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MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

(Week ended 6 January 2023)

An encouraging start to 2023



MIDF EQUITY STRATEGY | 9 JANUARY 2023

9 JANUARY 2023 | Strategy - Weekly Fund Flow

Royce Tan Seng Hooi

AN ENCOURAGING START TO 2023

A. MARKET SNAPSHOT

- Global markets were off to a positive start in 2023, buoyed by the reopening of China's borders yesterday and a stronger than expected jobs report but softer wage growth from the United States, signalling a potential easing of inflationary pressures that raised hopes of a soft landing by the Federal Reserve.
- China's newly-minted Foreign Minister Qin Gang remarked last week that he will continue to "care about and support the growth of China-US relations". The appointment of Qin, who is China's former ambassador to the US, is seen widely as a move to ease the tension between the two economic giants.
- Hong Kong's Hang Seng Index surged +6.1% last week ahead of China's reopening on Sunday, leading the list of major indices that we track. Coming in second and third were France's and Germany's CAC 40 and DAX 40, which were up by +6.0% and +4.9% respectively. These can be attributed to the easing of Europe's inflation for the second consecutive month to 9.2% in Dec-22 (Nov-22: 10.1%)
- Out of the 20 major indices that we track, 16 ended the week positively. Of the four decliners, the bottom three were the Jakarta Composite Index at -2.4%, India's Sensex at -1.6% and Malaysia's FBM KLCI at -1.0%.

Table 1 Weekly Performance of Global Benchmark Indices (%)

Index	Last Price	Change (%)
Hang Seng	20,991.64	6.12
CAC 40	6,860.95	5.98
DAX 40	14,610.02	4.93
Stoxx Europe 600	444.42	4.60
Ho Chi Minh VSE	1,051.44	4.40
FTSE 100	7,699.49	3.32
Shenzhen CSI 300	3,980.89	2.82
KOSPI	2,289.97	2.40
TAIEX	14,373.34	1.67
PSEi	6,667.97	1.55
Dow Jones	33,630.61	1.46
S&P 500	3,895.08	1.45
ASX 200	7,109.59	1.01
Nasdaq	10,569.29	0.98
Straits Times	3,276.72	0.78
SET	1,673.86	0.31
Nikkei 225	25,973.85	-0.46
FBM KLCI	**1,480.55**	**-1.00**
Sensex	59,900.37	-1.55
JCI	6,684.56	-2.42

Source: Bloomberg

- The US Labour Department recorded a rise of 223,000 in nonfarm payrolls in Dec-22, above expectations of only 200,000. The report also indicated slower wage growth, with average hourly earnings rising 0.3% month-on-month as compared to 0.4% in Nov-22. Wall Street took cue of the positive elements and rallied on Friday, which saw the S&P500 and the Nasdaq Composite Index breaking their four-week losing streak to gain +1.45% and +0.98% last week. The Dow Jones Industrial Average added +1.46%.
- It was also a week of weak manufacturing numbers across the globe, judging by the Purchasing Managers Index (PMI) of several countries which remained below 50, signifying a contraction. We expect China's reopening to provide a boost to manufacturing activities.
- The euro area's manufacturing PMI remained in contraction for the sixth straight month in Dec-22 at 47.8 (Nov-22: 47.1), though this was an improvement towards the crucial 50-point mark. Prices remained elevated amidst easing pressures, which saw the output prices index declining to 61.0 from 62.3.
- South Korea's PMI also indicated contraction for the sixth consecutive month at 48.2 in Dec-22 (Nov-22: 49.0), dragged by sharper fall in new orders, including overseas demand. The impact was also due to the strike by cargo truckers for minimum wage.
- The ISM manufacturing PMI in the US fell to 48.4 in Dec-22 (Nov-22: 49.0), the fastest contraction since mid-2020 as it reflected a larger fall in new orders, slower production, slower deliveries and a further reduction of backlog orders.
- Malaysia's manufacturing activities remained in contraction for the fourth consecutive month with

