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MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

MIDF EQUITY STRATEGY | 17 OCTOBER 2022

WEEK ENDED 14 OCTOBER 2022

- For the week, the S&P 500 lost -1.6% to end at 3,583.07, Dow Jones added +1.2% to close at 29,634.83, while Nasdaq declined by -3.1% to close at 10,321.39.
- Of the 16 indices that we track, most were in the red, led by Hong Kong's HSI (-6.50%), Taiwan's TWSE (-4.19%) and Singapore's STI (-3.38%). The only advancers were Germany's DAX (+1.34%), Dow Jones (+1.15%), France's CAC (+1.11%) and China's Shenzhen (+0.99%).
- The US headline CPI eased further for the fourth straight month by +8.2%yoy in Sep-22.
- Malaysia's IPI growth accelerated to +13.6%yoy in Aug-22, the fastest in 15 months.
- The latest poll shows the IBD/TIPP Economic Optimism Index fell to 41.6 in Oct-22, indicating weakening sentiment among Americans.
- The unemployment rate in the UK dropped to 3.5% in the three months to Aug-22, marking the lowest reading since 1974.
- Recovery of Malaysia's labour market continued as jobless rate stayed at pandemic low of 3.7% in Aug-22.
- The 14th Parliament was dissolved on Monday to make way for GE15, which we expect would be held as early as Nov-22.
- The FBM KLCI closed -1.67% lower to end at 1,382.47 points on Friday. As for the Ringgit, it saw a weekly depreciation of c.1.17% against the US dollar to close at USD/MYR 4.7045 last week, while the Brent crude oil price declined by -6.42% for the week to end at USD91.63 per barrel.

Most markets remained in the red

A. MARKET SNAPSHOT

- The major indices on Wall Street ended broadly lower last week as a government report showed that U.S. consumers are raising their expectations for future inflation, signalling that the Federal Reserve (Fed) would have to continue raising rates aggressively. For the week, the S&P 500 lost -1.6% to end at 3,583.07, Dow Jones added +1.2% to close at 29,634.83, while Nasdaq declined by -3.1% to close at 10,321.39.
- Of the 16 indices that we track, most were in the red, led by Hong Kong's HSI (-6.50%), Taiwan's TWSE (-4.19%) and Singapore's STI (-3.38%). The only advancers were Germany's DAX (+1.34%), Dow Jones (+1.15%), France CAC (+1.11%) and China's Shenzhen (+0.99%).

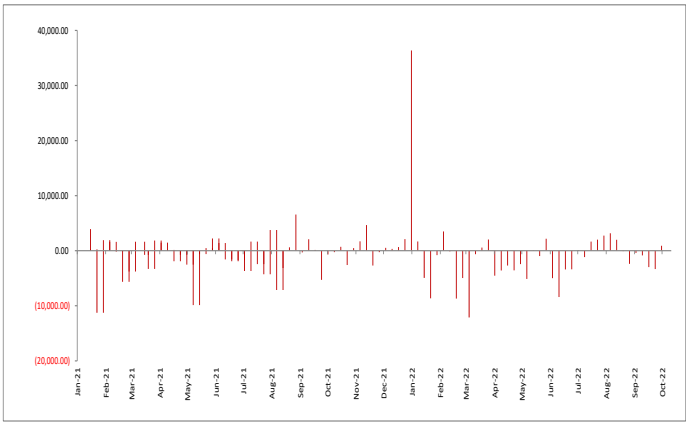
Table 1 Weekly performance of major indices

