midf RESEARCH

MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

MIDF EQUITY STRATEGY | 14 NOVEMBER 2022

WEEK ENDED 11 NOVEMBER 2022

- Cooling inflation data in the United States and the easing of China's Zero-Covid policy gave markets a boost last week
- S&P500 grew +5.90%, its best week since June. The Dow gained +4.15% while Nasdaq surged +8.1% to record its best week since March
- Out of the 16 major indices that we track, 15 ended the week positively. Topping the list was Taiwan's TAIEX with a weekly advancement of +7.53%. The only decliner was FTSE 100
- US CPI eased to +7.7% in October while core inflation was recorded at +6.3%
- UK's GDP contracted -0.2% in the third quarter, the first decline after five consecutive quarters of growths
- The European Commission (EC) predicted that the eurozone will slide into recession in the fourth quarter this year. It projected that inflation will spike to 8.5%
- China's exports shrunk by -0.3%yoy in Oct-22, marking the first contraction since May-20. Imports fell -1.1%yoy, marking the third consecutive month of contraction and the weakest since Aug-20
- The FBM KLCI added +2.08% or 29.93 points last week to end at 1,468.21 points on Friday. The Ringgit appreciated by circa +2.64% against the US dollar to close at USD/MYR 4.6225 while the Brent crude oil price declined -2.62% for the week to close at USD95.99 per barrel

DOUBLE BOOSTED RALLY

A. MARKET SNAPSHOT

- Positive developments flooded markets with optimistic sentiments, giving major markets globally among its best performing week this year. From cooling inflation data in the United States to the easing of China's Zero-Covid policy, markets found the two best reasons for a euphoric eruption.
- Benchmark indices on Wall Street advanced last week, with the S&P500 recording its best performing week since June with a growth of +5.90%. The Dow Jones Industrial Average (DJIA) gained +4.15%. The tech-heavy Nasdaq Composite Index jumped +8.1% to record its best week since March.
- Out of the 16 major indices that we track, 15 ended the week positively. Topping the list was Taiwan's TAIEX with a weekly advancement of +7.53% amid a strong foreign interest in chip makers. Coming in second was Hong Kong's Hang Seng Index at +7.21% and the S&P500 at +5.9%. The only decliner was London's FTSE 100, which was -0.23% lower for the week, on the back of a contraction of United Kingdom's economy by -0.2%.

Table 1 Weekly performance of major indices

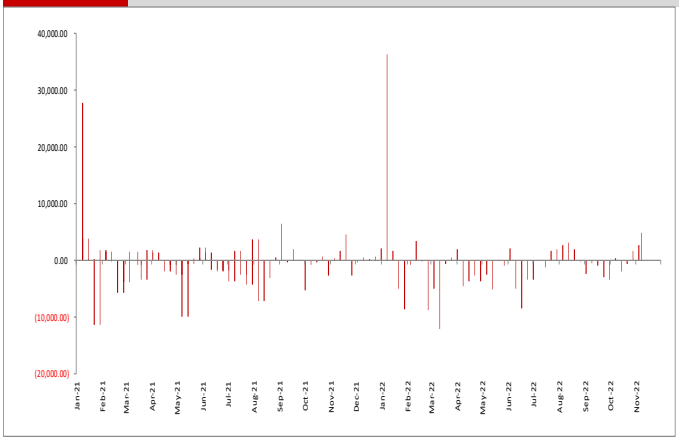
Index	% chg week before	% chg last week
Taiwan TAIEX	1.86	7.53
HANG SENG	8.73	7.21
S&P 500	-3.35	5.90
Korea KOSPI	3.53	5.74
DAX INDEX	1.63	5.68
DOW JONES	-1.40	4.15
NIKKEI	0.35	3.91
FSSTI	2.32	3.14
CAC 40	2.29	2.78
KLCI	-0.62	2.08
Phil PCOMP	0.52	1.64
India SENSEX	1.65	1.39
Thai SET	1.26	0.67
Jakarta JCI	-0.15	0.62
China CSI 300	6.38	0.56
FTSE 100	4.07	-0.23