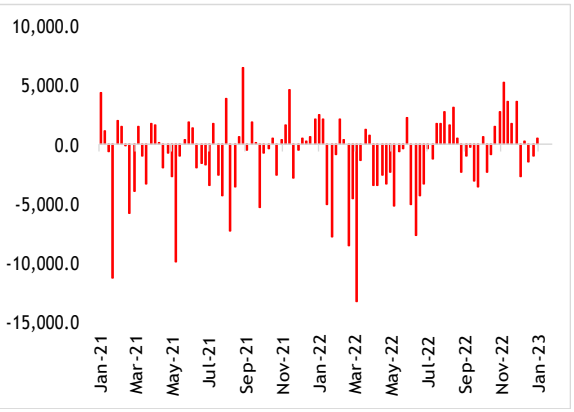
the PMI recorded at 47.8 in Dec-22 (Nov-22: 47.9), due to a moderation in production and orders. This is also inline with the weaker regional productions as reflected by declines in PMIs in other regional countries, including China.

- The Ringgit appreciated against the US dollar by +0.02% to close at USD/RM4.4037 on Friday. The Brent crude oil price dipped -8.5% to USD78.57 per barrel while the crude palm oil declined -3.0% to RM4,049.00 per tonne.

B. TRACKING MONEY FLOW - ASIA

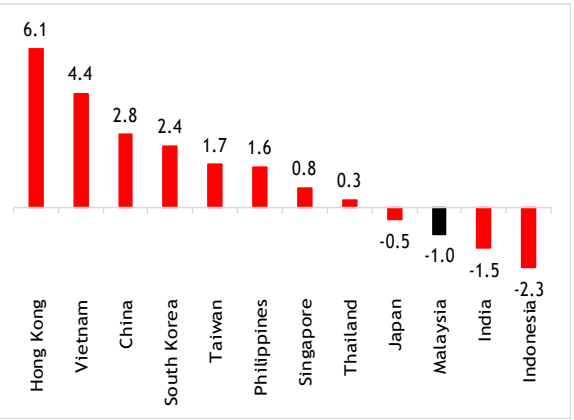
- The reopening of China's borders lifted the sentiments of foreign investors as they went on a shopping spree of Asian equities. Based on the provisional aggregate data for the eight Asian exchanges that we track, investors classified as "foreign" net bought USD581.8m, after being net sellers for the past two weeks.
- Only India and Indonesia recorded net foreign outflows while the other six countries that we track posted net inflows. Thailand and Vietnam were the only two countries that saw net inflows every day of the week.
- South Korea led the gains with a net inflow of USD802.2m for the week, snapping the net outflow in the two previous weeks. This was the highest weekly net inflow seen since Nov 11, 2022, which could have been sparked by calls from President Yoon Suk-yeol to incentivise chip makers with higher tax breaks for capex to up to 25%, in a move to boost its semiconductor industry. On another matter, the Bank of Korea pledged its best to ensure a soft landing for the economy. Leading movers on Kospi were Samsung Electronics, chip maker SK Hynix and financial groups namely KB, Shinhan and Hana.

Chart 1 Net Foreign Fund Flows into Equity in 8 Asian Markets Since Jan-21 (USD'm)



Sources: Bloomberg & MIDFR

Chart 2 Performance of Asian Benchmark Indices in CY22 (%)



