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MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

MIDF EQUITY STRATEGY | 3 OCTOBER 2022

WEEK ENDED 30 SEPTEMBER 2022

- For the week, Dow Jones, and the S&P 500 lost -2.9% to end at 28,725.51 and 3,585.62 respectively, while Nasdaq was down by -2.7% to close at 10,575.62.
- Of the 16 indices that we track, all were in the red and the biggest decliners were Philippines' PCOMP (-8.28%), Korea's KOSPI (-5.87%) and Taiwan's TWSE (-4.91%).
- Malaysia's PPI rose by +6.8%yoy in Aug-22, easing to the slowest increase since Apr-21.
- Vietnam's economy continued to expand robustly, with GDP growing at +13.7%yoy in 3QCY22, the fastest expansion on record.
- Bank of Thailand (BOT) raised its key interest rate by another 25bps to 1.00% for the second consecutive meeting after the Sep-22 monetary policy meeting.
- The international organisation raised Malaysia's CY22 GDP growth forecast from +5.5% pencilled in Apr-22 to +6.4%.
- South Korea's consumer confidence improved further for third-consecutive month to 91.4 in Sep-22.
- Japan's business activities rebounded as the au Jibun Bank Japan Composite PMI indicated an expansion after rising to 50.9 in Sep-22, the highest since Jun-22.
- Singapore's manufacturing output continued to expand by +0.5%yoy in Aug-22, beating the market consensus.
- The FBM KLCI closed -2.13% lower to end at 1,394.63 points on Friday. As for the Ringgit, it saw a weekly depreciation of c.1.28% against the US dollar to close at USD/MYR 4.6375 last week, while the Brent crude oil price rose by +2.10% for the week to end at USD87.96 per barrel.

Sell-off resumed

A. MARKET SNAPSHOT

- Last week saw another round of sell-off, with the greenback holding near recent peaks on top of historically high inflation, rising interest rates and growing recession fears. It marked the third weekly decline for the S&P 500 and Dow Jones, and all three main indices were down for the second consecutive month. Year-to-date, Wall Street has suffered three straight quarterly declines, the longest losing streak for the S&P 500 and Nasdaq since the Great Recession and Dow Jones' longest in 7 years. For the week, Dow Jones, and the S&P 500 lost -2.9% to end at 28,725.51 and 3,585.62 respectively, while Nasdaq was down by -2.7% to close at 10,575.62.
- Of the 16 indices that we track, all were in the red and the biggest decliners were Philippines' PCOMP (-8.28%), Korea's KOSPI (-5.87%) and Taiwan's TWSE (-4.91%).
- Malaysia's Producer Price index (PPI) rose by +6.8%yoy in Aug-22 (Jul-22: +7.6%yoy), easing to the slowest increase since Apr-21. The easing of PPI inflation can be attributed to decline in PPI for crude material, contracting for the first time since Jan-21, resulting from reduction in prices of non-food materials. We opine price pressures on local producers would ease on the back of improving supply chain activity following the decrease in the Baltic Dry Index and the recent correction in commodity prices. Consequently, CPI inflation outlook would eventually ease as firms may decide to stop raising selling prices in view of reduced PPI inflation and easing cost pressures.

