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MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

MIDF EQUITY STRATEGY | 5 SEPTEMBER 2022

WEEK ENDED 2 SEPTEMBER 2022

- Fears of aggressive policy tightening have sent stocks lower last week as all 3 main indices on Wall Street suffered their third straight weekly losses. Dow Jones fell by -3.0% to 31,318.44, the S&P 500 declined by -3.3% to 3,924.26, while Nasdaq lost -4.2% to 11,630.86.
- Out of the 16 major indices that we track, 14 were in the negative territory, except for Germany's DAX and Indonesia's JCI which added +0.6%. Among the biggest decliners, Taiwan's TWSE Index lost -4.0%, followed by Hong Kong's HSI and Japan's Nikkei which were down by -3.6% and -3.5% respectively.
- **Malaysia's manufacturing sector decreased marginally in Aug-22 as the S&P Global Manufacturing PMI Index edged lower at 50.3, the lowest level since May-22.**
- **Malaysia's consumer price index (CPI), increased by +4.4%yoy in Jul-22.**
- **US employers hired more workers than expected in Aug-22 whereby nonfarm payrolls rose by 315,000 jobs.**
- **South Korea's economy grew stronger by +0.7qoq (1QCY22: +0.6%qoq), matching market expectation.**
- **Australia's retail sales grew stronger than expected at +1.3%mom in Jul-22, the highest in 4 months.**
- **Singapore's domestic supply prices increased at a double-digit pace of +19.0%yoy in Jul-22.**
- **The FBM KLCI lost -0.6% to close at 1,491.18 points on Friday. As for the Ringgit, it saw a weekly depreciation of c.0.4% against the US dollar to close at USD/MYR 4.4862 last week, while the Brent crude oil price declined by -7.9% for the week to end at USD93.02 per barrel.**

Fears of aggressive policy tightening continued to drive stocks lower

A. MARKET SNAPSHOT

- Fears of continuation of an aggressive policy tightening have sent stocks lower last week as all 3 main indices on Wall Street suffered their third straight weekly losses. Dow Jones fell by -3.0% to 31,318.44, the S&P 500 declined by -3.3% to 3,924.26, while Nasdaq lost -4.2% to 11,630.86.
- Out of the 16 major indices that we track, 14 were in the negative territory, except for Germany's DAX and Indonesia's JCI which added +0.6%. Among the biggest decliners, Taiwan's TWSE Index lost -4.0%, followed by Hong Kong's HSI and Japan's Nikkei which were down by -3.6% and -3.5% respectively.
- Business optimism of Malaysia's manufacturing sector decreased marginally in Aug-22 as the S&P Global Manufacturing PMI Index edged lower to 50.3 (Jul-22: 50.6), the lowest level since May-22. The deterioration was due to export orders declining at its sharpest pace amid the challenging global economic environment and output levels were reduced for the first time in three consecutive months. We expect the local manufacturing production and sales to remain in expansionary trend in 2HCY22 driven by steady global demand and softer inflationary pressure.

Table 1 Weekly performance of major indices

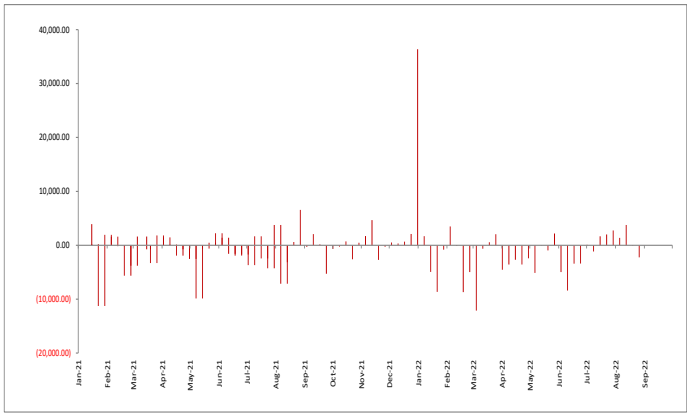
Index	% chg week before	% chg last week
German DAX	-4.23	0.61
Indonesia JCI	-0.52	0.59
India Sensex	-1.36	-0.05
FBMKLCI	-0.28	-0.61
Phil PCOMP	-1.62	-0.89
Singapore STI	0.09	-1.35
Thai SET	1.16	-1.38
French CAC	-3.41	-1.70
FTSE 100	-1.63	-1.97
China SHSZ300	-1.05	-2.04
Korea KOSPI	-0.47	-2.89
Dow Jones	-4.22	-2.99
S&P 500	-4.04	-3.29
Japan Nikkei	-1.00	-3.46
Hong Kong HSI	2.01	-3.56
Taiwan TWSE	-0.85	-3.96