- Most of the gains in the US were seen on Thursday, following the release of US' CPI data, which eased to +7.7% in October, the slowest pace since Jan-22, raising hopes for a reduction in the Federal Reserve's rate hikes. The main dragging factors of the CPI were deceleration in energy and food inflation rates. On sequential month basis, the CPI growth was maintained at +0.4%mom (Sep-22: +0.4%mom). The slight decline in global energy prices and improvements in supply chain were among positive factors contributing to the softening inflationary pressure.
- Excluding volatile prices, the core inflation rate was recorded at +6.3%yoy. With this lower-than-expected inflation rate, we believe the Fed may consider to reduce its rate hike pace in the upcoming FOMC meeting in Dec-22. Apart from the CPI data, the slight slowdown in job market indicators such as non-farm payrolls and jobless rate may lead the central bank to raise only 50bps instead of 75bps. If the Fed were to take such steps, we believe this will weaken the Dollar Index and other currencies including MYR will start appreciating.
- Economic confidence in the US remained in pessimistic mood as inflation risk, higher interest rate levels and supply chain disruptions continue to pressure businesses as well as consumers. Apart from the Small-Business Optimism Index, the IBD/TIPP Economic Optimism Index registered at 41.6 in Oct-22. This marks the fourteenth-consecutive months of below 50-point demarcation line. Americans remain concerned on the economic outlook, possibility of recession, inflation path, personal finances and confidence on government policies. We expect economic confidence in the US to stay on a pessimistic mood at least in the next three months partly due to further tightening in the Fed's funds rate, elevated global energy prices and supply chain disruptions.
- UK's GDP contracted -0.2% in the third quarter, the first decline after five consecutive quarters of growths. This was mainly due to declines in manufacturing and consumer industries. It is the only G7 country to record a contraction in the third quarter.
- Meanwhile, the European Commission (EC) predicted that the eurozone will slide into recession in the fourth quarter this year. It projected that inflation will spike to 8.5% with high energy bills eroding consumer purchasing power, before falling slightly to 6.1% in 2023. The EC lowered its 2023 growth

forecast to 0.3% from its earlier projection of 1.4%, and forecasted that Germany could likely be the worst performer next year with a contraction of economic output by -0.6%.

- China's exports shrunk by -0.3%yoy in Oct-22, marking the first contraction since May-20. Imports fell -1.1%yoy, marking the third consecutive month of contraction and the weakest since Aug-20. On a month-on-month basis, outbound shipments declined by -7.6%mom, the largest dip since Feb-22 while Chinese inbound shipments dipped -10.4%mom, the worst since Feb-22. We opine that the weakening exports growth reflects softening global demand, in line with the moderating trend in manufacturing PMI figures across many countries. Elevated global energy prices and higher monetary rates are adding the pressure on global demand. As for imports growth, the indirect effects of the Zero-Covid strategy are dragging the domestic economic activities in China. However, we expect the second largest economy in the world to reopen its economy earlier than expected in 2023 especially after President Xi Jinping secured a historic third term. The reopening of Chinese economy would be an upside surprise for the economy as well as global trade activities for 2023.

