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MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

MIDF EQUITY STRATEGY | 1 AUGUST 2022

WEEK ENDED 29 JULY 2022

- Benchmark indexes on Wall Street posted strong gains to mark their best performing month since 2020. The S&P500 gained +9.1% in July while the Dow rose +6.7%. The Nasdaq Composite Index saw an increase of +12.4% for the month
- Out of the 16 major indices that we track, 13 were in the positive territory, led by the S&P 500 with a weekly growth of +4.26%. France's CAC40 came in second at +3.73% while the Dow posted a +2.97% increase to come in third. The only three decliners were Hang Seng Index at -2.2%, China's CSI300 at -1.61% and Japan's Nikkei 225 at -0.40%.
- IMF slashed its 2022 global real GDP growth forecast from 3.6% to 3.2% and that of 2023 from 3.6% to 2.9% as it warned of downside risks stemming from the high inflation and the war between Russia and Ukraine
- FOMC announced another aggressive tightening by 75bps, raising the target rate for the federal funds rate to 2.25% - 2.5%.
- Business activities in the US fell in July, the first time in two years. The S&P Global Manufacturing PMI fell to 52.3, the slowest since Jul-20 while the preliminary PMI for the services sector declined to 47.0, the lowest since May-20
- The FBM KLCI rose 1.8% last week to finish at 1,492.23 points on Friday. The Ringgit saw a weekly appreciation by circa 0.05% against the US dollar to close at USD/MYR 4.4508 while the Brent crude oil price added +6.6% for the week to close at USD110.01 per barrel.

29 JULY 2022 | Strategy - Weekly Fund Flow

MIDF Research Team

Sentiments remain upbeat despite headwinds

A. MARKET SNAPSHOT

- Global markets rode on the positive momentum for the second week on the back of better than expected second quarter corporate earnings in the United States and expectations of slower pace of rate hikes, which overtook inflationary concerns, the US Federal Reserve's 75bps hike and the unexpected US gross domestic product (GDP) contraction in the second quarter.
- Benchmark indexes on Wall Street posted strong gains to mark its best performing month since 2020. The S&P500 gained +9.1% in July while the Dow Jones Industrial Average rose +6.7%. The Nasdaq Composite Index saw an increase of +12.4% for the month. Amazon.com was among the counters leading the feel-good sentiments after posting a better than expected revenue and earnings, alongside Apple and Alphabet.
- Out of the 16 major indices that we track, 13 were in the positive territory, led by the S&P 500 with a weekly growth of +4.26%. France's CAC40 came in second at +3.73% while the Dow posted a +2.97% increase to come in third. There were only three decliners for the week – the Hang Seng Index at -2.2%, China's CSI300 at -1.61% and Japan's Nikkei 225 at -0.40%.

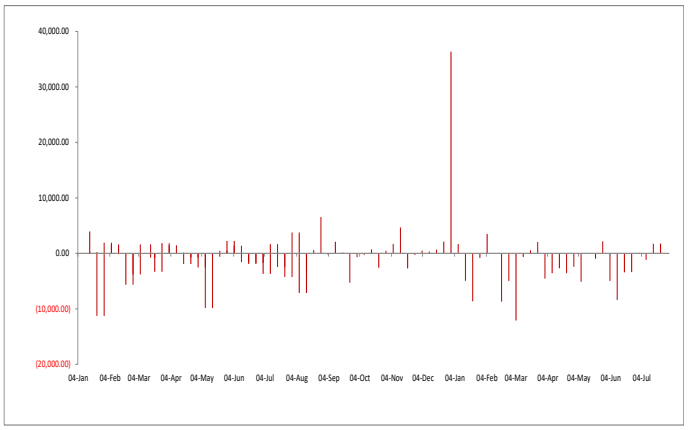
Table 1 Weekly performance of major indices

