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INVESTMENT BANK BERHAD

FUND FLOW REPORT

(Week ended 3 February 2023)

Easing hike fuels markets



MIDF EQUITY STRATEGY | 7 FEBRUARY 2023

7 FEBRUARY 2023 | Strategy - Weekly Fund Flow

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EASING HIKES FUEL MARKETS

A. MARKET SNAPSHOT

- Major markets continued to ascend last week on the back of an easing rate hike by the Federal Reserve by only 25bps in the first Federal Open Market Committee (FOMC) this year.
- While Fed chair Jerome Powell stressed that the central bank is not done hiking rates, the dovish tone that came from his acknowledgement of a "disinflation" era with cooling price pressures lifted sentiments.
- Out of the 20 major indices that we track, 12 ended the week positively, led by Taiwan's TAIEX at +4.5%, the Nasdaq Composite Index at +3.3% and India's Sensex at +2.6%. At the bottom end of the decliners were Hong Kong's Hang Seng Index at -4.5%, Vietnam's VSE Index at -3.58% and China's CSI 300 at -0.95%.
- The Fed does not expect any rate cuts this year and is still looking at raising rates in its ongoing commitment to bring down inflation. We expect the fed funds rate (FFR) to be raise further to 5.00% this year.
- The Fed's key inflation measure saw an ease in price increases in Dec-22 to its slowest annual rate since Oct-21. The personal consumption expenditures (PCE) excluding food and energy rose +4.4%yoy as compared to +4.7%yoy in Nov-22.

Table 1 Weekly Performance of Global Benchmark Indices (%)

Index	Last Price	Change (%)
TAIEX	15,602.66	4.48
Nasdaq	12,006.96	3.31
Sensex	60,841.88	2.55
DAX 40	15,476.43	2.15
CAC 40	7,233.94	1.93
FTSE 100	7,901.80	1.76
S&P 500	4,136.48	1.62
Stoxx Europe 600	460.77	1.23
ASX 200	7,558.11	0.86
Nikkei 225	27,509.46	0.46
SET	1,688.36	0.42
JCI	6,911.73	0.18
KOSPI	2,480.40	-0.15
Dow Jones	33,926.01	-0.15
Straits Times	3,384.29	-0.29
PSEi	7,027.38	-0.35
FBM KLCI	**1,490.47**	**-0.47**
Shenzhen CSI 300	4,141.63	-0.95
Ho Chi Minh VSE	1,077.15	-3.58
Hang Seng	21,660.47	-4.53

Source: Bloomberg

- At the end of the week, the US Labour Department released its January unemployment data, which saw it falling to a 53-year low of 3.4%. Non-farm payrolls saw an increase of 517,000 jobs, more than double the consensus estimates thereby fuelling concerns over the Fed's ability to achieve a soft landing.
- China's purchasing managers' index (PMI) was elevated into the expansion territory for the first time since Sept-22, coming in at 50.1 in Jan-23 (Dec-22: 47) on the back of improving domestic activities following the reopening of China's economy.
- Meanwhile, the International Monetary Fund (IMF) revised its forecast for China's economic growth higher by 0.8 percentage point to 5.2% due to a faster-than-expected recovery with the relaxation of its Covid-19 restrictions.
- The European Central Bank (ECB) raised its interest rates by 50bps to 3.00%, the highest level since 2008. It hinted at another hike of the same rate next month. The unemployment rate in the Eurozone was recorded at 6.6% in Dec-22 while core inflation stood at +5.2%yoy in Jan-23.
- Malaysia's external trade jumped +25% in 2022, marking the second consecutive year of double-digit growth (2021: +26.1%). The contribution from exports to the economy surged to 94.7%, the highest level recorded since 2007. Johor's trading activities mopped up 28.6% of the country's total trade, followed by Selangor (28.2%) and Penang (27.4%).
- Malaysia's producer price index (PPI) grew +3.5%yoy in Dec-22 (Nov-22: +3.2%yoy) though on a month-on-month basis, input inflation was -0.3% lower, due to a persistent contraction of crude material costs and moderation of intermediate materials cost. We foresee lower cost pressures for Malaysia's producers especially with lower global commodity prices and easing global supply chain pressure in particular with the reopening of China and better supply of labour and materials globally. However, higher interest rates

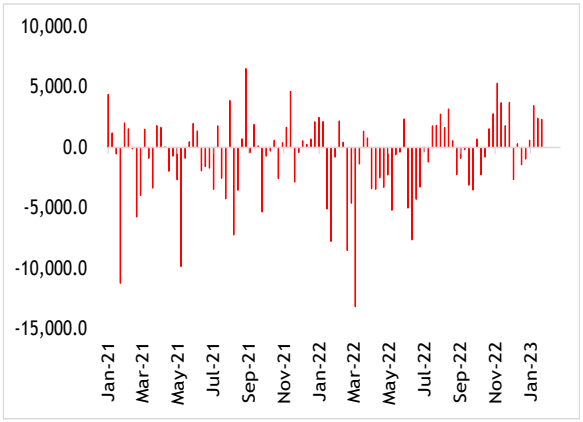
in major economies, elevated energy prices and continuous geopolitical tensions will continue to be downside risks to global inflation in 2023.

