

# FUND FLOW REPORT

(Week ended 22 March 2024)

*Three cuts still on the cards*

25 MARCH 2024 | Strategy - Weekly Fund Flow

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## THREE CUTS STILL ON THE CARDS

## A. MARKET SNAPSHOT

- The US Federal Reserve (Fed) maintained its key interest rate unchanged for the fifth consecutive meeting, opting to await more data before considering rate cuts. Additionally, the Fed released new quarterly economic projections, anticipating the economy to expand by +2.1% this year, marking a substantial improvement from the +1.4% growth projected as of Dec-23.
- Investors remained optimistic on the Fed's dovish signals, with the expectations of three interest rate cuts later this year still on the cards. The market is expecting a 25bps rate cut from as early as Jun-24 with a 63.2% probability according to the CME FedWatch Tool (as of 25 March 2024).
- US business activity remain steady in Mar-24, with the PMI Output Index declining slightly to 52.2 from Feb-24's 52.5, reflecting stability in both manufacturing and services sectors. The slight deceleration was primarily due to reduced activity in the services sector, while manufacturing reached its highest point in 21 months.
- Major markets performed favourably last week, with 15 out of the 20 major indices that we monitor advancing higher, led by the Nikkei 225 (+5.63%), South Korea's KOSPI (+3.06%) and the Nasdaq Composite Index (+2.85%). The top three decliners for the week were the Hang Seng Index (-1.32%), China's CSI 300 (-0.70%) and the FBM KLCI (-0.67%).
- Two key proponents of interest rate hikes within the Bank of England (BOE) have shifted their stance, resulting in the central bank's decision to maintain its policy unchanged at 5.25% for the fifth consecutive meeting, the highest level in 16 years. Governor Andrew Bailey emphasised that the BOE is not currently considering lowering interest rates.
- Inflation in the UK dropped more than anticipated to its lowest level in 2.5 years, indicating a potential trajectory for the Bank of England to lower interest rates later in the year. The Consumer Prices Index (CPI) increased by +3.4%yoy in Feb-24, a deceleration from the +4.0% recorded in Jan-24.
- The Swiss National Bank (SNB) unexpectedly reduced its main interest rate by 25 basis points to 1.50%, becoming the first major central bank to ease its monetary policy to curb inflation. This decision came as Swiss inflation fell to +1.2% in Feb-24, marking the ninth consecutive month within the SNB's target range of 0% to +2%.
- The Bank of Japan (BOJ) made a significant departure from its long-standing strategy of using unconventional measures to boost growth by ending 8 years of negative interest rates. The BOJ established the overnight call rate as its new policy rate, aiming to maintain it within a range of 0% to 0.1%, including by offering a 0.1% interest rate on deposits at the central bank.
- China maintained its benchmark lending rates unchanged in its monthly fixing, following the central bank's decision to keep a policy rate steady last week amidst some indication of improvement in the overall economy. The 1-year Loan Prime Rate (LPR) remained at 3.45%, while the 5-year LPR stayed unchanged at 3.95%.

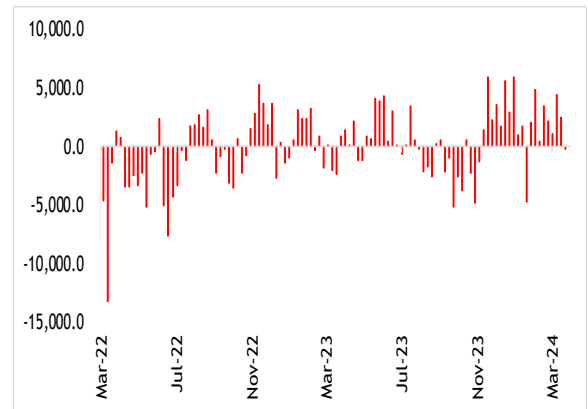
**Table 1** Weekly Performance of Global Benchmark Indices (%)

