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MIDF AMANAH
INVESTMENT BANK BERHAD

FUND FLOW REPORT

(Week ended 26 May 2023)

Of debt ceiling, AI and inflation



MIDF EQUITY STRATEGY | 29 MAY 2023

29 MAY 2023 | Strategy - Weekly Fund Flow

OF DEBT CEILING, AI AND INFLATION

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A. MARKET SNAPSHOT

- Major markets saw a mixed trading week as investors continued to track the United States' debt ceiling negotiation ahead of the June 1 deadline. President Joe Biden and Speaker Kevin McCarthy eventually reached an agreement in principle on Saturday, to lift the debt limit for two years and capping government spending.
- Market movements at the end of the week were somewhat hampered, on the back of a stubborn inflation data. The core personal consumption expenditures (PCE) price index, which is the Federal Reserve's preferred inflation gauge, rose to +4.7%yoy in Apr-23 (Mar-23: +4.6%yoy), raising possibilities of another rate hike. The CME FedWatch Tool indicated a 64.2% probability of a 25bps hike in the June meeting.
- Out of the 20 major indices that we track globally, 12 finished in the red last week, with Hong Kong's Hang Seng Index being the worst decliner at -3.62%, followed by the CSI 300 (-2.37%) and the CAC 40 (-2.31%). The top three advancers were the Nasdaq Composite Index (+2.51%), Taiwan's Taiex (+2.04%) and India's Sensex (+1.25%) on the back of a tech-driven rally with the optimism of the potential growth in the artificial intelligence space (AI).

Table 1 Weekly Performance of Global Benchmark Indices (%)

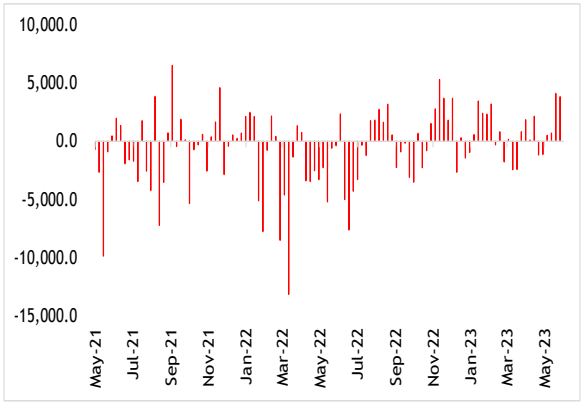
Index	Last Price	Change (%)
Nasdaq	12,975.69	2.51
TAIEX	16,505.05	2.04
Sensex	62,501.69	1.25
SET	1,530.84	1.05
KOSPI	2,558.81	0.83
Nikkei 225	30,916.31	0.35
S&P 500	4,205.45	0.32
Straits Times	3,207.39	0.15
JCI	6,687.00	-0.20
Ho Chi Minh VSE	1,063.76	-0.31
Dow Jones	33,093.34	-1.00
Stoxx Europe 600	461.41	-1.59
FTSE 100	7,627.20	-1.67
ASX 200	7,154.76	-1.71
DAX 40	15,983.97	-1.79
FBM KLCI	**1,402.98**	**-1.79**
PSEi	6,530.20	-2.02
CAC 40	7,319.18	-2.31
Shenzhen CSI 300	3,850.95	-2.37
Hang Seng	18,746.92	-3.62

