom following the decline in the manufacturing and mining components.

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



Source: Bloomberg, Bursa Malaysia, MIDFR

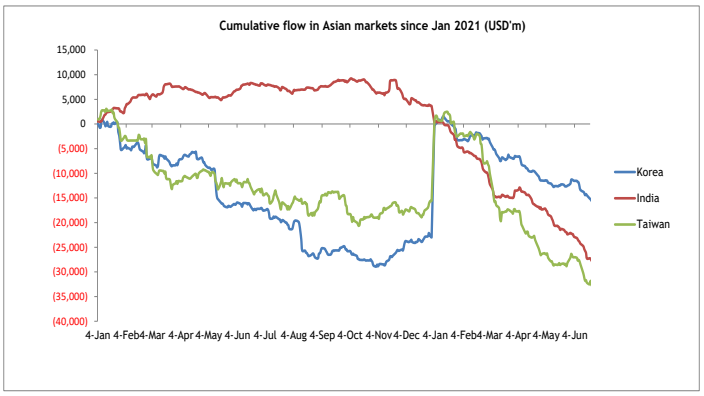
- Malaysia's labour market remained firm as jobless rate remained at 3.9% in May-22, the lowest since Mar-20. Labour force and employment expanded strongly by +2.7%yoy and +3.4%yoy, the highest expansion rates ever registered. Robust growth in employment was notably supported by employer (+8.9%yoy), self-account worker (+9.4%yoy) and unpaid family workers (+11.6%yoy). Employee segment which represents 76.2% of total employment saw a modest growth of +1.5%yoy.
- The FBM KLCI declined by -1.65% last week, ending at 1,425.79 points on Friday. As for the MYR, it saw a weekly depreciation of about 0.42% against the USD to close at USD/MYR 4.4260 last week. Meanwhile, the Brent crude oil price declined by -4.13% for the week to close at USD107.02 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

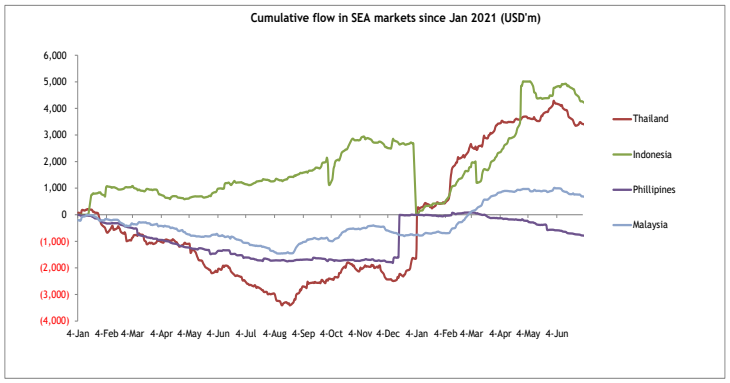
- Foreign investors remained net sellers of Asian equities for the fifth straight week but at a slower pace, more than halving the amount that they have disposed the week prior. Based on the provisional aggregate data for the seven Asian exchanges that we track, investors classified as "foreign" sold -USD271.0m net last week, substantially in comparison with a net selling of -USD3.01b in the previous week. Out of the 27 trading weeks so far in 2022, there has been 20 weeks of net selling and 7 weeks of net buying.
- For the week ended July 8, only Korea, Thailand and Taiwan posted net foreign inflows out of the seven Asian exchanges. For Korea, there was a net inflow of USD349.6m, a reversal from its outflow trend for 4 consecutive weeks. Similarly, Taiwan saw a net inflow of USD35.3m after recording outflows for 4 consecutive weeks. As for Thailand, it saw a net inflow for the second consecutive week which amounted to USD36.6m.
- The bulk of the outflows came from India at -USD469.8m and Indonesia at -USD169.2m. Other outflows recorded were from Philippines and Malaysia at a rate of -USD26.2m and -USD27.3m respectively. The Philippines has seen net foreign outflows for 18 consecutive weeks now while India is looking at 14 weeks.
- Foreign investors were net sellers of Asian equities on Monday and Wednesday at a rate of -USD975.8m and -USD434.9m respectively, and they turned to net buyers on Tuesday, Thursday, and Friday to the tune of USD474.8m, USD562.5m and USD102.5m respectively.
- The net outflow on Monday was led by India at -USD542.7m, Taiwan at -USD152.1 and Korea at -USD137.6m, while the net outflow on Wednesday was led by the outflow in Taiwan at -USD292.8m and India at -USD100.3m.

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)

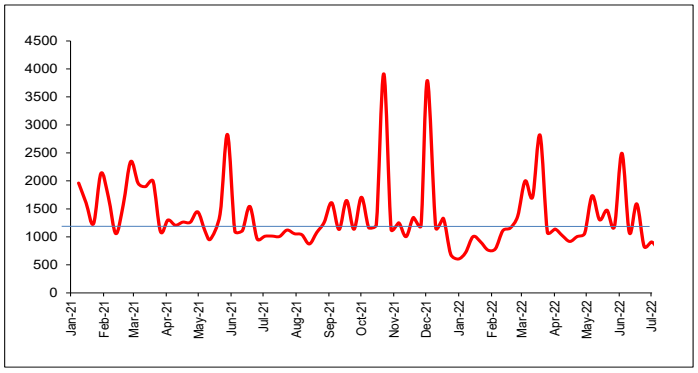
WEEK	KOREA	THAI	INDO	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
27-May	(250.40)	200.88	111.03	(188.08)	(1,107.10)	296.20	(18.83)	(956.30)
03-Jun	971.50	178.02	326.84	(19.38)	(476.70)	1,092.50	109.18	2,181.96
10-Jun	(1,860.00)	(170.14)	89.77	(48.27)	(1,425.80)	(1,459.30)	(99.37)	(4,973.11)
17-Jun	(1,085.70)	(352.11)	(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)
08-Jul	349.60	36.62	(169.23)	(26.18)	(469.80)	35.30	(27.29)	(270.98)

