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MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

MIDF EQUITY STRATEGY | 25 OCTOBER 2022

WEEK ENDED 21 OCTOBER 2022

- For the week, the S&P 500 rose +4.74%, the Dow added +4.89% and the Nasdaq gained +5.22%. Each of the three major indexes notched their biggest weekly percentage gains in four months.
- Labour market in the US remained firm despite of elevated inflationary pressure and tightening monetary policy. With the strong job market, we believe this will lend further support to core inflation rate.
- Overall US IPI growth continues to record positive growth, +5.3%yoy, fastest gain in 5-month. We opine this continuous upbeat momentum will further lead the Fed to raise funds rate by another 75bps.
- Inflationary pressure in the UK continued on uptrend as cost-of-living crisis deepened. We view the UK economy is in limbo at this juncture especially with inflation stubbornly high, interest rate highest since 2008, domestic politics cause uncertainty over fiscal policy and volatile financial markets.
- Malaysia's core inflation reached new peak at +4.0%yoy. On sequential month basis, core prices still recorded growth of +0.3%mom. With this upbeat momentum, we believe BNM is very likely to raise the OPR by another +25bps in the last MPC meeting for this year, in Nov-22.
- Malaysia's external trade performance was still robust in Sep-22, although the annual growth was relatively slower than Aug-22. We upgrade our projection for exports and imports to grow at +26% and +30.5%, respectively.
- •The FBM KLCI had +4.63% weekly increase to close at 1,446.42 points on Friday. As for the Ringgit, it saw a weekly depreciation of c.0.73% against the US dollar to close at USD/MYR4.738 last week, while the Brent crude oil price declined by -2.04% for the week to end at USD93.50 per barrel.

MARKET STILL JITTERS

A. MARKET SNAPSHOT

- The FBM KLCI closed higher by +8.70 points or +0.61% to 1,446.42 on Friday primarily due to continuous buying activities of heavy weights counters - on a possible technical upswing. Strongest positive percentage performers were the BM Transportation & Logistics Index, rose by +1.33% while the strongest negative percentage performers were the BM Healthcare Index, declined by by -1.03%.
- Of the 16 indices that we track, only 5 indices were in the red, led by China's Shenzhen (-2.59%). China dropped mostly due to the slow reopening of its economy over its strict zero-Covid-19 policy. Meanwhile, the rest advancers were led by Dow Jones (+4.89%). The major indices on Wall Street ended in green last week due to expectations that the central bank will adopt much lesser aggressive policy stance.
- The Dow Jones Industrial Average climbed by +748.97 points, or +2.47%, to 31,082.56, the S&P 500 rose by +86.97 points, or +2.37%, to 3,752.75 and the Nasdaq Composite gained +244.87 points, or +2.31%, to 10,859.72. For the week, the S&P 500 rose +4.74%, the Dow added +4.89% and the Nasdaq gained +5.22%. Each of the three major indexes notched their biggest weekly percentage gains in four months.

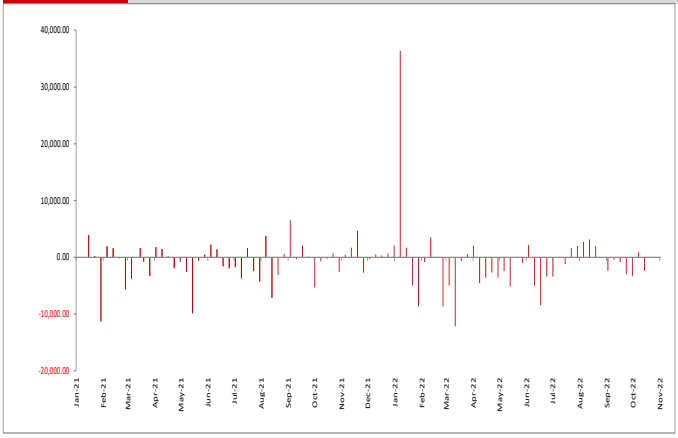
Table 1 Weekly performance of major indices