Name	% chg week before	% chg last week
S&P 500	2.55	4.26
CAC 40	3.00	3.73
Dow Jones	1.95	2.97
India Sensex	4.30	2.67
Korea KOSPI	2.67	2.44
FTSE 100	1.64	2.02
FBMKLCI	3.34	1.80
DAX	3.02	1.74
Thai SET	1.26	1.53
FSSTI	2.65	0.95
Jakarta JCI	3.53	0.93
Phil PCOMP	1.10	0.84
Taiwan TAIEX	2.74	0.34
NIKKEI 225	4.20	-0.40
China CSI 300	-0.24	-1.61
Hang Seng	1.53	-2.20

- The International Monetary Fund (IMF) slashed its 2022 global real GDP growth forecast from 3.6% to 3.2% and that of 2023 from 3.6% to 2.9% as it warned of downside risks stemming from the high inflation and the war between Russia and Ukraine, which could push the global economy to the brink of recession if left unchecked. It expects inflation rates in advanced economies to reach 6.6%, up from its earlier forecast of 5.7% and that it would remain elevated longer than previously anticipated while that of emerging and developing countries is expected to reach 9.5%, up from 8.7%.
- The Federal Open Market Committee (FOMC) announced another aggressive tightening by 75bps, raising the target rate for the federal funds rate to 2.25% - 2.5%. However, the back-to-back 75bps hike was in line with market expectations as the latest data showed that inflation remained at highest level in decades, due to post-pandemic supply-demand imbalance, rise in food and energy prices and broader price pressures. With signs that the economy and the labour market are starting to adjust to the policy tightening, we foresee more rate hikes by the Fed at the upcoming FOMC meetings later this year, albeit at a lesser pace. The Fed may increase the fed funds rate by 50bps at the Sep-22 and eventually begin to slow down the pace of its policy tightening. In general, the fed fund rate will be raised to more neutral levels.
- Business activities in the US fell in July, the first time in two years. The S&P Global Manufacturing PMI fell to 52.3 (Jun-22: 52.7), the slowest pace since Jul-20 mainly due to reduced orders while the preliminary PMI for the services sector declined to 47.0 (Jun-22: 52.7), the lowest reading since May-20 as business activities and expectations among service providers weakened during the month. As the composite PMI and the services PMI fell below 50, we expect the US economic to ease further going into 2HCY22, with challenges from supply disruption, high inflation and deterioration in confidence.
- Consumer confidence in the US declined further for the third consecutive month to 95.7 in Jul-22 (Jun-22: 98.4), the lowest in more than a year. High inflation and rising borrowing costs led to weaker consumer confidence, with the Conference Board highlighting consumers expressing more concerns about the current economic situation. Although the measure on consumer expectations declined

marginally from the previous month, the low reading continues to point towards recession risk for the US economy. With the Fed to continue raising interest rates, we opine consumer confidence will remain fragile. The policy tightening itself aims to contain upward price pressure from strong demand. Thus, we expect consumers would review and likely hold back their spending, especially on big ticket items, amid concerns about rising prices and overall slowdown in the US economy. Nevertheless, this may have the intended effect of slowing inflation.

