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MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

MIDF EQUITY STRATEGY | 5 DECEMBER 2022

WEEK ENDED 2 DECEMBER 2022

- Major markets were buoyed by optimistic expectations of a China reopening and a pivot by the Fed
- Out of the 16 major indices tracked, 10 ended the week positively, led by the Hang Seng Index at +6.3%, CSI 300 at +2.5% and TAIEX at +1.3%
- Benchmark indices on Wall Street advanced, with the S&P500 gaining +1.1% the Dow adding +0.24% and Nasdaq rising +2.1%
- US nonfarm payrolls grew +263K in Nov-22 and average hourly earnings rose +0.6%. Core PCE prices rose at a slower pace of +5%yoy in Oct-22
- ECB hints that it is not ready to slow down on rate hikes as Eurozone inflation has yet to reach its peak
- Malaysia's PPI eased further to +4%yoy in Oct-22, the slowest since Feb-21 due to declines in PPI for agriculture and mining. PMI fell to 47.9 in Nov-22, the lowest since Aug-21 as production recorded a marked slowdown
- Malaysia's LI inched upwards by only +0.3%yoy in Sep-22, its weakest rise in five months while its month-on-month reading showed a decline of -1.3%mom, suggesting softening growth prospects in the coming months
- The FBM KLCI joined the list of laggards last week, taking a breather of -4.74 points or -0.32% to 1,481.80 points on Friday. The Ringgit appreciated against the US dollar by +2.15% to close at USD/RM4.3880. Meanwhile, the Brent crude oil price rose +2.32% to USD85.57 per barrel.

A CASE OF TWO PIVOTS

A. MARKET SNAPSHOT

- Major markets were buoyed by optimistic expectations of double pivots from two of the largest economies – China's zero-Covid policy pivot and the United States Federal Reserve's monetary policy pivot.
- China vice-premier Sun Chunlan reportedly told the National Health Commission that China's pandemic control has "entered a new stage" and she carefully avoided the term "dynamic Covid Zero", raising reopening hopes.
- Out of the 16 major indices that we track, 10 ended the week positively. Topping the list were Hong Kong's Hang Seng Index at +6.3%, China's CSI 300 at +2.5% and Taiwan's TAIEX at +1.3% amidst signs that China could be shifting away from the zero-Covid policy.
- Of the six decliners, the bottom three were Japan's Nikkei 225 and the Philippines Stock Exchange Index (PSEi) at -1.8% each and the Jakarta Composite Index at -0.5%.
- In his last appearance before the blackout period ahead of the FOMC meeting next week, Fed Chair Jerome Powell said the time for moderating the pace of rate increases may come as soon as the December meeting. Despite his caveat that inflation remains highly uncertain and that history cautions strongly against prematurely loosening policy, markets looked beyond that to finish higher for the week.

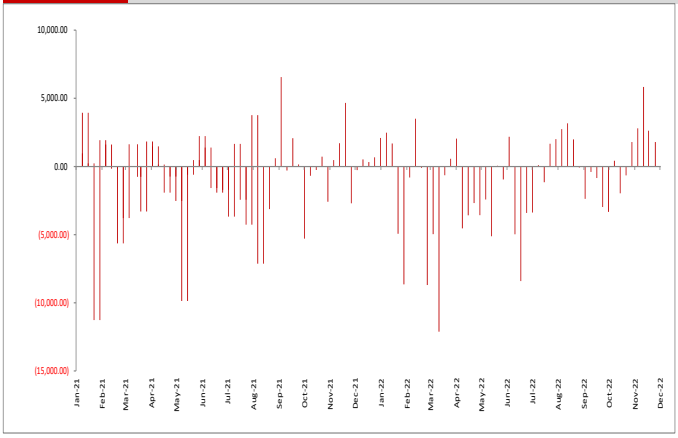
Table 1 Weekly performance of major indices

Index	% chg week before	% chg last week
HANG SENG	-2.33	6.27
China CSI 300	-0.68	2.52
Taiwan TAIEX	1.89	1.30
Thai SET	0.21	1.28
S&P 500	1.53	1.13
FTSE 100	1.37	0.93
India SENSEX	1.02	0.92
FSSTI	-0.85	0.45
CAC 40	1.02	0.44
DOW JONES	1.78	0.24
DAX	0.76	-0.08
Korea KOSPI	-0.27	-0.14
KLCI	2.57	-0.32
Jakarta JCI	-0.41	-0.48
Phil PCOMP	2.63	-1.78
NIKKEI	1.37	-1.79

