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MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

MIDF EQUITY STRATEGY | 22 AUGUST 2022

WEEK ENDED 19 AUGUST 2022

- The S&P 500 lost -1.2% to end at 4,228.48, Dow Jones was marginally lower by -0.2% after closing at 33,706.74, while Nasdaq which ended at 12,705.21 saw a weekly decline of -2.6%.
- Out of the 16 major indices that we track, 7 were in the positive territory, while the remaining 9 recorded weekly losses. Among the biggest advancers were the Philippines' PSEi which added +2.5%, followed by Japan's Nikkei and Taiwan's TAIEX which gained +1.3% and +0.8% respectively.
- Malaysia's total trade continued to grow in Jul-22 standing at RM252.6b, the second highest after recording RM270.1b in the month prior.
- The U.S. retail sales grew stronger by +10.3%yoy in Jul-22 (Jun-22: +8.5%yoy) despite seeing monthly declines in gasoline and auto purchases.
- Japan's trade balance recorded deficit of JPY1.4t in Jul-22, registering its twelfth consecutive month of deficit.
- The U.K.'s unemployment rate remained steady at 3.8% since Apr-22, slightly higher than the 48-year low of 3.7% recorded in Mar-22.
- The People's Bank of China (PBOC) unexpectedly lowered its 1-year medium-term lending facilities rate to 2.75% from 2.85% on top of lowering its 7-day reserve repo to 2.0% from 2.1%.
- The FBM KLCI declined slightly by -0.1% last week to close at 1,504.44 points on Friday. As for the Ringgit, it saw a weekly depreciation by c. 0.8% against the US dollar to close at USD/MYR 4.4777 last Friday. Meanwhile, the Brent crude oil price was lower by -1.5% for the week to close at USD96.72 per barrel.

19 AUGUST 2022 | Strategy - Weekly Fund Flow

MIDF Research Team

Mixed performance last week

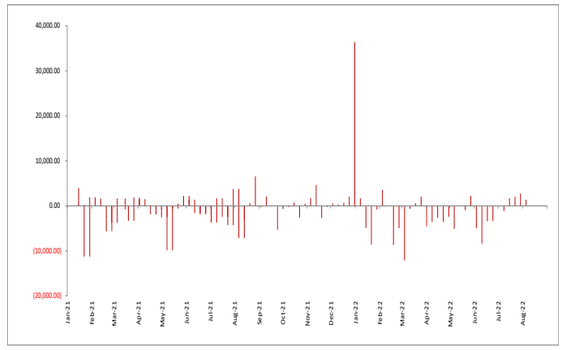
A. MARKET SNAPSHOT

- The main benchmark indices on Wall Street recorded the first weekly loss after recording gains in the past 4 weeks due to growing concerns over interest rate hikes which had downweighed the mega-cap growth and technology counters. The S&P 500 lost -1.2% to end at 4,228.48, Dow Jones was marginally lower by -0.2% after closing at 33,706.74, while Nasdaq which ended at 12,705.21 saw a weekly decline of -2.6%.
- Out of the 16 major indices that we track, 7 were in the positive territory, while the remaining 9 recorded weekly losses. Among the biggest advancers were the Philippines' PSEi which added +2.5%, followed by Japan's Nikkei and Taiwan's TAIEX which gained +1.3% and +0.8% respectively. Meanwhile, Hong Kong's Hang Seng was the biggest decliner after losing -2.0% along with German DAX and Korea's KOSPI which ended lower by -1.8% and -1.4% respectively.
- Malaysia's total trade continued to grow in Jul-22 standing at RM252.6b, the second highest after recording RM270.1b in the month prior. Exports growth was at +38.0%yoy (Jun-22: +38.4%yoy), underpinned by the demand for E&E, petroleum, palm oil and LNG, while imports growth was at +41.9%yoy (Jun-22: +49.2%). We maintain our imports and exports forecast at +20.9% and +25.6% in CY22. While trade outlook may be hampered by weaker global growth, we expect the recovery in the global economy to continue driving external demand for manufactured goods (i.e. E&E and refined petroleum) and primary commodities.
- Indonesia is considering imposing a tax on nickel exports this year, according to President Joko Widodo as they look to refine more in the country considering the high demand for the electric-vehicle (EV) battery metal. Earlier this year, it was mentioned that the government was conducting a study on a progressive tax on nickel pig iron and ferronickel. Ultimately, the country aims to discontinue all exports of raw materials as they want to add more value locally by increasing state revenues and opening up more job opportunities.
- The initial U.S. jobless claims dropped slightly to 250,000 last week, hovering around its 9-month high as the labour market shows signs of cooling. This was lower than the previous week's figure and market consensus of 265,000. The decline in the unemployment indicates solid demand for labour as businesses compete for talents amid prolonged labour shortage. We expect the labour market to remain firm, partially on the back of moderating inflationary pressure and slower pace of interest rate hikes by the U.S. Federal Reserve (Fed) during the remainder of the year.
- Australia's labour market remained firm as the unemployment rate decelerated by 3.4% in Jul-22, the lowest it has ever recorded. The moderate decline was attributed to the tightening labour market and improving domestic economy. Meanwhile, total employment eased by 3.0%yoy due to summer vacations and natural disaster that took place on the East Coast, amongst others. We believe the improving labour market would support the Reserve Bank of Australia (RBA) to further tighten its cash rate in the coming months.
- The RBA has raised its cash rate by another 50 basis points (bps) to 1.85% during its monthly meeting this month. The previous hikes of 25bps in May-22, 50bps in Jun-22 and 50bps in Jul-22 have sent the cash rate to its highest level since Apr-16. We anticipate a slight moderation in inflationary pressure in 2HCY22 as indicated by the mild correction in the global commodity prices. The central bank has signalled for further tightening but indicated that it is not on a pre-determined basis and that the size and timing would be dependent on the incoming data.