Index	% chg week before	% chg last week
INDU Index	1.15	4.89
SPX Index	-1.55	4.74
FBMKLCI Index	-1.67	4.63
JCI Index	-3.02	2.98
SENSEX Index	-0.47	2.39
DAX Index	1.34	2.36
SET Index	-1.20	1.96
CAC Index	1.11	1.74
UKX Index	-1.89	1.62
PCOMP Index	-0.46	1.33
KOSPI Index	-0.91	0.03
NKY Index	-0.09	-0.74
HSI Index	-6.50	-2.27
FSSTI Index	-3.38	-2.29
TWSE Index	-4.19	-2.35
SHSZ300 Index	0.99	-2.59

- Labour market in the US remained firm despite of elevated inflationary pressure and tightening monetary policy. In Sep-22, jobless rate dipped to 29-month low at 3.5% and non-farm payrolls increased by +263K, higher than market consensus +250K. With the strong job market, we believe this will lend further support to core inflation rate. The closely monitored inflation rate by the Fed jumped to +6.6%yoy in Sep-22, the highest since 1982. In addition, core PCE inflation remained above the +2% target rate at +4.9%yoy in Aug-22. Henceforth, we foresee the Fed is very likely to raise another 75bps in the upcoming FOMC meeting next month. If macro data in the US starts to show softening trend in Oct-22 onwards, then we expect a smaller incremental size in the Fed's funds rate particularly in Dec-22.
- Despite of tightening monetary policy in the US, overall IPI growth continues to record positive growth. Overall IPI increased by +5.3%yoy, fastest gain in 5-month. Manufacturing output grew by +5.5%yoy, highest rate since May-22. Most of major components rose steadily despite supply bottlenecks and elevated inflationary pressure. Production of consumer goods edged up by +3.8%yoy (5-month high), auto output by +16.6%yoy (16-month high), equipment by +9.7%yoy (5-month high), materials by +5.8%yoy (7-month high) and energy by +1.6%yoy (2-month high). Even on month-on-month basis, overall IPI and manufacturing output growth remained on steady momentum. Hence, we opine this continuous upbeat momentum will further lead the Fed to raise funds rate by another 75bps. If the uptrend speed persists, we may see another 75bps in Dec-22 FOMC meeting. However, we believe domestic economic activities to soften in the near term following the effects of tightening monetary policy.

- Inflationary pressure in the UK continued on uptrend as cost-of-living crisis deepened. Food inflation hit a new fresh high +14.8%yoy, among others driven by prices of oils & fats, milks & cheese, bread & cereals, meat and fish. Transport inflation softened to 11-month low at +10.6%yoy yet still recording on double-digit rate since Nov-21. In the environment of elevated global energy prices and gas supply shortages, overall electricity, gas and fuel inflation spiked by +70.1%yoy. The inflation rate has been hovering above +69.0%yoy since Apr-22, due to the Ukraine-Russia war. On demand side, core inflation rate surged to a new record high at +6.5%yoy despite of tightening monetary policy by BOE. Jobless rate remained in good shape as unemployment rate descended to 3.5% in Aug-22, close to 50-year low. We view the UK economy is in limbo at this juncture especially with inflation stubbornly high, interest rate highest since 2008, domestic politics cause uncertainty over fiscal policy and volatile financial markets.