Index	Last Price	Change (%)
Nikkei 225	40,888.43	5.63
KOSPI	2,748.56	3.06
Nasdaq	16,428.82	2.85
TAIEX	20,228.43	2.77
FTSE 100	7,930.92	2.63
S&P 500	5,234.18	2.29
Dow Jones	39,475.90	1.97
DAX 40	18,205.94	1.50
Ho Chi Minh VSE	1,281.80	1.43
Straits Times	3,217.97	1.42
ASX 200	7,770.55	1.31
Stoxx Europe 600	509.64	0.96
PSEi	6,881.97	0.87
JCI	7,350.15	0.30
Sensex	72,831.94	0.26
CAC 40	8,151.92	-0.15
SET	1,381.04	-0.36
FBM KLCI	1,542.39	-0.67
Shenzhen CSI 300	3,545.00	-0.70
Hang Seng	16,499.47	-1.32

Source: Bloomberg

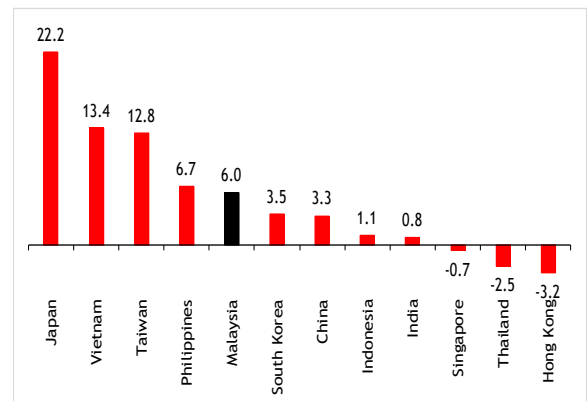
- According to the National Bureau of Statistics (NBS), industrial output in China increased by +7.0%yoy from Jan-24 to Feb-24. The country’s economic growth was supported by robust factory output and investment at the beginning of the year, although progress in consumption revival remained relatively subdued.
- The Hong Kong Monetary Authority (HKMA) kept its overnight discount window base rate steady at 5.75%. The HKMA suggested that the Fed might reduce rates by 75 basis points in total this year, but the timing and subsequent interest rate trajectory remain uncertain. Consequently, the highest interest rate environment could persist for an extended period.
- Malaysia’s trade performance expanded by +3.3%yoy to RM211.79b, marking the highest monthly value for Feb-24 in the country’s trade history. The Ministry of Investment, Trade and Industry (MITI) reported a slight decrease in exports by -0.8%, while imports increased by +8.4%. This trade growth represents the second consecutive monthly increase this year.
- The Ringgit depreciated against the US Dollar by -0.62% to close at RM4.7365 on Friday. The Brent crude oil price rose +0.36% to USD85.43 per barrel while the crude palm oil price declined -0.76% to RM4,188.00 per tonne.