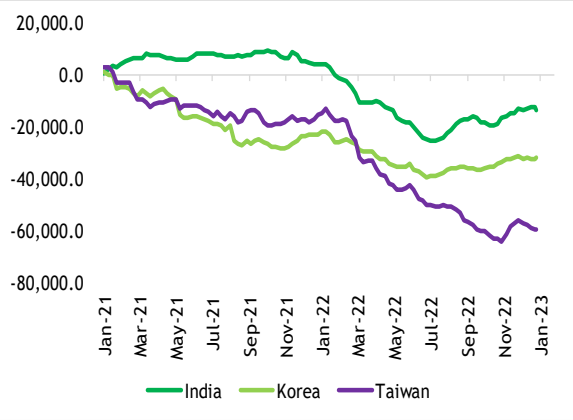
Sources: Bloomberg & MIDFR

- Foreign investors reversed their net selling trend in Taiwan after four consecutive weeks, net buying USD306.5m. Recall that Taiwan was the worst performing among the markets that we track, as it recorded a net outflow of -USD44.0b in 2022, which may have prompted bargain hunters to start picking up value stocks, especially chip makers such as Taiwan Semiconductor Manufacturing Company (TSMC), MediaTek, Novatek and United Microelectronics Corp (UMC).
- Thailand came in third with a net foreign fund inflow of USD216.5m, as investors continue to channel their funds into the country for the second consecutive week, which is seen to benefit from China's reopening, especially its tourism sector. The Tourism Council of Thailand expects a +69.5% increase in tourist arrivals to 20 million this year, up from 11.8 million in 2022. Meanwhile, investors are also positive on the lower cost headwinds of companies after the Kingdom's Energy Regulatory Commission slashed its power tariff hikes for businesses from 20.5% to 13% following complaints by business groups to the Prime Minister.
- Like Thailand, Vietnam is also seen as a beneficiary of Chinese tourists. Back in 2019, about 33% of its 18 million tourists were from China. Dubbed one of the best performing markets in Southeast Asia in 2022 with a gross domestic product (GDP) growth of +8.0%, the country recorded a net buy of USD69.6m by foreign investors last week, its ninth consecutive week of net inflows, though it was -25.2% lower than the week before. It is also noteworthy that the country dismissed two of its four deputy prime

ministers amidst its ongoing crackdown on corruption and have appointed successors to replace them.

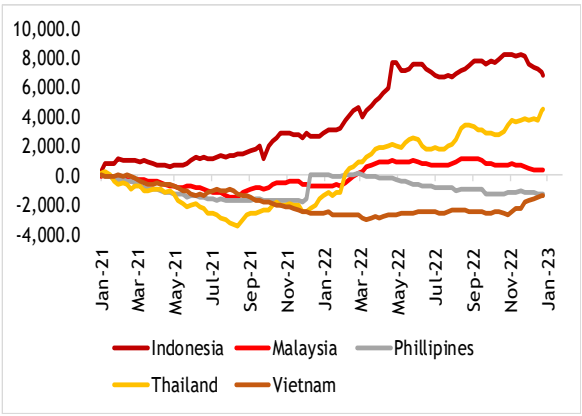
- Improving manufacturing activities in the Philippines raised hopes among foreign investors who net bought USD19.6m of equities, after the country posted a six-month high PMI of 53.1 in Dec-22, an increase from 52.7 in Nov-22. This has been the 11th consecutive month of expansion in manufacturing activities.
- India was the worst performing market last week with a net outflow of -USD708.7m, as investors remain cautious ahead of the results season starting today, which will kick off with tech companies. The share prices of India's major tech firms such as Tata Consultancy Services (TCS), Infosys, HCL Technologies and Wipro all posted declines in share prices for the week. There are also indications that foreign investors may be moving their funds to Southeast Asian countries, which are seen as the beneficiaries of China's reopening. The net outflow was the highest since the week ended Oct 14, 2022.
- The other market with a bad start to the year was Indonesia, which saw a net foreign outflow of -USD140.4m, marking its sixth consecutive week of net selling by international investors. Looking at its daily flows, foreign investors have been dumping Indonesian equities for 16 trading days straight, on the back of concerns over inflation and political uncertainties. Inflation in the country climbed higher than expected by +5.5% year-on-year in Dec-22 due to higher costs of petrol, household fuels, air freight rates and transport fares. On the political front, President Joko Widodo is expected to reshuffle is cabinet this week, ahead of the general election in Feb-24.

