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MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

(Week ended 3 March 2023)

Optimism on China's Economic Recovery



MIDF EQUITY STRATEGY | 6 MARCH 2023

6 MARCH 2023 | Strategy - Weekly Fund Flow

MIDF Research Team

OPTIMISM ON CHINA'S ECONOMIC RECOVERY

A. MARKET SNAPSHOT

- Major markets ended positively last week on the back of optimism over the Chinese economic recovery, which counterweights the growing fears of a more hawkish Federal Reserve (Fed) as well as the easing of Treasury yields from more than a decade high. Out of the 20 major indices that we track, only seven declined. Hong Kong's Hang Seng index (+2.79%) led the advancers, followed by the Nasdaq Composite Index at +2.58%. In contrast, Thailand's SET was the biggest loser, recording a -1.66% weekly decline.
- In the United States, the three main stock indexes rose by over +1% as economic data helped investors overlook worries that the Fed will continue its restrictive policy until later in the year. US Treasury yields decreased, and the tech-heavy Nasdaq climbed by nearly 2%, with support from interest rate-sensitive mega caps. Despite cautioning that interest rates may need to rise depending on economic data, the Fed's comments eased fears over inflation and interest rates. The S&P 500 and the Dow recorded gains for the week, ending their losing streaks of 4 weeks.
- The key Fed inflation measure rose +0.6% in January, which was larger than expected. We opine the upbeat domestic economic momentum will continue, especially with the support of a strong job market and a jobless rate at more than 50-year low. Given the resilience in the job market and higher inflation numbers, we expect the Fed to continue to hike rates at the upcoming FOMC meetings to ensure inflation will continue on a disinflationary trend.

Table 1 Weekly Performance of Global Benchmark Indices (%)

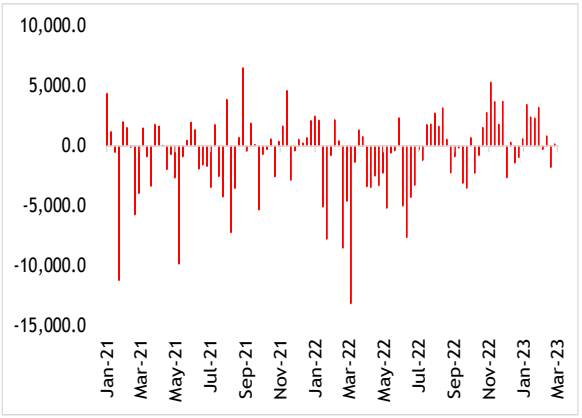
Index	Last Price	Change (%)
Hang Seng	20,567.54	2.79
Nasdaq	11,689.01	2.58
DAX 40	15,578.39	2.42
CAC 40	7,348.12	2.24
S&P 500	4,045.64	1.90
Dow Jones	33,390.97	1.75
Nikkei 225	27,927.47	1.73
Shenzhen CSI 300	**4,130.55**	**1.71**
Stoxx Europe 600	464.26	1.43
FTSE 100	7,947.11	0.87
TAIEX	15,608.42	0.67
Sensex	59,808.97	0.58
KOSPI	2,432.07	0.35
FBM KLCI	1,453.55	-0.22
ASX 200	7,283.57	-0.32
PSEi	6,655.37	-0.46
JCI	6,813.64	-0.63
Ho Chi Minh VSE	1,024.77	-1.42
Straits Times	3,232.02	-1.53
SET	1,606.88	-1.66

Source: Bloomberg

- Japan's factory output posted its biggest fall in eight months on weak autos and chip sectors. The downtrend is widely predicted, in tandem with the slowdown patterns shown by external trade data. Looking ahead, we foresee continuous weakening in Japanese industrial and external activities as reflected in the au Jibun Bank Japan Manufacturing PMI at 47.4 in the first month of this year.
- Malaysia's Producer Price Index grew +1.3%yoy in Jan-23. Looking ahead, we foresee lower cost pressure for Malaysia's producers especially with lower global commodity prices and easing global supply chain pressure mainly due to the reopening of China and better supply of labour and materials globally.
- Malaysia's GDP growth moderated to +7%yoy in 4QCY22. We remain our forecast for Malaysia's GDP to grow at +4.2% this year. Continued expansion in domestic demand will be crucial to support growth this year while we factor in weaker growth in external trade on the back of slowing global economic growth.
- Malaysia's manufacturing PMI climbed to a four-month high in February. The main upside factors among others, are improving output and new orders as well as stabilising input inflation. Moving forward, we foresee brighter external trade and industrial outlook for Malaysia amid expected-positive effects of China's reopening and supportive domestic economic policies.
- The Ringgit depreciated against the US dollar by 0.95% to close at USD/RM4.4773 on Friday. The Brent crude oil price jumped +3.21% to USD85.83 per barrel while the crude palm oil increased +3.09% to RM4,332.00 per tonne.

