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MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

MIDF EQUITY STRATEGY | 7 NOVEMBER 2022

WEEK ENDED 4 NOVEMBER 2022

- Wall Street's three major stock indexes closed higher, mostly contributed by technology, financials, consumer discretionary, communication services, and industrials.
- The Dow Jones Industrial Average grew +1.26% or 401.97points to 32,403.22 points, the S&P500 gained +50.66% or 50.66 points to close at 3,770.55 points and the tech-heavy Nasdaq Composite Index close higher as well by +1.28% or 132.31 points to close at 10,475.25 points.
- Out of the 16 major indices that we track, 12 ended the week positively. The Hang Seng Index secured the top spot, followed by China's CSI 300 Index and FTSE 100 Index.
- In the US, the Fed's FOMC announced another large 75bps hike, pushing the fed funds rate higher to 3.75-4.00%. Given the elevated inflation and still strong labour market, the Fed is likely to push fed funds rate as high as 4.50-4.75% by end of this year.
- In Malaysia, BNM raised the Overnight Policy Rate (OPR), from 2.50% to 2.75%, in its final Monetary Policy Meeting of 2022, in-line with market expectations. With the rising core inflation trend and stronger-than-expected domestic demand, we expect the central bank to front-load its monetary bullets to pre-pandemic levels at 3.00% by Jan-23.
- The FBM KLCI weekly declined by -0.62% to close at 1,438.28 points on Friday. As for the Ringgit, it saw a weekly depreciation by circa 0.48% against the US dollar to close at USD/MYR 4.7477 last Friday. Meanwhile, the Brent crude oil price rose +2.92% for the week to close at USD98.57 per barrel.

7 NOVEMBER 2022 | Strategy - Weekly Fund Flow

MIDF Research Team

MARKET STAYS UNCERTAIN

A. MARKET SNAPSHOT

- Wall Street's three major stock indexes closed higher, mostly contributed by technology, financials, consumer discretionary, communication services, and industrials. The Dow Jones Industrial Average grew +1.26% or 401.97points to 32,403.22 points, the S&P500 gained +50.66% or 50.66 points to close at 3,770.55 points and the tech-heavy Nasdaq Composite Index close higher as well by +1.28% or 132.31 points to close at 10,475.25 points. Market focus now rely on the key consumer inflation reading due next week as well as the U.S. midterm elections on Nov. 8, where control of Congress is at stake.
- In the East, rumours and news reports FED hopes for twin relief in U.S.-China tension and China's tough COVID rules. Hong Kong's Hang Seng Index, where many of China's large-cap companies are listed surged 5.3% and notched its biggest weekly gain in 11 years. The Shanghai Composite rose 2.4% for a 5.3% weekly gain, the largest in more than two years and China-sensitive assets around the world rose sharply.
- Out of the 16 major indices that we track, 12 ended the week positively. The Hang Seng Index secured the top spot, followed by China's CSI 300 Index and FTSE 100 Index that rose +6.38% and 4.07% respectively. At the stark end of the decliners was the S&P 500 Index, INDU Index, FBMKLCI Index and JCI Index.

Table 1 Weekly performance of major indices

Index	% chg week before	% chg last week
HSI Index	-8.32	8.73
SHSZ300 Index	-5.39	6.38
UKX Index	1.12	4.07
KOSPI Index	2.50	3.53
FSSTI Index	3.00	2.32
CAC Index	3.94	2.29
TWSE Index	-0.24	1.86
SENSEX Index	1.10	1.65
DAX Index	4.03	1.63
SET Index	0.93	1.26
PCOMP Index	2.84	0.52
NKY Index	0.80	0.35
JCI Index	0.55	-0.15
FBMKLCI Index	0.06	-0.62
INDU Index	5.72	-1.40
SPX Index	3.95	-3.35