- Benchmark indices on Wall Street advanced, with the S&P500 gaining +1.1% and the Dow Jones Industrial Average adding +0.24%. The tech-heavy Nasdaq Composite Index gained +2.1%. The bulk of the gains were seen on Wednesday after Powell's remarks in a rather mixed trading week as investors pared their gains later in the week ahead of the nonfarm payrolls data.
- The US labour market seems to show no signs of cooling with the rise in nonfarm payrolls by +263K in Nov-22 (Oct-22: 284K), exceeding the consensus expectations of +200K. Wages were also higher, with average hourly earnings rising +0.6%. These may hamper expectations of a soft landing by the Fed. On the contrary, the ADP National Employment data showed an addition of +127K new jobs in Nov-22, far lower than +239K in Oct-22 and the market consensus of +200K.
- Core personal consumption expenditures (PCE) prices in the US rose at a slower pace of +5%yoy in Oct-22, a slight moderation from +5.2%yoy in previous month. From a headline perspective, the continued rise in PCE prices were mainly attributable to relatively higher inflation in goods prices vis-à-vis charges on services.
- In China, the Caixin China General Manufacturing PMI remained under 50 at a rate of 49.4 in Nov-22, indicating that manufacturing activities remain in contraction.
- European Central Bank (ECB) President Christine Lagarde hinted that the ECB was not ready to slow down on its rate hikes as inflation in the Eurozone has yet to peak. In another event, Lagarde warned that fiscal policies by some European governments could lead to excess demand in a supply constrained economy and this could force a further tightening of monetary policy. This is despite the inflation in the Eurozone falling to 10% in Nov-22 (Oct-22: 10.6%), the first decline in 17 months.
- In Indonesia, the inflation rate moderated to +5.42%yoy in Nov-22 (Oct-22: +5.71%yoy), which is still well above the central bank's target of 2% to 4%. This is attributable to increases in transportation (15.45%), food, beverage and tobacco (5.87%) and personal care and other services (5.48%).

- Malaysia's producer price index (PPI) eased further to +4%yoy in Oct-22 (Sep-22: +4.9%yoy), the slowest since Feb-21, mainly due to declines in PPI for the agriculture (-18.2%yoy) and mining (-0.5%yoy) sectors. Manufacturing PPI also posted a slower rise at +7.3% (Sep-22: +8.1%yoy), in line with the slower inflation in intermediate goods. However, PPI for the utility sector accelerated further to +4.9%yoy.
- Meanwhile, the S&P Global Malaysia manufacturing purchasing manager's index (PMI) fell to 47.9 in Nov-22, the lowest since Aug-21 as production recorded a marked slowdown and as order book volumes fell at its fastest rate since the nationwide lockdown. Manufacturers also moderated their purchases and stocking of inventories on the back of concerns of slowing demand.

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



Source: Bloomberg, Bursa Malaysia, MIDFR

- Malaysia's Leading Index (LI) inched upwards by only +0.3%yoy in Sep-22 (Aug-22: +4%yoy), its weakest rise in five months, while its month-on-month reading showed a decline of -1.3%mom (Aug-22: +1.8%mom), which suggests softening growth prospects in the coming months. The coincident index however, posted an increase of +8.2%yoy in Sep-22, reflecting increased activities in the retail trade sector, in line with the expansion of consumer spending.
- The FBM KLCI joined the list of laggards last week, taking a breather of -4.74 points or -0.32% to 1,481.80 points on Friday. The Ringgit appreciated against the US dollar by +2.15% to close at USD/RM4.3880. Meanwhile, the Brent crude oil price rose +2.32% to USD85.57 per barrel.