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



Source: Bloomberg, Bursa Malaysia, MIDFR

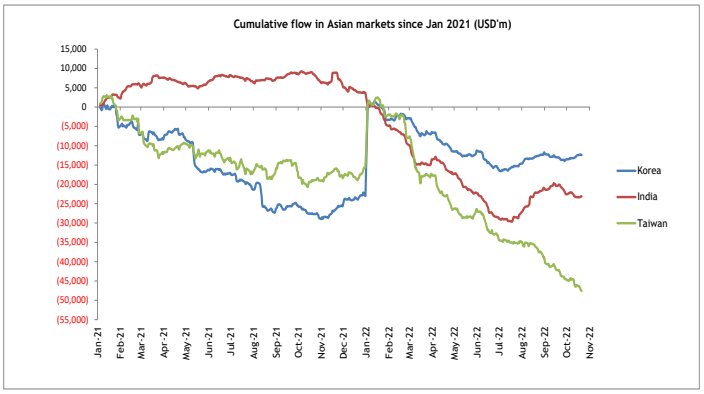
- Malaysia's core inflation reached new peak at +4.0%yoy. As domestic demand continued on strengthening, core inflation rate touched new peak point again at +4.0%yoy in Sep-22. On sequential month basis, core prices still recorded growth of +0.3%mom. With this upbeat momentum, we believe BNM is very likely to raise the OPR by another +25bps in the last MPC meeting for this year, in Nov-22. On the other side, Malaysia's food inflation moderated slightly to +6.8%yoy, the lowest rate in three-month. Price growth of Food at Home eased to +5.7%yoy whereas Food Away from Home touched new fresh high at +8.7%yoy. We keep our average CPI forecast to +3.0% for 2022. In the environment of elevated global commodity prices, inflationary pressure in Malaysia is affected via higher food inflation. We expect food price growth to record at +5.5% this year among others attributed by further depreciation of USDMYR. As for fuel subsidy, we believe the Government to maintain current mechanism at least until end of this year. With domestic demand firming, we upgrade our headline CPI forecast slightly by +0.2% point to +3.0% for 2022.
- Malaysia's external trade performance was still robust in Sep-22, although the annual growth was relatively slower than Aug-22. Exports grew further at +30.1%yoy (Aug-22: +48.1%yoy), underpinned by external demand for E&E and oil & gas products. Continued support from higher demand for E&E and oil & gas. By major sectors, Malaysia's exports continued to benefit from rising global demand for E&E and oil & gas products. Exports of manufactured goods (share: 84.5% of total exports) rose by +28.7%yoy in Sep-22 (Aug-22: +47.7%yoy), still backed by surging demand for refined petroleum products (+83.3%yoy) and E&E (+39.8%yoy). Upgrade our forecast: exports and imports to grow at +26% and +30.5%, respectively. We upgrade our projection for exports and imports to grow at +26% and +30.5%, respectively. Based on the latest data, external demand remained robust despite concerns over slowing global growth.
- The FBM KLCI had +4.63% weekly increase to close at 1,446.42 points on Friday. As for the Ringgit, it saw a weekly depreciation of c.0.73% against the US dollar to close at USD/MYR4.738 last week, while the Brent crude oil price declined by -2.04% for the week to end at USD93.50 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

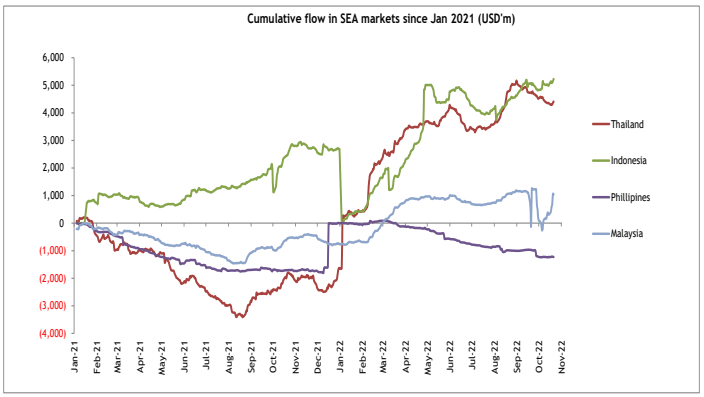
- Foreign investors stayed as net sellers last week albeit at a significantly slower pace than in the previous week.
- Based on the provisional aggregate data for the 7 Asian exchanges that we track, investors classified as "foreign" net sold -USD718.43m, compared to net outflows of prior week recorded at -USD2.4b. Out of the 42 trading weeks so far in 2022, there have been 28 weeks of net selling and 14 weeks of net buying.
- The net outflows for the week were contributed by Taiwan and Malaysia as it was the only market that recorded outflows. Taiwan recorded net outflows of -USD1.45b for the week, marking its 12th consecutive week of net outflows. Malaysia's net outflows amounted to -USD14.4m.
- Meanwhile, other countries recorded net inflows, with Indonesia and India leading the Asian exchanges we track at USD245.2m and USD238.6m respectively.
- The week started with a less negative tone as Monday and Tuesday saw net selling below the -USD100m mark, at -USD15.6m and -USD86.9m. However, the net outflow grew heavier as the week went by.
- We observed net outflows for everyday of the week, last week which was contributed by outflow in Taiwan which saw everyday net selling. The highest net selling in Taiwan occurred on Thursday which amounted to -USD417.8m. On aggregate basis though, the highest net selling occurred on Wednesday at -USD301.5m due to net selling in Taiwan (-USD389.4m), India (-USD46.2m), Malaysia (-USD11.4m) and Thailand (-USD2.0m) which was moderated by minimal net inflows in South Korea (USD139.5m), Indonesia (USD6.0m) and Philippines (USD2.0m).
- Indonesia was the only market to see one day of net selling which was on Tuesday (-USD47.7m) but saw net buying on the other days.