- In the US, the Fed's FOMC announced another large 75bps hike, pushing the fed funds rate higher to 3.75-4.00%. This marks the fourth back-to-back 75bps increase since Jun-22, as widely anticipated by market consensus as inflation remained elevated and above the Fed's 2% longer-term target on the back of still strong labour market. Reading from the latest Nov-22 FOMC decision and comments from the Fed Chair after the meeting, the Fed is expected to remain hawkish until there is a clear sign that inflation is trending downward. On a side note, US growth is to be moderate in 4QCY22. According to Jerome Powell, the latest information indicates that the US economic growth would moderate in the final quarter of 2022. This is despite the rebound in US GDP growth in 3QCY22 which rose by +2.6%qoq on annualized basis (2QCY22: -0.6%), backed by increased consumer spending and amid strong job market data. Given the elevated inflation and still strong labour market, the Fed is likely to push fed funds rate as high as 4.50-4.75% by end of this year.
- Euro area's inflation rose to record high at +10.7%yoy in Oct-22, as the eurozone struggle with energy crisis going into winter season. Faster inflation was recorded across various sectors including energy, foods & beverages, industrial goods and even marginal rise in services inflation. The rise in inflation supports for more rate hikes by the ECB as the core CPI inflation also rose to new high at +5.0%yoy, slightly higher than +4.9% predicted by market. Separate data release shows the euro area GDP expanded by +2.1%yoy, the slowest growth in 6 straight quarters of expansion since 2QCY21. This reflects moderation in the region's economic growth as experienced by member countries including major economies like Germany, France, Spain and Italy. While the flash estimate does not provide the performance by GDP components, we believe consumption activity in eurozone has been negatively impacted by rising prices as retail sales already contracted since Jun-22. On the back of record high inflation and rising borrowing costs, we foresee euro area's growth would slow further in view of weaker sentiment indicator and sharper fall in manufacturing PMI.

- The decline in NBS manufacturing PMI to 49.2 in Oct-22 (Sep-22: 50.1) indicates slowing manufacturing activities in China as restrictions imposed to contain Covid-19 spread led to reduced output, and declines in new orders, including export sales. Moreover, buying activities in the sector also dropped, with employment registering steeper fall during the month. On the back of rising input prices and longer delivery time, sentiment among Chinese manufacturers also worsened slightly indicating reduced optimism on the business environment. According to the statistical bureau, China's services sector activities also weakened as non-manufacturing PMI fell to 48.7 in Oct-22 (Sep-22: 50.6), marking the first contraction since May-22. The PMI surveys for both manufacturing and services sectors signal slowing business activities as governments continued to impose strict Covid-19 policy. This could affect China's industrial production and business activities, and further constrain the country's economic growth going into the final quarter of 2022. Following prolonged Covid-19 restrictions, we opine the reopening of the economy potentially in early 2023 would only boost China's economic growth next year. In other words, China's short-term growth outlook will continue to be influenced by the Covid-19 situation as the government sticking to strict containment measures

