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FUND FLOW REPORT

(Week ended 19 May 2023)

Optimism on Debt Ceiling Deal Lifts Markets



MIDF EQUITY STRATEGY | 22 MAY 2023

22 MAY 2023 | Strategy - Weekly Fund Flow

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OPTIMISM ON DEBT CEILING DEAL LIFTS MARKETS

A. MARKET SNAPSHOT

- It was a week dominated by optimism surrounding the debt ceiling in the United States where investors remained hopeful of a bipartisan deal to raise the USD31 trillion debt ceiling to steer the US government out of a potential debt default.
- This, coupled with upbeat tech earnings, saw strong interests in mega tech stocks on Wall Street especially the MATANA (Microsoft, Apple, Tesla, Alphabet, Nvidia and Amazon) stocks, which anchored the weekly gains of the S&P 500 and the Nasdaq Composite Index by +1.65% and +3.04% to 4,191.98 and 12,657.90 points, levels not seen since Aug-22.
- These came ahead of a data-driven week this week, which will see the release of the FOMC meeting minutes, the second release of the 1QCY23 GDP data, the S&P Global Manufacturing PMI and Services PMI and the core PCE, which is the Federal Reserve's preferred inflation gauge.
- Out of the 20 major indices that we track globally, 15 ended the week positively, with Japan's Nikkei 225 topping the list with a +4.83% growth, Taiwan's Taiex (+4.34%) and the Nasdaq Composite Index (+3.04%). Thailand was once again the biggest decliner of the week at -2.98%, followed by Hong Kong's Hang Seng Index (-0.90%) and India's Sensex (-0.48%). The FBM KLCI inched upwards by +0.39.

Table 1 Weekly Performance of Global Benchmark Indices (%)

Index	Last Price	Change (%)
Nikkei 225	30,808.35	4.83
TAIEX	16,174.92	4.34
Nasdaq	12,657.90	3.04
KOSPI	2,537.79	2.52
DAX 40	16,275.38	2.27
S&P 500	4,191.98	1.65
PSEi	6,664.55	1.31
CAC 40	7,491.96	1.04
Stoxx Europe 600	468.85	0.72
FBM KLCI	1,428.54	0.39
Dow Jones	33,426.63	0.38
ASX 200	7,279.52	0.32
Shenzhen CSI 300	3,944.54	0.17
FTSE 100	7,756.87	0.03
Ho Chi Minh VSE	1,067.07	0.02
JCI	6,700.56	-0.11
Straits Times	3,202.59	-0.19
Sensex	61,729.68	-0.48
Hang Seng	19,450.57	-0.90
SET	1,514.89	-2.98