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)

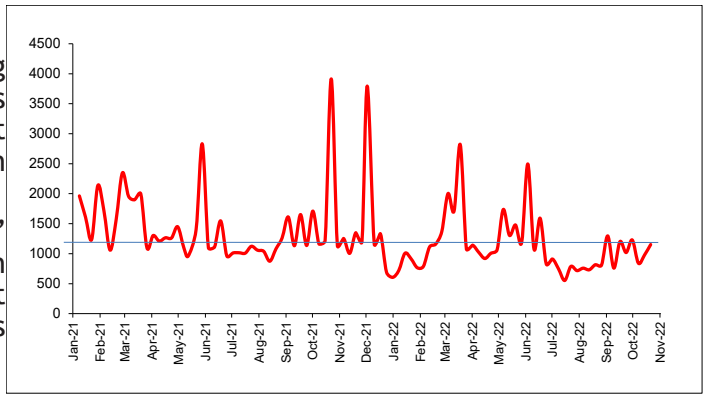
WEEK	KOREA	THAI	INDO	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
9-Sep	(648.80)	(142.14)	318.13	20.42	740.90	(843.30)	(9.43)	(564.22)
16-Sep	(121.60)	(134.68)	23.94	19.65	533.30	(686.30)	(41.03)	(406.72)
23-Sep	(721.40)	(41.65)	(32.60)	(30.20)	7.60	(1,711.50)	(123.21)	(2,652.96)
30-Sep	183.60	(188.55)	(188.35)	(229.56)	(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)
21-Oct	212.40	52.42	245.16	1.20	238.60	(1,453.80)	(14.41)	(718.43)

