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MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

# MIDF EQUITY STRATEGY | 8 AUGUST 2022

## WEEK ENDED 5 AUGUST 2022

- Dow Jones marginally declined to 32,803.47 (-0.13%), the S&P 500 was higher at 4,145.19 (+0.36%), while Nasdaq ended higher at 12,675.55 (+2.2%).
- Out of the 16 major indices that we track, 14 were in the green territory last week, led by Singapore's STI (+2.2%), Jakarta's JCI (+1.9%) and Korea's KOSPI (+1.6%). The only 2 indices that saw weekly losses were Dow Jones (-0.13%) and China's CSI 300 (-0.32%).
- China's exports grew by +18.0%yoy in Jul-22 (Jun-22: +17.9%yoy), while imports rose +2.3%yoy (Jun-22: 1.0%yoy).
- The US Nonfarm payrolls were higher by 528,000 in Jul-22, the largest rise since February this year. June job data was revised higher to 389,000 from the previously reported 372,000.
- Indonesia's 2Q GDP grew by +5.4%yoy on the back of the rise in exports, underpinned by rising commodity prices.
- The Reserve Bank of India has raised its key policy repo rate by 50 basis points to 5.4%.
- The Bank of England (BoE) had raised its interest rate by 50 basis points to +1.75% - its largest hike in 27 years.
- South Korea's exports grew by +9.4%yoy to USD60.7b in Jul-22, supported by the robust demand from the US.
- The FBM KLCI rose +0.62% to end at 1,501.55 points on Friday, As for the Ringgit, it saw a marginal weekly depreciation of about 0.01% to close at USD/MYR 4.4505 last Friday. Meanwhile, the Brent crude oil price declined by -13.7% for the week to close at USD94.92 per barrel.

5 AUGUST 2022 | Strategy - Weekly Fund Flow

MIDF Research Team

# Global markets performed better

## A. MARKET SNAPSHOT

- The 3 benchmark indices on Wall Street ended mixed last week as gains in growth stocks had offset the losses in energy counters. Dow Jones marginally declined to 32,803.47 (-0.13%), the S&P 500 was higher at 4,145.19 (+0.36%), while Nasdaq ended higher at 12,675.55 (+2.2%).
- Out of the 16 major indices that we track, 14 were in the green territory last week, led by Singapore's STI (+2.2%), Jakarta's JCI (+1.9%) and Korea's KOSPI (+1.6%). The only 2 indices that saw weekly losses were Dow Jones (-0.13%) and China's CSI 300 (-0.32%).
- China's exports grew by +18.0%yoy in Jul-22 (Jun-22: +17.9%yoy), which is the fastest pace this year hence beating market expectations for a +15.0%yoy growth. However, imports rose +2.3%yoy (Jun-22: 1.0%yoy) during the same period. This was weaker than expectations as market was anticipating a +3.7%yoy increase and suggests that China's domestic demand remains soft.

**Table 1** Weekly performance of major indices

| Name | % chg week before | % chg last week |
|---|---|---|
| Singapore STI | 0.95 | 2.22 |
| Jakarta JCI | 0.93 | 1.92 |
| Korea KOSPI | 2.44 | 1.60 |
| Thai SET | 1.53 | 1.57 |
| India Sensex | 2.67 | 1.42 |
| Phil PCOMP | 0.84 | 1.42 |
| Japan Nikkei 225 | -0.40 | 1.35 |
| German DAX | 1.74 | 0.67 |
| FBMKLCI | 1.80 | 0.62 |
| French CAC 40 | 3.73 | 0.37 |
| S&P 500 | 4.26 | 0.36 |
| Taiwan TAIEX | 0.34 | 0.24 |
| Hong Kong HSI | -2.20 | 0.23 |
| FTSE 100 | 2.02 | 0.22 |
| Dow Jones | 2.97 | -0.13 |
| China CSI 300 | -1.61 | -0.32 |