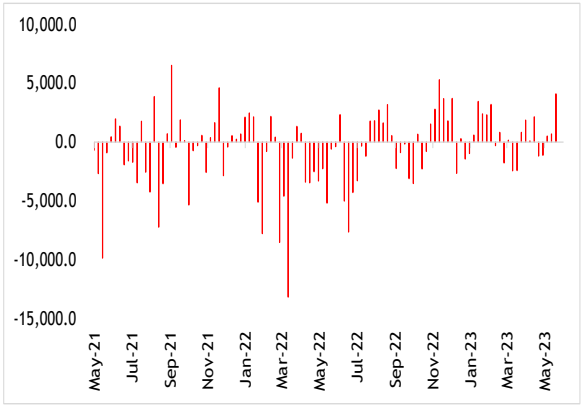
Source: Bloomberg

- Retail sales in the US expanded slower by +1.6%yoy in Apr-23 (Mar-23: +2.4%yoy), driven mainly by sales of food services and drinking places (+9.4%yoy), non-store retailers (+8%yoy) and health & personal care stores (+7.9%yoy). In particular, the downward pressure on sales performance came mainly from weaker sales at gasoline stations, which shrank for the third month in a row (-14.6%yoy) and electronic and appliances (-7.3%yoy).
- Industrial production in China rose to a seven-month high of +5.6%yoy in Apr-23 (Mar-23: +3.9%yoy), though below market consensus of +10.9%yoy. Despite the slower-than-expected growth, the increase marked the 12th consecutive month of expansion, driven by growing output in manufacturing and mining sectors. Production rose among others in the automotive sector (+44.6%yoy), electrical machinery (+17.3%yoy), and oil & gas (+5.6%yoy).
- Meanwhile, China's retail sales surged to +18.4%yoy (Mar-23: +10.6%yoy), the strongest rise since Mar-21 owing to the continued growth in sales for most sectors such as oil products (+11%yoy), automobiles (+5.4%), and gold & silver (+18.5%yoy).
- The Euro zone's inflation inched higher to +7%yoy in Apr-23 from a 13-month low of +6.9%yoy in Mar-23. This is attributable to the rebound in energy price inflation (Apr-23 +2.4%yoy; Mar-23: -0.9%yoy). Considering the elevated inflation against the European Central Bank's (ECB's) target of +2.0%yoy and its hawkish stance after the recent rate hike, we foresee that ECB will continue its tightening cycle with another hike in the Jun-23 policy meeting.
- India's industrial production growth hit a five-month low in Mar-23 at +1.1%yoy, (Feb-23: +5.6%yoy). The downward pressure came mainly from a slowdown in manufacturing output (mar-23: +0.5%yoy; Feb-23: +5.6%yoy), which made up over three quarters of the IPI.
- Japan's exports rose by +2.6%yoy in Apr-23 (Mar-23: +4.3%yoy), its softest ascension in its 26 months of expansion. The moderation in export expansion was partly dragged down by lower exports of manufactured goods (Apr-23: -4.3%yoy; Mar-23: +1.1%yoy) and machinery (Apr-23: -0.1%yoy; Mar-23: +1.7%yoy).
- Thailand's GDP growth rose to +2.7%yoy in 1QCY23, (4QCY22: +1.4%), marking its sixth consecutive month of

expansion outpacing market expectation of +2.3%yoy. This was contributed by the continued expansion in private consumption and expenditure by +5.4%yoy (4QCY22: +5.6%) and from the tourism sector especially from increased tourist arrivals from China.

- Malaysia's total trade fell -1.6%yoy in Apr-23, on the back of declines in both exports and imports by -18.7%mom and -10.1%mom respectively. Exports contracted by -17.4%yoy, the sharpest fall in three years since May-20 due to a faster contraction in domestic exports (-22.3%yoy) and a sustained but slower growth in re-exports (+3.8%yoy).
- The Ringgit depreciated against the US dollar by -1.29%% to close at USDMYR4.480 on Friday. The Brent crude oil price declined by -11.21% to USD75.58 per barrel, while the crude palm oil price declined by -2.0% to RM3,481 per tonne.

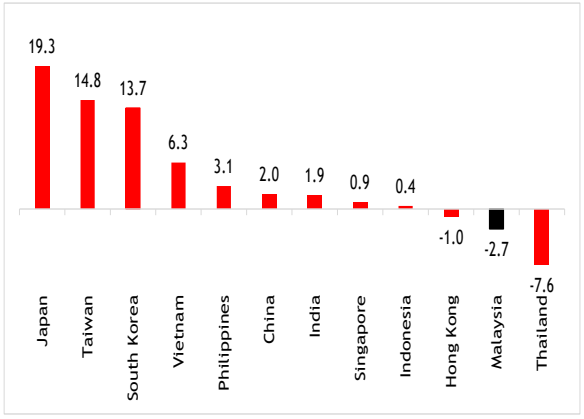
Chart 1 Net Foreign Fund Flows into Equities in 8 Asian Markets Since May-21 (USD'm)



Sources: Bloomberg & MIDFR

B. TRACKING MONEY FLOW - ASIA

Chart 2 YTD Performance of Asian Benchmark Indices (%)