B. TRACKING MONEY FLOW - ASIA

- Foreign funds continued pouring into Asian equities for the sixth consecutive week. Based on the provisional aggregate data for the seven Asian exchanges that we track, investors classified as "foreign" net bought USD3.26b, which was +82.0% higher than USD1.79b recorded in the previous week. There has been 20 weeks of net buying and 28 weeks of net selling so far this year.
- The net inflows by foreign investors into Asian equities that we tracked were led by India, Taiwan, Korea and Thailand. Meanwhile, net ouflows were seen in Malaysia, Indonesia and Philippines.
- Foreign funds continued to enter South Korea for the second consecutive week with a net buy of USD577.1m. International investors were net buyers from Tuesday to Thursday, with the highest on Wednesday at USD844.3m, on the back of optimism of China's expected reopening and a GDP expansion in 3Q22, despite it being a slower one. South Korea's GDP grew 0.3%qoq, the slowest quarterly growth since 3Q21. On a year-on-year basis, the GDP rose +3.1%yoy. Foreign investors pared their gains on Friday, disposing -USD394.4m net. Year-to-date, South Korea has seen a net foreign outflow of -USD8.61b.
- Like South Korea, Thailand received a net foreign inflow for the second consecutive week at a rate of UDS124.7m, tracking the optimism from US and China. Foreign investors net bought from Monday to Thursday, with the highest on Wednesday at USD124.4m, before net selling USD148.9m on Friday. Investors may be taking advantage of the current tax levy exemption on stock transactions before a 0.05% levy kicks in next year. This affects all investor classes except pension funds and market makers. Year-to-date, there has been a net inflow of USD5.48b into Thailand equities, making it the best performing market in 2022 so far, out of the markets we track.
- Foreign funds became net sellers again in Indonesia last week at -USD51.2m, after briefly turning net buyers in the prior week at USD127.2m. They net sold -USD72.93m on Thursday and -USD106.0m on Friday after net buying from Monday to Wednesday. The pessimism may have stemmed from President Joko Widodo's warning of declining exports risks in 2023 due to the global economic slowdown. Bank Indonesia governor Perry Warjiyo also put forth the need for the central bank to front-load its interest rate policy to combat inflation. Just behind Thailand, Indonesia recorded a net foreign fund inflow of USD5.43b year-to-date.
- International investors disposed equities in the Philippines, net selling -USD29.0m in a shortened trading

[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.

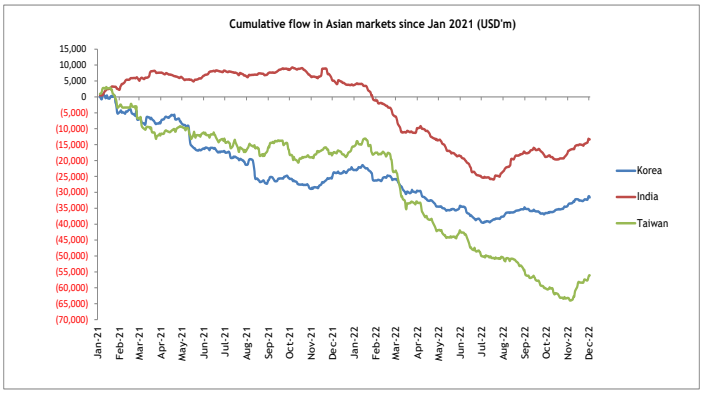
week in conjunction with the Bonifacio Day on Wednesday. They began taking profit taking on Tuesday, net selling -USD38.2m following a strong +18.1% surge in the PSEi over the past month. Foreigners continued net selling -USD7.0m on Thursday ahead of the announcement of inflation data this Tuesday. The barometer index tanked -4.3% in the last two trading days last week. Year-to-date, the net outflow from the Philippines totalled -USD1.14b.

- India attracted a net foreign inflow of USD1.39b, close to a seven-fold increase over the previous week. This was the seventh consecutive week of net buying by foreign investors, who are now looking at India as a beneficiary of companies diversifying away from China, especially manufacturers. The BSE Sensex hit its all time high of 63,284.19 points on Thursday before correcting -0.66% to 62,868.50 points at Friday's close. The strongest net buying was on Wednesday at USD1.09b and only a day of net selling at -USD181.8m on Thursday. Year-to-date, India still recorded a net foreign outflow of -USD17.03b, though this has eased from the trough of -USD29.64b on July 18, 2022.
- Net foreign inflows continued to gain traction in Taiwan for the fourth consecutive week, as foreign investors net bought USD1.32b, on the back of the optimism of a China reopening and amidst a re-entry into Taiwan equities, following a major selloff from early August to early November due to US Speaker Nancy Pelosi's visit that irked China. Foreigners began the week as net sellers at -USD287.2m before turning net buyers for the rest of the week, with the strongest inflows on Wednesday and Thursday at USD809.8m and USD614.0m respectively. Year-to-date, Taiwan's total net foreign outflow stood at -USD40.50b.
- The FBM KLCI had the largest net foreign outflow among the seven markets last week, to the tune of -USD68.4m.

