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MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

(Week ended 24 February 2023)

Inflationary Concerns Reignited



MIDF EQUITY STRATEGY | 27 FEBRUARY 2023

27 FEBRUARY 2023 | Strategy - Weekly Fund Flow

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INFLATIONARY CONCERNS REIGNITED

A. MARKET SNAPSHOT

- Renewed worries of inflation sent equities globally on a reverse gear as investors tread the markets cautiously alongside expectations of further rate hikes by the Federal Reserve.
- The Personal Consumption Expenditures (PCE) price index in the United States rose +5.4%yoy in Jan-23 (Dec-23: +5.3%yoy). In January itself, prices were +0.6%mom higher (Dec-22: +0.2%mom), its highest rise since Aug-22.
- This further strengthened the notion that the Fed may have to keep rates higher for longer, which was similarly suggested in the recent Federal Open Market Committee (FOMC) meeting, as seen in the minutes released last week.
- Wall Street tumbled to their largest weekly drops, led by the Nasdaq Composite Index at -3.33%, the Dow Jones Industrial Average at -2.99% and the S&P500 at -2.67.
- Out of the 20 major indices that we track, 18 ended the week in the red, with the only two advancers being the China's CSI300 at +0.66% and Taiwan's TAIEX at +0.16%. Among the worst performers for the week were Hong Kong's Hang Seng Index at -3.43%, Nasdaq and the Dow.
- US retail giant Walmart issued a cautious outlook for 2024 and expected sales growth to moderate in the second half of 2023, as the impact of the Fed's aggressive rate hikes begin to set in.

Table 1 Weekly Performance of Global Benchmark Indices (%)

Index	Last Price	Change (%)
Shenzhen CSI 300	4,061.05	0.66
TAIEX	15,503.79	0.16
Nikkei 225	27,453.48	-0.22
ASX 200	7,307.03	-0.54
JCI	6,856.58	-0.57
SET	1,634.02	-1.07
KOSPI	2,423.61	-1.13
FBM KLCI	**1,456.80**	**-1.36**
PSEi	6,685.90	-1.37
Straits Times	3,282.30	-1.38
Stoxx Europe 600	457.70	-1.42
FTSE 100	7,878.66	-1.57
DAX 40	15,209.74	-1.76
Ho Chi Minh VSE	1,039.56	-1.86
CAC 40	7,187.27	-2.18
Sensex	59,463.93	-2.52
S&P 500	3,970.04	-2.67
Dow Jones	32,816.92	-2.99
Nasdaq	11,394.94	-3.33
Hang Seng	20,010.04	-3.43

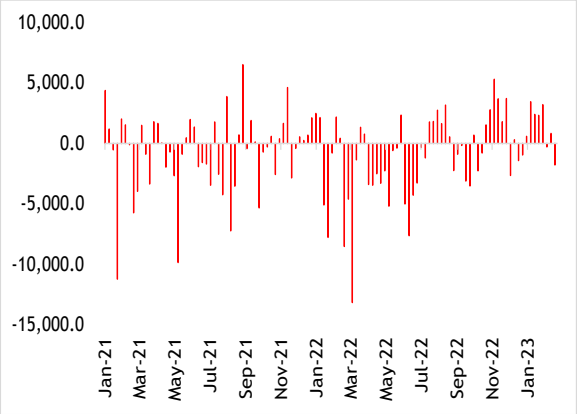
Source: Bloomberg

- The labour market in the US also remained tight as the latest number of initial claims fell to 192K for the latest week ending 18th February. The resilience in the job market and higher inflation numbers would push the Fed to continue to hike rates at the upcoming FOMC meetings to ensure that inflation will remain on a disinflationary trend.
- In the Euro zone, the flash reading of the S&P Global Composite PMI rose to 52.3 in Feb-23. On the back of reduced concerns over recession risk, the latest PMI survey also highlighted improved expectations that business environment will improve.
- In Taiwan, the jobless rate fell slightly to 3.6% in Jan-23 (Dec-23: 3.61%), the lowest level since Jan-01. The better job market condition is in contrary to the weakness in exports, which has been falling for the fourth straight month in Jan-23, and manufacturing sector activities, as PMI remained in the contractionary trend for the eighth consecutive month.
- Singapore's inflation accelerated slower than market forecast as the headline CPI inflation increased marginally to +6.6%yoy in Jan-23 (Dec-22: +6.5%yoy) while core inflation rose faster at +5.5%yoy (Dec-22: +5.1%yoy), its fastest pace in 14 years. Although these were below market expectations, they were still higher than the forecast by Monetary Authority of Singapore (MAS) which predicts that the headline and core CPI inflation would hover around 5.5-6.5% and 3.5-4.5%, respectively, this year. We opine that there is possibility that MAS will continue to tighten its monetary policy as inflation is expected to remain elevated at least in the first half of the year.
- Singapore's non-oil domestic exports (NODX) contracted -25%yoy in Jan-23, its fastest fall since Feb-13, led by the fall in electronic and non-electronic exports. The weak E&E demand has been a drag to regional production and trade activities in recent months, and this may continue this year as demand