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



Source: Bloomberg, Bursa Malaysia, MIDFR

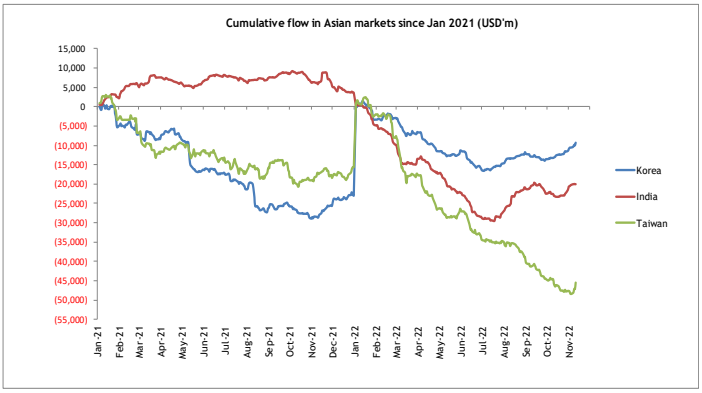
- Indonesia's economy remained on a recovery momentum with a GDP growth of +5.72% in the third quarter, driven mainly by domestic demand and external trade performances. Household consumption grew by +5.4%yoy (2QCY22: +5.5%yoy) as spending on F&B ex. Restaurants growth softened to a one-year low at +2.6%yoy. We view the trivial slowdown in household spending to be due to inflationary pressure as the 2018=100 based headline CPI rate touched a record high +5.2%yoy during the quarter. Looking ahead, we believe that the 4QCY22 GDP growth will soften further amid inflationary pressure and elevated global energy prices. We expect the average 2022 GDP growth to be +5.3%yoy.
- Malaysia's economic growth in 3QCY22 was stronger than expected, posting a GDP growth of +14.2%yoy (2QCY22: +8.9%yoy), surpassing consensus expectations of +12.5%yoy. The robust growth indicates growth momentum picked up further as Covid-19 restrictions had generally been uplifted, international borders reopening, growing domestic spending and continued expansion in external sector. Malaysia's current account remained in surplus and increased to a three-quarter high at RM14.1b in 3QCY22. We upgrade our 2022 GDP growth forecast to +8%. Considering the stronger-than-expected growth in 3QCY22, we adjust our 2022 GDP growth projection higher to +8% from +6.6% previously.
- Malaysia's jobless rate touched a new pandemic low at 3.6% in Sep-22 as the robust domestic economic growth and upbeat external front continued to support the labour force and employment, which expanded by +2.9%yoy and +3.8%yoy respectively. The labour market in Malaysia is expected to strengthen further in 4QCY22, underpinned by upbeat momentum in domestic economy and steady expansion in the external sector. Malaysia's unemployment rate is projected to trend lower this year to 3.8% in 2022 (2021: 4.5%).
- Malaysia's IPI remained on a double-digit expansion for the fourth consecutive month in Sep-22, albeit at a slower pace of +10.8%yoy (Aug-22: 13.5%). While the moderation tracks a moderate growth in manufacturing and electricity output, mining output recorded firmer growth (+15%yoy), driven by sustained growth in crude oil production and stronger LNG output. Manufacturing sales recorded sustained double-digit growth of +19.5%yoy in Sep-22 (Aug-22: +24.4%yoy), with the value of manufacturing sales reaching new monthly high at RM161.7b.
- Malaysia's distributive trade sales growth continued on double-digit expansion rate for five-consecutive months, by +23.9%yoy in Sep-22 and resulting in a growth of +32.7%yoy in the third quarter of 2022, reaching a new peak point. By component, retail spending expanded strongly by +30%yoy, wholesale trade up by +13.3%yoy and motor vehicles sales by +51%yoy.
- The FBM KLCI added 29.93 points or +2.08% last week to close at 1,468.21 points on Friday. The Ringgit saw a weekly appreciation by circa +2.64% against the US dollar to close at USD/RM4.6225. Meanwhile, the Brent crude oil price declined -2.62% for the week to close at USD95.99 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

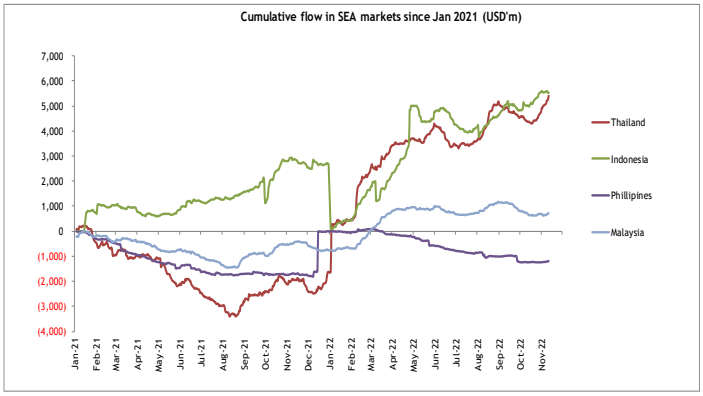
- Foreign investors continued to purchase Asian equities, maintaining their net buying spree for the third consecutive week. They net bought USD4.98b last week, about 77.7% higher than the amount in the previous week. There have been 17 weeks of net buying and 28 weeks of net selling so far in 2022.
- Investors classified as "foreign" net bought every day of the week except on Thursday when they net sold -USD258.05m. The strongest net inflow was on Friday at USD2.51b. Monday, Tuesday and Wednesday saw net inflows of USD758.37m, USD644.27m and USD1.32b respectively.
- The bulk of the foreign funds flowed into Taiwan, with a net inflow of USD2.95b, the highest ever into Taiwan this year since the week ended Jan 7. The net inflow last week reversed the net selling trend that has gone on for 14 consecutive weeks when foreign funds net sold -USD13.72b.
- Out of the seven Asian exchanges that we track, only Indonesia posted a net outflow at -USD6.68m. South Korea received a net inflow of USD1.26b while India recorded a net inflow of USD385.29m.
- Thailand, Malaysia and the Philippines posted net inflows every day of the week, resulting in net inflows of USD385.29m, USD90.72m and USD36.42m respectively.