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

C. TRACKING MONEY FLOW - MALAYSIA

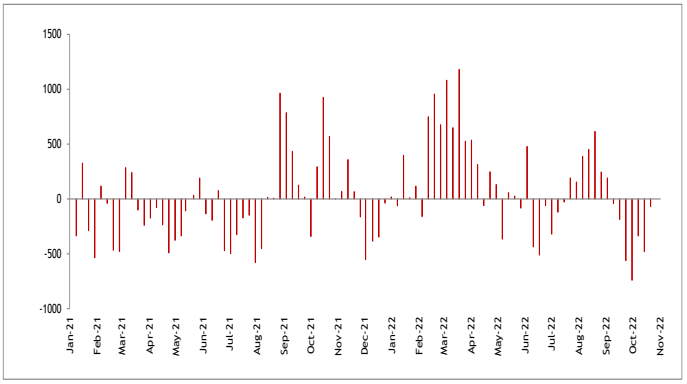
- Bursa Malaysia continued to see net selling activities from the foreigners for the seventh consecutive week. They have net sold -RM68.22m worth of equities last week, which was the lowest outflows compared to the past seven weeks.
- Foreign investors were net sellers for every trading day except Tuesday and Friday. The heaviest outflows for foreign investors were recorded on Thursday, at -RM83.4m. Meanwhile, the heaviest inflows for foreign investors were recorded on Tuesday, at RM102.6m.
- Monday saw the continuation of foreign investors' net selling streak at -RM53.5m but this was broken on Tuesday before the net selling resumed. However, it ended the week with a net buying by foreign investors on Friday with RM20.1m.
- The top three sectors that saw the most net inflows by foreigners last week were Financial Services, Energy and Telecommunication at RM81.1m, RM46.8m and RM27.7m respectively. Meanwhile, the highest net outflows were Healthcare at -RM95.5m, Industrial Products and Services at -RM81.0m and Construction at -RM45.3m.
- Meanwhile, local institutions were net buyers during every trading day last week, except on Tuesday with net outflows of -RM105.7. The heaviest net inflows for local institutions were on Thursday, recorded at RM120.5m. Cumulatively, the local institutions have net bought RM147.5m worth of equities last week.
- Local retailers turned to net sellers last week, with total weekly outflows of -RM79.2m. The largest net outflows for local retailers in the week were on Friday, at -RM48.8m, while the largest inflows were on Monday, at RM9.9m.
- To date, international investors have been net buyers for 24 out of the 42 weeks of 2022, with a total net inflow of RM5.7b. Local institutions were net sellers for 29 out of 42 weeks, with a total net outflow of -RM8.0b. Local retailers have been net buyers for 27 out of 42 weeks of 2022. Year-to-date, they have net bought RM2.2b.
- In terms of participation, there was a surge increase in average daily trade value (ADTV) for foreign investors at +17.8% and retail investors at 5.2%. In contrast, the institutional investors declined by -2.5%.

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)*
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)
21-Oct	2,046.34	2,125.57	(79.24)	4,130.80	3,983.34	147.45	2,845.33	2,913.56	(68.22)	(14.41)

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 21 OCT 2022

- MAYBANK registered the highest net money inflow of RM6.04m last week. Its share price was +2.49% higher for the week, underperforming the local bourse which had a +4.63% weekly increase.
- IHH saw the second highest net money inflow of RM5.17m. Its share price was +4.90% higher during the week, outperforming the local bourse which was +4.63% higher.
- PMETAL saw the third highest net money inflow of RM2.98m. Its share price was +5.26% higher during the week, OUTperforming the local bourse which was +4.63% higher.

Table 4 Top 10 Net Money INFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
MAYBANK	6.04	6.30	2.49	-
IHH	5.17	4.29	4.90	-
PMETAL	2.98	2.11	5.26	-
KLK	2.79	2.11	5.70	-
RHB	2.47	2.49	4.56	-
PETGAS	1.89	2.24	5.01	-
PETCHEM	1.53	-0.14	5.26	-
HONG LEONG	1.52	0.93	3.90	-
INARI	1.23	1.15	1.28	-
MAHB	0.97	1.23	7.22	-

- CIMB saw the largest net money outflow of -RM3.70m last week. Its stock price was +4.34% higher for the week, underperforming FBM KLCI which was +4.63% higher during the review week.
- TIME DOTCOM recorded the second largest net money outflow -RM2.88m during the week under review. Its share price was +0.68% higher during the week, underperforming the market benchmark which had a +4.63% weekly increase.
- GAMUDA registered the third largest net money outflow of -RM2.09m in the review week. Its share price was -3.85% lower during the week under review, underperforming the local benchmark which was +4.63% higher for the week.

Table 5 Top 10 Net Money OUTFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
CIMB	-3.70	0.11	4.34	SOS
TIME DOTCOM	-2.88	-1.67	0.68	SOS
GAMUDA	-2.09	-2.24	-3.85	-
PUBLIC BANK	-1.86	-0.62	7.14	SOS
TOP GLOVE	-1.70	-1.45	5.80	SOS
TELEKOM	-1.00	-0.34	1.70	SOS
NESTLE	-0.69	0.29	1.37	SOS
GENTING	-0.55	0.41	1.39	SOS
QL RESOURCES	-0.51	-0.56	3.59	SOS
GAS MALAYSIA	-0.50	-0.30	-0.60	-

[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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