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MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

MIDF EQUITY STRATEGY | 21 NOVEMBER 2022

WEEK ENDED 18 NOVEMBER 2022

- Dow Jones closed at 33,745.69 (-0.01%), the S&P 500 ended at 3,965.34 (-0.69%), while Nasdaq closed at 11,146.06 (-1.57%).
- We saw mixed performance among the 16 major indices that we track. Among the top gainers were Hong Kong's Hang Seng (+3.85%), Taiwan's TWSE (+3.55%) and Philippines' PCOMP (+2.40%). Korea's KOSPI (-1.56%) was the biggest decliner, followed by Japan's Nikkei (-1.29%) and Malaysia's FBM KLCI (-1.29%).
- Malaysia's external trade was more moderate at +21.1%yoy in Oct-22, slowest pace in eight months.
- CPI inflation in the UK accelerated further to +11.1%yoy in Oct-22 (Sep-22: +10.1%yoy), even higher than +10.7% consensus forecast.
- US consumer spending looks supported in Oct-22 as the retail sales data showed sustained growth of +8.%yoy, only marginally slower than growth of +8.5%yoy in Sep-22.
- The latest data shows China's retail sales fell by -0.5%yoy in Oct-22 (Sep-22: +2.5%yoy), worse than weak growth of +1%yoy predicted by market as Chinese consumers were confined by the lockdowns and strict Covid-19 policy.
- Euro area's industrial production rose faster at +4.9%yoy in Oct-22 (Sep-22: +2.8%yoy), beating market forecast and marking the strongest growth since August last year.
- The FBM KLCI lost -1.29% to close at 1,449.32 points on Thursday. As for the Ringgit, it saw a weekly depreciation by circa 1.51% against the US dollar to close at USD/MYR 4.5527 last Friday. Meanwhile, the Brent crude oil price fell by -6.47% for the week to close at USD89.78 per barrel.

Mixed performance amid the macro uncertainty

A. MARKET SNAPSHOT

- Wall Street's major stock indices posted losses for the week after several days of bumpy trading as investors try to weigh earnings reports, economic data and signals from the Federal Reserve (Fed). Concerns regarding rate hikes were heightened on Thursday after a Fed official suggested that the hike might be higher than their previous projection. Dow Jones closed at 33,745.69 (-0.01%), the S&P 500 ended at 3,965.34 (-0.69%), while Nasdaq closed at 11,146.06 (-1.57%).
- We saw mixed performance among the 16 major indices that we track. Among the top gainers were Hong Kong's Hang Seng (+3.85%), Taiwan's TWSE (+3.55%) and Philippines' PCOMP (+2.40%). Korea's KOSPI (-1.56%) was the biggest decliner, followed by Japan's Nikkei (-1.29%) and Malaysia's FBM KLCI (-1.29%).

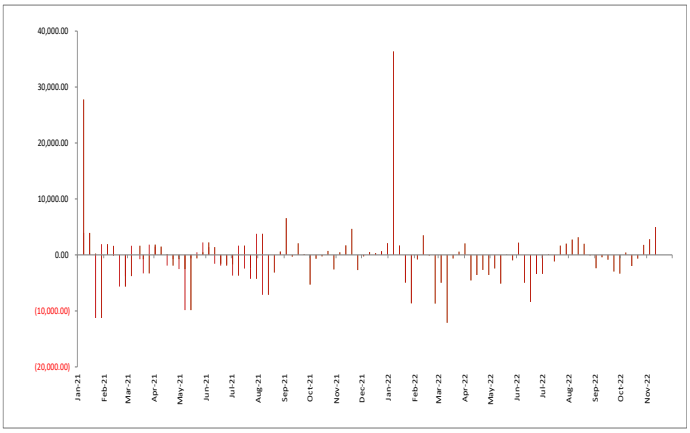
Table 1 Weekly performance of major indices