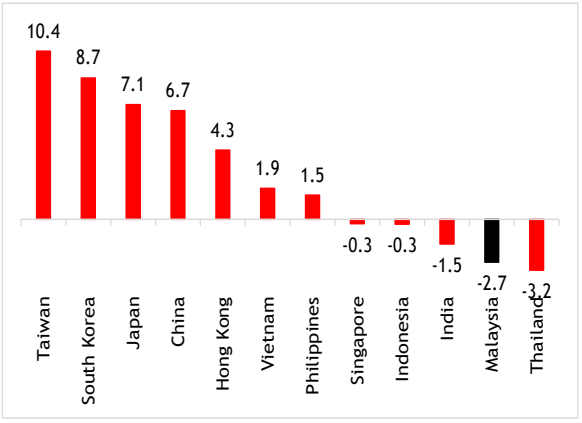
B. TRACKING MONEY FLOW - ASIA

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 (%)



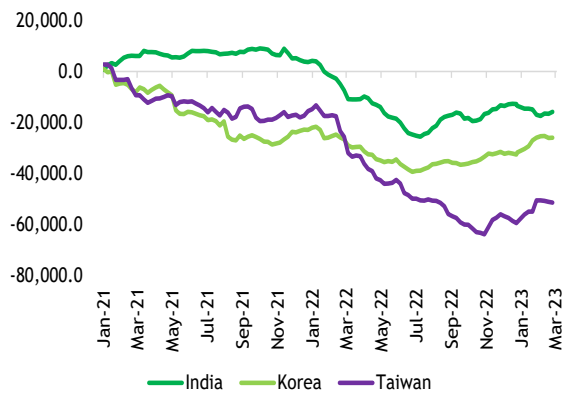
Sources: Bloomberg & MIDFR

- Based on the provisional aggregate data for the eight Asian exchanges that we track, foreign investors net bought USD163.7m worth of Asian equities, overturning the -USD1.8b that were net sold during the week ended February 24. India, Indonesia and Korea were the only countries that recorded net inflows in the week under review. Meanwhile others ended with net outflows for the week.
- India was the top gainer last week with a net inflow of USD723.9m. The week saw net outflows on Monday, Tuesday and Wednesday at -USD163.5m, -USD196.4m and -USD561.5m respectively. This is understandable due to the recent release government data on Tuesday whereby India's GDP growth declined to -4.4% in the Dec-22 quarter as compared to a +6.3% growth in the Sep-22 quarter. Nonetheless, the country also recorded net inflows of USD101.9m and USD1.5b on Thursday and Friday respectively. To note, Friday is the largest net inflow recorded into India since January 2023. We opine that these net inflows were influenced by Moody's Investors Service which had revised India's growth projection upwards to 5.5% in 2023, up from the earlier forecast of 4.8% in Nov-2022. They added that India's growth rate is projected to be the highest among G20 countries, followed by China and Indonesia. The US, Euro area, Japan, and the UK are meanwhile expected to have lower growth rates.
- In Indonesia, foreigners were net buyers at a rate of USD176.9m. The daily net fund flow was rather mixed with three days of net buying and two days of net selling. Monday, Wednesday and Thursday recorded net inflows of USD22.8m, USD55.6m and USD7.4m. Meanwhile, net outflows of -USD69.3m and -USD39.7m fell on Tuesday and Friday for Indonesia. According to the data from its statistics bureau on Wednesday, Indonesia's inflation increased slightly to 5.47%yoy in February, while core inflation decelerated more than expected at 3.09%yoy. Despite the stability in rupiah exchange, interest rates are unlikely to change ahead of the Muslim fasting period. The central bank will hold its next meeting on March 15-16.
- Korea's trading days last week were shortened to four days due to a public holiday on Wednesday in conjunction with their Independence Day celebration. Yet, the country still recorded the third highest net inflow for the week at USD62.9m after India and Indonesia. Monday and Tuesday recorded net selling at a sum of -USD410.9m, while Thursday and Friday saw net buying of USD473.7m. According to data from the trade ministry on Wednesday, South Korea experienced a fifth consecutive month of decline in exports in February. However, the decrease was not as significant as in January, mainly due to the impact of national holidays on the calendar. This explained the mixed bag of performance in the week of review.
- In Thailand, the country recorded net outflows every day last week, which saw a total net outflow of -USD290.4m. The largest net outflow for the week was recorded on Tuesday followed by Wednesday and Monday at -USD96.5m, -USD87.0m and -USD68.0m. Thursday and Friday net outflows were relatively small at -USD10.9m and -USD28.0m respectively. Currently, the nation is experiencing a surge in democratic politics, characterised by open discussions and competitive elections, Thailand's Prime Minister, Prayut Chan-o-cha on Tuesday announced that he will dissolve the Parliament in March, allowing for a general election to take place in May. The current government's term ends on March 23,