**Chart 1** Net Foreign Fund Flows into Equity in 8 Asian Markets Since Mar-22 (USD'm)



Sources: Bloomberg & MIDFR

**Chart 2** YTD Performance of Asian Benchmark Indices (%)



Sources: Bloomberg & MIDFR

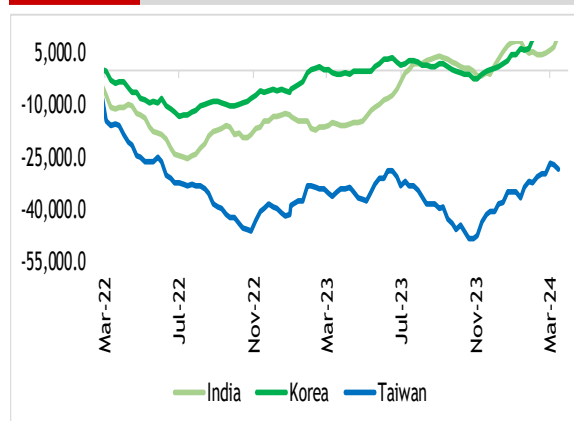
**B. TRACKING MONEY FLOW - ASIA**

- The strong run of net foreign fund inflows into Asia halted last week when foreign investors net sold -USD242.0m worth of equities in the eight markets that we track. This came after eight consecutive weeks of net inflows and only the second week of net outflows recorded this year. The bulk of the net selling occurred in Taiwan and Thailand.
- Leading the net foreign fund inflows last week was South Korea at USD2.61b. Foreign investors were net sellers on Tuesday at -USD241.5m but were net buyers for the rest of the week. Tracking the optimism on Wall Street, the net foreign inflows led to a rally in South Korean shares amid hopes of rate cuts in the US in the near future, which is seen to be a boon for the country’s semiconductor industry.
- Foreign investors net bought equities in Indonesia for the third consecutive week at USD136.1m. It was the only country that saw net inflows every day last week. Bank Indonesia (BI) maintained its benchmark seven-day reverse repurchase rate at 6.00%, in line with expectation. The central bank also reaffirmed its stance that it could ease monetary policy in the second half, around the same time that the Fed is expected to slash its rates. BI also maintained its economic growth outlook for 2024 from 4.7% to 5.5%.
- The only other country that saw a net foreign inflow last week was the Philippines at USD8.5m, after foreign investors briefly net sold the week before. The European Union and the Philippines are resuming their free trade negotiations, seven years after it was halted in 2017. European Commission executive vice president and trade commissioner Valdis Dombrovskis said the conditions were right to take their trade relations to the next level.
- Taiwan recorded the highest net foreign fund outflow for the second straight week at -USD1.44b. Its central bank surprised investors when it raised its benchmark discount rate from 1.875% to 2.0%,

the highest since 2008. The central bank said this was primarily aimed at curbing inflation expectations and that it would also need to keep an eye on whether electricity prices will rise.

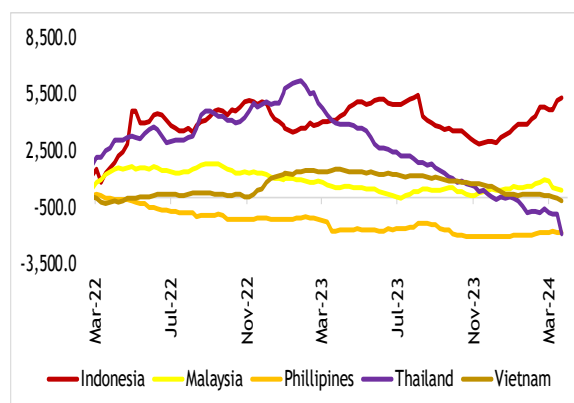
- Thailand entered another week of net foreign fund outflows as foreign investors net sold for the fourth week at -USD1.05b. The government will be proceeding with its THB500b (USD13.9b) handout scheme but it may need to borrow to finance it.
- India recorded its first week of net selling at -USD314.1m by foreign investors after four weeks of net buying. The Indian rupee fell to a record low against the US Dollar amidst ongoing pressure caused by a drop in offshore Chinese yuan and a strong demand for the dollar locally.
- Vietnam recorded its third straight week of net selling by foreign investors at -USD128.2m last week. It was also the only country that saw net selling activities every day last week and this has gone on for nine consecutive trading days. The country is going through a period of political instability following the resignation of its President Vo Van Thuong, the second President resignation in two years. The government said he had violated party rules and that the shortcomings had negatively impacted public opinion. Former President Nguyen Xuan Phuc resigned in Jan-23 after officials under his control blamed him for violations and wrongdoings.