Chart 3 Net Foreign Fund Flows into North Asia and India Since Jan-21 (USD'm)



Sources: Bloomberg & MIDFR

Chart 4 Net Foreign Fund Flows into Southeast Asia Since Jan-21 (USD'm)



Sources: Bloomberg & MIDFR

C. TRACKING MONEY FLOW - MALAYSIA

- It was a shortened trading week of four days on Bursa Malaysia last week due to the New Year's Day replacement holiday on Monday. Foreign investors began the first week of 2023 on a positive note by net buying RM72.3m of Malaysian equities, as compared to a net selling of -RM204.6m during the final week of 2022.

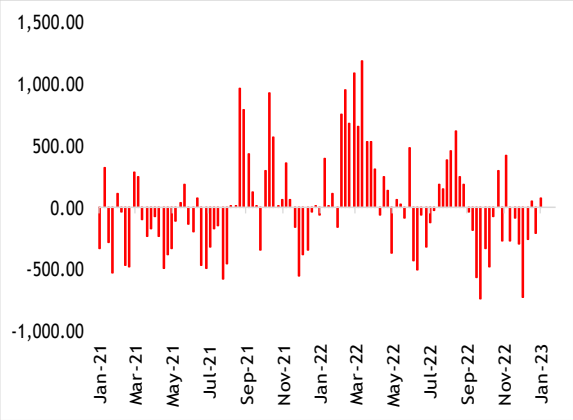
Table 2 Weekly Net Foreign Fund Flows into Equity by Market (USD'm)

Week Ended	India	Indo	Korea	M'sia	Phil	Taiwan	Thai	Viet	Total
9-Dec	-356.8	-552.6	-750.1	-166.6	-27.6	-828.2	-147.4	175.1	-2,654.3
16-Dec	733.0	-250.3	392.3	-58.4	-35.0	-656.2	92.3	78.5	296.2
23-Dec	121.3	-145.0	-284.0	11.4	-24.6	-1,130.5	-30.2	57.7	-1,423.9
30-Dec	-52.8	-217.1	-408.4	-46.5	0.7	-893.7	564.6	93.1	-960.1
6-Jan	-708.7	-140.4	802.2	16.5	19.6	306.5	216.5	69.6	581.8

Source: Respective stock exchange statistics as reported on Bloomberg. These figures are subject to revisions.

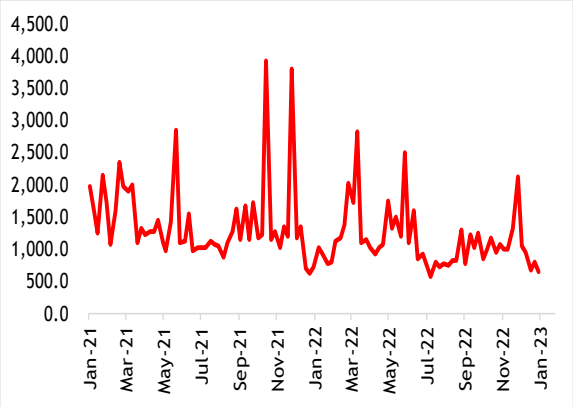
- Like its other Southeast Asian counterparts, the attraction of foreign inflows into Malaysia may be due to positive sentiments of a boost from China's reopening. Prime Minister Datuk Seri Anwar Ibrahim also laid his foot down that decision on interest rates was the sole prerogative of Bank Negara in which the government would not intervene, a move that lifted the confidence of investors. This came amidst questions directed by certain parties towards the central bank on setting the overnight policy rate (OPR). Foreign investors net sold -RM32.3m and -RM22.6m on Tuesday and Wednesday before picking up RM86.6m and RM40.6m on Thursday and Friday respectively.
- The top three sectors which saw net inflows by foreign investors last week were Financial Services at RM99.2m, Construction at RM11.1m and Energy at RM5.3m. The bottom three sectors with net outflows were Plantation at -RM15.9m, Telecommunications and Media at -RM13.8m and Utilities at -RM6.7m.
- Local institutions turned set sellers for the week, net selling -RM124.4m. The began the week net buying RM19.2m on Tuesday, before net selling from Wednesday to Friday at -RM6.1m, -RM91.9m and -RM45.6m.
- Local retailers remained the most optimistic, net buying every day, amounting to RM52.1m for the week. They net bought RM13.1m on Tuesday, RM28.7m on Wednesday, RM5.3m on Thursday and RM5.0m on Friday.
- In terms of participation, there was an increase in average daily trading volume (ADTV) among retail investors by +0.8% while there were declines among local institutions and foreign investors by -17.6% and -19.4% respectively.