Source: Bloomberg

- The US' S&P Global Manufacturing PMI fell short of market expectations and went into contraction at 48.5 in May-23 (Apr-23: 50.2). New orders fell at the fastest pace in three-month while overseas sales declined at the fastest since 2009. Meanwhile, sector employment expanded at the fastest rate since Sep-22, with firms continuing to hire new workers. Input inflation eased as input prices fell for the first time since May-20 while supplier delivery times reduced to the greatest extent on record.
- As expected, the People's Bank of China (PBoC) kept its lending rates unchanged at 3.65% and the five-year reference rate for mortgages was also maintained at 4.30%. The rates have been retained since Aug-22. The central bank decided not to lower the lending rates as its +5.0%yoy GDP growth target is still within reach.
- China's labour market saw an improvement as its unemployment rate in Apr-23 dropped to a 16-month low of 5.2% (Mar-23: 5.3%). Meanwhile, China's Housing Starts rose to 31,212 tens of thousands square metres in Apr-23 (Mar-23: 24,121.2 tens of thousands of square metres) while new housing prices marked a 12-month dropped albeit at a softer pace (Apr-23: -0.2%yoy). Retail sales grew by +18.4%yoy in Apr-23 (Mar-23: +10.6%yoy) though it came under market expectations of +21.0%yoy. Despite a relatively muted regional impact of the economic reopening, China's growth continued to be propelled by relatively healthy domestic demand. However, given the mixed Apr-23 data, we do not discount the possibility of a rate cut in 2HCY23 if weakness in domestic demand is presented.
- The United Kingdom's headline inflation moderated to +8.7%yoy in Apr-23 (Mar-23: +10.1%yoy). The slower growth in consumer price was attributed by modest pace of inflation for housing and utilities (Apr-23: +12.3%yoy; Mar-23: +26.1%yoy). Inflation for electricity, gas and other fuels had a sharp slowdown from +85.6%yoy in Mar-23 to +24.5%yoy in Apr-23.

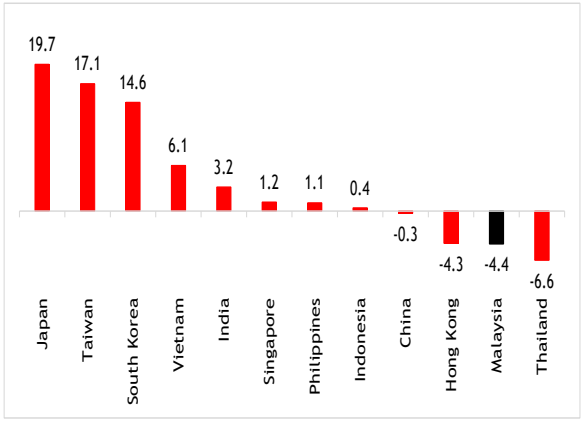
- Germany's producer price inflation eased for the seventh consecutive month to +4.1%yoy (Mar-23: +6.7%yoy). Prices rose slower across the board, with the slowest being energy prices at a 27-month low of +2.8%yoy.
- Export orders in Taiwan dipped -18.1%yoy marking the eighth straight month of contraction and behind the market consensus of -13.9%yoy. The downturn was mainly due to reduction of orders for electronics (-21.9%yoy) and plastics and rubbers (-36.6%yoy).
- Pessimism among Taiwanese manufacturers remain as the S&P Global Taiwan Manufacturing PMI marked the 11th consecutive month of contraction at 47.1 in Apr-23. Moving forward, we foresee continuous weakness in global trade flows amid slowdown in developed markets, higher borrowing cost pressures and elevated inflation risk. The reopening of China may provide silver lining to global growth yet the positive effects to remain limited.
- Singapore's 1QCY23 GDP rose by +0.4%yoy (4QCY2022: +2.1%yoy), its softest growth in nine quarters. The mild growth was dragged by further decline in goods production (1QCY23: -4%yoy; 4QCY22: -1.1%yoy) and moderate services activity (1QCY23: +2%yoy; 4QCY22: +4%yoy).
- The neighbouring country's core inflation stood at +5%yoy, still at its lowest rate since Jul-22. Meanwhile, headline inflation rose by +5.7%yoy in Apr-23, marking the lowest in 11 months. Service inflation accelerated to +4.3yoy (Mar-23: +3.4%yoy) while private transport inflation climbed by +10.4%yoy (Mar-23: +8.6%yoy). On the flip side, CPI for electricity and gas contracted by -2.7%yoy, offsetting the price pressure.
- Malaysia's headline inflation declined to its 11-month low of +3.3%yoy, the slowest since May-22. Germany's producer price inflation eased for the seventh consecutive month to +4.1%yoy (Mar-23: +6.7%yoy). Prices rose slower across the board, with the slowest being energy prices at a 27-month low of +2.8%yoy.
- The Ringgit depreciated against the US dollar by -1.38% to close at USDMYR4.6003 on Friday. The Brent crude oil price declined by -9.6% to USD76.95 per barrel, while the crude palm oil price rose +2.2% to RM3,559 per tonne.