- According to the Malaysian Rubber Council (MRC), Malaysia's exports of rubber and rubber products declined by -54.5%yoy to RM20.2b in 1HCY22. Exports of rubber products dipped to RM15.6b (-60.8%yoy) mainly due to the large drop in exports of latex goods as the exports of rubber gloves plunged to RM11.7b (-68.1%yoy), but it remained as the country's top rubber product for exports. Meanwhile, exports of rubber rose marginally to RM4.6b (+1.0%yoy).
- Malaysia's inflation, as measured by the consumer price index (CPI), increased by +4.4%yoy in Jul-22 (Jun-22: +3.4%yoy) as the CPI's food and non-alcoholic beverage component remained as the main contributor to inflation. Year-to-date, inflation has increased by +2.8%yoy, and +0.4%qoq on a monthly basis. The increase in Malaysia's inflation in Jul-22 was also attributed to lower base effect last year as a result of the electricity bill discount from 5%-40% according to total usage given to domestic customers under the PEMULIH stimulus package.
- US employers hired more workers than expected in Aug-22 whereby nonfarm payrolls rose by 315,000 jobs, while the Jul-22 data was revised slightly downwards to show payrolls increasing by 526,000 instead of the previously reported 528,000. The month of August marked the twentieth consecutive month of job growth and employment is now 240,000 jobs above the pre-pandemic level.
- South Korea's economy grew stronger by +0.7qoq (1QCY22: +0.6%qoq), matching market expectation. The growth was underpinned by a strong increase in private expenditure which has been supported by loosened pandemic-induced constraints. We opine the South Korean economy to grow at a slower pace moving forward, since it has been subject to increased domestic and international instability due to rising concerns regarding the rapid monetary policy tightening in developed nations.
- Australia's retail sales grew stronger than expected at +1.3%mom in Jul-22 (Jun-22: +0.2%mom), the highest in 4 months. On a year-on-year basis, retail sales rose by +16.5%yoy, the highest expansion on record and sustained growth for 11 consecutive months. The unexpected surge was mainly due to a rise in department store shopping and spending on clothing and footwear. Moving forward, we expect Australia's retail sales to continue growing as spending increases as a result of the economic reopening

and improvement in the labour market. We opine the Reserve Bank of Australia (RBA) would consider further tightening its monetary policy to contain the high inflation.

- Singapore's domestic supply prices increased at a double-digit pace of +19.0%yoy in Jul-22 (Jun-22: +27.9%yoy), easing to its slowest growth 11 months. The moderation mainly reflects slower inflation in prices of mineral fuels, chemicals & chemical products, edible oils & fats, and machinery & transport equipment. Singapore's price pressures would likely ease in the coming months in view of the correction in global commodity prices. Despite the easing cost pressures, we expect the production outlook to be affected by the uncertainties on the external front, disruption in the global supply chain and possibly weaker final demand from major markets.