**Chart 3** Net Foreign Fund Flows into North Asia and India Since Mar-22 (USD'm)



Sources: Bloomberg & MIDFR

**Chart 4** Net Foreign Fund Flows into Southeast Asia Since Mar-22 (USD'm)



Sources: Bloomberg & MIDFR

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

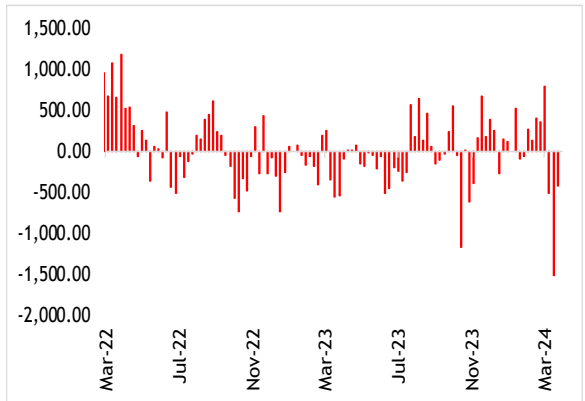
Period	India	Indo	Korea	M'sia	Phil	Taiwan	Thai	Viet	Total
Mar-24	4,599.6	630.3	2,275.5	-516.6	-4.0	1,777.1	-1,142.4	-265.6	7,353.9
YTD-24	1,689.1	1,810.4	10,648.6	-94.9	204.4	6,582.3	-1,930.4	-371.5	18,538.0
1Q23	-3,200.4	445.4	5,469.6	-421.8	-518.3	7,970.2	-1,645.6	252.6	8,351.8
2Q23	12,492.0	644.8	2,474.7	-506.4	51.0	3,277.1	-1,461.2	-265.5	16,706.5
3Q23	5,382.2	-1,399.9	-1,635.9	488.1	-261.9	-13,427.4	-1,419.8	-331.9	-12,606.4
4Q23	6,069.0	-43.6	4,396.8	-72.7	-134.1	9,113.0	-980.6	-681.3	17,666.5

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

C. TRACKING MONEY FLOW - MALAYSIA

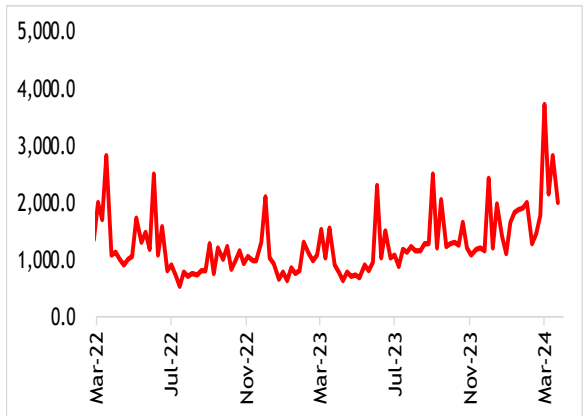
- Foreign investors maintained their selling momentum on Bursa Malaysia for the fourth consecutive week, where they net sold -RM313.8m worth of equities, which was -24.4% lower than the week before.
- They were net sellers from Monday to Wednesday, totalling -RM757.5m and net bought RM443.7m on Thursday and Friday following improved sentiments after the FOMC meeting with three rate cuts still in the pipeline. In Malaysia, Bank Negara had also forecasted a growth of 4% to 5% in 2024, supported by resilient domestic demand and an improvement in external demand.
- The sectors with the highest net foreign inflows last week were Property (RM155.0m), Construction (RM36.7m) and Energy (RM35.4m). Meanwhile, the sectors that recorded the highest net foreign outflows were Financial Services (-RM227.6m), Consumer Products & Services (-RM90.1m) and Plantation (-RM68.4m).
- Meanwhile, local institutions continued their trend of net buying for the fourth consecutive week as they net bought RM442.7m. As opposed to foreign investors, they net bought RM835.3m from Monday to Wednesday and net sold -RM392.6m on Thursday and Friday.
- Local retailers retained their net selling stance at -RM128.8m last week, net selling every day. They have been net sellers for 12 consecutive trading days.
- In terms of participation, the average daily trading volume (ADTV) rose among retail and institutional investors by +2.6% and +3.1% respectively while foreign investors saw a decline of -29.2%.