C. TRACKING MONEY FLOW – MALAYSIA

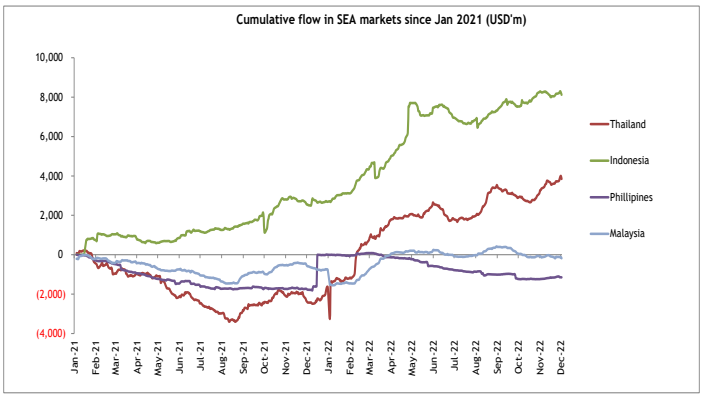
- It was a shortened trading week of four days on Bursa Malaysia last week due to the public holiday on Monday that was announced by newly-minted Prime Minister YAB Datuk Seri Anwar Ibrahim. Foreign investors remained net sellers for the third consecutive week at a rate of -RM301.2m, which was 3.7 times higher than -RM81.9m the previous week.

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

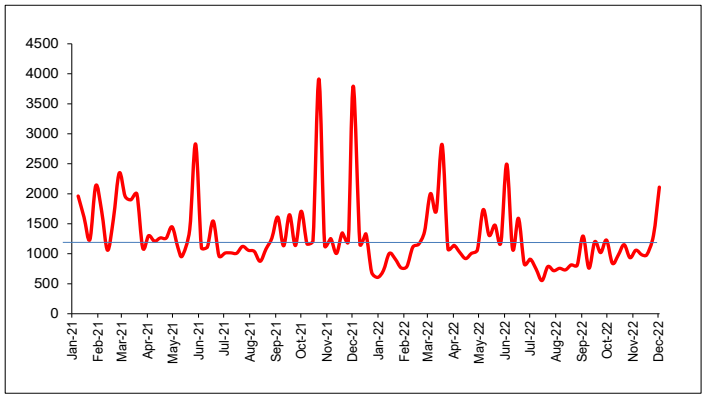
Table 2 Weekly Net Flow Of Foreign Fund Into Equity By Market (USD'm)

WEEK	KOREA	THAI	INDO	PHIL	INDIA	TAIWAN	M'SIA	TOTAL
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	1,113.40	2,951.00	90.72	5,834.82
17-Nov	(282.44)	(188.05)	(182.40)	29.91	585.00	2,721.00	(59.99)	2,623.03
25-Nov	353.94	149.62	127.22	41.84	206.80	926.20	(16.69)	1,788.93
02-Dec	577.06	124.74	(51.21)	(29.04)	1,386.90	1,315.30	(68.42)	3,255.33