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



Source: Bloomberg, Bursa Malaysia, MIDFR

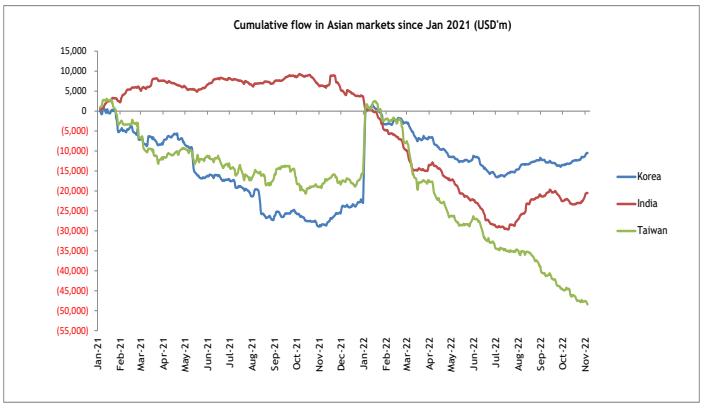
- In Malaysia, BNM raised the Overnight Policy Rate (OPR), from 2.50% to 2.75%, in its final Monetary Policy Meeting of 2022, in-line with market expectations. Expect next rate hike in January 2023. Moving into 2023, we believe the current focus of BNM's monetary policy setting is to ensure a sustainable recovery of Malaysia's economy. With the rising core inflation trend and stronger-than-expected domestic demand, we expect the central bank to front-load its monetary bullets to pre-pandemic levels at 3.00% by Jan-23. Apart from that, BNM hinted strong & robust 3QCY22 GDP Growth. Underpinned by improvements in labour market conditions and income prospects, robust domestic demand continues to fuel local economic activity in the third quarter of this year. BNM reiterate inflation to peak in 3QCY22. On the price developments, BNM views inflation to be manageable as 9MCY22 average inflation rate remained within the BNM's 2.2-3.2% inflation forecast range. BNM foresee core inflation to average closer to upper range of +2~3% for this year.
- Activities in Malaysia's manufacturing sector continued to contract in Oct-22 as the manufacturing PMI fell further to 48.7 (Sep-22: 49.1). The decline mainly reflects weaker demand which caused manufacturers to adjust production lower. The latest survey also shows that inflation eased as selling prices rose at the slowest pace in 2 years. While manufacturers in other countries expressed concerns on the outlook, Malaysia's manufacturers continued to indicate optimistic sentiment. Based on recent indicators, we expect growth momentum in Malaysia's economy to be sustained on the back of growing domestic demand. Although the latest PMI readings continued to signal slowing demand, external trade data remained robust defying slowdown concerns. This also explains why local manufacturers remained positive on the outlook. Still, we maintain a cautiously optimistic outlook for domestic production and trade activities given uncertainties on the external front, such as expected weakening of final demand from advanced economies (amid concerns over recession risk), tighter Covid-19 restrictions in China, and escalation of geo-political and trade tensions. Moreover, there is sign of weaker regional trade performance as South Korea reported yesterday its exports declined -5.7%yoy in Oct-22 following weak demand from China. Similarly, Taiwan also reported -5.3%yoy fall in exports in Sep-22, also dragged down by weaker shipments to China.
- The FBM KLCI weekly declined by -0.62% to close at 1,438.28 points on Friday. As for the Ringgit, it saw a weekly depreciation by circa 0.48% against the US dollar to close at USD/MYR 4.7477 last Friday. Meanwhile, the Brent crude oil price rose +2.92% for the week to close at USD98.57 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

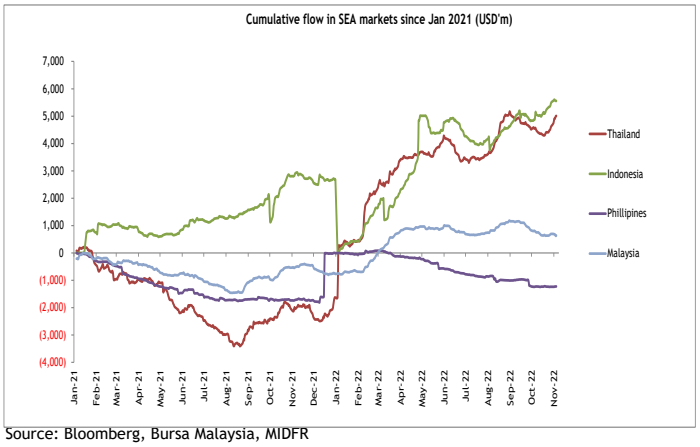
- Foreign investors continued to its net buying trend, with a net inflow of USD2.81b into Asian equities last week. The bulk of the foreign funds went to India and Korea. Out of 44 trading weeks so far, there were 28 weeks of net selling and 15 weeks of net buying.
- Investors classified as "foreign" started the week with net inflow of USD1.54b on Monday, USD1.30b on Tuesday, and USD423.73m on Wednesday before turning to net outflow of -USD164.24m and USD290.62m on Thursday and Friday respectively. Monday and Tuesday net inflow were mostly contributed by inflow in India, amounted to USD1.03b and USD748.80m correspondingly. As for Wednesday, net inflow was mostly supported by net inflow from Korea at USD327.40m.
- India and Thailand were the only countries recorded net buying from foreign investors for everyday of the week. The largest inflow for India came on Monday at USD1.03b while the largest inflow for Thailand was on Tuesday at USD162.6m. Other than India and Thailand, South Korea is the only Asia equities under our tracked that recorded four days of net inflow, totalled to USD1.05b before a net selling on Friday of -USD6.0m.
- In total, the net inflows by foreign investors were mostly contributed by net inflows into India and South Korea, which saw net inflows amounting to USD2.04b and USD1.04b respectively. Other major contributors were Thailand with net inflows amounting to USD374.7m. Meanwhile, net inflows into Indonesia and Philippines came in at USD52.8m and USD13.2m respectively for the week.
- In contrary, Taiwan and Malaysia were the only markets that saw net outflows last week which amounted to -USD653.10m and -USD58.22m respectively. Taiwan has entered its 14th consecutive week of net selling by foreign funds, which saw -USD13.7b leaving its shores during the period.