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

- Foreign investors were net buyers of Malaysian equities last week at a rate of RM425.62m, after briefly turning net sellers the week prior.
- They were net buyers for every day of the week, with the largest inflows seen on Thursday and Friday at RM97.42m and RM105.96m respectively. Monday, Tuesday and Wednesday saw net inflows of RM89.89m, RM55.77m and RM76.57m.

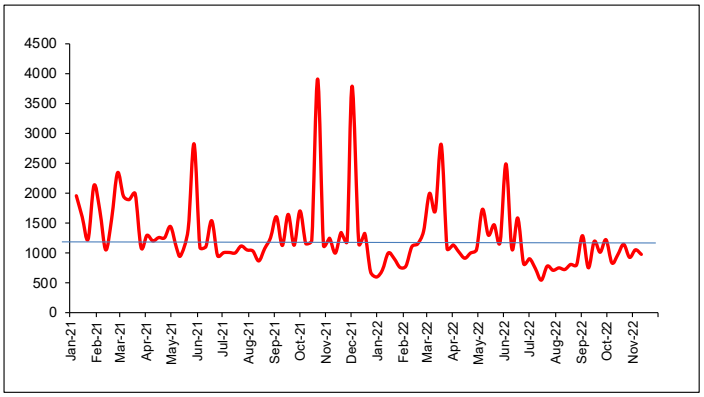
Table 2 Weekly Net Flow Of Foreign Fund Into Equity By Market (USD'm)

WEEK	KOREA	THAI	INDO	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
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)	11.50	(28.30)	(72.55)	416.17
14-Oct	626.80	(125.91)	(79.38)	(5.28)	(789.60)	(1,492.30)	(102.33)	(1,968.00)
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)	656.10	(217.10)	62.00	1,791.14
04-Nov	1,039.70	374.66	40.94	13.22	2,044.00	(653.10)	(58.20)	2,801.22
11-Nov	1,264.67	385.29	(6.68)	36.42	255.80	2,951.00	90.72	4,977.22