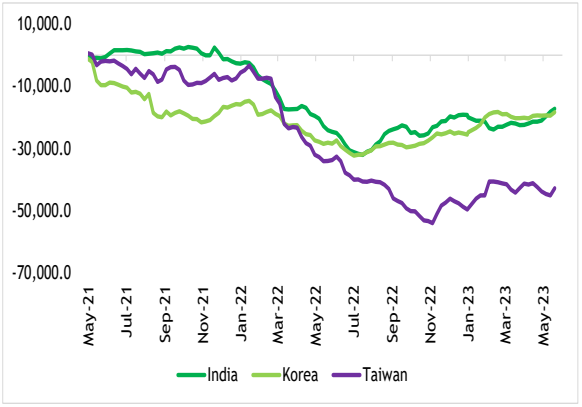
Sources: Bloomberg & MIDFR

- Foreign investors went on a spending spree of Asian equities last week, marking the highest net buying amount this year and since the week ended Nov 11, 2022. In their third consecutive week of net buying, foreign investors poured USD4.10b of funds into the region, based on the provisional aggregate data for eight exchanges that we track. Except for Thailand and Malaysia, they were net buyers in the other six countries.
- Taiwan saw an influx of net foreign inflow last week to the tune of USD2.32b, after recording outflows for four consecutive weeks. This marked the highest net buying amount of Taiwanese equities since the week ended Feb 3, 2023. US and Taiwan reached an agreement on the first part of their "21st Century" trade initiative last week. The agreement covers customs and border procedures, regulatory practices as well as small businesses, while negotiations on other more complicated trade areas are expected to be concluded by end of the year. Year-to-date, Taiwan has seen net foreign inflows of USD6.82b.
- Its neighbouring country, South Korea, saw the second highest net foreign inflow of USD1.10b last week. The week started off with a net foreign outflow of -USD128.5m and foreigners only started net buying South Korean equities from Tuesday onwards after the Trade, Industry and Energy Ministry unveiled plans to expand exports with China in new industry, secondary batteries as well as consumer goods. The Bank of Korea is also expected to continue holding its key interest rate at 3.5% in the upcoming meeting this Thursday following two previous rate freezes on the back of easing inflation. South Korea is the best performing market thus far in terms of foreign funds flow with a total net foreign inflow of USD7.26b.
- Meanwhile, India continued to receive net foreign inflow for the fourth consecutive week at USD946.9m, likely driven by its strong macroeconomic fundamentals. The International Monetary Fund (IMF) projects the country's GDP to grow by +5.9% in CY23, while the United Nations (UN) expects it to further grow by +6.7% in CY24. Moreover, the pause in rate hikes by the Reserve Bank of India (RBI) could also be a trigger for inflows into Indian equities. The current repo rate stood at 6.5% and it is widely expected that the rate cuts will begin in CY24. The country has received net foreign inflows of USD1.20b since the start of the year.
- After two weeks of posting outflows, foreign investors turned net buyers of Indonesian equities at USD60.3m. It was a shortened trading week in Indonesia as the market was closed on Thursday in conjunction with the Ascension Day of Jesus Christ. Statistics Indonesia (BPS) reported a drop in exports (-29.4%yoy) and imports (-22.3%yoy) for the month of April last week, yet it maintained its trade surplus for the past 36 months. The country's exports

exceeded imports by USD3.94b in Apr-23. Foreign investors have been net buyers of Indonesian equities, with a year-to-date total net inflow of USD1.14b.