- The US job data showed that the level of employment has risen above its pre-pandemic level. Nonfarm payrolls were higher by 528,000 in Jul-22, the largest rise since February this year. Economists were expecting for an increase of only 250,000 jobs. June job data was revised higher to 389,000 from the previously reported 372,000.
- A United Nations index of world food costs declined by almost -9.0% in Jul-22, falling the most since 2008 as concerns over supplies of gains and vegetable oils have eased following Ukraine's decision to restart imports. Although the index had fallen for four consecutive months, prices were seen to remain elevated.
- Indonesia's 2Q GDP grew by +5.4%yoy on the back of the rise in exports, underpinned by rising commodity prices. This was the fastest rate this year, beating the median forecast for a +5.2% rise based on Reuters poll. Exports grew by about +20.0%yoy in 2Q (1Q: 16.2%yoy). The country's central bank said last month that it expects GDP for 2022 to be at the lower end of the range of 4.5%-5.3%.
- The Reserve Bank of India has raised its key policy repo rate by 50 basis points to 5.4% last week. The Standing Deposit Facility rate and the Marginal Standing Facility Rate were accordingly adjusted higher to 5.15% and 5.65% respectively. This came in after its retail inflation hit +7.0% in Jun-22, higher than the central bank's 2%-6% tolerance band. Based on Reuters, economists are expecting another rate hike, but the expectations of the quantum were split between 25 and 50 basis points.
- The Bank of England (BoE) had raised its interest rate by 50 basis points to +1.75% - its largest hike in 27 years as the bank warned that the UK is heading towards more than a year of recession on the back of soaring inflation. The BoE had raised its forecast for the peak of inflation to +13.3% in Oct-22 amid the surge in gas prices.
- South Korea's exports grew by +9.4%yoy to USD60.7b in Jul-22, supported by the robust demand from the US which had offset weak sales to China. Meanwhile, imports rose by +21.8%yoy to USD65.4b (Jun-22: +19.4%yoy), higher than the month before and the +20.7%yoy gain seen in the survey.
- Indonesia's inflation rate of +4.94% in Jul-22 was the highest level in 7 years and it came in above the central bank's target range, while core inflation remained to be within target. This has reflected the rise in prices of food, household fuel and airfare as well as the hikes in some electricity tariffs.

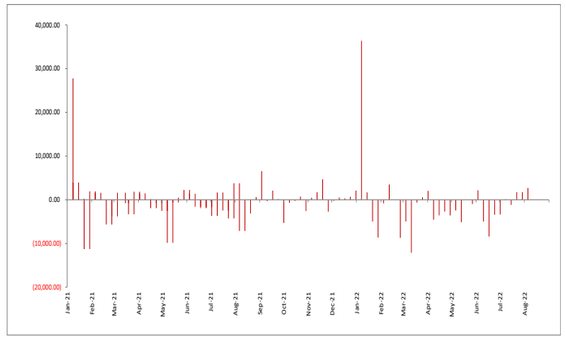


FUND FLOW REPORT

The core inflation rate of +2.86% (Jun-22: +2.63%), which excluded government-controlled prices and volatile food prices, was higher on a month-on-month basis. Bank Indonesia's headline inflation target range is between 2%-4%.

- Australia's central bank on Tuesday raised interest rates for a fourth month by 50 basis points to 1.85%, marking a total of 175 basis points of hikes since May. This was the most aggressive tightening seen since the early 1990s. However, the Reserve Bank of Australia (RBA) had tempered guidance on further rate hikes as it is expecting higher inflation, but also a slowdown in the economy.
- The Organisation of the Petroleum Exporting Countries (OPEC) said that Malaysia will raise its monthly crude oil output to 595,000 barrels in Sep-22 at a time when insufficient investment into the upstream oil and gas sector is expected to impact the availability of adequate crude oil supply to meet growing oil demand beyond 2023. OPEC stated that participating countries have decided to revise upwards the collective production level for OPEC and non-OPEC participating countries by 100,000 barrels per day for Sep-22.
- The FBM KLCI rose +0.62% to end at 1,501.55 points on Friday, As for the Ringgit, it saw a marginal weekly depreciation of about 0.01% to close at USD/MYR 4.4505 last Friday. Meanwhile, the Brent crude oil price declined by -13.7% for the week to close at USD94.92 per barrel.