Table 1 Weekly performance of major indices

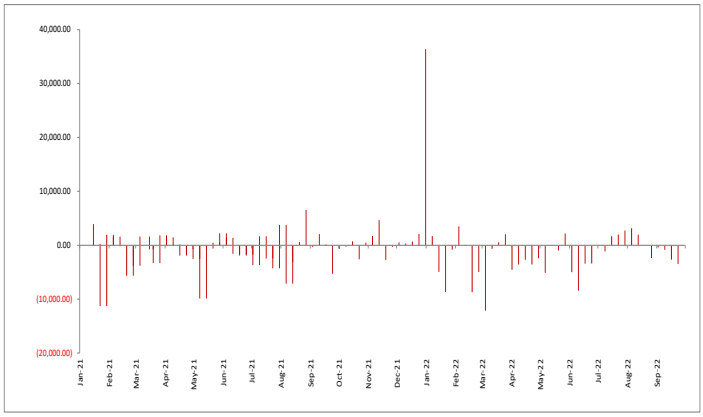
Index	% chg week before	% chg last week
French CAC	-4.84	-0.36
India SENSEX	-1.26	-1.16
China SHSZ300	-1.95	-1.33
German DAX	-3.59	-1.38
FTSE100	-3.01	-1.78
Jakarta JCI	0.14	-1.92
FBMKLCI	-2.88	-2.13
Thai SET	0.08	-2.59
S&P 500	-4.65	-2.91
Dow Jones	-4.00	-2.92
Singapore FSSTI	-1.26	-3.00
Hong Kong HSI	-4.42	-3.96
Japan NIKKEI	-1.50	-4.48
Taiwan TWSE	-3.04	-4.91
Korea KOSPI	-3.89	-5.87
Phil PCOMP	-4.42	-8.28

- Vietnam's economy continued to expand robustly, with GDP growing at +13.7%yoy in 3QCY22 (2QCY22: +7.7%yoy), the fastest expansion on record. The continued expansion was mainly due to robust export growth at +17.3%yoy in 3QCY22, which was also boosted by low base effect. Meanwhile, the rapid increase in consumer spending also contributed to the 3Q growth as consumption improved further following relaxation of Covid-19 restrictions. We believe Vietnam's economic outlook would continue to be positive on the back of improving domestic economic activities, although the pace of growth may be constrained by the uptick in inflationary pressure. State Bank of Vietnam (SBV) would likely consider another rate hike to keep inflation under control.
- Germany Gfk Climate Indicator dropped sharply to -42.5 in Sep-22 (Aug-22: -36.8), hitting a new record low and is well below market consensus. The continued deterioration in consumer confidence was mostly caused by the significant decrease in income expectations in Sep-22. Consumers are experiencing considerable real income losses because of the present, extremely high inflation rates of approximately 8%, and this severely reduced their purchasing power. We expect consumer sentiment in Germany to remain weak for now. As winter approaches, we opine the correction in commodity prices would not bring down inflationary pressure significantly with energy prices expected to remain high. Therefore, we expect German consumers would continue to be worried about inflation, thus affecting their spending plans.
- Bank of Thailand (BOT) raised its key interest rate by another 25bps to 1.00% for the second consecutive meeting after the Sep-22 monetary policy meeting yesterday. The decision was expected mainly to curb the rising inflation and to support the economy. The general forecast for inflation and growth is consistent with the earlier evaluation. Thus, BOT believes that continuing with a gradual policy normalisation is the best course of action for Thailand's monetary policy setting. We opine

BOT might consider another rate hike and further normalisation at the next meeting.

- The international organisation raised Malaysia's CY22 GDP growth forecast from +5.5% pencilled in Apr-22 to +6.4%. Strong domestic demand, continuous improvement in labour market, uptick in tourism-related activities and revival of infra projects are among the key upside factors for the higher economic growth forecast. World Bank's latest projection is slightly lower than our forecast +6.6% for this year. Despite of food inflation spike, we view overall inflationary pressure to stay stable, less than average +3.5% for 2022, among others thanks to the capped fuel prices. As for CY23, World Bank foresees Malaysian economy to expand by +4.2% as external headwinds heighten, especially slowdown in developed economies, China, and possible continuous supply chain disruptions.