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

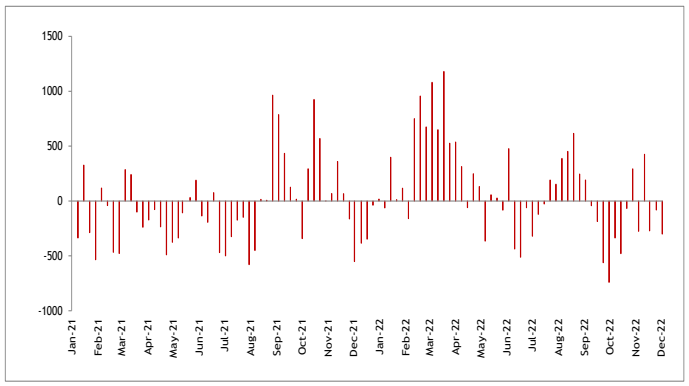
- They took profit after a meteoric rise of the barometer FBM KLCI in the week prior when Anwar was named Prime Minister, net selling every day of the week except on Thursday, when they net bought RM77.7m. The heaviest net selling was on Friday at -RM292.8m as uncertainty loomed over the delay in the Cabinet line-up announcement, which was eventually revealed on the same night. Foreign investors also net sold -RM10.7m on Tuesday and -RM75.4m on Wednesday.
- The top three sectors which saw net inflows by foreign investors last week were Technology at RM72.8m, Utilities at RM40.3m and Construction at RM39.4m. Meanwhile, the three sectors with net outflows were Financial Services at -RM153.5m, Healthcare at -RM128.1m and Industrial Products & Services at -RM101.5m.
- Local institutions came on strong to pick up on the buying opportunity amidst a more stabilised political arena with the formation of a unity government. They net bought RM431.2m last week, the highest since the week ended Sep 30, 2022 at RM669.2m. They started the week net selling -RM10.7m before turning net buyers for the remaining days, recording the strongest net buy on Friday at RM301.5m.
- Local retailers turned net sellers for the week, reversing their net buying trend after two weeks with a net selling of -RM130.1m. They net bought RM21.4m on Tuesday before turning net sellers from Wednesday to Friday. The highest net selling was on Thursday at -RM128.4m.
- International investors have been net buyers for 26 out of the 48 weeks of 2022, with a total net inflow of RM5.53b. Local institutions were net sellers for 32 out of 48 weeks, with a total net outflow of –RM7.57b. Local retailers have been net buyers for 30 out of 48 weeks. Year-to-date, they have been net buyers at RM2.04b.
- In terms of participation, there was an increase in average daily trading volume (ADTV) among foreign investors and local institutions by +61.6% and +7.6% respectively while retailers saw a decline of -10.5%.

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)*
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
17-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)	(59.99)
25-Nov	3,745.88	3,659.97	85.91	6,223.50	6,227.70	(4.20)	3,225.37	3,307.08	(81.90)	(16.69)
02-Dec	2,586.09	2,716.17	(130.07)	5,576.23	5,145.00	431.22	4,073.01	4,374.16	(301.16)	(68.42)

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 2 DEC 2022

- MAYBANK recorded the highest net money inflow for the week ended 2 December 2022 at a rate of RM10.1m. Its share price retreated -1.04%, underperforming the local bourse that declined -0.32%. The net money inflow amidst a declining share price may indicate a buy on weakness (BOW) stance among some investors.
- TNB had the second highest net money inflow of RM3.8m. It's share price advanced +6.8%, outperforming the FBM KLCI.
- IHH posted the third largest money inflow for the week at RM3.4m amidst a decline in share price by -2.8%, underperforming the local bourse, which also indicated a BOW stance.

Table 4 Top 10 Net Money INFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
MAYBANK	10.13	9.13	-1.04	BOW
TNB	3.83	0.89	6.83	-
IHH	3.37	3.64	-2.83	BOW
NESTLE	3.06	2.95	5.83	-
AMBANK	2.77	1.34	4.22	-
CIMB	2.68	2.02	-2.76	BOW
RHB	2.61	1.94	-2.11	BOW
AFFIN	1.00	0.62	-7.16	BOW
HEIM	0.96	-0.23	5.52	-
TM	0.83	1.52	1.26	-

- PUBLIC BANK saw the largest net money outflow of -RM6.1m last week. Its share price was -2.4% lower for the week, underperforming the FBM KLCI which was -0.32% lower.
- PCHEM recorded the second largest net money outflow -RM3.02m during the week under review. Its share price was -6.2% lower for the week, underperforming the local bourse.
- SIMEPLT came in third with an outflow of -RM2.34m during the week. Its share price grew +3.9% for the week, outperforming the FBM KLCI. The net money outflow amidst a rising share price may indicate a sell on strength (SOS) stance among some investors.

Table 5 Top 10 Net Money OUTFLOW

Name	Net Money Flow (RM mn)		Price (% Chg)	Remark
	Last Week	Prev Week	Last Week	
PBBANK	-6.11	-8.45	-2.43	-
PCHEM	-3.02	-2.64	-6.17	-
SIMEPLT	-2.34	-2.30	3.93	SOS
GAMUDA	-1.90	-1.69	1.55	SOS
AIRPORT	-1.46	-0.56	0.00	-
GENM	-1.14	-0.42	0.00	-
HARTA	-1.05	-0.85	-9.29	-
TIMECOM	-0.94	-2.73	-0.62	-
SUNWAY	-0.89	-0.72	7.59	SOS
PPB	-0.86	-1.37	6.54	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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