Table 1 Weekly performance of major indices

Name	% chg week before	% chg last week
Phil PCOMP	4.59	2.45
Japan Nikkei	1.32	1.34
Taiwan TAIEX	1.68	0.78
FTSE 100	0.82	0.66
Jakarta JCI	0.63	0.61
India Sensex	1.84	0.31
Thai SET	1.32	0.23
FBMKLCI	0.31	-0.12
Dow Jones	2.92	-0.16
Singapore STI	-0.41	-0.70
French CAC	1.26	-0.89
China SHSZ300	0.82	-0.96
S&P 500	3.26	-1.21
Korea KOSPI	1.49	-1.39
German DAX	1.63	-1.82
Hong Kong HSI	-0.13	-2.00

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



Source: Bloomberg, Bursa Malaysia, MIDFR

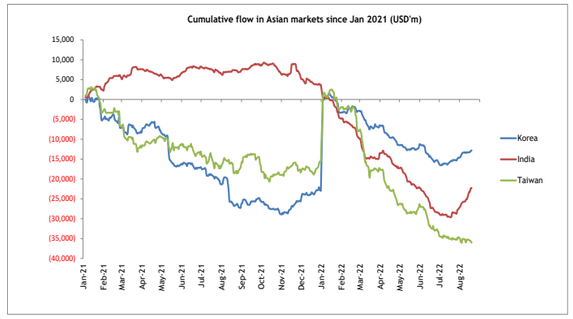
- The U.S. retail sales grew stronger by +10.3%yoy in Jul-22 (Jun-22: +8.5%yoy) despite seeing monthly declines in gasoline and auto purchases due to the increase in purchase of other commodities, notably in food and service (+12.3%yoy). We believe there is a possibility that the U.S. GDP growth would likely rebound after recording contractions for the last 2 consecutive quarters. With the Fed continuing its policy tightening, we think U.S. demand would ease amid higher borrowing costs and elevated inflation.
- Japan's trade balance recorded deficit of JPY1.4t in Jul-22, registering its twelfth consecutive month of deficit. Total imports were higher than expected at +47.2%yoy in Jul-22 (Jun-22: +46.1%yoy), largely underpinned by the high energy and commodity prices. Meanwhile, total exports sustained double digit growth at +19.0%yoy in Jul-22 (Jun-22: +19.3%yoy), driven by shipments of auto and chip manufacturing equipment. We opine the trade deficit trend would continue as prospects of exports growth remained relatively weaker with the possible slowdown in external demand. However, weaker imports could reduce the size of deficit, as foreign purchases may be contained by the weak Japanese yen.
- The U.K.'s unemployment rate remained steady at 3.8% since Apr-22, slightly higher than the 48-year low of 3.7% recorded in Mar-22. Key indicators have showed that the decline in employment and job vacancies do not significantly affect the overall labour market amid weaker economic growth in the U.K. We believe the recovery in the labour market would be challenging as inflation risks and higher borrowing cost would exert pressure on the overall domestic economic activities in the 2HCY22.
- Japan's GDP saw a slight expansion of +0.5%qoq in 2QCY22 which came in below market consensus. The third consecutive month of expansion was mainly driven by strong private consumption (+1.1%qoq) and capital investments (+0.8%qoq). On an annual growth, Japan's economy grew by +2.2%. Growth trajectory for the Japanese economy is expected to remain challenging amid the rate hikes in developed markets, recession risks in the U.S. and EU, inflation risk and geopolitical concerns.
- The People's Bank of China (PBOC) unexpectedly lowered its 1-year medium-term lending facilities rate to 2.75% from 2.85% on top of lowering its 7-day reserve repo to 2.0% from 2.1%. The cuts were made mainly to support the recovery of the domestic economic recovery. We opine the zero-Covid policy would remain a concern to the domestic economy including both consumers and producers.
- The FBM KLCI declined slightly by -0.1% last week to close at 1,504.44 points on Friday. As for the Ringgit, it saw a weekly depreciation by c. 0.8% against the US dollar to close at USD/MYR 4.4777 last Friday. Meanwhile, the Brent crude oil price was lower by -1.5% for the week to close at USD96.72 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