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



Source: Bloomberg, Bursa Malaysia, MIDFR

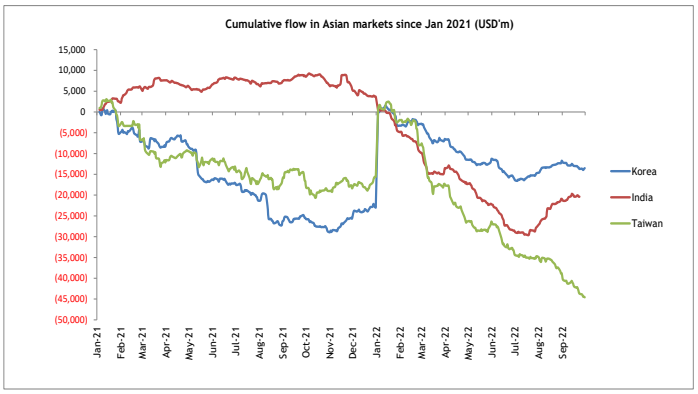
- South Korea's consumer confidence improved further for third-consecutive month to 91.4 in Sep-22 (Aug-22: 88.8). This was primarily caused by the fact that the current economic outlook is optimistic and that consumers have higher confidence in the state of the economy, which was highlighted at 50.0 in Sep-22. (Aug-22: 62.0). Consumer confidence was boosted in Sep-22 by a stable labour environment and declining inflation. Meanwhile, consumers are also optimistic towards future domestic economy, underpinned by expectation of easing inflation will fuel domestic spending. Moving forward, we opine consumer would likely fuel private spending in future with the concerns of global economic slowdown and aggressive monetary tightening in worldwide which might hold back the consumer spending.
- Japan's business activities rebounded as the au Jibun Bank Japan Composite PMI indicated an expansion after rising to 50.9 in Sep-22 (Aug-22: 49.4), the highest since Jun-22. Japan's service sector was the primary factor contributing to the expansion in Sep-22 as the services PMI increased to 51.9 (Aug-22: 49.5. On the other side, Japan's manufacturing activity declined slightly to 51.0 in Sep-22 and signalled softer expansion dragged by weaker output and new orders as rising prices also led to slower demand. The prospects for activity remained challenging because the latest data suggests improving activities following easing of Covid-19 restrictions, but production activities seemed to have slowed down with continued challenges from increasing prices and weak yen.
- Singapore's manufacturing output continued to expand by +0.5%yoy in Aug-22 (Jul-22: +0.8%), beating the market consensus. The most recent reading was the slowest pace in the series even though it increased for the eleventh-consecutive month. The growth was mainly supported by increased output of biomedical manufacturing (+11.1%yoy), transport engineering (+32.8%yoy) and general manufacturing (+18.8%yoy). We opine Singapore's factory activity might slow down as the inflationary pressure continued to rise, in addition to concerns of global economic slowdown.
- The FBM KLCI closed -2.13% lower to end at 1,394.63 points on Friday. As for the Ringgit, it saw a weekly depreciation of c.1.28% against the US dollar to close at USD/MYR 4.6375 last week, while the Brent crude oil price rose by +2.10% for the week to end at USD87.96 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

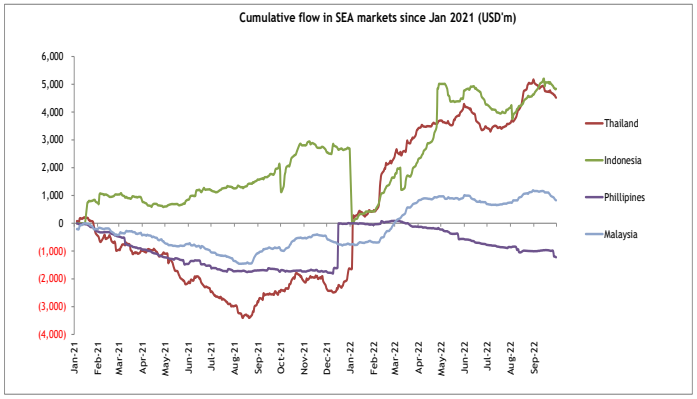
- Last week, foreign investors continued to net sell Asian equities for the sixth consecutive week. Based on the provisional aggregate data for the 7 Asian exchanges that we track, investors classified as "foreign" net sold -USD3.47b last week. Out of the 39 trading weeks so far in 2022, there have been 26 weeks of net selling and 13 weeks of net buying.
- The highest net outflows were seen on Monday at -USD1.16b, mainly contributed by the sell-off in India, which saw an outflow of -USD891.6m.
- The amount of net outflows moderated throughout the week, but both India and Taiwan remained the main contributors to the sell-off. India saw a cumulative weekly outflow of -USD1.99b after breaking off its 10-week streak of weekly inflows. Meanwhile, Taiwan saw an outflow of -USD889.0m for the week and this marked the ninth consecutively weekly outflow for the country.
- Elsewhere, the weekly outflows recorded were -USD229.6m in Philippines, -USD188.6m in Thailand, -USD188.4m in Indonesia and -USD160.2m in Malaysia.
- The only country that saw a weekly inflow was South Korea at USD183.6m. There were net inflows of USD250.4m on Thursday, USD181.2m on Friday and USD82.6m on Monday.