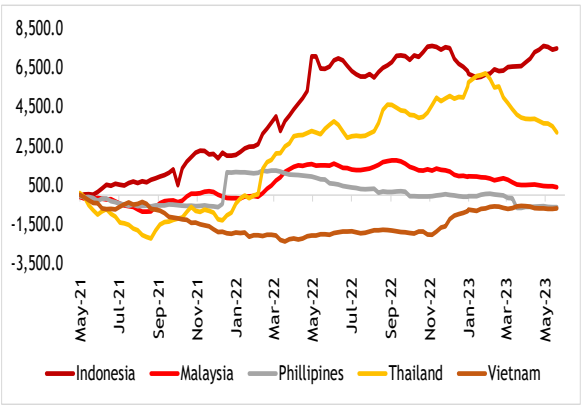
- Foreign investors have also returned to Vietnam after net selling for two consecutive weeks. The country recorded a net foreign inflow of USD33.4m last week. The bulk of the inflows were recorded on Friday at USD41.7m when it was announced that several banks have lowered their deposit interest rates, a move made to spur its economy's growth. Among the revisions made, the country's four biggest lenders namely Agribank, BIDV, Vietcombank and Vietinbank, cut their interest rates between 0.2 and 0.3 percentage points on deposits with maturities ranging from six months to a year. Year-to-date, Vietnam has recorded net foreign inflows of USD140.3m.
- The other country that saw net foreign inflow last week was the Philippines at USD4.2m. Prior to that, foreign investors have been net sellers for the past two weeks. It was a mixed trading week for the country as foreigners have net sold -USD0.1m on Monday and -USD4.4m on Thursday, while the rest of the week recorded inflows. Fortunately, the USD5.4m worth of net foreign inflow that came in on Friday was sufficient to overturn the amount net sold earlier in the week. On the day prior, the Bangko Sentral ng Pilipinas (BSP) maintained its key interest rate at 6.25%, the first pause since May-22. This comes after the country saw its inflation cooling for the third straight month in Apr-23. The Philippines has seen net foreign outflows amounting to -USD534.9m so far this year.
- Other than Malaysia, the only other country that continued to see net foreign outflow last week was Thailand at -USD311.5m. This could be due to the prevailing political instability as the Move Forward Party, the progressive party that won the most seats, did not win enough to easily assemble a ruling coalition. Net selling activities by the foreigners temporarily moderated to -USD20.4m on Monday when data released by the National Economic and Social Development Council (NESDC) showed a better-than-expected expansion of the Thai economy by +2.7%yoy in 1Q23. Year-to-date, foreigners have been net sellers of Thai equities at -USD2.34b and it is the worst performing market among the eight exchanges that we track.

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



Sources: Bloomberg & MIDFR

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



Sources: Bloomberg & MIDFR

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

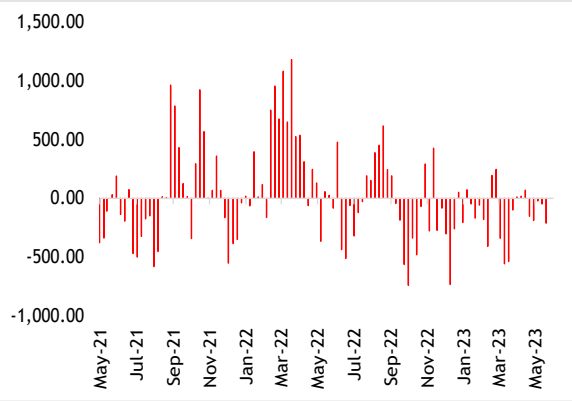
Week Ended	India	Indo	Korea	M'sia	Phil	Taiwan	Thai	Viet	Total
21-Apr	-14.8	120.5	125.7	-34.0	5.0	-1,255.4	-111.7	-13.6	-1,178.4
28-Apr	366.9	191.5	-94.3	-42.1	16.5	-1,449.1	-115.4	0.7	-1,125.2
5-May	1,326.6	-49.9	102.1	-4.6	-42.7	-789.9	-12.2	-21.3	508.1
12-May	1,502.7	-139.6	-30.6	-10.3	-12.4	-469.6	-138.3	-6.2	695.7
19-May	946.9	60.3	1,101.5	-46.8	4.2	2,316.3	-311.5	33.4	4,104.3