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



Source: Bloomberg, Bursa Malaysia, MIDFR

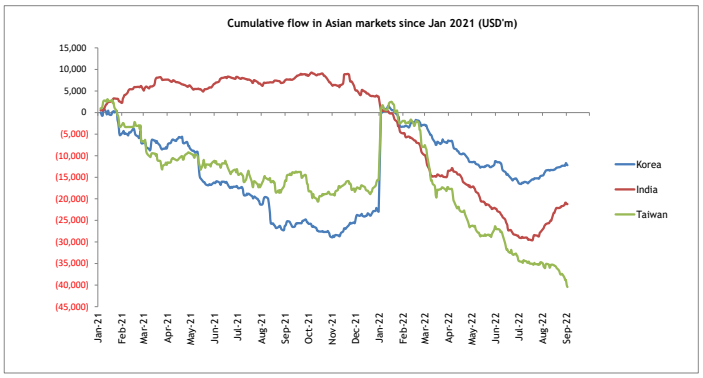
- South Korea's government said it would cut its annual government spending for the first time in more than a decade next year as it aims to reduce pandemic-related stimulus and help the central bank contain inflationary pressures. The finance ministry said the government expenditure would be KRW639.0t in CY23, -6% smaller than CY22's spending after two supplementary budgets. The Bank of Korea has raised interest rates by a total of 2.0% since Aug-21. In achieving the spending cut, the government would be transferring some public projects to the private sector and would be cutting wages of senior officials at the highest levels of government.
- The FBM KLCI closed -0.6% lower to 1,491.18 points on Friday. As for the Ringgit, it saw a weekly depreciation of c.0.4% against the US dollar to close at USD/MYR 4.4862 last week, while the Brent crude oil price declined by -7.9% for the week to end at USD93.02 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

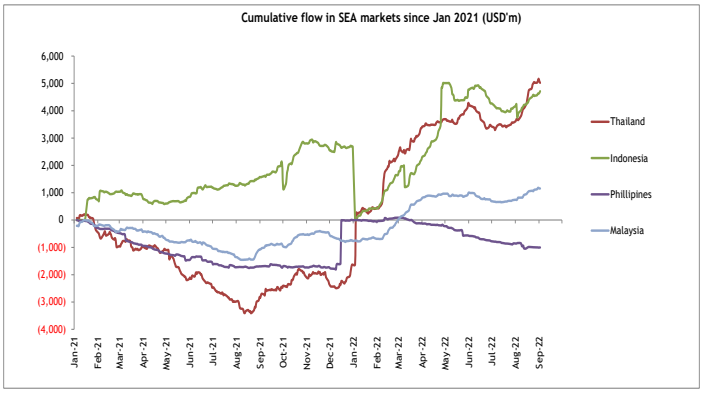
- Last week, foreign investors continued to net sell Asian equities for the second consecutive week. Based on the provisional aggregate data for the 7 Asian exchanges that we track, investors classified as "foreign" net sold -USD2.23b last week, substantially more than the -USD60.3m the net outflow observed in the week prior. Out of the 35 trading weeks so far in 2022, there have been 22 weeks of net selling and 13 weeks of net buying.
- The highest net outflows were seen on Thursday at -USD1.84b, followed by Friday and Monday where net outflows amounted to -USD639.6m and -USD573.0m respectively. There were net inflows on Tuesday (USD115.2m) and Wednesday (USD713.1m) but were not enough to overturn the deficit.
- Bulk of the outflows were contributed by Taiwan which saw net selling every trading day last week except on Wednesday. Thursday saw the heaviest net outflow of -USD1.16b, while the net outflows recorded on the remaining days were in the range of -USD400.0m to -USD800.0m.
- Cumulatively, Taiwan recorded a weekly net outflow of -USD3.04b which was the main contributor to the net outflow in Asian equities.
- Other countries that recorded net outflows were Thailand and Philippines, albeit at a much lower rate of -USD7.8m and -USD5.6m respectively.
- The net outflows in Taiwan, Thailand and Philippines were moderated by net inflows in other regions. India was the best performer among the Asian exchanges that we track as the country recorded the highest weekly net money inflow of USD488.5m.
- This was followed by Indonesia at USD163.4m and South Korea at USD133.1m. Meanwhile, Malaysia saw a weekly net inflow of USD42.7m.
- Historically, South Korea has seen net foreign inflows for the ninth consecutive week, while both India and Malaysia witnessed its seventh consecutive week of foreign net buying.