Index	% chg week before	% chg last week
HSI Index	7.21	3.85
TWSE Index	7.53	3.55
PCOMP Index	1.64	2.40
DAX Index	5.68	1.46
FSSTI Index	3.14	1.36
UKX Index	-0.23	0.92
CAC Index	2.78	0.76
SHSZ300 Index	0.56	0.35
INDU Index	4.15	-0.01
JCI Index	0.62	-0.10
SENSEX Index	1.39	-0.21
SPX Index	5.90	-0.69
SET Index	0.67	-1.22
FBMKLCI Index	2.08	-1.29
NKY Index	3.91	-1.29
KOSPI Index	5.74	-1.56

- Malaysia's external trade performance was still robust in Oct-22, although from an annual growth perspective it was relatively slower than previous months. Growth in total trade was more moderate at +21.1%yoy in Oct-22, slowest pace in eight months. Exports grew further at +15%yoy, maintaining double-digit growth for the 15th consecutive month. Malaysia's outbound shipments to the US and China moderated to single-digit rate of +8.8%yoy and +4.3%yoy respectively. Tightening monetary policy and inflationary pressure could be the downside pressures on the US side while limited local economic activities in China are among factors causing the slowdown. We maintain our projection for exports and imports to grow at +26% and +30.5%, respectively. External demand remained robust despite concerns over slowing global growth. We expect more moderate growth rates for both exports and imports in the final few months of 2022 as low-base effect diminishes.
- CPI inflation in the UK accelerated further to +11.1%yoy in Oct-22 (Sep-22: +10.1%yoy), even higher than +10.7% consensus forecast. The increase, which is the fastest since October 1981, reflects the upward price pressures from housing & household services, mainly gas and electricity charges. This is despite the energy price guarantee to fix the gas prices at lower than expected market prices. In other words, if gas prices allowed to go higher, UK inflation could reach higher than +11% in Oct-22. Other prices like foods and beverages also recorded higher inflation. However, with slower rise in fuel and used car prices, transport cost inflation was slower than previous month. From the month-on-month basis, UK inflation rose faster at +2%mom (Sep-22: +0.5%mom), the fastest monthly inflation in 6 months. We opine the higher inflation data will prompt the Bank of England to continue raising its interest rates as core inflation remained unchanged at high level of +6.5%yoy. Even after several rate hikes, inflation continued to increase at faster pace, therefore further tightening and rising borrowing costs heightens the risk of recession for the UK economy as warned by the BOE.
- US consumer spending looks supported in Oct-22 as the retail sales data showed sustained growth of +8.%yoy, only marginally slower than growth of +8.5%yoy in Sep-22. From month-on-month perspective, retail spending grew faster than expected at +1.3%mom (Sep-22: 0%mom; consensus: +1%mom) driven by increased purchases of motor vehicles (following improved supply chain), F&B stores and services, non-store retailers, furniture, building materials, and health & personal care. Despite the aggressive tightening, the retail sales data points to a robust consumer spending on the back of still strong and tight labour market condition. We believe this supports for more hikes

by the Fed to address the high inflation amid strong demand and labour market conditions, and perhaps suggests the US economy remains resilient and likely experience soft landing despite the aggressive policy tightening thus far. However, we expect spending to be constrained in going forward taking into account weaker sentiment, rising cost of borrowing and prices, and further tightening by the Fed.