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

C. TRACKING MONEY FLOW - MALAYSIA

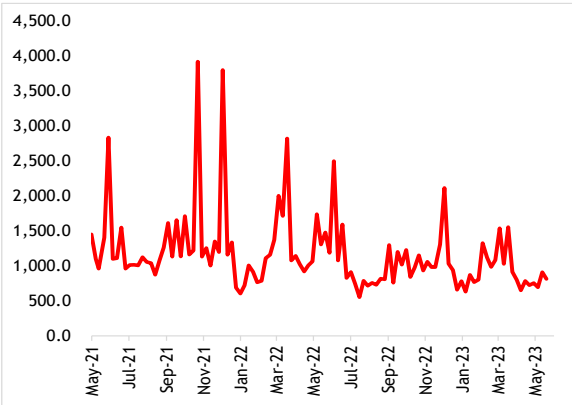
- Foreign investors remained net sellers on Bursa Malaysia for the fifth consecutive with net foreign outflows amounting to -RM211.0m or more than four times the amount net sold during the week ended May 12, 2023. They have been net sellers for 14 out of 20 weeks with a total net foreign outflow of -RM2.39b.
- Every trading day last week was a net selling day by the foreigners except for Thursday, which saw a net foreign inflow of RM38.5m. The day saw foreign investors picking up counters such as Maybank (RM16.9m), Top Glove (RM9.9m), IHH Healthcare (RM9.8m) and Inari Amertron (RM8.2m). They turned net sellers on Friday when the data released by the Department of Statistics Malaysia (DOSM) showed a decline in trade growth by -14.5%yoy in Apr-23, largely due to lower domestic exports.
- The only three sectors that saw net foreign inflows were Transportation & Logistics (RM37.4m), Technology (RM3.3m) and Healthcare (RM1.9m), while the top three sectors that saw net foreign outflows were Consumer Products & Services (-RM70.0m), Industrial Products & Services (-RM40.5m) and Financial Services (-RM32.5m).
- Local institutional investors remained net buyers for the fourth consecutive week to the tune of RM355.6m or about seven times higher than the amount net bought during the previous week. Every trading day was a net buying day by the local institutions, with the heaviest net inflow recorded on Tuesday at RM105.3m. Year-to-date, they have been net buyers for 15 out of 20 weeks, with a total net inflow of RM2.45b.

Chart 5 Net Foreign Fund Flows into Malaysian Equity Since May-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

- Malaysian equities saw continued net selling by the local retailers for the third consecutive week, amounting to -RM144.6m. Every trading day was a net selling day by the local retailers, with the heaviest outflow recorded on Thursday at -RM65.1m. Year-to-date, local retailers have been net sellers for 11 out of 20 weeks, resulting in a total net outflow of -RM51.2m.
- In terms of participation, there was a decline in average daily trading volume (ADTV) across the board – retailers (-4.8%), local institutions (-5.6%) and foreigners (-10.5%).

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)
21-Apr	2,240.9	2,082.6	158.3	3,352.9	3,360.1	-7.3	1,373.9	1,525.0	-151.1	-34.0
28-Apr	1,922.64	1,901.46	21.2	2,824.27	2,657.65	166.63	1,412.56	1,600.37	-187.79	-42.10
5-May	1,388.5	1,420.9	-32.4	2,101.5	2,048.3	53.2	1,033.2	1,054.0	-20.8	-4.6
12-May	2,462.6	2,466.2	-3.6	4,044.2	3,994.3	49.9	2,248.7	2,295.0	-46.4	-10.3
19-May	2,274.8	2,419.4	-144.6	3,972.4	3,616.8	355.6	1,928.5	2,139.5	-211.0	-46.8

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**
Berjaya Food	14.8	Tenaga Nasional	164.2	Malayan Banking	40.1
Public Bank	13.1	Hartalega Holdings	61.4	Malaysia Airports	34.3
Genting Malaysia	10.9	Top Glove Corp.	47.7	IHH Healthcare	27.1
Hap Seng	10.5	TIME dotCom	44.1	RHB Bank	23.8
Dagang Nexchange	8.4	DXN Holdings	28.8	CelcomDigi	22.1
IGB REIT	7.1	Hong Leong Bank	26.7	Inari Amertron	10.6
BIMB Holdings	6.2	YTL Corp.	22.6	Malaysian Pacific Industries	9.3
Petronas Chemicals Group	5.9	Boustead Holdings	20.5	Petronas Chemicals	7.5
Pertama Digital	5.7	CIMB Group Holdings	19.0	Gamuda	5.9
Malaysian Pacific Industrie	5.5	D & O Green Technologies	15.7	Supermax Corp.	5.5
Top 10 Stocks with Weekly Net Outflows					
Company	**Value**	**Company**	**Value**	**Company**	**Value**
Tenaga Nasional	-103.5	Malayan Banking	-34.4	TIME dotCom	-41.1
Top Glove Corp.	-31.6	RHB Bank	-29.2	Hartalega Holdings	-33.2
YTL Corp.	-26.0	Malaysia Airports	-28.6	CIMB Group Holdings	-29.6
DXN Holdings	-23.9	IHH Healthcare	-27.6	Hong Leong Bank	-27.9
Hartalega Holdings	-14.8	CelcomDigi	-23.2	Public Bank	-25.3
D & O Green Technologies	-13.5	Petronas Chemicals	-19.6	Tenaga Nasional	-17.5
Boustead Holdings	-11.4	Malaysian Pacific Industries	-18.5	Genting Malaysia	-17.1
AirAsia X	-10.3	Berjaya Food	-15.9	Hap Seng	-15.7
Jade Marvel Group	-8.5	Inari Amertron	-10.6	IGB REIT	-13.4
Kossan Rubber	-6.4	YTL Power	-10.2	Dagang Nexchange	-12.1