and Prayut has suggested that he will dissolve the House of Representatives before then. The prime minister, who came to power in a military coup in 2014, is seeking another term and has set May 7 as the election date. He previously served as prime minister following the 2019 general election, but did not run as a candidate himself.

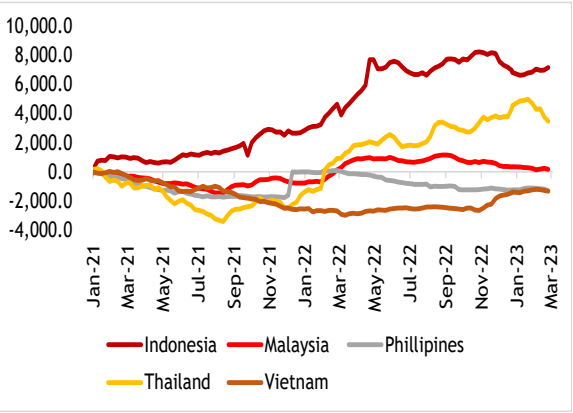
- The country with the second highest net outflow for the week ended March 3 was Taiwan. Despite the shortened trading week, the country recorded net outflows of -USD256.0m. The local bourse was closed on Monday and Tuesday for Peace Day celebration and only started trading on Wednesday, which ended with net outflows of -USD76.8m. The net selling activities continues on Thursday and Friday with a sum of -USD179.3m. On Thursday, the US has approved a possible sale of USD619.0m in weapons to Taiwan, including missiles for its F-16s. This move is expected to worsen already tense relations between the US and China, which views such deals as interference in its territorial claims over Taiwan.
- Besides Thailand, the Philippines is the second country which showed daily net selling in the week ended March 3. The country recorded the highest net selling on Tuesday at USD65.5m and the least on Friday at -USD9.2m. The selling pressure was likely due to hints by central bank governor Felipe M. Medalla of a 50bps rate hike if inflation exceeds 9%. The bank's next rate hike could be 25 or 50 bps depending on the latest economic data. The bank is expected to raise its benchmark interest rate again this year due to high inflation, with the February inflation data to be released on March 7.
- Vietnam also recorded daily net selling performance last week, primarily due to large net selling on Monday and Wednesday at -USD27.7m and -USD13.2m respectively. Tuesday was relatively the smallest net outflows recorded, at -USD0.02m. Thursday and Friday meanwhile saw on average -USD5.0m net sold last week, following the election of the country's new president, Vo Van Thuong on March 2. Thuong was nominated by the Communist Party and received 98.38% of the vote during an extraordinary parliamentary session. His appointment comes at a time of political turbulence in Vietnam, with the powerful Communist Party launching an anti-corruption crackdown and experiencing factional disputes, which have resulted in the dismissal of multiple ministers.