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)

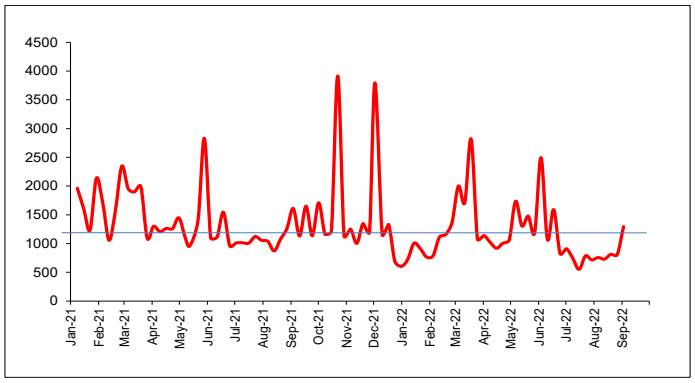
WEEK	KOREA	THAI	INDO	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
22-Jul	733.20	24.11	2.50	(24.99)	989.60	(103.70)	42.95	1,663.67
29-Jul	544.30	118.88	129.88	9.89	750.20	416.80	34.34	2,004.29
05-Aug	1,281.90	114.22	(185.82)	13.40	1,860.20	(430.50)	87.11	2,740.51
12-Aug	120.70	407.88	284.31	(201.01)	789.40	(129.60)	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
26-Aug	463.70	259.51	119.93	(13.23)	405.80	(1,350.70)	54.72	(60.27)
2-Sep	133.10	(7.75)	163.40	(5.57)	488.50	(3,039.60)	42.65	(2,225.27)

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

C. TRACKING MONEY FLOW - MALAYSIA

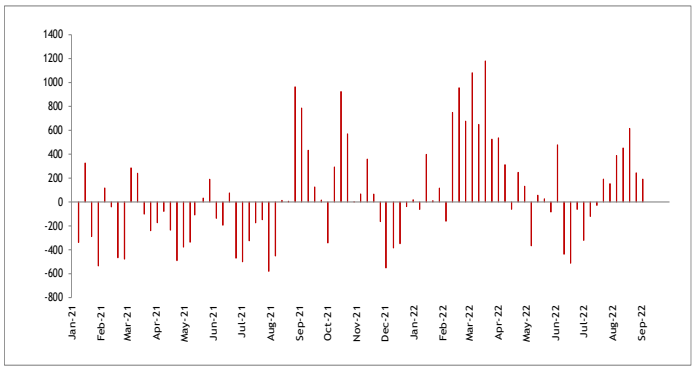
- In a shortened trading week due to Merdeka public holiday, Bursa Malaysia continued to see net buying activities from the foreigners, which have net bought RM190.9m worth of equities last week, slightly lower than the RM244.6m recorded in the week prior.
- This was the seventh consecutive week of net inflows from foreigners. It was also the second longest streak of foreign net buying for this year. The longest streak was between week ending 11 February 2022 to week ending 8 April 2022, consisting of 9 consecutive weeks.
- Foreigners were net sellers only on Thursday at a rate of -RM90.1m but were net buyers for the rest of the week. The heaviest inflow of RM219.6m was recorded on Tuesday, while Monday and Friday saw inflows of RM61.0m and RM0.4m respectively. The market was closed on Wednesday in conjunction with Malaysia's Independence Day.
- The top three sectors that saw the most net inflows by foreigners last week were Financial Services, Consumer Products and Services and Utilities at RM201.7m, RM58.4m and RM51.6m respectively. Meanwhile, the highest net outflows were Industrial Products and Services at -RM102.8m, Technology at -RM51.4m and Plantation at -RM26.6m.
- Going into the seventh consecutive week, local institutions remained net sellers after they have net sold -RM233.2m last week. The amount that they have sold was -RM66.4m on Monday and -RM252.2m on Tuesday. They turned to net buyers after the market reopened on Thursday at a rate of RM79.1m and RM6.3m on Friday, but these were not enough to offset the outflows recorded earlier in the week.
- Local retailers were still on a net buying spree last week after they have bought RM42.6m worth of equities. They were net buyers during every trading day except for Friday.
- To date, international investors have been net buyers for 24 out of the 35 weeks of 2022, with a total net inflow of RM8.16b. Local institutions were net sellers for 28 out of 35 weeks, with a total net outflow of -RM10.0b. Local retailers have been net buyers for 23 out of 35 weeks of 2022. Year-to-date, they have net bought RM1.84b.
- In terms of participation, there was a decrease in average daily trade value (ADTV) among retail and institutional investors by -4.5% and -1.2% respectively, while foreign investors recorded growth of +60.3% in ADTV.