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)

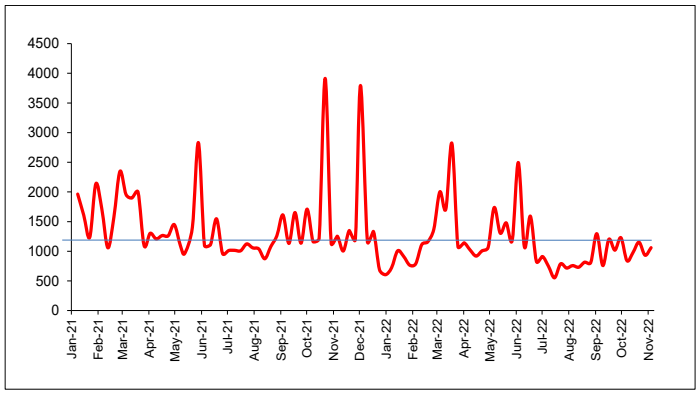
WEEK	KOREA	THAI	INDO	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
23-Sep	(721.40)	(41.65)	(32.60)	(30.20)	(313.70)	(1,711.50)	(123.21)	(2,974.26)
30-Sep	183.60	(188.55)	(188.35)	(229.56)	(1,859.70)	(889.00)	(160.20)	(3,331.76)
07-Oct	310.30	(32.55)	228.83	(1.06)	485.80	(28.30)	(72.55)	890.47
14-Oct	626.80	(125.91)	(79.38)	(5.28)	(1,263.90)	(1,492.30)	(102.33)	(2,442.30)
21-Oct	212.40	52.42	245.16	1.20	308.20	(1,453.80)	(14.41)	(648.83)
28-Oct	799.50	223.25	273.84	(6.45)	464.60	(217.10)	62.00	1,599.64
04-Nov	1,039.70	374.66	52.81	13.22	2,041.70	(653.10)	(58.22)	2,810.77

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

C. TRACKING MONEY FLOW - MALAYSIA

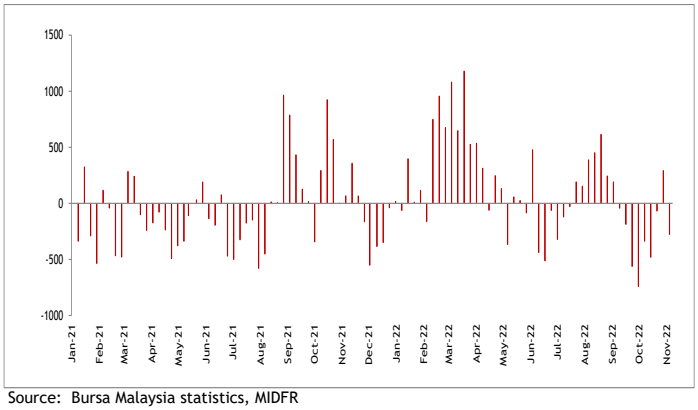
- Foreign investors were reversed its trend and turned to net sellers last week. The total net outflows for the week were -RM275.92m. In comparison, foreign investors were net buyers the previous week to the tune of RM292.7m.
- The 3 out of 5 trading days of the week saw net outflows with the largest outflow coming in on Thursday at -RM265.04m. This was followed by net selling on Tuesday at -RM66.99 and Monday at -RM8.40m.
- Local institutions were net buyers last week with the heaviest inflow on Thursday at RM203.87m, followed by on Tuesday and Monday at RM77.58m and RM30.84m respectively. Local institutions were net sellers in the week for two days only, Friday at -RM38.44m and Wednesday at -RM11.51m.
- Local retailers turned as net buyers last week with a record of RM13.57m inflows for the week. They were net sellers at -RM22.45m, -RM10.59m and -RM25.91m on Monday, Tuesday and Friday. They recorded as net buyers on Wednesday and Thursday, at RM11.35m and RM61.17m respectively.
- The top three sectors which saw net outflows were Financial Services at -RM270.3m, Healthcare at -RM88.2m and Industrial Products & Services at -RM37.7m. Meanwhile, the three sectors with net inflows by foreign investors last week were Consumer Products & Services at RM43.9m, Utilities at RM22.9m and Transportation and Logistics at RM17.3m.
- International funds have been net buyers for 25 out of the 44 weeks of 2022, with a total net inflow of RM5.76b. Local institutions were net sellers for 30 out of 44 weeks, with a total net outflow of -RM7.89b. Local retailers have been net buyers for 28 out of 44 weeks of 2022. Year-to-date, they have been net buyers at RM2.14b.
- In terms of participation, there was an improvement in average daily trade value (ADTV) among foreign investors by 13.53% and retailers by 2.76%. As for local institutions, there were decline of -8.00%.