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

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

Company	%	Company (cont'd)	%	Company (cont'd)	%
Automotive		Nestlé	82.7	TSH Resources	19.9
Bermaz Auto	17.2	Padini	10.3	**Port & Shipping**	
MBM	2.7	QL Resources	10.3	MISC	9.1
Tan Chong	10.6	Rhong Khen International	62.3	Suria Capital	6.1
UMW Holdings	5.2	Spritzer	18.2	Westports	27.6
Aviation		**Gloves**		**Property**	
Capital A	18.9	Hartalega	17.5	Eco World	28.9
Malaysia Airports	20.9	Kossan	10.6	Glomac	4.2
Banking		Top Glove	32.9	IOI Prop	3.7
Affin Bank	26.4	**Healthcare**		Mah Sing	15.0
Alliance Bank	20.6	IHH Healthcare	49.7	S P Setia	6.1
AMMB	39.9	KPJ Healthcare	7.6	Sunway	5.8
Bank Islam	1.7	Pharmaniaga	0.6	UEM Sunrise	5.5
CIMB Group	29.8	**Logistics**		UOA Development	3.9
Hong Leong Bank	11.1	CJ Century Logistics	57.6	**REITs**	
Hong Leong Financial	32.4	Swift Haulage	12.8	Al-'Aqar Healthcare	0.7
Malayan Banking	17.5	Tasco	65.7	Axis REIT	15.3
Public Bank	27.0	**Media**		IGB REIT	4.9
RHB Bank	16.7	Astro	36.7	KLCCP Stapled	0.9
Building Materials		Media Prima	21.0	Pavilion REIT	33.9
Malayan Cement	2.8	**Non-bank Financials**		Sunway REIT	7.5
Conglomerate		Bursa Malaysia	15.4	**Technology**	
YTL Corp	18.3	AEON Credit	70.8	D & O Green Tech	35.3
Construction		**Oil & Gas**		Datasonic	5.8
Cahya Mata Sarawak	8.3	Bumi Armada	19.3	Globetronics	2.7
Gabungan AQRS	2.2	Deleum	3.9	Inari Amertron	17.8
Gamuda	19.2	Dialog Group	20.1	My E.G.	11.2
IJM Corp	11.4	Gas Malaysia	19.5	Unisem	2.0
KKB Engineering	0.3	MMHE	10.4	**Telecommunication**	
MRCB	8.6	Petronas Chemicals	9.7	Axiata	10.9
Muhibbah Engineering	16.9	Petronas Dagangan	7.5	CelcomDigi	59.7
Pintaras Jaya	0.4	Petronas Gas	9.3	Maxis	7.1
Sunway Construction	1.4	**Plantation**		Telekom Malaysia	11.9
WCT	6.0	FGV	4.2	**Utilities**	
Consumer (F&B & Retail)		Genting Plantations	5.1	Ranhill Utilities	32.1
AEON Co.	54.4	IOI Corp	11.1	Tenaga Nasional	12.2
Asia File	5.6	KL Kepong	13.0	YTL Power	4.8
Fraser & Neave	61.2	PPB Group	21.2		
Hup Seng	1.9	Sarawak Plantation	2.9		
Leong Hup	12.3	Sime Darby Plantation	9.9		
MSM	1.7	Ta Ann	13.5		

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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