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



Sources: Bloomberg & MIDFR

Chart 2 YTD Performance of Asian Benchmark Indices (%)



Sources: Bloomberg & MIDFR

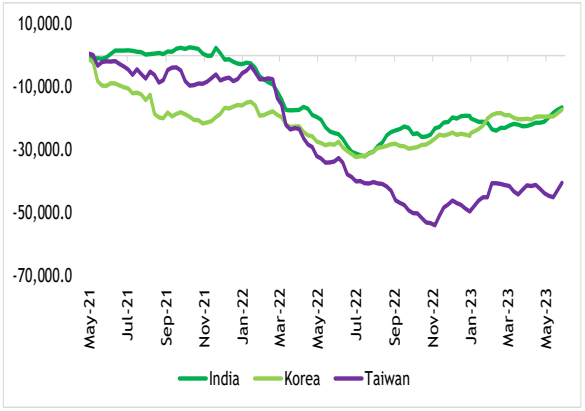
B. TRACKING MONEY FLOW - ASIA

- Foreign investors continued with their aggressive buying last week, going into their fourth consecutive week of net buying. Based on the provisional aggregate data for eight exchanges that we track, foreign investors net bought USD3.83b of Asian equities from Taiwan, South Korea, India, Indonesia and the Philippines. The amount was only slightly lower than the previous week by -6.5%.
- Taiwan received the highest net foreign inflow last week at USD2.28b, its second consecutive week of net inflow. This tracked the surge of tech stocks on Wall Street on the back of optimism on the growth opportunities of AI. Taiwan Semiconductor Manufacturer Company (TSMC) was one of the largest weekly gainers on the Taiwan Stock Exchange and it was responsible for 85.7% of the Taiex's upward movement last week. Year-to-date, Taiwan has received a net foreign inflow of USD9.10b.
- Foreign investors net bought USD1.07b in South Korea last week. Like Taiwan, the positivity was mainly

tech-driven, with Samsung Electronics and SK Hynix being the top two index movers. Meanwhile, the country's producer price index (PPI) for Apr-22 was slower at +1.6%yoy (Mar-23: +3.3%yoy). Year-to-date, there has been a net foreign inflow of USD8.33b into South Korea.

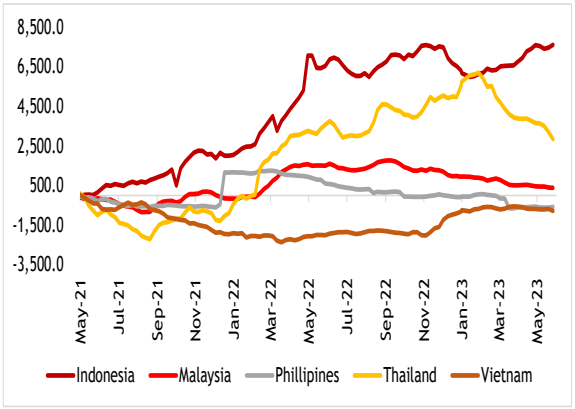
- India continued to record net foreign inflows for the fifth consecutive week at USD769.9m, with net buying activities every day of the week. Foreign investors have been flocking into India on the back of its improving macroeconomic fundamentals. The Reserve Bank of India said investment activities are expected to improve on the back of the thrust on capital expenditure in public spending and moderation in commodity prices. Meanwhile, India's annual retail inflation also eased to +4.7% in Apr-23 (Mar-23: 5.66%). Foreign investors have net bought USD2.77b of equities in India.
- In Indonesia, foreign investors also net bought every day, to mark the second consecutive week of net buying at USD146.0m. Bank Indonesia kept its benchmark seven-day reverse repurchase rate at 5.75%. Governor Perry Warjiyo said the country's economy remains on strong footing, with growth improving in the second quarter. Year-to-date, foreign investors have net bought USD1.29b.
- The Philippines recorded a net inflow of USD42.8m last week. While the country is expected to go through a "weak to moderate" El Nino later this year, Finance Secretary Benjamin Diokno said it is not expected to fuel food inflation. Foreign investors have been net sellers at -USD492.1m year-to-date.