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



Source: Bloomberg, Bursa Malaysia, MIDFR

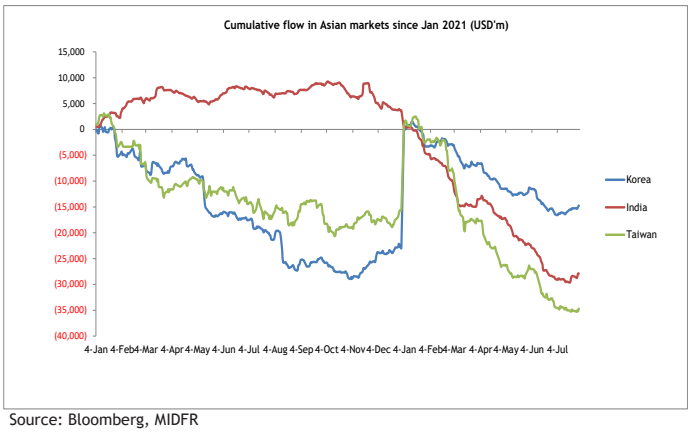
- In the United Kingdom, consumer spending weakened further in Jun-22 as retail sales fell by -5.8%yoy (May-22: -4.7%yoy), the third straight month of contraction. From month-on-month perspective, retail sales declined by -0.1%mom, not as large as the -0.3%mom predicted by the market. However, the continued decline reflects the impact of high inflation on consumer spending particularly on motor fuel, and purchases of other items such as clothing and household goods. With inflation at multi-year high level and the Bank of England to continue with its policy tightening, we foresee the weak spending to continue as the level of confidence among UK consumers remained at record low. However, recent correction in commodity prices, particularly food crops, would ease some of the consumers' concerns particularly the high food prices.
- South Korea's GDP grew unexpectedly by +0.7%qoq in the 2QCY22 (1QCY22: +0.6%qoq), backed by robust consumption activities following the relaxation of Covid-19 restrictions. From a year-on-year perspective, South Korea's GDP rose by +2.9%yoy, marginally slower than +3%yoy expansion in 1QCY22. We opine the better-than-expected GDP reading will prompt more policy rate hikes by the Bank of Korea as the economy showed resilience despite concerns over high inflation. Going into 2HCY22, while increased spending will continue to support post-pandemic recovery, South Korea's growth outlook could be dragged down by potentially weaker global demand which will result in slower international trade activity.
- Industrial production in Taiwan pointed towards slowing activity, growing only by +0.7%yoy in Jun-22 (May-22: +4.1%yoy), mainly due to slower output growth in the manufacturing sector. In particular, the weaker growth was dragged down by continued decline in output of LCD display component (-35.2%yoy) and sharp moderation in semiconductor output (Jun-22: +7.7%yoy; May-22: 21.2%yoy). In another data release, Taiwan's retail sales surged to record growth of +22.5%yoy in Jun-22 (May-22: +2.7%yoy) mainly due to low base effect. However, the continued growth in spending reflects the positive effect from easing of Covid-19 restrictions. Going forward, despite the slower IPI growth, businesses are expected to benefit from reopening of the economy and international borders. Growing demand for manufactured goods, particularly technology products, will also support Taiwan's production outlook. But, risk of weaker global demand could hurt Taiwan's IPI growth and trade outlook.
- Malaysia's leading index (LI) improved further by +2.2%yoy in May-22, returning to positive growth after three months of contraction, backed by higher real imports of other basic precious & other non-ferrous metals. This indicates improved demand for intermediate goods as businesses anticipated better business and demand outlook. On month-on-month change, the LI rebounded +0.4%mom (Apr-22: -0.5%mom), indicating increased business activities with higher number of housing units approved and new company registration. The current economic activities also showed improvement as the coincident index (CI) rose at +6.4%yoy, the fastest pace in 12 months. Going forward, the improvement in LI suggests that growth outlook remains positive for the coming months. We expect domestic growth momentum will continue to improve as shown by the expansion in business activities and consumer spending. However, possible slowdown could come from the external front which could hit trade activity and export-oriented sectors.
- The FBM KLCI rose +1.8% last week to finish at 1,492.23 points on Friday. As for the Ringgit, it saw a weekly appreciation by circa +0.05% against the US dollar to close at USD/MYR 4.4508 last Friday. Meanwhile, the Brent crude oil price added +6.6% for the week to close at USD110.01 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

