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MIDF AMANAH INVESTMENT BANK BERHAD

FUND FLOW REPORT

(Week ended 27 January 2023)

Rising Optimism on Chinese Economy Reopening



MIDF EQUITY STRATEGY | 30 JANUARY 2023

30 JANUARY 2023 | Strategy - Weekly Fund Flow

MIDF Research Team

Rising Optimism on Chinese Economy Reopening

A. MARKET SNAPSHOT

- Wall Street ended positively last week despite a volatile week marked by mixed signals from economic data and corporate earnings guidance. All three major indexes ended in the positive territory, with the Nasdaq Composite Index, driven by large cap stocks, seeing the largest increase by +4.32% to close at 11,621.71 points, the Dow Jones Industrial Average increased by a small margin of 1.81% to close at 33,978.08 points, while the S&P 500 saw a slightly larger increase of 2.47% to close at 4,070.56 points.
- Out of the 20 major indices that we track, 16 ended in the positive territory. Nasdaq (+4.32%) led the gains, followed by South Korea's KOSPI (+3.71%) and Japan's Nikkei 225 (+3.12%). Among the biggest losers were the India's Sensex (-2.13%), FBM KLCI (-0.19%) and the FTSE 100 (-0.07%). The Sensex experienced a significant decline of 874 points due to the negative impact of a report by American firm Hindenburg Research on Adani Group stocks.
- United States' gross domestic product (GDP) rose 2.9% in the fourth quarter, more than expected even as recession fears loom. Nonetheless, we believe the Federal Reserve will continue to increase the Federal funds rate to bring inflation closer to its 2% target, as prices remain high.

Table 1 Weekly Performance of Global Benchmark Indices (%)

Index	Last Price	Change (%)
Nasdaq	11,621.71	4.32
KOSPI	2,484.02	3.71
Nikkei 225	27,382.56	3.12
Straits Times	3,394.21	3.05
Hang Seng	22,688.90	2.92
S&P 500	4,070.56	2.47
Dow Jones	33,978.08	1.81
CAC 40	7,097.21	1.45
Ho Chi Minh VSE	1,117.10	0.81
DAX 40	15,150.03	0.77
Stoxx Europe 600	455.17	0.67
ASX 200	7,493.83	0.56
JCI	6,898.98	0.35
SET	1,681.30	0.24
Shenzhen CSI 300	4,181.53	0.00
TAIEX	14,932.93	0.00
PSEi	7,052.16	-0.06
FTSE 100	7,765.15	-0.07
FBM KLCI	1,497.55	-0.19
Sensex	59,330.90	-2.13

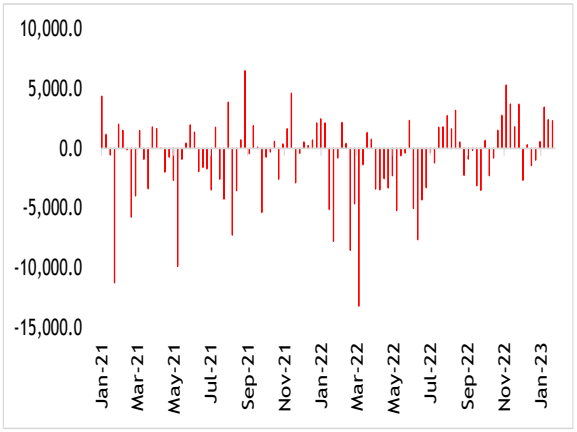
Source: Bloomberg

- European markets declined despite flash PMI data showing return to growth for euro zone. Moving forward, we anticipate that both PMI surveys will continue to show improvement on the back of slower rate of inflation, lower commodity prices, a stabilising job market, and the reopening of China.
- Singapore's core inflation unchanged at 5.1% in December, averaged 4.1% for 2022. Given that inflation remains high despite the adjustments made to policy in October 2022, it is likely that the Monetary Authority of Singapore will continue to implement stricter measures in order to control inflation.
- In line with market expectation, the Bank of Thailand (BoT) raises key policy rate to 3 year-high of 1.5%. We believe that the BoT will keep raising its policy rate in order to curb inflationary pressures and bring inflation towards its target range of 1-3% by the end of the year.
- The Philippines 2022 GDP growth was at its quickest in over four decades by 7.6% but its outlook stays challenging. We foresee moderation in the Philippines' GDP growth in light of the global economic slowdown, the impact of higher interest rates on major economies, and increased price pressures.
- Above all, the reopening of China's economy sooner than anticipated could provide a positive boost for the Philippines and other ASEAN countries. This could lead to an increase in tourism industry, an expansion of retail spending, and an uptick in private investment.
- The ringgit appreciated against the US dollar by +0.95% to close at RM4.2443 on Friday. The Brent crude oil price declined by -1.11% to USD86.66 per barrel, while the crude palm oil price was up by +0.26% to RM3,902 per tonne.