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)*
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
26-Aug	2,543.23	2,501.57	41.65	4,134.16	4,420.37	(286.21)	2,143.93	1,899.37	244.56	54.72
2-Sep	1,947.81	1,905.23	42.58	3,265.00	3,498.48	(233.18)	2,688.52	2,497.61	190.91	42.65

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 2 SEP 2022

- PCHEM recorded the highest net money inflow last week to the tune of RM3.3m. Its share price was +0.9% higher for the week, outperforming the local bourse which declined by -0.6%.
- TIME DOTCOM saw the second highest net money inflow of RM1.6m. Its share price rose by +3.8%, outperforming the performance of the FBM KLCI which lost -0.6%.
- F&N saw the third highest net money inflow of RM1.6m. However, its share price was down by -5.4% for the week, underperforming the local benchmark. This could indicate a buy on weakness (BOW) stance among some investors.

Table 4 Top 10 Net Money INFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
PCHEM	3.29	2.71	0.92	-
TIME DOTCOM	1.55	1.18	3.77	-
F&N	1.55	0.47	-5.42	BOW
GAMUDA	1.10	0.74	1.05	-
PRESS METAL	0.78	-0.54	-1.91	BOW
DIALOG	0.70	0.40	-5.86	BOW
MAHB	0.68	1.00	-2.16	BOW
KOSSAN	0.61	0.54	-1.94	BOW
KLK	0.60	-0.68	0.63	-
MISC	0.47	0.56	-0.98	BOW

- PUBLIC BANK saw the largest net money outflow of -RM4.2 last week. Its stock price rose by +0.9% for the week, outperforming the FBM KLCI which was -0.6% lower. The net money outflow amidst a rising share price may indicate a sell on strength (SOS) stance among some investors.
- HLB recorded the second largest net money outflow -RM4.0 m during the week under review. Its share price was up by +0.6% for the week, outperforming the local bourse. Similarly, an SOS stance among some investors could be observed.
- MAYBANK saw the third largest net money outflow of -RM3.0m, while its share price rose marginally by +0.2%, outperforming the local benchmark which lost -0.6%. An SOS stance among some investors could also be observed here.

Table 5 Top 10 Net Money OUTFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
PUBLIC BANK	-4.17	-4.24	0.86	SOS
HLB	-4.04	-0.83	0.58	SOS
MAYBANK	-2.97	-0.25	0.22	SOS
GENTING	-2.05	-1.27	-2.54	-
IHH	-1.62	-1.43	-3.45	-
CIMB GROUP	-1.43	4.12	0.73	SOS
HARTALEGA	-1.35	-1.31	-0.60	-
HENGYUAN	-1.26	-1.17	-10.11	-
RHB BANK	-0.84	-0.54	-0.69	-
GENTING MALAYSIA	-0.68	-0.58	0.00	-

[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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Business Address:
11th Floor, Menara MIDF,
82, Jalan Raja Chulan, 50200
Kuala Lumpur.
Tel: 2173 8888
Fax: 2173 8380