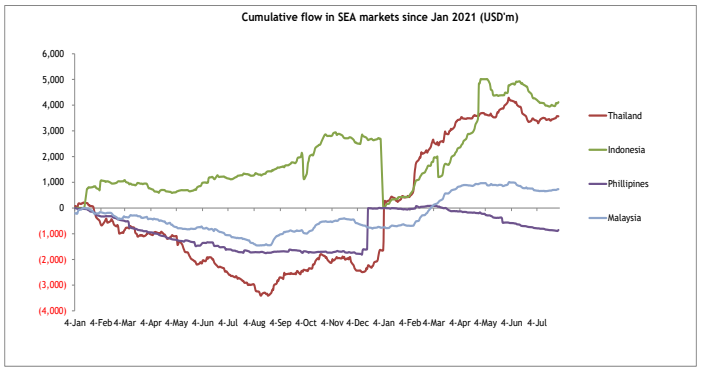
- Foreign investors remained firm as net buyers for the week, in line with the optimism in the markets. Based on the provisional aggregate data for the seven Asian exchanges that we track, investors classified as "foreign" bought USD1.74b net last week, almost at the same pace in the previous week. Out of the 30 trading weeks so far in 2022, there has been 20 weeks of net selling and 10 weeks of net buying.
- For the week ended July 29, foreign investors were net buyers in all the seven Asian exchanges. South Korea saw the highest amount of net inflow, amounting to USD544.3m, marking its fourth consecutive week of net inflows. Playing second fiddle was India at USD488.1m, followed by Taiwan at USD416.8m.
- The Philippines recorded a foreign net inflow for the first time amounting to USD9.9m last week, after suffering a losing streak of 20 weeks. The other net inflows recorded in Indonesia, Thailand and Malaysia were USD129.9m, USD118.9m and USD34.3m respectively.
- Foreign investors started the week on a pessimistic note, net selling USD164m and USD229.6m on Monday and Tuesday, before switching to a net buying stance for the rest of the week, at a rate of USD244.9m, USD972.1m and USD918.7m on Wednesday, Thursday and Friday respectively. Friday was the only day when foreign investors were net buyers in all seven exchanges.

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

C. TRACKING MONEY FLOW - MALAYSIA

- Foreign funds continued to flow into Malaysia for the second consecutive week as they net bought RM152.9m last week. They were net sellers only on Tuesday at -RM14m just prior to the US FOMC meeting, but this was easily negated by the net inflows recorded in the four other trading days.
- The strongest net inflow from foreign funds were on Thursday at RM50.5m, which was during and

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

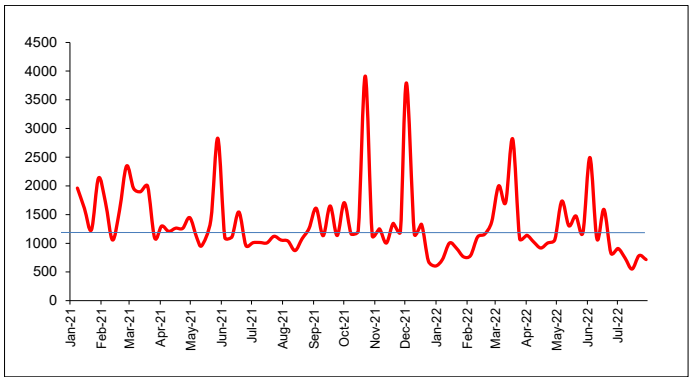
WEEK	KOREA	THAI	INDO	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
17-Jun	(1,085.70)	(352.11)	(92.56)	(69.02)	(2,985.80)	(3,703.00)	(115.98)	(8,404.17)
24-Jun	(998.50)	(311.22)	(281.92)	(36.55)	(967.10)	(799.40)	(13.90)	(3,408.59)
01-Jul	(949.60)	71.07	(266.27)	(41.21)	(681.20)	(1,435.70)	(72.69)	(3,375.60)
08-Jul	349.60	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
29-Jul	544.30	118.88	129.88	9.89	488.10	416.80	34.34	1,742.19

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

after the FOMC meeting.