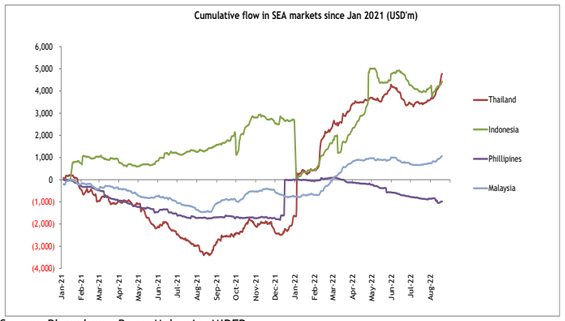
- Foreign investors remained net buyers of Asian equities for the fifth consecutive week. Based on the provisional aggregate data for the 7 Asian exchanges that we track, investors classified as "foreign" net bought USD3.58b net last week, more than double the amount recorded in the week prior, which was USD1.37b. Out of the 33 trading weeks so far in 2022, there have been 20 weeks of net selling and 13 weeks of net buying.
- For the week ended August 19, the bulk of the net inflows came from India at a rate of USD2.77b, followed by Thailand at USD681.0m and Korea at USD516.0m. Net inflows were also recorded in Indonesia at USD214.6m, Malaysia at USD137.8m and Philippines at USD57.1m. Only Taiwan saw its third consecutive weekly outflow which amounted to -USD791.8m.
- Foreign investors net bought Asian equities during every trading day last week, except for on Friday. The strongest net buying day was on Monday at the rate of USD1.91b due to the strong inflow in India at USD1.79b. For the remainder of the week, net inflows were posted on Tuesday at USD234.7m, Wednesday at USD723.1m and Thursday at USD768.3m. At the end of the week, foreigners had net sold -USD54.8m due to the net outflow of -USD309.6m in Taiwan.
- It is notable that all the Asian exchanges that we track saw net inflows during every trading day last week except for Taiwan which saw net outflows every trading day.

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)

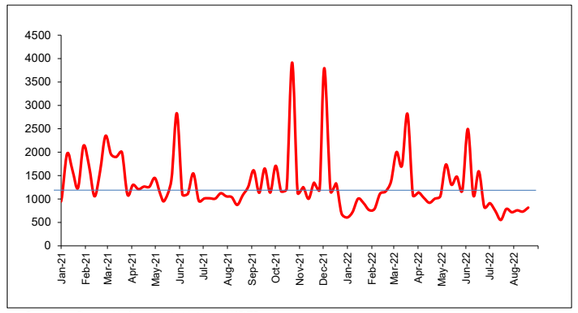
WEEK	KOREA	THAI	INDO	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
08-Jul	349.60	36.62	(169.23)	(26.18)	(108.60)	35.30	(27.29)	90.22
15-Jul	74.50	(30.81)	(108.64)	(34.70)	(433.80)	(616.70)	(6.31)	(1,156.46)
22-Jul	733.20	24.11	2.50	(24.99)	989.60	(103.70)	42.95	1,663.67
29-Jul	544.30	118.88	129.88	9.89	750.20	416.80	34.34	2,004.29
05-Aug	1,281.90	114.22	(185.82)	13.40	1,860.20	(430.50)	87.11	2,740.51
12-Aug	120.70	407.88	284.31	(201.01)	789.40	(129.60)	101.61	1,373.29
19-Aug	516.00	681.04	214.59	57.09	2,766.00	(791.80)	137.76	3,580.68