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

C. TRACKING MONEY FLOW - MALAYSIA

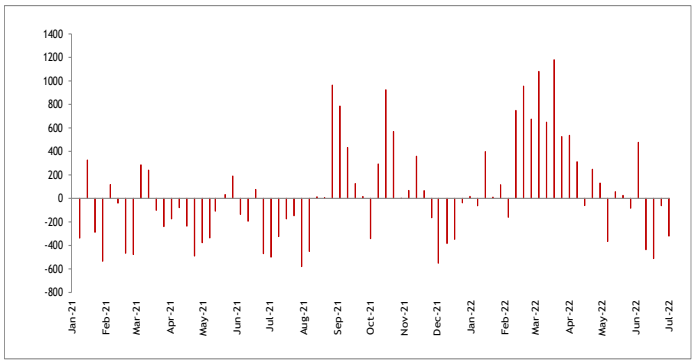
- The trend of foreign fund outflows continued on Bursa Malaysia for the fifth consecutive week, where foreign investors net sold -RM120.6m of Malaysian equities last week. This was half of the -RM320.3m net sold in the previous week.
- Foreign investors were net sellers for the whole week except on Tuesday and Friday when they net bought RM13.7m and RM11.4m. The heaviest outflow observed was on Monday at -RM79.4m.
- Local institutions remained to be net buyers for 2 consecutive weeks after buying RM29.9m last week. They were net buyers on Monday at RM50.2m and turned to net sellers on Tuesday at -RM22.2m. They turned to net buyers again on Wednesday and Thursday to the tune of RM5.32m and RM0.6m respectively, before turning to net sellers at the end of the week at -RM4.0m.
- Local retailers were on a net buying spree last week except on Friday when they net sold -RM7.4m. The highest net buying recorded was on Wednesday which amounted to RM55.9m.
- To date, international funds have been net buyers for 17 out of the 27 weeks of 2022, with a total net inflow of RM5.95b. Local institutions were net sellers for 20 out of 27 weeks, with a total net outflow of -RM7.78b. Local retailers have been net buyers for 18 out of 27 weeks of 2022. Year-to-date, they have been net buyers at RM1.83b.
- On a sectoral basis, Industrial Products and Services, Technology and Transportation sectors saw the highest net outflow last week with -RM44.6m, -RM42.5m and -RM32.6m respectively. Top three sectors (out of four) with highest net inflow were Financial Services (RM20.6m), Healthcare (RM16.4m) and Plantation (RM8.8m).
- In terms of participation, foreign investors, institutional investors, and retailers saw declines in average daily trade value of -18.2%, -21.0% and -14.2% 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)*
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)
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)

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 8 JULY 2022

- IHH HEALTHCARE topped the list, recording an inflow of RM3.7m for the week ended 8 July 2022. Its share price was -1.85% lower for the week, underperforming the local bourse which declined by -1.65%. It is notable that the net money inflow amidst a retreating share price may indicate a buy on weakness (BOW) stance among some investors.
- PCHEM saw the second highest net money inflow of RM3.1m. Its share price retreated -6.72% during the week, underperforming the local bourse. There is also an indication of a BOW stance among some investors.
- RHB BANK saw the third highest net money inflow of RM1.1m. Its share price retreated by -1.57% during the week, underperforming the local bourse which was -1.65% lower.

Table 4 Top 10 Net Money INFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
IHH HEALTHCARE	3.71	3.37	-1.85	BOW
PCHEM	3.13	3.08	-6.72	BOW
RHB BANK	1.09	0.39	-1.57	BOW
HLB	0.90	0.68	-0.69	BOW
FGV HOLDINGS	0.82	1.07	0.00	-
GENTING	0.80	0.30	-1.31	BOW
V.S. INDUSTRY	0.77	0.53	-3.13	BOW
SUNWAY REIT	0.71	0.54	-0.68	BOW
ALLIANCE BANK	0.66	0.38	3.48	-
MAXIS	0.49	0.66	1.81	-

- PUBLIC BANK saw the largest net money outflow of -RM3.0m last week. Its stock price inched lower by -0.45% for the week, outperforming FBM KLCI which was -1.65% lower
- MAYBANK recorded the second largest net money outflow -RM2.6m during the week under review. Its share price remained unchanged from a week ago, outperforming the market benchmark.
- AMBANK came in third with an outflow of -RM2.5m during the week. Its share price advanced by +1.84% during the week under review and although this was higher than the FBM KLCI's decline of -1.65%, 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	
PUBLIC BANK	-3.00	-6.76	-0.45	-
MAYBANK	-2.62	-1.20	0.00	-
AMBANK	-2.53	-2.56	1.84	SOS
GENTING	-2.09	-1.92	-0.70	-
DIGI.COM	-1.41	-0.45	-4.12	-
GAMUDA	-1.27	-0.53	1.13	SOS
HENGYUAN	-1.23	-1.14	-9.25	-
KLK	-1.10	-1.14	-5.78	-
SIME DARBY PLANTATION	-0.99	-1.16	-5.79	-
CARLSBERG	-0.81	-0.81	-1.62	-

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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