outlook in major advanced economies likely to slow.

- Malaysia's headline inflation descended to +3.7%yoy, the lowest since Jul-22, in line with market estimates. The receding base effects and easing supply chain pressures were among contributing factors to the moderating inflation trend.
- The Ringgit depreciated against the US dollar by -0.05% to close at USD/RM4.4352 on Friday. The Brent crude oil price rose +0.19% to UDS83.16 per barrel while the crude palm oil advanced +1.72% to RM4,202.00 per tonne.

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

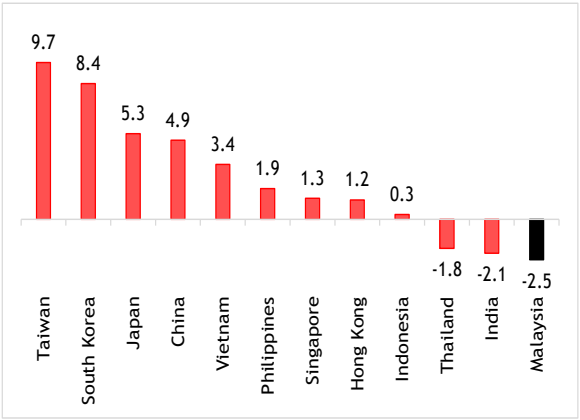


Sources: Bloomberg & MIDFR

B. TRACKING MONEY FLOW - ASIA

- Foreign funds left Asian equites last week at a rate of -USD1.77b, the highest weekly net outflow so far in 2023. It was also the highest net outflow since the week ended 23rd of December, 2022.
- It was an onslaught last week in the eight Asian exchanges that we track except for Malaysia and Indonesia, being the only two countries that recorded net inflows.
- Malaysia was the only country with net foreign fund inflows every day of the week, adding up to a total of USD55.5m.
- In Indonesia, foreign investors were back as net buyers again at USD20.1m for the week, after briefly turning net sellers the week prior at -USD91.0m. Consumption has declined in the country and President Joko Widodo has encouraged Indonesians to spend more, in order to get consumption to drive stronger economic growth. Year-to-date, there has been a net foreign fund inflow of USD19.7m into Indonesia.

Chart 2 YTD Performance of Asian Benchmark Indices (%)