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

- Bursa Malaysia continued to see net selling activities from the foreigners for the fourth consecutive week. They have net sold -RM740.6m worth of equities last week, which was higher than the RM562.6m sold in the previous week.
- Foreign investors were net sellers for every trading day of the week, with the heaviest outflows recorded on Monday at -RM208.7m, followed by Wednesday at -RM202.9m and Thursday at

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

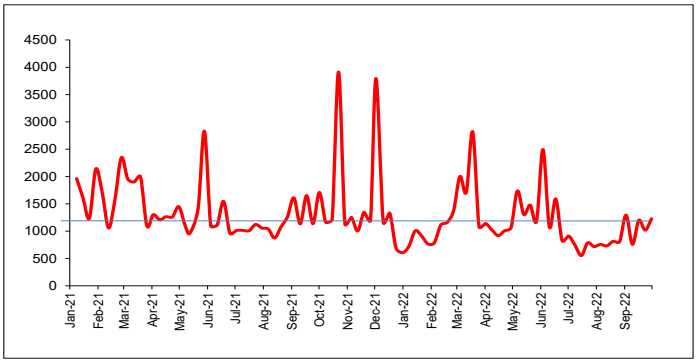
WEEK	KOREA	THAI	INDO	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
19-Aug	516.00	681.04	214.59	57.09	2,766.00	(791.80)	137.76	3,580.68
26-Aug	463.70	259.51	119.93	(13.23)	405.80	(1,350.70)	54.72	(60.27)
2-Sep	133.10	(7.75)	163.40	(5.57)	488.50	(3,039.60)	42.65	(2,225.27)
9-Sep	(648.80)	(142.14)	318.13	20.42	740.90	(843.30)	(9.43)	(564.22)
16-Sep	(121.60)	(134.68)	23.94	19.65	533.30	(686.30)	(41.03)	(406.72)
23-Sep	(721.40)	(41.65)	(32.60)	(30.20)	7.60	(1,711.50)	(123.21)	(2,652.96)
30-Sep	183.60	(188.55)	(188.35)	(229.56)	(1,994.30)	(889.00)	(160.20)	(3,466.36)

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

-RM149.5m. The outflows recorded on Tuesday and Friday were lower at -RM95.0m and -RM84.4m respectively.

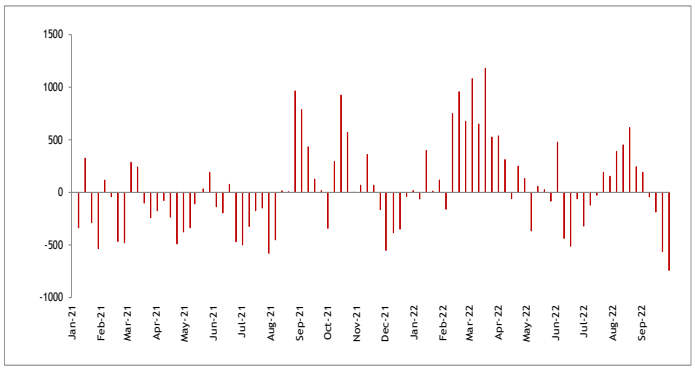
- In contrast, local institutions were net buyers during every trading day last week. The heaviest inflow was recorded on Monday at RM224.1m and it moderated to RM36.6m on Tuesday before increasing to RM177.3m on Wednesday. RM126.9m and RM104.3m worth of inflows were posted on Thursday and Friday respectively. Cumulatively, local institutions have net bought RM669.2m worth of equities last week.
- Local retailers remained net buyers for the third consecutive week, with a total weekly inflow of RM71.4m, about one third of the amount in the week prior. They started of the week by net selling -RM15.3m, before turning to net buyers from Tuesday through Thursday at RM58.4m, RM25.6m and RM22.6m. They then net sold -RM19.9m at the end of the week.
- To date, international investors have been net buyers for 24 out of the 39 weeks of 2022, with a total net inflow of RM6.62b. Local institutions were net sellers for 30 out of 39 weeks, with a total net outflow of -RM8.89b. Local retailers have been net buyers for 26 out of 39 weeks of 2022. Year-to-date, they have net bought RM2.27b.
- In terms of participation, there was an increase in average daily trade value (ADTV) across all investor classes at +8.3% for retail investors, +15.7% for institutional investors and +20.6% for foreign investors.