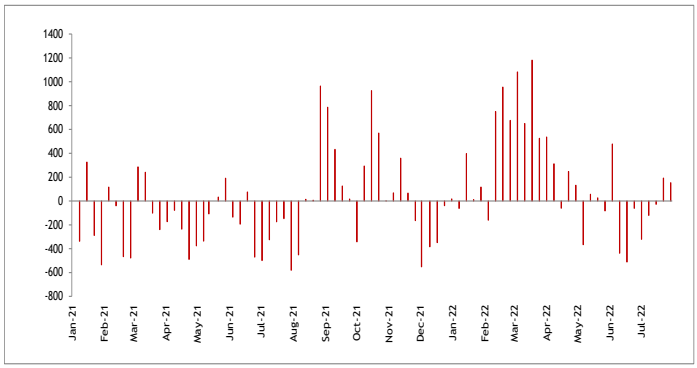
- The week started with a net inflow of RM25.1m on Monday by foreign investors and ended with a net inflow of RM18.9m on Friday.
- Local institutions maintained its net selling stance for the third week coming at a rate of -RM70.7m. They were net sellers of -RM62.8m on Thursday, -RM36.9m on Wednesday and -RM11.5m on Monday. These were softened by net buys on Tuesday and Friday at RM15.2m and RM25.4m respectively.
- Local retailers were still net sellers last week, at a rate RM82.3m. They were net sellers every day of the week, with the heaviest outflow on Friday at -RM44.3m and the lowest on Tuesday at -RM1.2m. Local retailers have been net selling for eight consecutive trading days.
- The top three sectors which saw net inflows by foreign investors were Financial Services, Utilities and Consumer Products and Services. These came in at RM222.8m, RM49.8m and RM25.1m respectively. Meanwhile, the top three sectors with net outflows were Industrial Products and Services at -RM86.0m, Technology at -RM59.2m and Plantation at -RM12.5m.
- To date, international funds have been net buyers for 19 out of the 30 weeks of 2022, with a total net inflow of RM6.27b. Local institutions were net sellers for 23 out of 30 weeks, with a total net outflow of -RM7.96m. Local retailers have been net buyers for 19 out of 30 weeks of 2022. Year-to-date, they have been net buyers at RM1.7b.
- It should be noted that the end of the month of July saw foreign funds posting a net inflow which was a reversal from the net outflow seen in June. The net inflow for the month of July was RM182.2m.
- In terms of participation, there was an increase in average daily trade value (ADTV) among retail and institutional investors by +10.98% and +17.17% respectively. There was a decline in ADTV among foreign investors by -8.81%.

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)*
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
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

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 29 JULY 2022

- IHH recorded the highest net money inflow for the week ended 29 July 2022 to the tune of RM3.08m. Its share price was -1.39% lower for the week, underperforming the local bourse which advanced 1.8%. It is notable that the net money inflow amidst a retreating share price may indicate a buy on weakness (BOW) stance among some investors.
- INARI saw the second highest net money inflow of RM2.56m. Its share price advanced +4.38% during the week, outperforming the local bourse which added +1.8%.
- SIME DARBY PLANTATION saw the third highest net money inflow of RM1.56m. Its share price was +4.06% higher during the week, outperforming the local bourse which has risen +1.8%.

Table 4 Top 10 Net Money INFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
IHH	3.08	3.08	-1.39	BOW
INARI	2.56	2.18	4.38	-
SIMEPLT	1.56	1.47	4.06	-
SIME	1.45	0.89	1.30	-
TM	1.38	0.64	3.65	-
PETDAG	1.29	1.08	-2.61	BOW
DIALOG	1.09	0.81	3.27	-
HARTA	1.01	0.71	-1.08	BOW
YINSON	0.99	1.35	5.00	-
PBBANK	0.98	2.09	1.53	-

- HONG LEONG BANK saw the largest net money outflow of -RM3.18m last week. Its stock price rose +2.84% for the week, outperforming the FBM KLCI which was +1.8% higher. The net money outflow amidst a rising share price may indicate a sell on strength (SOS) stance among some investors.
- CIMB recorded the second largest net money outflow -RM1.13m during the week under review. Its share price declined -0.76% for the week, underperforming the local bourse which has risen +1.8%.
- AMBANK came in third with an outflow of -RM1.03m during the week. Its share price remained unchanged during the week under review, which underperformed the FBM KCLI that saw a +1.8% advancement.

Table 5 Top 10 Net Money OUTFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
HLBANK	-3.18	-3.40	2.84	SOS
CIMB	-1.13	-0.27	-0.76	-
AMBANK	-1.03	-0.59	0.00	-
GAMUDA	-0.82	-0.61	1.63	SOS
BIMB	-0.65	-0.61	1.89	SOS
GENTING	-0.62	-0.54	1.50	SOS
QL	-0.59	-0.80	1.53	SOS
MYEG	-0.56	-0.56	0.65	SOS
BSTEAD	-0.54	-0.51	1.31	SOS
KOSSAN	-0.45	-0.25	-5.30	-

[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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