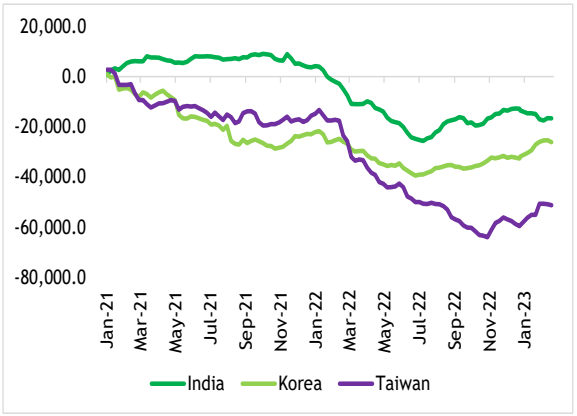
Sources: Bloomberg & MIDFR

- South Korea was the worst performing market last week, as foreign investors net sold -USD741.7m of equities after being net buyers for seven consecutive weeks. They net sold -USD85.7m on Monday, -USD380.3m on Wednesday and -USD284.6m on Friday. The Bank of Korea kept its policy interest rate unchanged at 3.50% The central bank guided that its monetary tightening campaign would not continue if inflation was headed towards moderation and is now adopting a stop and watch approach. Year-to-date, South Korea is the second-best market that we track, with a total of USD6.57b of net foreign inflows.
- Thailand saw foreign funds leaving its shores every day last week, resulting in a net foreign fund outflow of -USD563.1m as compared to a net foreign fund inflow of USD46.4m in the week prior. This could be due to the unexpected contraction in Thailand's economic growth to only +1.4%yoy in 4QCY22. The rebound in the country's tourism sector was unable to offset the declines in other main sectors such as exports and manufacturing. The moderation in growth reflects slower growth in private consumption and fixed investment, in addition to a sharper fall in government spending. Year-to-date, foreign funds have net sold -USD563.1m of equities.
- Taiwan extended its net foreign outflow for the second consecutive week at -USD481.4m. The renewed fears over further rate hikes by the Fed also trickled into Taiwan, resulting in net outflows of -USD174.3m on Monday, -USD470.9m on Wednesday and -USD338.8m on Friday. Meanwhile reports have also emerged about the US planning to expand its troops that were training Taiwanese forces at a time when the tension between the US and China has worsened in light of the recent spy balloon controversy. Year-to-date, Taiwan has been the best performing market that we track, with USD8.35b

of net foreign fund inflows.

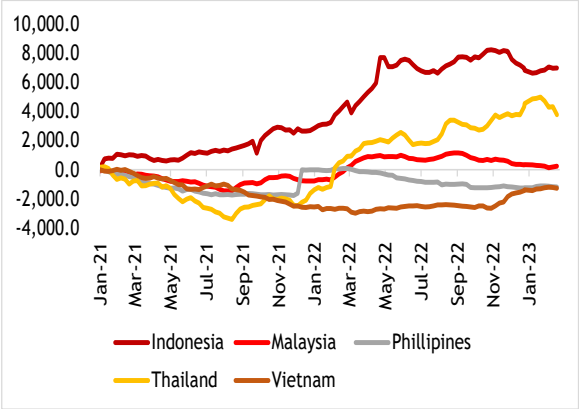
- Vietnam also saw foreign funds leaving its market every day last week, resulting in a total net outflow of -USD59.8m, its second consecutive week in the red. The bulk of the net selling were seen on Wednesday and Thursday at -USD15.3m and -USD28.6m respectively. This happens ahead of a crucial meeting this week among the Central Committee of the Vietnam Communist Party to nominate a new president after Nguyen Xuan Phuc resigned over allegations of corruption during his time as prime minister. Vietnam has a net foreign fund inflow of USD163.4m year-to-date.
- India also saw foreign investors net selling its equities at a rate of -USD36.9m, after they briefly turned net buyers at a rate of USD927.2m in the week before. The bulk of the net selling happened on Monday at -USD89.9m and Friday at -USD120.7m. India is worst market among those that we track this year, with a net foreign fund outflow of -USD3.81b year-to-date.
- The Philippines registered a net foreign fund outflow of -USD30.2m last week, entering its third consecutive week of net outflows. This was +33.9% higher than the outflow or -USD22.4m the week prior. Foreign investors net sold every trading day of the week from Monday to Thursday. The market was closed on Friday in conjunction with the Edsa People Power Revolution Anniversary. Bangko Sentral ng Pilipinas is expected to raise interest rates by another 25bps this year, which will likely be after its next monetary policy meeting in March. Central bank governor Felipe Medalla remarked that the 14-year high inflation at 8.7% in Jan-23 has been a concern. The Philippines has received a net foreign inflow of USD58.8m year-to-date.

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

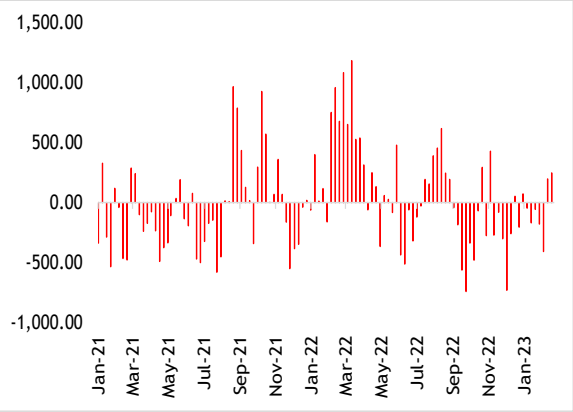
Table 2 Weekly Net Foreign Fund Flows into Equity by Market (USD'm)