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

C. TRACKING MONEY FLOW - MALAYSIA

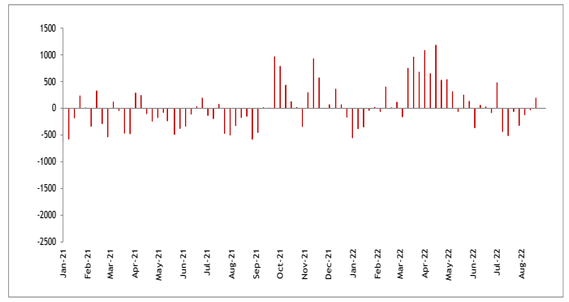
- Foreigners continued their buying spree on Bursa Malaysia for the fifth consecutive week whereby we saw a net inflow of RM615.5m for the week ended 19 August 2022. This was +36.3% higher than the RM451.7m that they have net bought in the previous week.
- Last week saw net buying activities by the foreigners for every trading day. The amount of net inflows recorded was RM120.4m on Monday, RM163.9m on Tuesday, RM153.3m on Wednesday and RM132.7m on Thursday. Friday was also a net buying day, albeit at a lower rate of RM45.2m.
- Local institutions continued to be net sellers every day last week with a total net weekly outflow of -RM675.9m. Tuesday saw the highest net money outflow of -RM193.1m. To note, local institutions have been net sellers for thirteenth consecutive day since the week ended 3 August 2022.
- Local retailers remained to be net buyers for the second consecutive week with a total net inflow of RM60.4m. They were net buyers from Monday to Wednesday but turned net sellers on Thursday and Friday.
- To date, international investors have been net buyers for 22 out of the 33 weeks of 2022, with a total net inflow of RM7.72b. Local institutions were net sellers for 26 out of 33 weeks, with a total net outflow of -RM9.48b. Local retailers have been net buyers for 21 out of 33 weeks of 2022. Year-to-date, they have net bought RM1.76b.
- In terms of participation, there was an increase in average daily trade value (ADTV) among all investor classes – retail investors at +21.3%, institutional investors at +20.7% and foreign investors at +11.7%.

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)*
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
29-Jul	1,950.03	2,032.32	(82.28)	3,677.28	3,747.92	(70.66)	1,869.05	1,716.11	152.94	34.34
05-Aug	2,156.82	2,278.19	(121.36)	3,717.79	3,984.64	(266.85)	2,088.46	1,700.25	388.21	87.11
12-Aug	2,203.58	2,082.25	121.33	3,605.07	4,178.10	(573.02)	2,052.52	1,600.83	451.69	101.61
19-Aug	2,629.83	2,569.40	60.44	4,357.10	5,032.98	(675.88)	2,347.72	1,732.26	615.45	137.76

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 19 AUG 2022

- TENAGA recorded the highest net money inflow last week to the tune of RM6.3m. Its share price was +0.8% higher for the week, outperforming the local bourse which declined by -0.1%.
- RHB BANK saw the second highest net money inflow of RM3.4m. Its share price was lower by -1.2% during the week, underperforming the local bourse which lost -0.1%. The net money inflow amidst a retreating share price may indicate a buy on weakness (BOW) stance among some investors.
- HLB saw the third highest net money inflow of RM2.8m. Its share price was -0.1% lower during the week, similar to the local bourse. Similarly, there is an indication of BOW among investors.

Table 4 Top 10 Net Money INFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
TENAGA	6.25	7.96	0.81	-
RHB BANK	3.42	2.34	-1.18	BOW
HLB	2.78	1.43	-0.10	BOW
PCHEM	2.74	2.05	-0.68	BOW
MAYBANK	2.35	0.97	-0.56	BOW
TM	2.22	2.10	3.41	-
KLK	2.15	3.99	1.79	-
SIMEPLT	1.82	2.25	-0.65	BOW
DIALOG	1.51	1.25	0.43	-
F&N	1.42	1.07	-0.43	BOW

- TOP GLOVE saw the largest net money outflow of –RM4.3m last week. Its stock price rose by +1.8% for the week, outperforming the FBM KLCI which was -0.1% lower. The net money outflow amidst a rising share price may indicate a sell on strength (SOS) stance among some investors.
- CIMB GROUP recorded the second largest net money outflow -RM3.7m during the week under review. Its share price declined by -0.2% for the week, slightly underperforming the local bourse which has lost -0.1%.
- NESTLE came in third with an outflow of -RM2.8m during the week. Its share price declined by -0.6% during the week under review, underperforming the FBM KCLI that saw a -0.1% decline.

Table 5 Top 10 Net Money OUTFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
TOP GLOVE	-4.25	-3.75	1.75	SOS
CIMB GROUP	-3.65	-2.09	-0.18	-
NESTLE	-2.77	-2.46	-0.59	-
HARTALEGA	-2.40	-1.98	-9.50	-
SIME DARBY	-2.03	-1.09	2.61	SOS
GENTING	-1.35	-1.23	0.34	SOS
GASMSIA	-0.98	-0.68	6.25	SOS
PPB GROUP	-0.82	-0.48	1.08	SOS
GAMUDA	-0.52	-0.27	-2.88	-
CARLSBERG	-0.42	0.52	4.04	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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