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



Source: Bloomberg, Bursa Malaysia, MIDFR

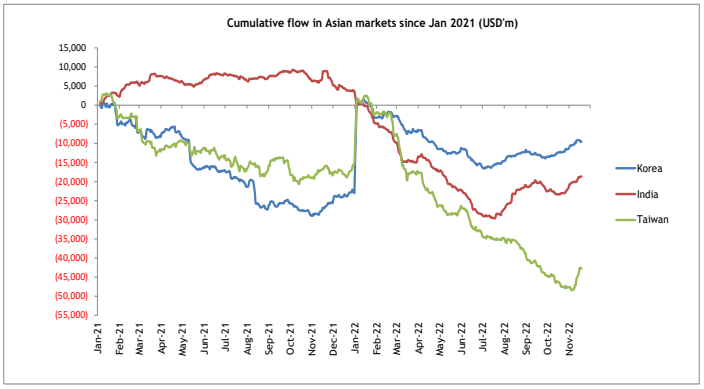
- Recent economic indicators point to slower growth in China's economy as retail spending weakened and industrial production growth eased in Oct-22. The latest data shows retail sales fell by -0.5%yoy in Oct-22 (Sep-22: +2.5%yoy), worse than weak growth of +1%yoy predicted by market as Chinese consumers were confined by the lockdowns and strict Covid-19 policy. It was the first drop after 4 months of annual growth as customers bought less furniture, home appliances, cosmetics, clothing and communications equipment. Meanwhile, industrial production grew at +5%yoy (Sep-22: +6.3%yoy), mainly reflecting the slower output growth in mining and manufacturing sectors. This latest data highlights the slowing growth momentum as China's government recently looked at measures to support the property market and relax travel restrictions to cushion the negative effects of Covid-19 policy on the economy. We expect the eventual reopening of China's economy after the lockdowns would push China's growth stronger going into 2023. Nevertheless, the short-term slowdown in China's domestic spending and business activities has been part of our concerns that weaker external demand could affect Malaysia's exports outlook in the near term.
- Euro area's industrial production rose faster at +4.9%yoy in Oct-22 (Sep-22: +2.8%yoy), beating market forecast and marking the strongest growth since August last year. From month-on-month perspective, the bloc's IPI grew by +0.9%mom (Sep-22: +2%mom), driven by increased output of non-durable consumer goods and capital goods. In particular, agriculture production continued to grow on the back of rising global food prices. On the other hand, the region saw its production of energy, intermediate goods and durable consumer goods declined from the previous month. Although the improved production may suggest improving supply condition, we are still cautious on the production outlook in the euro area as the bloc is facing looming energy crisis. Rising prices and production costs will continue to affect European and global manufacturers, while demand is likely to soften as a result of increased borrowing costs and high inflation. Although EU27 only accounted 8.1% of Malaysia's total exports in first 9 months of 2022 (vs. ASEAN: 29.1%; China: 13.4%; US: 10.7%), slower demand from European countries adds to the concern that slowing global growth would put a drag on the performance of Malaysia's exports and trade-oriented sectors.
- The FBM KLCI lost -1.29% to close at 1,449.32 points on Thursday. As for the Ringgit, it saw a weekly depreciation by circa 1.51% against the US dollar to close at USD/MYR 4.5527 last Friday. Meanwhile, the Brent crude oil price fell by -6.47% for the week to close at USD89.78 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

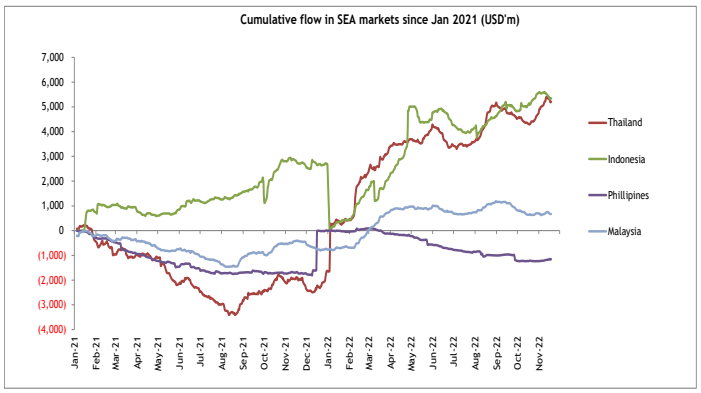
- Foreign investors continued to net buy Asian equities last week with an accumulative net inflow of USD3.45b. Out of 46 trading weeks so far, there were 28 weeks of net selling and 18 weeks of net buying.
- Investors classified as "foreign" started off the week by net buying USD2.42b on Monday, which was the highest amount of net inflow seen during the week. Foreigners continued to net buy USD1.00b on Tuesday and USD331.6m on Wednesday before turning to net sellers on Thursday with an outflow of -USD369.0m. The net outflow was mainly due to the net selling in Korea at -USD355.1m on that day. They turned to net buyers again at the end of the week with a net inflow of USD58.6m.
- Bulk of the foreign inflows were recorded in India at USD1.41b and Taiwan at USD2.72b. Taiwan saw its second consecutive week of net inflows after seeing 14 weeks of net selling by the foreigners. The only other country that posted net foreign inflow was Philippines at USD29.9m.
- The countries that recorded weekly net outflows were Korea at -USD282.4m, Thailand at -USD188.1m, Indonesia at -USD182.4m and Malaysia at -USD60.0m.