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

- The US headline consumer price index (CPI) eased further for the fourth straight month by +8.2%yoy in Sep-22 (Aug-22: +8.3%yoy). Although the rate of inflation is the slowest in 6 months, it indicates inflation in the US remains at high levels. The marginal easing in Sep-22 was again due to slower energy price inflation particularly gasoline, fuel oil and electricity. With the core CPI inflation rising at +6.6%yoy, higher than market consensus and the fastest in 40 years, this suggests broader price pressures despite correction in gasoline prices. We anticipate the Fed to continue with another large rate hike at the next FOMC meeting early Nov-22.
- Malaysia's Industrial Production Index (IPI) growth accelerated to +13.6%yoy in Aug-22, the fastest in 15 months. This beat our estimate mainly because of the stronger growth in manufacturing output (+14.9%yoy), in line with the stronger exports performance. Manufacturing sales also registered stronger growth of +24.4%yoy in Aug-22 (Jul-22: +23.8%yoy), driven by higher sales of refined petroleum products, electronic components, motor vehicles and computers. We maintain our IPI growth projection of +6.0% for CY22 as we expect growth to moderate in the later part of the year.
- The latest poll shows the IBD/TIPP Economic Optimism Index fell to 41.6 in Oct-22 (Sep-22: 44.7), indicating weakening sentiment among Americans. The deterioration in Oct-22 was due to worsening expectations on the near-term economic outlook, growing concerns over personal finance, and reduced confidence in the government's economic policies. Being the leading indicator for the US consumer sentiment, the IBD/TIPP poll suggest weakening of consumer confidence, related to rising inflation and concerns over the overall US economic outlook. Following the aggressive tightening of monetary policy, Americans would hold back their spending if consumer sentiment continued to deteriorate in the coming months.
- The unemployment rate in the UK dropped to 3.5% in the three months to Aug-22, marking the lowest reading since 1974. This shows the post-pandemic recovery has resulted in a strong labour demand as total vacancies remained at level, despite falling to 1.25m. Despite the strong labour market condition, part of the improvement in the jobless rate was also linked to more people quitting the job market because the economic inactivity rate increased by 252K or 0.6ppt to 21.7% as of Aug-22. The record-high inactivity rate was because these workers are students, or they are not well. Going forward, the robust job market suggests that BOE would likely continue tightening its monetary policy as inflation remains at multi-year highs.
- Recovery of Malaysia's labour market continued as jobless rate stayed at pandemic low of 3.7% in

Aug-22. Labour force and employment continued expanding at +3.1%yoy and +4.2%yoy respectively, thanks to robust domestic economic growth and upbeat external front. Unemployment dropped further by -18.3%yoy, marking the twelve-consecutive month of contraction. Even though GE15 is set to take place in Nov-22, the election may reduce domestic political uncertainties and certainly the new government would table an expansionary fiscal policy for 2023. We believe stimulus bullets for labour market recovery and domestic economic growth would be among the major elements in the upcoming Budget 2023 after GE15. We maintain our unemployment rate forecast at 3.8% for CY22.

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



Source: Bloomberg, Bursa Malaysia, MIDFR

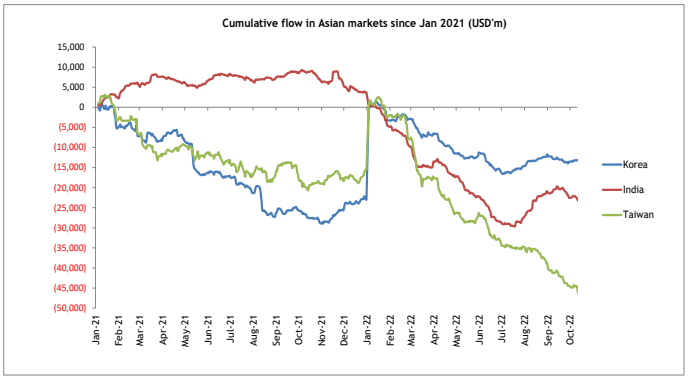
- The 14th Parliament was dissolved on Monday to make way for GE15, which we expect would be held as early as Nov-22. The announcement was rather expected due to calls for PM to dissolve the parliament. If the previous government is able to secure a new and strong mandate, we expect minor changes would be made to Budget CY23. If major changes were to be made, it might be difficult to get it approved within this year and this could pose downward risks on 1QCY23 GDP growth as public sector spending might be impacted. We expect a new government would continue to focus on providing supports to the people and local businesses and ensuring sustainable growth amid concerns over the negative effects from global slowdown.
- The FBM KLCI closed -1.67% lower to end at 1,382.47 points on Friday. As for the Ringgit, it saw a weekly depreciation of c.1.17% against the US dollar to close at USD/MYR 4.7045 last week, while the Brent crude oil price declined by -6.42% for the week to end at USD91.63 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