- The Ringgit depreciated against the US dollar by -0.3% to close at USD/RM4.2587 on Friday. The Brent crude oil price tanked -7.8% to USD79.94 per barrel while the crude palm oil declined -1.0% to RM3,862.00 per tonne.

B. TRACKING MONEY FLOW - ASIA

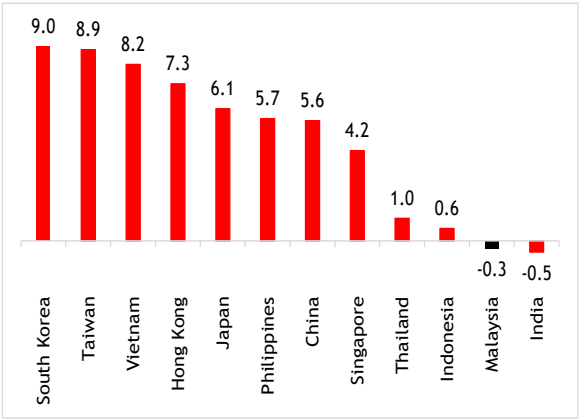
- Foreign funds continued to pour into Asian equities for the fifth consecutive week with a net inflow of USD3.21b into the eight Asian exchanges that we track. These were driven mainly by inflows into Taiwan and South Korea.
- Taiwan was the only country that recorded net inflows every day, starting with a bullish net inflow of USD2.51b on Monday as trading resumed after a six-day break in conjunction with the Chinese New Year. This was the largest daily net inflow ever recorded in Taiwan since 2005. Expectations of the Fed's slowing interest rate hikes and China's reopening fuelled optimism, especially into tech stocks. Taiwan equities are still generally quite attractive now, following a net outflow of -USD44.0b in 2022. Year-to-date, Taiwan has recorded a net foreign inflow of USD8.98b.
- South Korea also saw its net foreign fund inflow extending into its fifth consecutive week, at USD1.11b last week. Though economic announcements and corporate results were not as encouraging, foreign investors seem to be banking on a potential recovery in South Korea. The gains last week mainly came from financial services and automobile and some spill over into technology. This is despite seven straight months of contraction in its PMI, which recorded 48.5 in Jan-23, (Dec-22: 48.2) though this was at a slightly milder pace. Finance Minister Choo Kyung-ho also remarked that the first half of the year would be weak for the country, in terms of exports and investments but promised maximum support to cushion the impact. Year-to-date, South Korea is the second-best performing market we track, with a net foreign inflow of USD6.67b.
- Vietnam entered its third consecutive week in the positive region as foreign investors net bought USD71.6m last week. While the IMF projected a slower economic growth of 5.8% this year (2022: 8%), Vietnam is still considered to be among the main beneficiaries of the shift in global supply chains out of China. Foreign investors net sold -USD5.1m on Tuesday and were net buyers for the rest of the week. Vietnam has a total net foreign inflow of USD206.7m year-to-date.
- Indonesia also received net foreign fund inflows for the third week in a row, totalling USD52.6m last week. Foreign investors net bought USD18.4m on Monday, USD12.7m on Wednesday and USD83.5m on Friday while they net sold -USD44.7m on Tuesday and -USD17.3m on Thursday. Indonesia's GDP grew 5.01% in 4Q22, bringing its full year GDP to 5.31%, which was slightly above expectations. Meanwhile, President Joko Widodo is also optimistic that electric car giant Tesla Inc will invest in a production facility in Indonesia, something that has been in the talks since 2020. Year-to-date, Indonesia recorded a net outflow of -USD125.3m.
- The Philippines also posted a third consecutive week of net inflow at USD9.9m, though this was significantly lower than the net inflow of USD32.7m the week prior. Foreigners only net sold -USD14.9m

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 (%)