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
3-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-Feb	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
3-Mar	723.8	176.9	62.9	-75.7	-126.5	-256.0	-290.4	-51.3	163.7

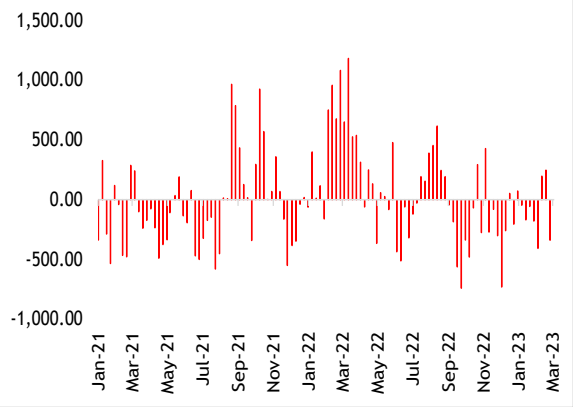
Source: Respective stock exchange statistics as reported on Bloomberg. These figures are subject to revisions.

- The last country that saw net foreign outflow during the week ended March 3 was Malaysia at -USD75.7m. Out of the eight exchanges that we monitor, Malaysia is currently the third worst performing market, seeing -USD159.3m of foreign net selling to date.

C. TRACKING MONEY FLOW - MALAYSIA

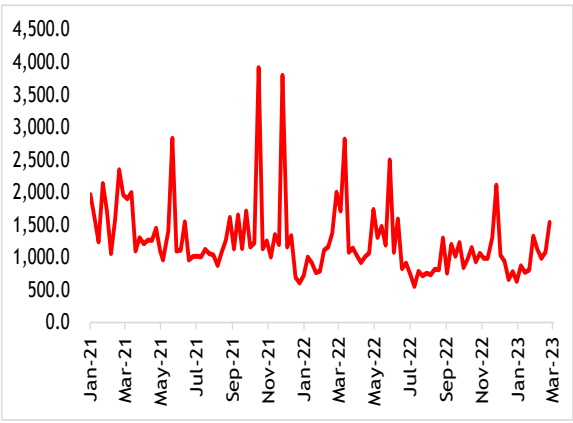
- After two consecutive weeks of net buying, foreign funds left the domestic market last week after net selling -RM338.7m worth of Malaysian equities. Every trading day last week was a net selling day by the foreigners except on Tuesday as it saw an inflow of RM9.0m. Year-to-date, foreign investors have net sold -RM685.7m.
- The highest amount of net outflow occurred on Monday to the tune of -RM178.6m while Wednesday and Thursday were the second and third highest net selling in the week of review as it amounted to -RM84.2m and -RM73.8m respectively.
- Sector wise, Energy (RM33.5m), Construction (RM24.8m) and REITs (RM2.5m) were the top three for net foreign inflows last week, while Financials (-RM121.0m), Industrials (-RM80.0m) and Healthcare (-RM74.3m) were sectors that saw net foreign outflows.
- On the other hand, local institutions appeared as net buyers last week, with total net inflows worth RM296.0m. Only Tuesday recorded a net outflow of -RM78.3m, while the rest of the week recorded inflows. The heaviest net inflows were seen on Friday at RM168.9m followed by Monday at RM132.1m. Year-to-date, local institutions have net bought RM736.8m.

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

- Similarly, local retailers were net buyers last week, to the tune of RM42.7m. Only Wednesday saw net outflows of -RM55.1m. Year-to-date, local retailers are net sellers at -RM51.1m.
- In terms of participation, there was an increase in average daily trading volume (ADTV) among local institutions (+0.3%) and foreign investors (+42.0%), in contrast to local retailers (-6.3%).

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)
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
3-Mar	2,924.1	2,881.5	42.7	5,247.8	4,951.8	296.0	3,675.3	4,014.0	-338.7	-75.7