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)

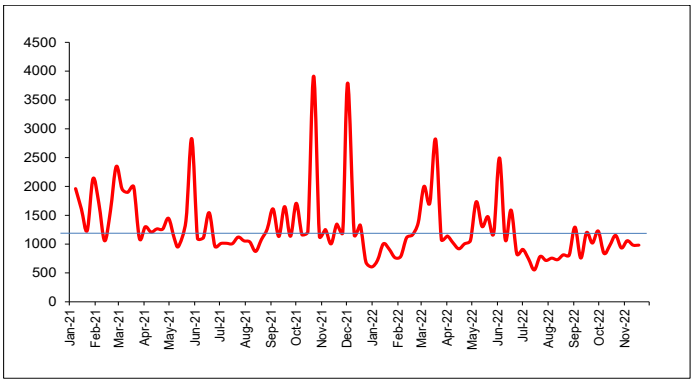
WEEK	KOREA	THAI	INDO	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
7-Oct	310.30	(32.55)	228.83	(1.06)	485.80	(28.30)	(72.55)	890.47
14-Oct	626.80	(125.91)	(79.38)	(5.28)	(1,263.90)	(1,492.30)	(102.33)	(2,442.30)
21-Oct	212.40	52.42	245.16	1.20	308.20	(1,453.80)	(14.41)	(648.83)
28-Oct	799.50	223.25	273.84	(6.45)	464.60	(217.10)	62.00	1,599.64
4-Nov	1,039.70	374.66	52.81	13.22	2,041.70	(653.10)	(58.22)	2,810.77
11-Nov	1,264.67	385.29	(6.68)	36.42	255.80	2,951.00	90.72	4,977.22
18-Nov	(282.44)	(188.05)	(182.40)	29.91	1,409.30	2,721.00	(59.95)	3,447.37