**Chart 5** Net Foreign Fund Flows into Malaysian Equity Since Mar-22 (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: Market Participation (RM'b)

Period	Local Retail			Local Institution			Foreign			*Net (USD'b)
	Bought	Sold	Net	Bought	Sold	Net	Bought	Sold	Net	
Mar-24	8.89	9.03	-0.14	20.24	17.66	2.58	17.43	19.87	-2.44	-0.52
YTD-24	35.87	37.03	-1.16	71.00	69.40	1.60	57.61	58.05	-0.44	-0.09
1Q23	36.28	36.19	0.09	62.10	60.32	1.77	30.28	32.15	-1.87	-0.42
2Q23	29.03	28.65	0.37	46.57	44.61	1.96	29.49	31.81	-2.33	-0.51
3Q23	34.89	35.98	-1.09	54.18	55.32	-1.14	42.77	40.54	2.23	0.49
4Q23	35.65	36.00	-0.35	56.14	55.42	0.72	44.33	44.71	-0.38	-0.07

Source: Daily statistics provided by Bursa Malaysia. \*Estimated by MIDFR based on the prevailing exchange rates.

**D. NET INFLOWS AND OUTFLOWS BY STOCK (WEEK ENDED 22 MARCH 2024)**
**Table 4** Top 10 Stocks with Inflows and Outflows for the Week by Investor Class (RM'm)

LOCAL RETAIL		LOCAL INSTITUTION		FOREIGN	
<b>Top 10 Stocks with Weekly Net Inflows</b>					
Company	Value	Company	Value	Company	Value
RHB Bank	28.9	RHB Bank	94.4	MISC	46.2
Top Glove Corp	14.6	Public Bank	82.3	Sime Darby	43.2
Genting	11.4	Kuala Lumpur Kepong YTL Power International	69.1	Eco World Development	37.7
Genting Malaysia	9.8	International	63.7	UEM Sunrise	36.5
Sunway REIT	6.7	CIMB Group Holdings	59.1	Malayan Banking	33.8
Maxis	6.7	S P Setia	52.7	S P Setia	27.4
SFP Tech Holdings	5.6	PPB	44.7	Gamuda	24.4
Yinson	5.4	YTL Corp	38.0	My E.G. Services	22.0
Oriental Holdings	4.8	Hong Leong Bank	30.8	United Plantations	18.5
Telekom	4.6	Tenaga Nasional	27.0	Mah Sing	16.2
<b>Top 10 Stocks with Weekly Net Outflows</b>					
Company	Value	Company	Value	Company	Value
S P Setia	-32.2	Sime Darby	-56.3	RHB Bank	-108.3
YTL Corp	-19.4	MISC	-42.2	Public Bank	-73.6
Guan Chong	-18.4	My E.G. Services	-16.4	CIMB Group Holdings	-65.0
UEM Sunrise	-18.3	Malayan Banking	-15.4	Kuala Lumpur Kepong YTL Power International	-52.4
Mah Sing	-16.4	United Plantations	-14.8	International	-35.6
Oppstar	-11.6	Eco World Development	-14.5	Genting	-35.6
Inari Amertron	-10.9	IOI Property Group	-14.2	Hong Leong Bank	-28.8
Sunway REIT	-10.3	Top Glove Corp	-11.7	IHH Healthcare	-28.3
Tanco Holdings	-9.6	Gamuda	-11.4	Malaysia Airports Holdings	-28.2
YTL Power	-8.6	Yinson	-10.6	Inari Amertron	-26.5

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



Appendix: Foreign Shareholdings of the Companies Under Our Coverage as at Feb-24 (%)