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

- Net foreign outflows from Thailand extended into its sixth consecutive week amidst the ongoing political uncertainty post-general election, which led to net selling ever day of the week. No government has been formed yet although the Move Forward Party, the single party that won the most seats, has formed a coalition with seven other parties. There was a disagreement between it and the Pheu Thai party, the second largest winner, on the position of the house speaker, with leaders from the latter party threatening to leave the coalition. Foreign investors have net sold -USD2.69b of equities in Thailand year-to-date.
- Foreign investors continued net selling in Vietnam at -USD101.0m after briefly turning net buyers the week prior. There is a looming power shortage in Vietnam due to the heatwave and some cities in the

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
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
26-May	769.9	146.0	1,066.5	-12.8	42.8	2,279.2	-351.8	-101.0	3,838.8

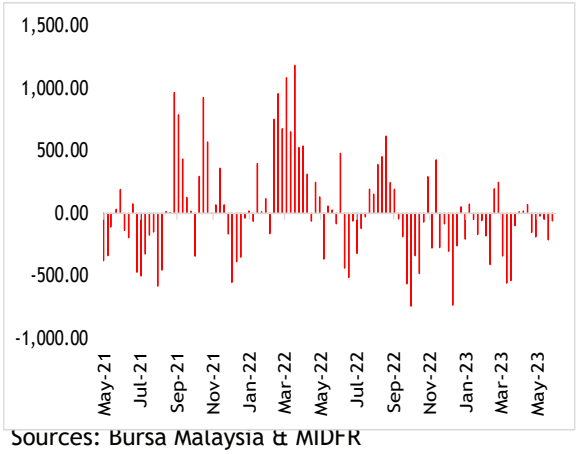
Source: Respective stock exchange statistics as reported on Bloomberg. These figures are subject to revisions.

country, such as Hanoi, are cutting public lighting amid the shortage. Year-to-date, foreign investors are still net buyers at USD39.3m.

C. TRACKING MONEY FLOW - MALAYSIA

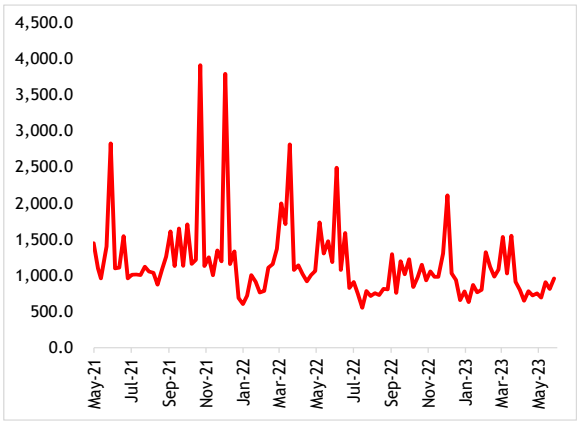
- The net selling by foreign investors on Bursa Malaysia stretches into its fifth consecutive week with net foreign outflows amounting to -RM58.7m, though this was about 3.6 times lower than -RM211.0m the week before.
- They net bought RM10.0m on Monday and RM42.6m on Friday but were net sellers from Tuesday to Thursday. Foreign investors have been net sellers for 15 out of 21 weeks this year, with a total net foreign outflow of -RM2.45b.
- The top three sectors that saw net foreign inflows were Transportation & Logistics (RM103.8m), Technology (RM58.6m) and Telecommunication & Media (RM50.4m), while the top three sectors that saw net foreign outflows were Financial Services (-RM122.8m), Consumer Products & Services (-RM68.3m) and REITs (-RM21.9m).
- Local institutional investors turned net sellers last week at -RM32.4m after four weeks of net buying. They only net bought on Tuesday at RM29.1m and net sold for the rest of the week. Year-to-date, they have been net buyers for 15 out of 21 weeks, with a total net buy of RM2.41b.
- Local retailers turned net buyers at RM91.1m last week after three weeks of net selling. Every trading day was a net buying day except on Friday, with a net sell of -RM4.5m. Year-to-date, local retailers have been net buyers for 10 out of 21 weeks. The total net buying year-to-date amounted to RM39.9m.
- In terms of participation, there was an increase in average daily trading volume (ADTV) across the board – retailers (+1.4%), local institutions (+12.6%) and foreigners (+18.2%).