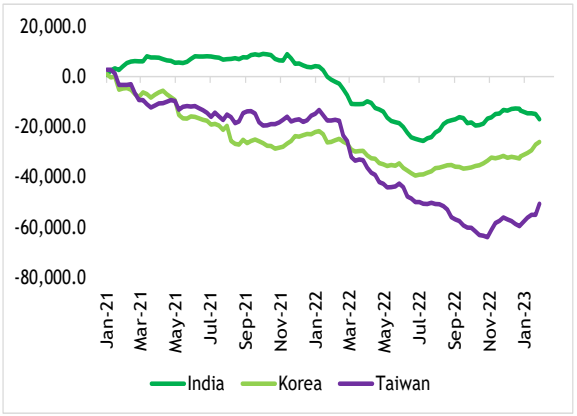


Sources: Bloomberg & MIDFR

on Tuesday and were net buyers for the rest of the week. The World Bank recently approved a USD600m loan to the country to assist in its recovery and the resilience of its financial sector. The funds will be used to expand the financial inclusion and also to improve its disaster risk finance. The Philippines has a net foreign inflow of USD144.4m year-to-date.

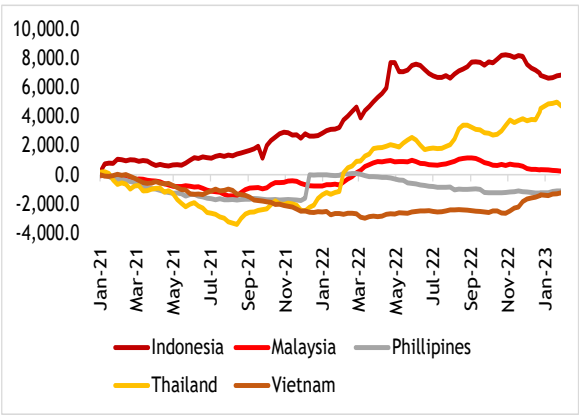
- Thailand, the only country with net foreign fund outflows every day last week, saw foreigners net selling -USD272.4m of its equities, reversing the five-week trend of net inflows. The Kingdom is currently struggling with air pollution due to seasonal fires on agricultural lands and vehicle emissions which have been made worse with stagnant weather conditions. This has forced several schools in Bangkok to close while authorities call for work from home efforts to be intensified. Thailand's net foreign inflow current stands at USD392.1 year-to-date.
- The worst performing market last week was India, with a net foreign fund outflow of -USD2.15b. This marks the country's sixth consecutive week of net foreign outflows. Foreign investors only net bought USD310.6m on Thursday and net sold for the rest of the week. The India stock market is still reeling from the effects of the massive selloff in Adani Group's stocks that has now ballooned to -USD117b. Investigative research firm Hindenburg Research has alleged that Adani was involved with fraudulent activities, of which the latter has denied. Protestors took it to the streets to vent their anger, as the state-owned Life Insurance Corp and the State Bank of India hold significant stakes in the group. India's net outflow year-to-date is now at -USD4.22b.

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)

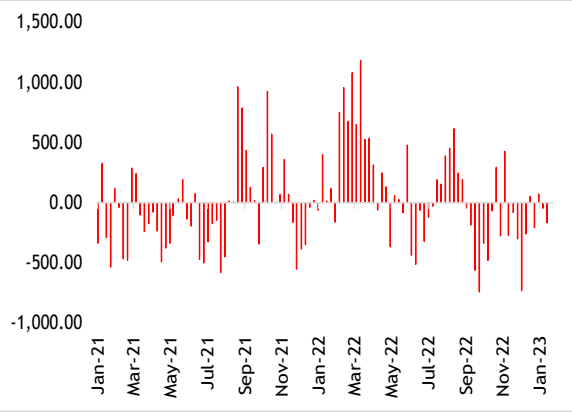
Week Ended	India	Indo	Korea	M'sia	Phil	Taiwan	Thai	Viet	Total
06-Jan	-708.7	-140.4	802.2	16.5	19.6	306.5	216.5	69.6	581.8
13-Jan	-1,120.5	-193.4	1,384.4	-10.6	-0.8	3,137.3	313.6	-64.5	3,445.5
20-Jan	-21.1	41.9	1,078.0	-39.1	83.0	1,103.4	45.5	107.6	2,399.3
27-Jan	-219.9	114.0	2,290.5	-13.6	32.7	0.0	88.9	22.3	2,314.9
03-Feb	-2,152.8	52.6	1,110.6	-42.2	9.9	4,429.1	-272.4	71.6	3,206.5