Week Ended	India	Indo	Korea	M'sia	Phil	Taiwan	Thai	Viet	Total
27-Jan	-219.9	114.0	2,290.5	-13.6	32.7	0.0	88.9	22.3	2,314.9
03-Feb	-2,152.8	52.6	1,110.6	-42.2	9.9	4,429.1	-272.4	71.6	3,206.5
10-Feb	-474.5	215.9	489.1	-94.6	-33.0	8.4	-439.3	36.5	-291.5
17-Jan	927.2	-91.0	156.2	44.6	-22.4	-218.5	46.4	-20.0	822.4
24-Feb	-36.9	20.1	-741.7	55.5	-30.2	-418.4	-563.1	-59.8	-1,774.5

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

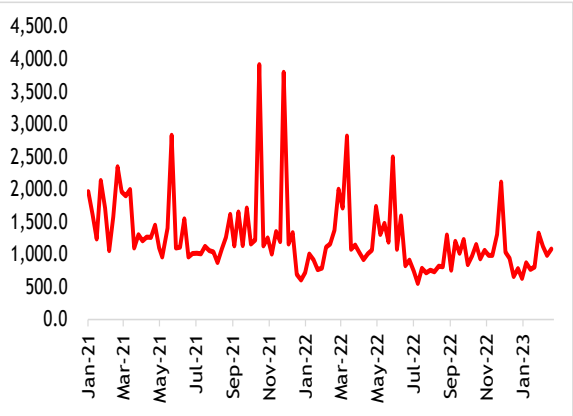
C. TRACKING MONEY FLOW - MALAYSIA

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

- Foreign investors maintained their net buying spree on Malaysian equities for the second consecutive week, marking a net foreign inflow of RM246.2m. They have been accumulating stocks listed on Bursa Malaysia ahead of the revised Budget 2023 announcement on Friday that came with a +4.2% increase in allocations to RM388b.
- They net bought every day last week, with the strongest net inflows on Monday and Tuesday at RM61.5m and RM77.6m respectively. Foreign investors also net bought RM48.2m on Wednesday, RM41.0m on Thursday and RM18.0m on Friday. This was the strongest net buy that was seen since the week ended 11th November, 2022.
- The top three sectors which saw net inflows by foreign investors last week were Financial Services at RM111.4m, Energy at RM60.9m and Healthcare at RM54.8m. The bottom three sectors with net outflows were Plantation at -RM38.3m, Consumer Products and Services at -RM28.1m and Property at -RM11.6m. Year-to-date, foreign investors have net sold RM347.1m.
- Local institutions maintained their net selling stance for the second consecutive week, recording an outflow of -RM379.1m last week. They were net sellers every day of the week, with the steepest net sell on Wednesday at -RM143.0m. They also net sold -RM77.2m on Monday, -RM74.2m on Tuesday, -RM72.8m on Thursday and -RM11.9m on Friday.
- Local retailers returned as net buyers again last week at RM132.9m, after briefly turning net sellers at -RM55.1m in the week prior. They net bought RM15.7m on Monday, RM94.8m on Wednesday and RM31.8m on Thursday. Net selling days were on Tuesday and Friday at -RM3.4m and -RM6.1m respectively.
- In terms of participation, there was an increase in average daily trading volume (ADTV) among foreign investors by +10.0% while retail investors and local institutions saw declines of -0.7% and -4.0% respectively.

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)
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
3-Feb	2,870.9	2,821.5	49.4	5,145.1	5,014.5	130.6	2,557.5	2,737.5	-180.0	-42.2
10-Feb	3,065.8	2,802.0	263.8	5,117.0	4,973.0	144.0	2,040.3	2,448.2	-407.8	-94.6
17-Feb	3,092.3	3,147.5	-55.1	5,227.7	5,367.9	-140.2	2,559.2	2,363.8	195.3	44.6
24-Feb	3,164.7	3,031.9	132.9	4,895.7	5,274.8	-379.1	2,830.2	2,584.0	246.2	55.5