B. TRACKING MONEY FLOW - ASIA

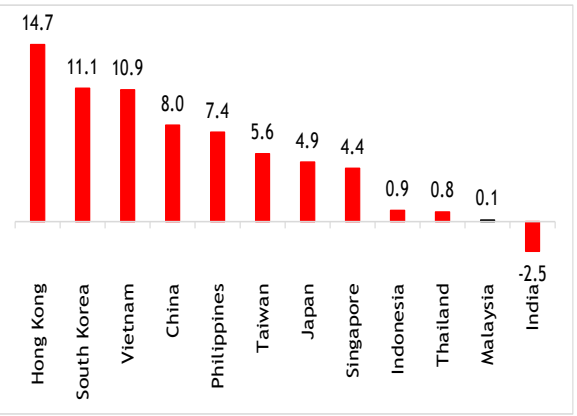
- Asian equities continued to receive interests from the foreign investors for the fourth consecutive week on the back of Chinese economy reopening. Based on the provisional aggregate data for the eight Asian exchanges that we track, investors classified as “foreign” net bought USD2.31b last week.
- Excluding Taiwan, whose bourse closed throughout the week for the Chinese New Year holidays, India and Malaysia were the only countries that recorded net foreign outflows, while the other five countries that we track posted net foreign inflows.
- Holistically, Taiwan's 2023 domestic politics will dominate the national focus. The upcoming presidential and legislative elections in January 2024 will have a significant impact on the country's politics and foreign relations for the next four years, as they will determine the leadership and political party in charge. Year-to-date, the country has received the highest foreign net inflow among the eight Asian markets we monitor, totalling USD4.55b.
- During the shortened trading week, South Korea registered the largest weekly net foreign inflow of USD2.3b even though the Bank of Korea announced on Thursday that the GDP declined -0.4% in 4QCY22 compared to the previous quarter, following a 0.3% increase in 3QCY22. This could be due to the prospect of its better-than-expected earnings in the car industry especially electric ones. The heaviest net foreign inflow was recorded on Friday to the tune of USD799.57m followed by USD738.74m on Wednesday, and Thursday at USD752.19m. The bourse was closed on Monday and Tuesday due to the Chinese New Year holidays.

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



Sources: Bloomberg & MIDFR

Chart 2 YTD Performance of Asian Benchmark Indices (%)

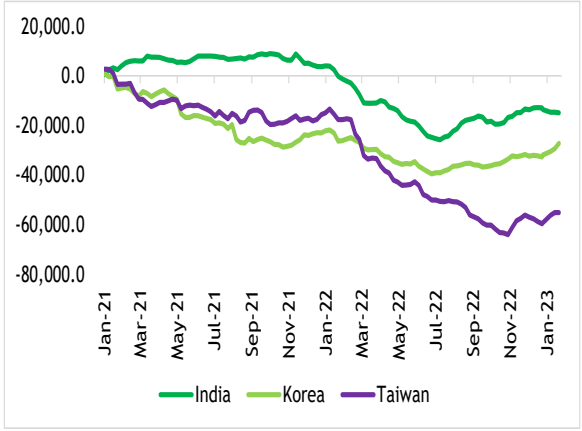


Sources: Bloomberg & MIDFR

- The second largest net inflows for the week was seen in Indonesia, to the tune of USD114.0m worth of equities. Bulk of the inflows were received on Friday at USD61.38m, followed by Thursday at USD57.07m and Tuesday at USD10.48m. This is likely due to The Governor of Bank Indonesia, Perry Warjiyo’s statement that enough interest rate hikes have taken place and that the period of tightening is now ending, as the Federal Reserve is also slowing down its actions. Wednesday was the only day in the trading week that showed net outflows (-USD14.92m) meanwhile Monday was closed for Chinese New Year holidays.
- Another country that saw net foreign inflow last week was Thailand at USD88.9m. The largest net inflow recorded on Friday at USD86.12m, followed by Thursday at USD36.42m and Monday at USD14.38m. This is probably supported by Thailand's central bank which increased its key interest rate by 0.25% for the fourth consecutive time on Wednesday, in an effort to control rising inflation, despite the improving economic growth prospects brought by an influx of Chinese tourists. Tuesday and Wednesday were the only days that saw net outflows from the country, at -USD27.56m and -USD20.47m respectively.
- Besides that, the Philippines was also one of the countries that posted net foreign inflow last week at USD32.7m. The largest net inflows were recorded on Friday at USD17.89m, Thursday at USD9.50m, Monday at USD7.75m and Wednesday at USD4.34m. This can be attributed to the Philippine Statistics Authority (PSA) announcement on Thursday that the economy grew by 7.6% in 2022, following a 7.2% increase in the 4Q, making it the fastest growing economy among emerging nations in the ASEAN region. Tuesday was the only day in the trading that showed net outflows, to the tune of -USD6.62m.