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

C. TRACKING MONEY FLOW - MALAYSIA

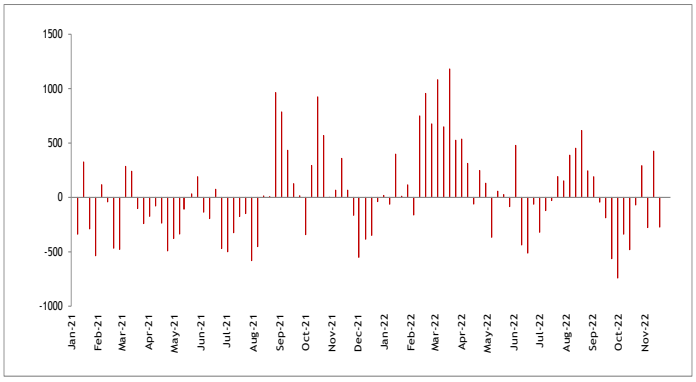
- Foreign investors turned to net sellers again last week to the tune of -RM272.0m, a reversal from the net inflow of RM425.6m in the previous week. It was a shortened trading week following the public holiday granted on Friday to give way for the 15th General Election last weekend. The net selling started on Tuesday which saw the highest net outflow for the week at -RM185.5m and the trend continued with net ouflows of -RM79.9m on Wednesday and -RM62.2m on Thursday.
- In contrast, local institutions were net buyers last week with a total net inflow of RM152.5m with bulk of it recorded on Tuesday at RM149.9m and Wednesday at RM39.2m. Meanwhile, Monday and Thursday saw local institutions net selling -RM34.3m and -RM2.3m worth of equities respectively.
- On the other hand, local retailers turned to net buyers last week with a total weekly net inflow of RM119.6m. This was a positive reversal in comparison with the -RM173.6m net sold in the week prior. Retailers started off the week by net selling -RM21.3m worth of equities. They then turned into net buyers for the rest of the week with net inflows of RM35.6m on Tuesday, RM40.7m on Wednesday and RM64.6m on Thursday – the highest for the week.
- International funds have been net buyers for 26 out of the 46 weeks of 2022, with a total net inflow of RM5.91b. Local institutions were net sellers for 31 out of 46 weeks, with a total net outflow of –RM7.99b. Local retailers have been net buyers for 29 out of 46 weeks of 2022. Year-to-date, they have been net buyers at RM2.08b.
- In terms of participation, there was a deterioration in terms of average daily trade value (ADTV) by retailer investors (-8.0%), institutional investors (-3.3%) and foreign investors (-0.1%).

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)*
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
4-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
18-Nov	1,829.66	1,710.12	119.55	3,146.22	2,993.71	152.49	1,829.52	2,101.56	(272.04)	(59.95)

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 18 NOV 2022

- TENAGA recorded the highest net money inflow for the week at a rate of RM3.7m. Its share price was -0.83% lower for the week, outperforming the local bourse which declined by -1.26% last week. The net money inflow amidst a retreating share price may indicate a buy on weakness (BOW) stance among some investors.
- GAMUDA saw the second highest net money inflow of RM3.3m. Its share price lost -3.2% during the week, worse than the performance of FBM KLCI. Similarly, BOW stance could be observed.
- MAYBANK recorded the third highest net money inflow at RM2.4m. Its share price was -0.47% lower for the week, outperforming the local bourse. There is also an indication of BOW stance here.

Table 4 Top 10 Net Money INFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
TENAGA	3.68	5.93	-0.83	BOW
GAMUDA	3.27	2.49	-3.20	BOW
MAYBANK	2.41	7.57	-0.47	BOW
PUBLIC BANK	2.39	6.00	-3.15	BOW
GENTING	2.31	1.72	-1.75	BOW
PETGAS	1.36	1.47	0.35	-
IOI CORP	0.68	0.66	2.24	-
ALLIANCE BANK	0.59	0.30	-0.27	BOW
TIME DOTCOM	0.57	1.47	-0.21	BOW
BURSA	0.56	0.67	-1.23	BOW

- PRESS METAL saw the largest net money outflow of -RM2.2m last week. Its share price was -1.04% lower for the week, outperforming the FBM KLCI which was -1.26% lower.
- CIMB GROUP recorded the second largest net money outflow -RM2.1m during the week under review. Its share price was -1.99% lower for the week, underperforming the local bourse.
- IHH came in third with an outflow of -RM1.8m during the week. Its share price was -0.50% lower from a week ago, outperforming 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	
PRESS METAL	-2.18	-1.37	-1.04	-
CIMB GROUP	-2.08	-1.44	-1.99	-
IHH	-1.81	-2.41	-0.50	-
HARTALEGA	-1.42	-1.57	-13.81	-
NESTLE	-1.06	-0.81	-1.06	-
TOP GLOVE	-0.83	1.48	-3.65	-
CARLSBERG	-0.81	-0.79	-0.85	-
TELEKOM	-0.77	-1.36	-3.43	-
AMMB	-0.76	-1.00	0.51	SOS
QL	-0.62	-0.94	2.44	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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