Chart 5 Net Foreign Fund Flows into Malaysian Equity Since Jan-21 (RM'm)



Sources: Bursa Malaysia & MIDFR

Chart 6 Daily Average of Foreign Participation in Bursa Malaysia for the Week (RM'm)



Sources: Bursa Malaysia & MIDFR

Table 3 Bursa Malaysia: Weekly Market Participation (RM'm)

Week Ended	Local Retail			Local Institution			Foreign			
	Bought	Sold	Net	Bought	Sold	Net	Bought	Sold	Net	*Net (USD'm)
9-Dec	2,969.2	2,917.8	51.4	5,461.9	4,781.5	680.4	2,215.0	2,946.7	-731.8	-166.7
16-Dec	2,599.4	2,563.8	35.6	4,590.4	4,367.3	223.1	2,218.8	2,477.4	-258.6	-58.5
23-Dec	2,454.6	2,453.7	0.9	3,721.6	3,773.7	-52.1	1,672.7	1,621.5	51.2	11.6
30-Dec	2,115.9	2,201.7	-85.8	4,121.1	3,830.8	290.4	1,463.7	1,668.3	-204.6	-46.6
6-Jan	2,201.6	2,149.5	52.1	3,212.0	3,336.4	-124.4	1,298.6	1,226.3	72.3	16.5

Source: Daily statistics provided by Bursa Malaysia. *Estimated by MIDFR based on the prevailing exchange rates.

D. NET INFLOWS AND OUTFLOWS BY STOCK

Table 4 Top 10 Stocks with Inflows and Outflows for the Week by Investor Class (RM'm)

LOCAL RETAIL		LOCAL INSTITUTION		FOREIGN	
Top 10 Stocks with Weekly Net Inflows					
Company	**Value**	**Company**	**Value**	**Company**	**Value**
Public Bank	20.6	Sime Darby	18.5	CIMB	55.2
MY E.G. Services	10.2	Inari	15.8	Genting	25.6
DS Sigma	8.6	Press Metal Aluminium	15.2	Hong Leong Bank	24.0
RHB Bank	8.0	Time Dotcom	14.4	Public Bank	18.8
Hartalega	8.0	Hibiscus	10.5	CTOS	13.9
Petronas Chemicals	7.1	Tenaga Nasional	9.0	Top Glove	13.9
Revenue	6.9	MISC	9.0	Gamuda	12.9
Hextar Industries	6.7	IHH Healthcare	8.8	Malaysia Airports	10.2
Astro Malaysia	6.2	Malayan Banking	7.6	Infomina	9.8
MMAG	6.1	Genting Malaysia	7.0	RHB Bank	9.2
Top 10 Stocks with Weekly Net Outflows					
Company	**Value**	**Company**	**Value**	**Company**	**Value**
Genting	-20.9	CIMB	-62.1	Petronas Chemicals	-16.2
Malayan Banking	-13.4	Public Bank	-48.0	Sime Darby	-15.9
Infomina	-6.8	RHB Bank	-33.5	Time Dotcom	-14.1
Hextar Technologies Solutions	-6.2	Hong Leong Bank	-26.0	MISC	-10.5
Inari	-6.1	Top Glove	-8.8	IHH Healthcare	-9.9
Yee Lee Pacific	-5.8	Malaysia Marine & Heavy Engineering	-8.3	Hartalega	-9.3
L&P Global	-5.5	Revenue	-7.4	Press Metal Aluminium	-9.3
Capital A	-5.4	MMAG	-6.8	Hong Leong Financial	-8.6
Tenaga Nasional	-4.9	YTL	-5.2	Inari	-7.5
Hibiscus	-4.6	Astro Malaysia	-4.2	Astro Malaysia	-5.8

Source: Dibots (based on the data provided by Bursa Malaysia).