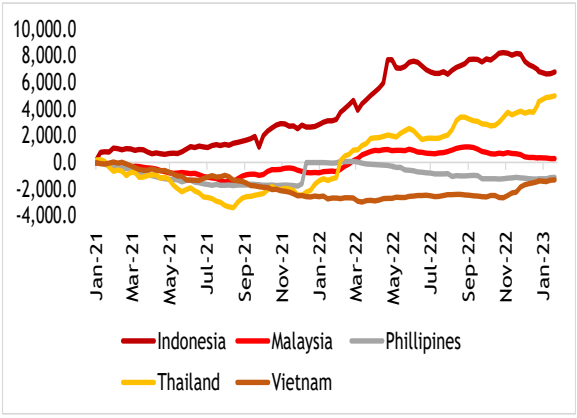
- As for Vietnam, the bourse was closed for the Chinese New Year holidays from Monday to Thursday. The only day that trades took place were on Friday whereby it recorded net inflows of USD22.3m worth of equities. The commitments in the EU-Vietnam Free Trade Agreement (EVFTA) regarding trade and investment are predicted to encourage European companies and investors to broaden their operations in Vietnam, thereby enhancing trade and investment partnerships.
- Malaysia saw the second largest net foreign outflow of -USD13.6m last week. The local bourse was closed for two days, Monday and Tuesday for Chinese New Year holidays. The largest net outflows were seen on Friday, at -USD7.23m and Wednesday at -USD6.22m on the back of profit taking activities. Thursday was rather muted with a slight net outflows recorded at -USD0.16m.
- Lastly, India posted its fifth consecutive week of net foreign outflows to the tune of -USD219.9m. This was greater than the previous week of -USD21.1m net sold by the foreigners. Foreign investors net sold the largest on Monday with a record of -USD202.01m. This is followed by Friday and Wednesday at -USD31.42m and -USD14.01m. This is largely due to the appeal of the Chinese markets and a cautious approach taken in advance of the Union Budget and the meeting of the US Federal Reserve. Foreigners have directed their attention towards China after its markets resumed operation after lockdown. China implemented strict lockdowns under its zero-COVID policy, leading to a decrease in market performance and making it more attractive due to its lower valuation. This caused interest movement from high-valued economies like India to China. On a side note, Tuesday was the only net inflows for the country recorded at USD27.59m while Thursday was closed for a Republic day.

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

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

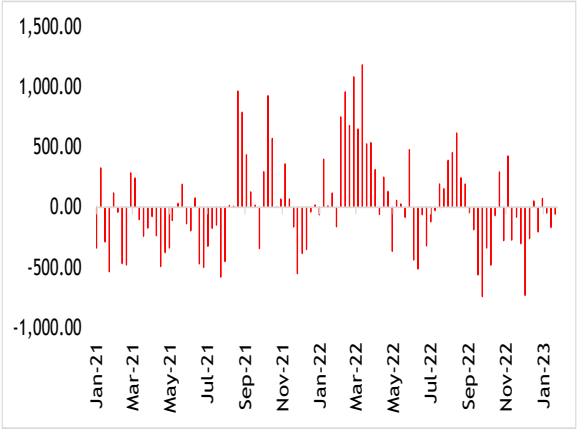
Week Ended	India	Indo	Korea	M'sia	Phil	Taiwan	Thai	Viet	Total
30-Dec	-52.8	-217.1	-408.4	-46.6	0.7	-893.7	564.6	93.1	-960.1
6-Jan	-708.7	-140.4	802.2	16.5	19.6	306.5	216.5	69.6	581.8
13-Jan	-1,120.5	-193.4	1,384.4	-10.6	-0.8	3,137.3	313.6	-64.5	3,445.5
20-Jan	-21.1	41.9	1,078.0	-39.1	83.0	1,103.4	45.5	107.6	2,399.3
27-Jan	-219.9	114.0	2,290.5	-13.6	32.7	0.0	88.9	22.3	2,314.9