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

C. TRACKING MONEY FLOW - MALAYSIA

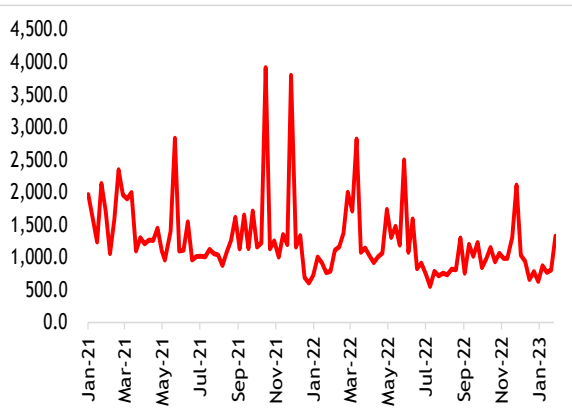
- It was a shortened trading week of four days on Bursa Malaysia last week due to the Federal Territory Day celebration on Wednesday. Foreign investors continued to dump Malaysian equities for the fourth consecutive week, net selling -RM380.8m, 89.6% higher than the week prior. They net bought RM35.6m on Thursday, but net sold -RM48.6m on Monday, -RM98.9m on Tuesday and -RM68.1m on Friday.
- There may be renewed signs of political uncertainties that have emerged following the sacking and suspension of senior and influential UMNO members, as the party is part of the unity government. The appointment of the Prime Minister's daughter as his economic and senior adviser also sparked debates from various parties, who have alleged nepotism and cronyism and that it would affect the country's corruption perception index ranking.
- The top three sectors which saw net inflows by foreign investors last week were Consumer Products & Services at RM58.7m, Technology at RM23.7m, and Telecommunications & Media at RM15.7m. The bottom three sectors with net outflows were Financial Services at -RM174.0m, Healthcare at -RM43.3m and Plantation at -RM35.9m. Year-to-date, foreign investors have net sold -RM89.1m.
- Local institutions maintained their shopping spree on Bursa Malaysia, net buying RM130.6m last week. This is their fourth consecutive week of net buying. Local institutions net bought RM9.6m on Monday, RM59.3m on Tuesday, RM0.5m on Thursday and RM61.2m on Friday. Year-to-date, local institutions have net bought RM816.0m.

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

- Local retailers turned net buyers last week, reversing the net selling trend of three consecutive weeks. They net bought RM49.4m as of last Friday. They only net sold -RM36.0m on Thursday but were net buyers of RM38.9m on Monday, RM39.6m on Tuesday and RM6.9m on Friday.
- In terms of participation, there was an increase in average daily trading volume (ADTV) across the board by 64.7%, 19.6% and 7.8% from foreign investors, local institutions and local retailers 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)
06-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
03-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

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	53.2	Petronas Chemicals	35.2	Nestle (Malaysia)	26.4
Maybank	32.0	CIMB	34.5	Velesto Energy	24.9
Top Glove	21.3	Maybank	31.5	Heineken Malaysia	19.5
Vestland	13.3	CTOS	22.4	Time Dotcom	18.2
Petronas Chemicals	13.0	Bumi Armada	21.1	Tenaga Nasional	15.2
Hartalega	9.9	Itmax System	15.7	Genting	12.8
Hong Seng	8.4	Inari Amertron	14.0	Pentamaster	11.8
RHB Bank	7.7	IOI Corp	13.3	Press Metal Aluminium	11.4
Hextar Technologies	6.3	Mr DIY	12.1	Cypark Resources	10.8
Alliance Bank	6.2	Ambank	11.9	DiGi.Com	8.8
Top 10 Stocks with Weekly Net Outflows					
Company	**Value**	**Company**	**Value**	**Company**	**Value**
Genting	-22.5	Public Bank	-60.1	Maybank	-78.2
Bumi Armada	-16.2	Nestle (Malaysia)	-25.6	Petronas Chemicals	-54.5
Velesto Energy	-14.1	Time Dotcom	-18.2	CIMB	-46.9
Pertama Digital	-13.2	Vestland	-15.5	CTOS	-33.8
Itmax System	-10.6	RHB Bank	-11.5	Top Glove	-26.8
Tenaga Nasional	-10.1	Malaysia Marine and Heavy Engineering	-9.4	Public Bank	-23.7
Heineken Malaysia	-9.7	Alliance Bank	-8.4	Mr DIY	-20.9
Teladan Setia	-7.9	DiGi.Com	-8.1	IOI Corp	-17.5
Kobay Technology	-7.7	Hong Leong Bank	-7.9	RHB Bank	-13.6
My E.G. Services	-7.6	Hextar Technologies	-7.9	Ambank	-12.9

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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