Appendix: Foreign Shareholdings of the Companies Under Our Coverage as at Dec-22 (%)

COMPANY	%	COMPANY (CONT'D)	%	COMPANY (CONT'D)	%
Automotive		Nestlé	82.6	Sarawak Plantation	2.3
Bermaz Auto	15.9	Padini	9.5	Sime Darby Plantation	9.9
MBM	1.7	Panasonic	53.8	Ta Ann	14.0
Tan Chong	10.8	QL Resources	10.2	TSH Resources	21.1
UMW Holdings	5.5	Rhong Khen International	62.2	**Port & Shipping**	
Aviation		Spritzer	18.5	MISC	9.1
Capital A	18.4	**Gloves**		Suria Capital	6.3
Malaysia Airports	19.7	Hartalega	18.8	Westports	27.5
Banking		Kossan	11.5	**Property**	
Affin Bank	26.3	Supermax	9.6	Eco World	2.5
Alliance Bank	21.9	Top Glove	32.5	Glomac	4.2
AMMB	39.9	**Healthcare**		IOI Prop	3.8
Bank Islam	2.0	IHH Healthcare	49.8	Mah Sing	14.2
CIMB	30.2	KPJ	5.9	S P Setia	6.2
Hong Leong Bank	11.1	Pharmaniaga	1.2	Sunway	5.2
Hong Leong Financial	32.5	**Logistics**		UEM Sunrise	5.1
Malayan Banking	17.9	CJ Century Logistics	57.4	UOA Development	3.8
Public Bank	27.7	Swift Haulage	13.0	**REITs**	
RHB Bank	17.2	Tasco	65.9	Al-'Aqar Healthcare	0.4
Building Materials		Tiong Nam	1.3	Axis REIT	16.0
Malayan Cement	2.8	**Media**		IGB REIT	4.8
Conglomerate		Astro	38.2	KLCCP Stapled	0.9
YTL Corp	17.9	Media Prima	20.9	Pavilion REIT	34.0
Construction		**Non-bank Financials**		Sunway REIT	7.7
Cahya Mata Sarawak	8.8	Bursa Malaysia	15.8	**Technology**	
Gabungan AQRS	2.4	AEON Credit	70.4	D & O Green Tech	35.4
Gamuda	16.8	**Oil & Gas**		Datasonic	5.9
IJM Corp	11.7	Bumi Armada	16.8	Globetronics	4.0
KKB Engineering	0.3	Deleum	3.0	Inari Amertron	18.3
MRCB	8.4	Dialog Group	20.8	My E.G.	14.3
Muhibbah	15.5	Gas Malaysia	19.8	Unisem	2.3
Pintaras Jaya	0.5	MMHE	9.5	**Telecommunication**	
Sunway Construction	1.3	Petronas Chemicals	10.4	Axiata	11.1
WCT	5.7	Petronas Dagangan	7.6	DiGi	59.6
Consumer (F&B & Retail)		Petronas Gas	9.4	Maxis	7.0
AEON Co.	54.8	**Plantation**		Telekom Malaysia	12.4
Asia File	5.8	FGV	4.2	**Utilities**	
Fraser & Neave	60.9	Genting Plantations	5.4	Ranhill Utilities	32.3
Hup Seng	1.9	IOI Corp	11.1	Tenaga Nasional	12.4
Leong Hup	12.2	KL Kepong	13.4	YTL Power	5.6
MSM	1.8	PPB Group	21.4		

Source: Dibots (estimated from the latest half yearly filings by PLC to Bursa Malaysia and calculated by the demography movement daily).

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