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

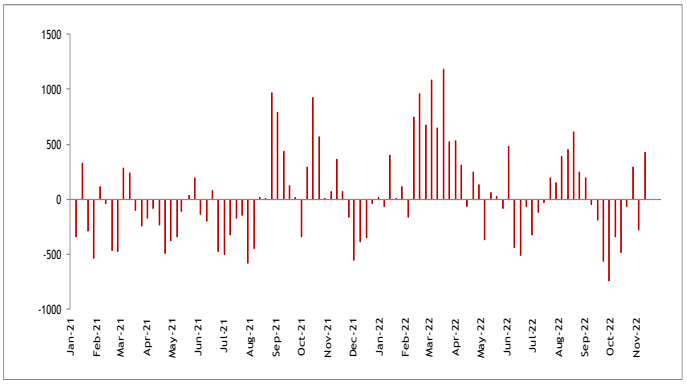
- The top three sectors which saw net inflows by foreign investors last week were Financial Services at RM137.6m, Consumer Products & Services at RM133.0m and Healthcare at RM70.4m. Meanwhile, the three sectors with net outflows were Construction at -RM10.2m, Transportation & Logistics at -RM4m and REITs at -RM1.4m.
- On the flip side, local institutions turned net sellers to the tune of -RM252.04m, after briefly turning net buyers the week before. They were net sellers from Monday to Thursday before net buying RM10.01m on Friday. The net selling amounted to -RM82.67m on Monday, -RM36.93m on Tuesday, -RM63.70m on Wednesday and -RM78.75m on Thursday.
- Local retailers were also net sellers for the week, net selling -RM173.57m. They net sold every day of the week, with the heaviest outflow on Friday at -RM115.97m. They also net sold -RM7.22m on Monday, -RM18.84m on Tuesday, -RM12.87m on Wednesday and -RM18.67m on Thursday.
- International funds have been net buyers for 26 out of the 45 weeks of 2022, with a total net inflow of RM6.18b. Local institutions were net sellers for 31 out of 45 weeks, with a total net outflow of -RM8.14b. Local retailers have been net buyers for 28 out of 45 weeks. Year-to-date, they have been net buyers at RM1.96b.
- In terms of participation, there was an increase among local retailers and local institutions by +3.15% and +1.40% respectively. As for foreign investors, there was a decline of -7.21%.
- We foresee stronger market participation this week as investors are expected to take positions in view of the upcoming general election on Saturday and the upcoming semi-annual review of the FBM KLCI.

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)*
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)	(58.20)
11-Nov	2,318.15	2,491.72	(173.57)	3,840.74	4,092.78	(252.04)	2,671.15	2,245.53	425.62	90.72

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 11 NOV 2022

- PUBLIC BANK recorded the highest net money inflow for the week ended 11 November 2022 at a rate of RM7.77m. Its share price was +2.06% higher for the week, just slightly underperforming the local bourse that rose +2.08% last week.
- MAYBANK saw the second highest net money inflow of RM7.29m. Its share price rose +1.78% during the week, weaker than the FBM KLCI performance.
- PETRONAS CHEMICALS had the third highest net money inflow at RM6.31m. Its share price was +2.59% higher for the week, outperforming the local bourse.

Table 4 Top 10 Net Money INFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
PBBANK	7.77	4.39	2.06	-
MAYBANK	7.29	5.38	1.78	-
PCHEM	6.31	9.14	2.59	-
CIMB	4.61	5.00	2.79	-
TNB	3.82	2.07	-0.12	BOW
TOPGLOV	3.60	1.39	25.49	-
GAMUDA	3.08	3.89	1.35	-
HLLBANK	3.07	1.66	0.00	-
MISC	2.92	1.53	0.00	-
SIME	1.54	1.96	2.27	-

- KUALA LUMPUR KEPONG saw the largest net money outflow of -RM4.34m last week. Its share price was +1.34% higher for the week, underperforming the FBM KLCI which was +2.08% higher. The net money outflow amidst a rising share price may indicate a sell on strength (SOS) stance among some investors.
- IHH recorded the second largest net money outflow -RM2.77m during the week under review. Its share price was -0.66% lower for the week, underperforming the local bourse.
- HARTALEGA came in third with an outflow of -RM2.55m during the week. Its share price grew +4.48% for the week, outperforming the FBM KLCI. There is also an indication of SOS here.

Table 5 Top 10 Net Money OUTFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
KLK	-4.34	-6.06	1.34	SOS
IHH	-2.77	-2.53	-0.66	-
HARTA	-2.55	-2.37	4.48	SOS
YINSON	-1.85	-1.42	5.69	SOS
TM	-1.47	-0.67	3.55	SOS
HENGYUAN	-0.88	-0.57	-5.67	-
MYEG	-0.60	-0.31	-1.70	-
AFFIN	-0.45	-0.34	3.15	SOS
YTL	-0.44	-0.39	0.93	SOS
ARMADA	-0.39	-0.38	3.61	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

DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (197501002077 (23878-X)). It is for distribution only under such circumstances as may be permitted by applicable law.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD.

The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein

This document may not be reproduced, distributed or published in any form or for any purpose.

midf RESEARCH

MIDF RESEARCH is part of
MIDF Amanah Investment Bank Berhad (197501002077 (23878-X))
(Bank Pelaburan)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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