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



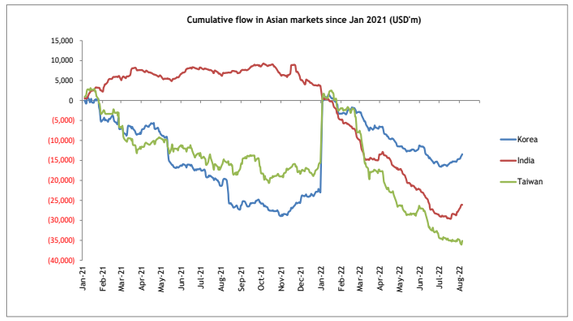

Source: Bloomberg, Bursa Malaysia, MIDFR

[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

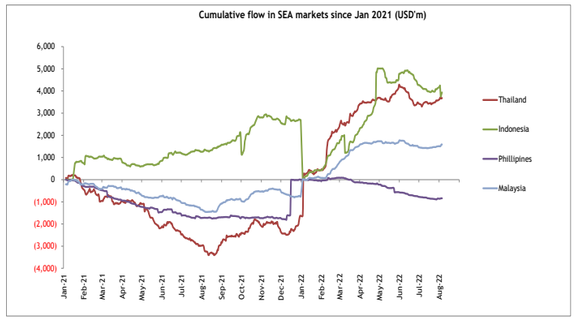
- Foreign investors continued to be net buyers of Asian equities for the third consecutive week last week. Based on the provisional aggregate data for the 7 Asian exchanges that we track, investors classified as "foreign" net bought USD2.67b last week, higher than the previous week's amount of USD1.74b. Out of the 31 trading weeks so far this year, there have been 11 weeks of net buying and 20 weeks of net selling.
- For the week ended Aug 5, only Indonesia and Taiwan recorded net outflows at -USD185.8m and -USD430.5m, reversing the net inflows that they saw in the week prior. However, this was easily offset by the inflows in the 5 remaining exchanges that we track.
- The strongest net inflows last week were seen in Korea at USD1.28b and India at USD1.79b. Korea is on its fifth week of net buying, while India is looking at its third week. Meanwhile, net inflows amounted to USD114.2m in Thailand, USD13.4m in Philippines and USD87.1m in Malaysia.
- Foreign investors were net buyers for every trading day except for on Tuesday after they net sold -USD9.0m. On this day, Taiwan and Malaysia was the only one that saw net outflow which amounted to -USD692.5m and -USD8.97m respectively. For the case of Taiwan, it was probably due to concerns over US Speaker Nancy Pelosi's visit to Taiwan. The day which saw the strongest inflow was on Thursday at USD63.8m mainly due to the inflows in Korea at USD252.2m and India at USD217.3m. Only Korea and India saw net inflows for every trading day last week.

**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 investors registered their third consecutive week of net buying last week as Malaysia saw RM388.2m of net foreign inflows – more than a twofold increase from the week prior. They were net sellers only on Tuesday, but this was more than offset by the net inflows for the rest of the week.

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

| WEEK | KOREA | THAI | INDO | PHIL | INDIA | TAIWAN | M'SIA | TOTAL |
|---|---|---|---|---|---|---|---|---|
| 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 |
| 05-Aug | 1,281.90 | 114.22 | (185.82) | 13.40 | 1,792.50 | (430.50) | 87.11 | 2,672.81 |

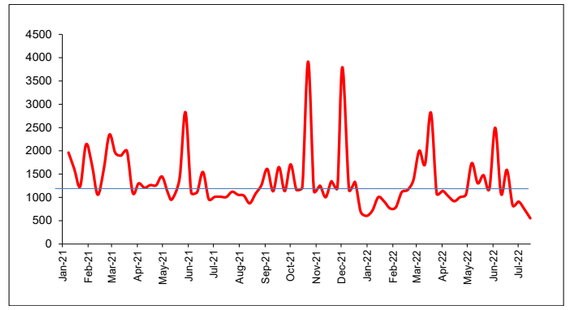
Source: Respective exchange statistics reported on Bloomberg. Bursa Malaysia. These figures are subject to revisions.





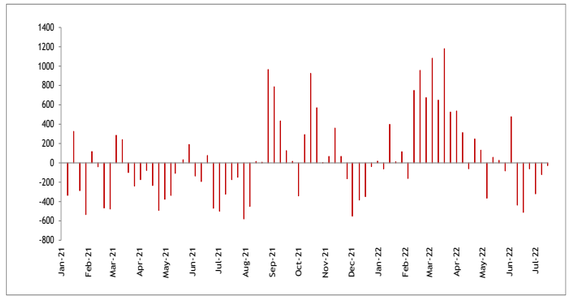
- The week started with net buying amounting to RM49.7m worth of equities, before turning to net sellers on Tuesday at the rate of -RM40.0m. The buying spree continued on Wednesday at RM75.0m, while Thursday saw the strongest net foreign inflow of RM284.2m – an amount last seen at the end of May-22. Foreigners then net bought RM19.3m to close off the week.
- In terms of the sectors, Financial Services continued to see net inflows from the foreign investors coming in at RM260.4m. The other two top sectors that saw net inflows were Consumer Product and Services at RM115.0m and Healthcare at RM103.7m. Meanwhile, top three sectors that saw most net outflows from the foreign investors were Industrial Products and Services, Plantation and Energy amounting to -RM54.7m, -RM40.3m and -RM30.4m respectively.
- Local institutions remained as net sellers for the fourth consecutive week at a rate of -RM266.9m - almost four times the amount that they have net sold in the previous week. They were net buyers only on Tuesday at RM68.3m, but this was insufficient to cushion the selling activities that took place during the rest of the week. Thursday saw the largest net selling at a rate of -RM205.5m. Meanwhile, the net selling amount was -RM21.7m on Monday, -RM80.2m on Wednesday and -RM27.7m on Friday.
- Moving on to local retailers, they were still net sellers for the third consecutive week last week at a rate of -RM121.4m. The heaviest outflow was seen on Thursday at -RM78.7m, while Monday and Tuesday recorded softer net outflows of -RM28.0m and -RM28.3m respectively. Local retailers had briefly turned to net buyers on Wednesday at a rate of RM5.2m and RM8.5m at the end of the week.
- To date, international funds have been net buyers for 20 out of the 31 weeks of 2022, with a total net inflow of RM6.65b. Local institutions were net sellers for 24 out of 31 weeks, with a total net outflow of -RM8.23b. Local retailers have been net buyers for 19 out of 31 weeks of 2022. Year-to-date, they have net bought RM1.57b.
- In terms of participation, all investor classes recorded an increase in average daily trade volume (ADTV). Retail investors at +11.4%, institutional investors at +3.7% and foreign investors at +5.7%.