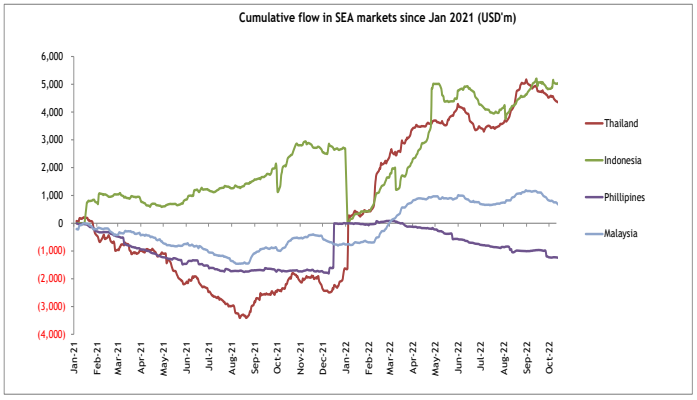
- Foreign investors turned to net sellers last week. Based on the provisional aggregate data for the 7 Asian exchanges that we track, investors classified as "foreign" net sold -USD2.38b, a reversal from the USD890.5m net bought in the week prior. Out of the 41 trading weeks so far in 2022, there have been 27 weeks of net selling and 14 weeks of net buying.
- The bulk of the outflows came from Taiwan at -USD1.49b and India at -USD1.20b. Note that Taiwan has recorded its 11th consecutive week of net outflows. Other countries that recorded net outflows were Thailand at -USD125.9m, Malaysia at -USD102.3m, Indonesia at -USD79.4m and Philippines at -USD5.3m. Only Korea posted a net inflow of USD626.8m last week.
- The heaviest outflows were seen on Tuesday at -USD1.51b. This was mainly contributed by the outflows in Taiwan at -USD1.11b and India at -USD456.5m. The outflows recorded for the rest of the week, save for Friday were lower at -USD710.1m on Monday, -USD457.3m on Wednesday and -USD342.3m on Thursday. A net inflow was recorded on Friday at USD643.2m, mainly coming from Korea at USD310.1m and Taiwan at USD373.1m.

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)

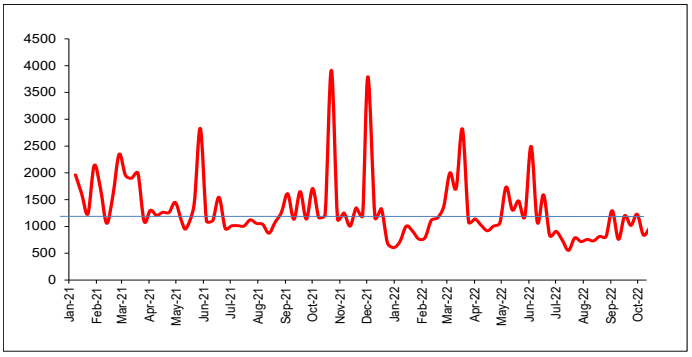
WEEK	KOREA	THAI	INDO	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
2-Sep	133.10	(7.75)	163.40	(5.57)	488.50	(3,039.60)	42.65	(2,225.27)
9-Sep	(648.80)	(142.14)	318.13	20.42	740.90	(843.30)	(9.43)	(564.22)
16-Sep	(121.60)	(134.68)	23.94	19.65	533.30	(686.30)	(41.03)	(406.72)
23-Sep	(721.40)	(41.65)	(32.60)	(30.20)	7.60	(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)
7-Oct	310.30	(32.55)	228.83	(1.06)	485.80	(28.30)	(72.55)	890.47
14-Oct	626.80	(125.91)	(79.38)	(5.28)	(1,201.40)	(1,492.30)	(102.33)	(2,379.80)