Company	%	YTD %	Company (cont'd)	%	YTD %	Company (cont'd)	%	YTD %
<b>Automotive</b>			Padini	6.3	-0.05	Suria Capital	5.6	0.0
Bermaz Auto	11.5	0.0	QL Resources	8.8	-0.1	Westports Holdings	27.1	0.0
MBM Resources	2.2	0.0	Rhong Khen International	62.3	0.0	<b>Property</b>		
Tan Chong	10.5	-0.01	Spritzer	13.9	-0.01	Eco World	4.7	-0.8
UMW Holdings	3.4	-0.4	<b>Gloves</b>			Glomac	3.8	-0.1
<b>Aviation</b>			Hartalega	14.7	-0.02	IOI Properties	5.8	0.1
Capital A	13.6	-0.04	Kossan Rubber	12.6	0.03	Mah Sing	20.1	0.02
Malaysia Airports	24.5	0.0	Top Glove	28.8	-0.01	Matrix Concepts	10.3	-0.05
<b>Banking</b>			<b>Healthcare</b>			S P Setia	17.1	0.04
Affin Bank	26.9	0.01	IHH Healthcare	49.9	0.01	Sunway	5.3	-0.04
Alliance Bank	20.0	0.01	KPJ Healthcare	10.0	0.02	UOA Development	3.5	0.0
AMMB Holdings	39.1	0.01	Pharmaniaga	0.4	0.3	<b>REITs</b>		
Bank Islam	1.0	0.7	<b>Logistics</b>			Al-'Aqar Healthcare	0.5	0.0
CIMB Group	31.4	0.01	CJ Century	58.0	0.0	Axis REIT	14.9	-0.03
Hong Leong Bank	10.4	0.0	Swift Haulage	7.3	-0.4	IGB REIT	2.6	-0.1
Hong Leong Financial	30.8	0.0	Tasco	66.5	0.0	KLCCP Stapled	0.4	-0.2
Malayan Banking	19.9	0.02	<b>Non-bank Financials</b>			Pavilion REIT	32.1	-0.02
Public Bank	27.4	0.01	Bursa Malaysia	15.5	0.03	Sunway REIT	4.5	-0.04
RHB Bank	14.2	-0.01	AEON Credit	68.2	0.0	<b>Solar EPCC</b>		
<b>Building Materials</b>			<b>Oil &amp; Gas</b>			Pekat	2.4	0.3
Cahaya Mata Sarawak	6.4	-0.1	Bumi Armada	15.0	0.1	Samaiden	11.2	-0.02
Malayan Cement	5.6	0.1	Deleum	4.1	0.1	Sunview	7.1	-0.1
<b>Conglomerate</b>			Dialog	17.4	-0.1	<b>Technology</b>		
YTL Corporation	25.6	0.03	Gas Malaysia	19.8	-0.01	D & O Green Tech	35.4	-0.01
<b>Construction</b>			MMHE	8.3	0.0	Datasonic	6.1	0.02
Gamuda	25.3	-0.02	Petronas Chemicals	8.7	0.0	Globetronics	1.4	-0.3
IJM Corp	17.8	0.1	Petronas Dagangan	7.2	0.0	Inari Amertron	18.9	-0.02
KKB Engineering	0.6	0.5	Petronas Gas	10.3	0.03	My E.G. Services	11.8	-0.04
MRCB	11.7	0.03	<b>Plantation</b>			Unisem	2.3	0.05
Pintaras Jaya	0.2	0.0	FGV Holdings	3.7	-0.03	<b>Telecommunication</b>		
Sunway Construction	1.0	-0.4	Genting Plantations	5.7	0.0	Axiata	10.3	0.01
WCT Holdings	6.9	-0.03	IOI Corp	11.1	0.01	CelcomDigi	60.0	0.0
<b>Consumer</b>			KL Kepong	13.4	-0.04	Maxis	7.9	0.01
AEON Co.	53.7	0.0	PPB Group	21.0	0.0	Telekom Malaysia	12.7	0.03
Asia File	3.5	-0.03	Sarawak Plantation	2.6	-0.04	<b>Utilities</b>		
Fraser & Neave	60.8	0.0	Sime Darby Plantation	9.8	0.01	Ranhill Utilities	13.2	-0.02
Hup Seng Industries	1.9	-0.1	Ta Ann	13.2	-0.03	Tenaga Nasional	13.7	0.03
Leong Hup	7.9	-0.1	TSH Resources	18.8	-0.02	YTL Power	13.4	0.04
MSM Malaysia	2.8	0.1	<b>Port &amp; Shipping</b>					
Nestlé (Malaysia)	81.9	0.0	MISC	10.0	0.04			

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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