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

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)
28-Apr	1,922.64	1,901.46	21.19	2,824.27	2,657.65	166.63	1,412.56	1,600.37	-187.79	-42.10
5-May	1,388.53	1,420.93	-32.40	2,101.45	2,048.27	53.19	1,033.16	1,053.95	-20.79	-4.64
12-May	2,462.60	2,466.18	-3.56	4,044.20	3,994.33	49.87	2,248.70	2,295.03	-46.41	-10.27
19-May	2,274.76	2,419.37	-144.61	3,972.44	3,616.81	355.64	1,928.47	2,139.49	-211.02	-46.81
26-May	2,425.07	2,333.96	91.11	4,257.65	4,290.04	-32.39	2,374.04	2,432.75	-58.72	-12.78

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**
Malayan Banking	64.2	Tenaga Nasional	38.9	Malaysia Airports	74.3
Public Bank	45.1	YTL Corp.	34.8	CelcomDigi	51.5
Genting	30.5	Hong Leong Bank	25.0	Petronas Chemicals	39.2
Hartalega Holdings	17.7	Top Glove Corp.	22.2	Malayan Banking	34.3
RHB Bank	12.8	Sime Darby Plantation	21.5	IHH Healthcare	27.7
Dagang Nexchange	10.5	Axiata Group	21.3	Inari Amertron	27.3
CIMB Group Holdings	9.4	DXN Holdings	20.6	MR D.I.Y Group	21.5
BIMB Holdings	9.1	Press Metal Aluminium	20.6	MY E.G. Services	17.0
Genting Malaysia	7.5	CIMB Group Holdings	18.5	Westports	15.7
Berjaya Food	6.3	YTL Power Int.	17.0	MISC	13.8
Top 10 Stocks with Weekly Net Outflows					
Company	**Value**	**Company**	**Value**	**Company**	**Value**
APB Resources	-53.6	Malayan Banking	-123.7	Public Bank	-72.0
YTL Corp.	-26.9	Malaysia Airports	-81.6	Hartalega Holdings	-40.8
Tenaga Nasional	-19.6	CelcomDigi	-48.8	Genting	-35.3
Top Glove Corp.	-17.5	Petronas Chemicals	-34.8	CIMB Group Holdings	-33.8
YTL Power Int.	-16.8	IHH Healthcare	-27.2	Hong Leong Bank	-27.6
AirAsia X	-13.5	Genting	-20.0	Press Metal Aluminium	-25.2
Chin Hin Group	-11.3	Berjaya Food	-18.1	Axiata Group	-22.5
Inari Amertron	-10.1	Dialog	-15.3	Sime Darby Plantation	-21.1
Pertama Digital	-10.1	MISC	-13.1	Genting Malaysia	-20.8
Artroniq	-9.4	Supermax Corp.	-12.1	IGB REIT	-17.8

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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