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)*
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
9-Sep	2,070.37	2,119.16	(48.81)	3,923.73	3,832.45	91.29	1,875.20	1,917.70	(42.49)	(9.43)
16-Sep	2,017.16	1,826.33	190.84	3,259.44	3,264.11	(4.67)	2,308.88	2,495.04	(186.16)	(41.03)
23-Sep	2,131.58	1,920.19	211.38	3,926.83	3,575.59	351.23	2,264.76	2,827.38	(562.61)	(123.21)
30-Sep	2,229.75	2,158.35	71.41	4,673.99	4,004.79	669.22	2,699.56	3,440.18	(740.62)	(160.20)

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 30 SEP 2022

- PCHEM recorded the highest net money inflow last week to the tune of RM4.7m. Its share price was up by 0.48% for the week, outperforming the local bourse which declined by -2.13%.
- TM saw the second highest net money inflow of RM4.1m. Its share price declined by -4.04%, underperforming the performance of the FBM KLCI which lost -2.13%. A net inflow amid retreating share price could indicate a buy on weakness (BOW) stance among investors.
- GENTING saw the third highest net money inflow of RM1.6m. However, its share price was down by -1.27% for the week, outperforming the local benchmark. Likewise, BOW stance among investors could also be observed here.

Table 4 Top 10 Net Money INFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
PCHEM	4.73	5.78	0.48	-
TM	4.13	5.09	-4.04	BOW
MAYBANK	1.59	0.62	-1.27	BOW
RHB BANK	1.12	-0.13	-1.94	BOW
SIME DARBY	0.96	0.94	-0.93	BOW
GAS MALAYSIA	0.72	0.59	-4.69	BOW
WESTPORTS	0.69	0.67	-4.97	BOW
HEINEKEN	0.64	0.55	1.62	-
MAHB	0.59	1.72	-3.45	BOW
DIALOG	0.50	0.52	-7.44	BOW

- PUBLIC BANK saw the largest net money outflow of -RM5.1m last week. Its stock price declined by -2.53% for the week, slightly underperforming the FBM KLCI which was -2.13% lower.
- PRESS METAL recorded the second largest net money outflow -RM2.3m during the week under review. Its share price was up by +0.75% for the week, outperforming the local bourse. The net money outflow amidst a rising share price may indicate a sell on strength (SOS) stance among some investors.
- PPB GROUP saw the third largest net money outflow of -RM2.1m, while its share price was higher by +2.42%, outperforming the local benchmark which lost -2.13%.

Table 5 Top 10 Net Money OUTFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
PUBLIC BANK	-5.11	-2.99	-2.53	-
PRESS METAL	-2.28	-3.68	0.75	SOS
PPB GROUP	-2.10	-1.81	2.42	SOS
TOP GLOVE	-2.08	-1.67	-3.85	-
INARI	-1.79	-1.22	-5.62	-
HARTALEGA	-1.78	-1.38	8.50	SOS
GENTING	-1.52	-0.84	-0.71	-
NESTLE	-1.44	-1.15	2.19	SOS
MY EG	-1.17	-1.22	1.80	SOS
IHH	-1.15	-2.32	1.72	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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