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**
PETRONAS CHEMICALS	35.5	MYEG	33.4	CIMB	70.9
MAYBANK	34.8	TELEKOM MALAYSIA	31.9	DIGI	59.7
PUBLIC BANK	28.9	IOICORP	15.0	GAMUDA	45.6
GENTING	22.9	KLK	13.6	PRESS METAL	40.3
GENM	21.1	NATIONGATE	11.6	VELESTO	37.5
MTAG	16.4	EG INDUSTRIES	11.3	IHH	30.3
INARI	10.9	MI TECHNOVATION	10.0	YINSON	28.3
MRDIY	10.9	CARLSBERG	7.4	AMBANK	22.8
TANCO	10.2	MISC	6.8	FRONTKEN	22.1
CAPITAL A	9.9	AXIATA	6.7	NATIONGATE	18.4
Top 10 Stocks with Weekly Net Outflows					
Company	**Value**	**Company**	**Value**	**Company**	**Value**
MYEG	-34.9	CIMB	-67.4	TELEKOM MALAYSIA	-40.8
GAMUDA	-28.3	MAYBANK	-63.0	MYEG	-34.3
NATIONGATE	-22.0	PETRONAS CHEMICALS	-54.8	IOICORP	-17.7
VELESTO	-18.8	DIGI	-53.0	DRBHCOM	-16.5
MI TECHNOVATION	-15.9	PUBLIC BANK	-50.8	GENTING	-12.9
EG INDUSTRIES	-10.3	PRESS METAL	-41.6	KLK	-10.9
CYPARK	-9.7	YINSON	-31.3	DNEX	-10.6
WIDAD	-7.2	RHBBANK	-31.2	CARLSBERG	-9.4
TENAGA	-6.8	IHH	-30.1	COMPUTER FORMS	-8.7
NEXTGREEN GLOBAL	-6.0	INARI	-28.8	CAPITAL A	-8.6

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

Appendix: Foreign Shareholdings of the Companies Under Our Coverage as at Jan-23 (%)

COMPANY	%	COMPANY (CONT'D)	%	COMPANY (CONT'D)	%
Automotive		Nestlé	82.7	Sarawak Plantation	2.3
Bermaz Auto	15.7	Padini	9.3	Sime Darby Plantation	10.0
MBM	2.1	Panasonic	53.7	Ta Ann	14.1
Tan Chong	10.7	QL Resources	9.9	TSH Resources	20.8
UMW Holdings	5.5	Rhong Khen International	62.3	**Port & Shipping**	
Aviation		Spritzer	18.2	MISC	8.9
Capital A	18.9	**Gloves**		Suria Capital	6.3
Malaysia Airports	19.7	Hartalega	18.3	Westports	27.4
Banking		Kossan	11.3	**Property**	
Affin Bank	26.3	Supermax	9.5	Eco World	2.5
Alliance Bank	21.7	Top Glove	33.0	Glomac	4.2
AMMB	39.7	**Healthcare**		IOI Prop	3.8
Bank Islam	1.9	IHH Healthcare	49.8	Mah Sing	14.5
CIMB	30.1	KPJ	5.8	S P Setia	6.1
Hong Leong Bank	11.1	Pharmaniaga	1.1	Sunway	5.1
Hong Leong Financial	32.5	**Logistics**		UEM Sunrise	5.1
Malayan Banking	17.7	CJ Century Logistics	57.4	UOA Development	3.8
Public Bank	27.6	Swift Haulage	11.3	**REITs**	
RHB Bank	17.1	Tasco	65.8	Al-'Aqar Healthcare	0.4
Building Materials		Tiong Nam	1.3	Axis REIT	16.0
Malayan Cement	2.8	**Media**		IGB REIT	4.9
Conglomerate		Astro	37.7	KLCCP Stapled	0.9
YTL Corp	17.8	Media Prima	20.9	Pavilion REIT	34.0
Construction		**Non-bank Financials**		Sunway REIT	7.5
Cahya Mata Sarawak	8.9	Bursa Malaysia	15.7	**Technology**	
Gabungan AQRS	2.4	AEON Credit	70.3	D & O Green Tech	35.3
Gamuda	17.1	**Oil & Gas**		Datasonic	5.8
IJM Corp	11.6	Bumi Armada	17.4	Globetronics	3.8
KKB Engineering	0.3	Deleum	3.4	Inari Amertron	18.2
MRCB	8.5	Dialog Group	20.7	My E.G.	14.5
Muhibbah	15.7	Gas Malaysia	19.6	Unisem	2.3
Pintaras Jaya	0.5	MMHE	10.5	**Telecommunication**	
Sunway Construction	1.3	Petronas Chemicals	10.3	Axiata	11.1
WCT	5.7	Petronas Dagangan	7.6	DiGi	59.7
Consumer (F&B & Retail)		Petronas Gas	9.4	Maxis	7.0
AEON Co.	54.7	**Plantation**		Telekom Malaysia	12.5
Asia File	5.7	FGV	4.2	**Utilities**	
Fraser & Neave	60.9	Genting Plantations	5.3	Ranhill Utilities	32.1
Hup Seng	1.9	IOI Corp	11.1	Tenaga Nasional	12.5
Leong Hup	12.1	KL Kepong	13.3	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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