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

C. TRACKING MONEY FLOW - MALAYSIA

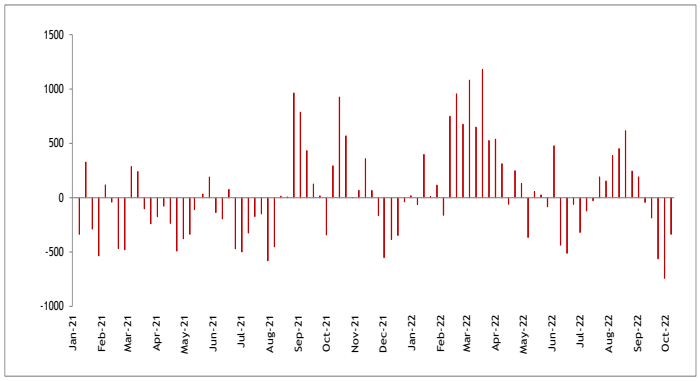
- Bursa Malaysia continued to see net selling activities from the foreigners for the sixth consecutive week. They have net sold -RM479.7m worth of equities last week, which was higher than the -RM336.9m sold in the previous week.
- In a shortened trading week, foreign investors were net sellers for every trading day with the heaviest outflows recorded on Thursday at -RM153.7m and Tuesday at -RM140.3m. Meanwhile, the outflows recorded on Wednesday and Friday were -RM86.4m and -RM99.3m respectively.
- In contrast, local institutions were net buyers during every trading day last week. They started off the week by net buying RM81.2m worth of equities on Tuesday and the amount moderated to RM44.2m on Wednesday before increasing to RM131.5m on Thursday and slightly lower at RM111.5m on Friday. Cumulatively, the local institutions have net bought RM368.4m last week.
- Local retailers turned to net buyers last week, with a total weekly inflow of RM111.3m. On Tuesday, retailers net bought RM59.1m worth of equities and it moderated to RM42.2m on Wednesday and RM22.2m on Thursday. They closed off the week by net selling -RM12.2m worth of equities.
- To date, international investors have been net buyers for 24 out of the 41 weeks of 2022, with a total net inflow of RM5.81b. Local institutions were net sellers for 29 out of 41 weeks, with a total net outflow of -RM8.11b. Local retailers have been net buyers for 27 out of 41 weeks of 2022. Year-to-date, they have net bought RM2.30b.
- In terms of participation, there was an increase in average daily trade value (ADTV) across all investor classes at +0.34% for retail investors, +16.6% for institutional investors and +16.3% 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)*
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)
7-Oct	1,938.81	2,015.38	(76.56)	3,775.59	3,362.12	413.47	1,933.37	2,270.28	(336.90)	(72.55)
14-Oct	1,642.68	1,531.40	111.28	3,512.91	3,144.52	368.40	1,715.44	2,195.13	(479.68)	(102.33)

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 14 OCT 2022

- PCHEM recorded the highest net money inflow last week to the tune of RM7.7m. Its share price was down by -0.23% for the week, outperforming the local bourse which declined by -1.67%. A net inflow amid retreating share price could indicate a buy on weakness (BOW) stance among investors.
- MAYBANK saw the second highest net money inflow of RM2.4m. Its share price declined by -2.31%, underperforming the performance of the FBM KLCI which lost -1.67%. Similarly, BOW stance among investors could be observed.
- PETGAS saw the third highest net money inflow of RM2.2m. However, its share price was down by -0.49% 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	7.74	7.43	-0.23	BOW
MAYBANK	2.38	4.12	-2.31	BOW
PETGAS	2.16	1.68	-0.49	BOW
TOP GLOVE	2.10	2.82	6.98	-
HLB	1.68	1.09	-0.49	BOW
PRESS METAL	1.60	3.09	-3.91	BOW
TIME DOTCOM	1.31	0.69	-1.55	BOW
GENM	1.30	1.94	-6.16	BOW
MISC	1.20	1.45	-0.57	BOW
AMMB	1.06	-0.66	-0.75	BOW

- PUBLIC BANK saw the largest net money outflow of –RM4.4m last week. Its stock price declined by -1.41% for the week, slightly outperforming the FBM KLCI which was -1.67% lower.
- TM recorded the second largest net money outflow -RM1.9m during the week under review. Its share price was up by +2.12% 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.
- NESTLE saw the third largest net money outflow of -RM1.5m, while its share price was marginally higher by +0.08%, outperforming the local benchmark which lost -1.67%. SOS stance among some investors could 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	-4.41	-4.03	-1.41	-
TM	-1.86	-2.76	2.12	SOS
NESTLE	-1.45	-1.24	0.08	SOS
UTDPLT	-1.13	-0.37	-1.70	-
PPB	-0.74	-0.85	-1.00	-
AXIATA	-0.71	-0.80	-9.06	-
AEON CREDIT	-0.66	-0.28	-2.17	-
HENGYUAN	-0.65	-0.60	-3.05	-
GAMUDA	-0.40	-1.01	-1.27	-
VITROX	-0.37	-0.27	-5.69	-

[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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