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

C. TRACKING MONEY FLOW - MALAYSIA

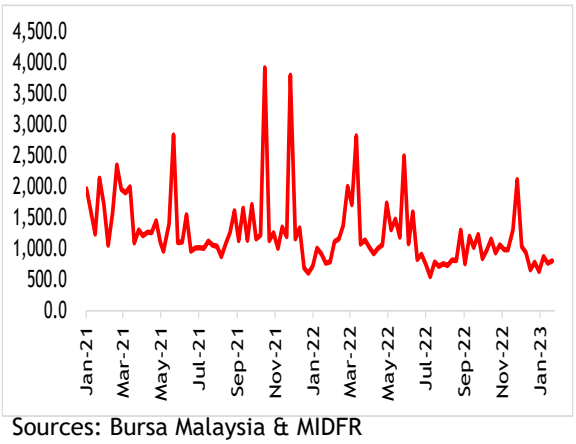
- On a Chinese New Year holiday-shortened trading week, foreign investors continued to net sell Malaysian equities for the third consecutive week at a rate of -RM57.8m. Year-to-date, foreigners have net sold -RM200.77m of Malaysian equities.
- The week saw only net foreign outflows, with the heaviest outflow came in on Friday to the tune of -RM30.67m and Wednesday, to the tune of -RM26.51m. Thursday was rather muted with foreign outflows recorded at -RM0.66m.
- The top three sectors that saw net foreign inflows last week were Consumer Products and Services (RM54.6m), Energy (RM26.3m) and Healthcare (RM21.8m), while the top three sectors that saw net foreign outflows were Financial Services (-RM140.5m), Telecommunications and Media (-RM14.3m) and Construction (-RM14.1m).
- Local institutions remained net buyers for the third consecutive week after net buying RM78.9m worth of equities last week. There were net inflows of RM57.3m and RM35.5m on Wednesday and Friday respectively while Thursday saw a net outflow of -RM14.0m by the local institutions. They have been net buyers of domestic equities so far this year with a total net inflow of RM685.39m.
- Meanwhile, local retailers net sold -RM21.0m last week. They net sold -RM30.8m on Wednesday and -RM4.8m on Friday. Thursday was a net buying day at RM14.6m. Year-to-date, local retailers have net sold -RM484.62m of Malaysian equities.

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

- In terms of participation, there was an increase in average daily trading volume (ADTV) among local retailers (19.2%) and foreign investors (4.6%). The local institutions meanwhile recorded a declined in weekly ADTV at -0.9%.

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)
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
13-Jan	2,946.8	3,239.4	-292.6	5,677.4	5,338.0	339.4	2,155.7	2,202.5	-46.8	-10.6
20-Jan	2,656.9	2,880.0	-223.1	5,137.4	4,745.8	391.6	1,836.5	2,004.9	-168.5	-39.1
27-Jan	1,968.8	1,989.8	-21.0	2,979.1	2,900.2	78.9	1,176.6	1,234.5	-57.8	-13.6

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**
Pbbank	51.7	CIMB	51.7	Genting	21.5
Maybank	21.5	Maybank	44.6	Tenaga	15.6
Infotec	5.3	Hlbank	21.2	Genetec	15.2
Hextech	4.8	Pmetal	18.7	Hlfg	14.6
Bonia	3.7	Cypark	18.3	Myeg	12.2
Simeplt	3.7	Gamuda	14.7	Sime	11.2
JHM	3.6	Ambank	14.6	Topglov	10.0
HIS-CLA	3.5	Matrix	14.1	KLK	8.4
Sapnrg	3.4	UMC	10.1	Pbbank	8.2
Citaglb	3.4	Genm	9.5	Dufu	8.1
Top 10 Stocks with Net Outflows					
Company	**Value**	**Company**	**Value**	**Company**	**Value**
Genting	-25.3	Pbbank	-77.4	Maybank	-73.3
Matrix	-16.0	Hlfg	-14.4	CIMB	-48.8
Genetec	-15.4	Sime	-12.0	Hlbank	-20.9
Tenaga	-8.9	KLK	-8.1	Pmetal	-18.0
Armada	-8.2	Topglov	-7.0	Gamuda	-14.8
Genm	-7.2	Pchem	-5.2	Ambank	-13.0
Harta	-7.0	Hextech	-5.0	UMC	-10.2
UMC	-4.9	Sunway	-4.7	MISC	-10.0
Ancom	-4.5	Bonia	-4.0	Utdplt	-8.7
Dufu	-4.3	PLS	-3.8	Timec	-7.8

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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