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**
Maybank	78.3	Boustead	171.0	Armada	23.7
Hartalega	29.8	CIMB	77.7	Gamuda	21.5
Public Bank	25.1	Petronas Chemicals	53.4	Genting	21.3
Tenaga	21.3	PPB	41.0	Heineiken	20.6
Top Glove	16.7	IHH	39.8	Ambank	17.5
Chinhin	13.0	Axiata	28.3	KPJ	17.1
Genting Malaysia	10.2	Tenaga	17.5	QL Resources	17.1
Widad	10.1	Nestle	17.4	MAHB	14.8
YTL	7.9	KLK	17.2	Yinson	12.9
DNEX	7.5	CMSB	16.7	Press Metal	12.6
Top 10 Stocks with Weekly Net Outflows					
Company	**Value**	**Company**	**Value**	**Company**	**Value**
Boustead	-146.7	Maybank	-34.9	CIMB	-64.0
Bumi Armada	-14.8	Hartalega	-24.1	Maybank	-61.9
Natgate	-12.7	Heineken	-18.4	Petronas Chemicals	-58.0
YTLPower	-8.4	Mr DIY	-16.4	Tenaga	-43.3
MyEG	-8.4	Gamuda	-15.7	Public Bank	-40.2
Genting	-7.7	Padini	-15.2	PPB	-39.8
Eca	-7.4	YTL	-14.4	IHH	-38.6
CIMB	-6.0	MAHB	-13.9	Genting Malaysia	-33.2
QL Resources	-5.1	Yinson	-12.5	Hartalega	-26.5
Berjaya Food	-5.0	Genting	-12.4	Axiata	-25.9

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

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

COMPANY	%	COMPANY (CONT'D)	%	COMPANY (CONT'D)	%
Automotive		Nestlé	82.6	TSH Resources	20.3
Bermaz Auto	16.1	Padini	9.9	**Port & Shipping**	
MBM	2.8	QL Resources	10.1	MISC	9.0
Tan Chong	10.7	Rhong Khen International	62.3	Suria Capital	6.2
UMW Holdings	5.6	Spritzer	18.1	Westports	27.5
Aviation		**Gloves**		**Property**	
Capital A	18.3	Hartalega	18.0	Eco World	2.5
Malaysia Airports	19.7	Kossan	11.5	Glomac	4.2
Banking		Top Glove	32.6	IOI Prop	3.8
Affin Bank	26.4	**Healthcare**		Mah Sing	14.7
Alliance Bank	21.3	IHH Healthcare	49.8	S P Setia	6.0
AMMB	39.7	KPJ	6.5	Sunway	5.0
Bank Islam	2.0	Pharmaniaga	0.5	UEM Sunrise	5.1
CIMB	30.1	**Logistics**		UOA Development	3.8
Hong Leong Bank	11.1	CJ Century Logistics	57.5	**REITs**	
Hong Leong Financial	32.4	Swift Haulage	12.2	Al-'Aqar Healthcare	0.6
Malayan Banking	17.7	Tasco	65.7	Axis REIT	15.9
Public Bank	27.5	**Media**		IGB REIT	5.0
RHB Bank	17.1	Astro	37.2	KLCCP Stapled	0.9
Building Materials		Media Prima	20.9	Pavilion REIT	34.1
Malayan Cement	2.8	**Non-bank Financials**		Sunway REIT	7.5
Conglomerate		Bursa Malaysia	15.6	**Technology**	
YTL Corp	17.9	AEON Credit	70.2	D & O Green Tech	35.3
Construction		**Oil & Gas**		Datasonic	5.6
Cahya Mata Sarawak	8.2	Bumi Armada	18.0	Globetronics	3.1
Gabungan AQRS	2.0	Deleum	3.7	Inari Amertron	18.2
Gamuda	18.0	Dialog Group	20.7	My E.G.	11.2
IJM Corp	11.6	Gas Malaysia	19.4	Unisem	2.2
KKB Engineering	0.3	MMHE	10.8	**Telecommunication**	
MRCB	8.7	Petronas Chemicals	10.2	Axiata	11.0
Muhibbah	17.2	Petronas Dagangan	7.5	DiGi	59.8
Pintaras Jaya	0.4	Petronas Gas	9.3	Maxis	7.1
Sunway Construction	1.4	**Plantation**		Telekom Malaysia	12.2
WCT	5.8	FGV	4.2	**Utilities**	
Consumer (F&B & Retail)		Genting Plantations	5.2	Ranhill Utilities	32.0
AEON Co.	54.7	IOI Corp	10.9	Tenaga Nasional	12.4
Asia File	5.7	KL Kepong	13.1	YTL Power	5.6
Fraser & Neave	61.3	PPB Group	21.1		
Hup Seng	1.9	Sarawak Plantation	2.2		
Leong Hup	11.6	Sime Darby Plantation	10.0		
MSM	1.8	Ta Ann	13.9		

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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