**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)* |
| 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 |
| 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 |

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 of RM4.6m last week. Its share price was marginally lower by -0.9%, underperforming the FBM KLCI which ended +0.6% higher. The net money inflow amidst a retreating share price could indicate a buy on weakness (BOW) stance among some investors.
- PRESS METAL saw the second largest net money inflow of RM3.3m, while its share price closed -1.03% lower for the week, underperforming the local benchmark which rose by +0.6%. Similarly, some investors could be using a BOW strategy for this stock.
- HEINEKEN registered the third largest net money inflow of RM2.3m. Its share price advanced by +4.4% for the week, outperforming the FBM KLCI which closed higher by +0.6%.

**Table 4** Top 10 Net Money INFLOW

| Name | Net Money Flow (RM mn) | | Price (% Chg) | Remark |
|---|---|---|---|---|
| | Last Week | Prev Week | Last Week | |
| PCHEM | 4.57 | 6.54 | -0.90 | BOW |
| PRESS METAL | 3.30 | 2.65 | -1.03 | BOW |
| HEINEKEN | 2.31 | 2.33 | 4.41 | - |
| RHB BANK | 2.31 | 2.16 | 0.00 | - |
| IHH HEALTHCARE | 1.73 | 2.69 | 0.63 | - |
| MAXIS | 1.37 | 1.55 | 3.00 | - |
| MAHB | 1.02 | 1.13 | 1.44 | - |
| YINSON | 0.96 | 0.95 | -4.33 | BOW |
| FRASER & NEAVE | 0.90 | 1.02 | 3.96 | - |
| DIGI.COM | 0.88 | 1.09 | 0.55 | - |

- CIMB GROUP posted the highest net money outflow of -RM4.5m last week and saw its share price closing higher by +0.8% last week, outperforming the local bourse which added +0.6%. The net money outflow amidst a rising share price may indicate a sell on strength (SOS) stance among some investors.
- PUBLIC BANK saw the second highest net money outflow which amounted to -RM3.1m and saw its share price retreating by -0.2%, underperforming the FBM KLCI which rose by +0.6%.
- NESTLE saw the third largest net money outflow to the tune of -RM2.5m. Its share price was higher by +0.4% for the week, underperforming the performance of the local bourse which closed higher by +0.6%. Similarly, some investors could have used the SOS strategy.

**Table 5** Top 10 Net Money OUTFLOW

| Name | Net Money Flow (RM mn) | | Price (% Chg) | Remark |
|---|---|---|---|---|
| | Last Week | Prev Week | Last Week | |
| CIMB GROUP | -4.51 | -3.50 | 0.77 | SOS |
| PUBLIC BANK | -3.12 | -0.62 | -0.22 | - |
| NESTLE | -2.47 | -2.32 | 0.37 | SOS |
| KLK | -1.80 | -0.37 | 2.65 | SOS |
| HLB | -1.79 | -2.95 | -0.86 | - |
| LPI CAPITAL | -1.01 | -0.94 | -1.92 | - |
| SIME DARBY | -0.90 | -0.16 | 0.43 | SOS |
| GAMUDA | -0.76 | -1.15 | 1.36 | SOS |
| TOP GLOVE | -0.71 | -0.36 | 4.66 | SOS |
| AMMB | -0.69 | -1.12 | -0.51 | - |

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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