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)*
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)
07-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)
28-Oct	1,766.74	1,863.52	(96.77)	3,303.82	3,499.71	(195.89)	2,013.10	1,720.44	292.67	62.00
04-Nov	2,338.28	2,324.70	13.57	4,043.25	3,780.91	262.34	2,511.33	2,787.24	(275.92)	(58.22)

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 28 OCT 2022

- PCHEM recorded the highest net money inflow for this week again, at a rate of RM4.26m. Its share price was -3.08% lower for the week, underperforming the local bourse that declined -0.62% last week. Take note that the net money inflow amidst a retreating share price may indicate a buy on weakness (BOW) stance among some investors.
- HEINEKEN saw the second highest net money inflow of RM0.74m. Its share price rose +0.09% during the week, better than the FBM KLCI performance.
- MAYBANK had the third highest net money inflow again at RM0.70m. Its share price was -1.52% lower for the week, underperforming the local bourse. There is an indication of BOW here.

Table 4 Top 10 Net Money INFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
PETCHEM	4.26	1.35	-3.08	BOW
HEINEKEN	0.74	-0.82	0.09	-
MAYBANK	0.70	-1.35	-1.52	BOW
DIALOG	0.49	1.05	8.38	-
PMETAL	0.42	-0.10	0.92	-
QL RESOURCES	0.39	0.50	4.50	-
KLK	-0.10	0.37	-4.12	-
HARTALEGA	-0.45	-0.41	-5.63	-
RHB	-2.00	-3.14	-4.22	-
IHH HEALTHCARE	-2.20	-1.28	1.51	SOS

- TELEKOM saw the largest net money outflow of -RM2.18m last week. Its share price was -3.43% lower for the week, underperforming the FBM KLCI which was -0.62% lower. The net money outflow amidst a rising share price may indicate a sell on strength (SOS) stance among some investors.
- MY EG recorded the second largest net money outflow -RM1.58m during the week under review. Its share price was -0.56% lower for the week, outperforming the local bourse.
- CIMB came in third with an outflow of -RM0.76m during the week. Its share price was -3.42% lower from a week ago, underperforming the FBM KLCI.

Table 5 Top 10 Net Money OUTFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
TELEKOM	-2.18	-3.01	-3.43	-
MY EG	-1.58	-1.31	-0.56	-
CIMB	-0.76	-1.20	-3.42	-
HONG LEONG	-0.36	-0.81	0.50	SOS
AMMB	-0.23	-1.04	-2.71	-
UNITED PLANTATIONS	-0.09	-0.56	0.56	SOS
ALLIANCE	0.16	-0.04	-1.08	BOW
TIME DOTCOM	0.22	1.09	-1.71	BOW
GENTING	1.21	0.06	0.68	-
PUBLIC BANK	2.13	1.33	-0.46	BOW

[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