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| Headline | MIDF Still early to say if foreigners making a comeback | | |
| MediaTitle | The Star | | |
| Date | 17 Jan 2017 | Language | English |
| Circulation | 338,368 | Readership | 1,032,000 |
| Section | StarBiz | Page No | 3 |
| ArticleSize | 227 cm ² | Journalist | N/A |
| PR Value | RM 16,281 | | |
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MIDF: Still early to say if foreigners making a comeback

PETALING JAYA: It's early days yet for foreign investors making a comeback to Bursa Malaysia, according MIDF Research which tracks these data.

Shares on Bursa Malaysia fell yesterday, extending a two-day losing streak as the inflow of funds from overseas reversed its tide.

Data from the stock exchange showed that foreign investors were net sellers in the market yesterday, as they sold down RM92.9mil worth of stocks.

The ringgit fell slightly to 4.467 against the United States dollar.

US investment bank JP Morgan yesterday lowered its recommendation on Malaysian stocks to "neutral" from "overweight", saying in a report that the weakness of the ringgit was hurting investor sentiment.

The report had cooled down foreign investors' optimism last week that had lifted the FBM KLCI to a two-month high.

The KLCI was down 13.66 points yesterday to close at 1,658.84 points.

MIDF Research said yesterday data from Bursa Malaysia showed that investors categorised as "foreign" bought RM382.8mil in net proceeds last week, which was the highest since the third week of September last year.

It noted that foreign funds were first marginal net sellers as the market opened on Monday and Tuesday last week.

"The selling ended abruptly last Wednesday as foreigners turned net purchasers at RM130mil. The inflow peaked last Thursday as foreigners bought RM226mil, the highest since Oct 18, 2016. It receded last Friday, in line with the regional trend," it said.

MIDF Research said that was a strong increase in foreign participation on Bursa Malaysia.

"The foreign average daily trade value rose to RM848mil, some 40% higher compared with that of the week before. It is also nearing last year's average participation of RM957mil," it said.

While local players took the opportunity of foreign buying to clear some positions, MIDF also noted that the retail market was currently active, with the participation rate at the highest since

August.

MIDF Research said Tenaga Nasional Bhd (TNB) registered the highest net money inflow of RM54.49mil last week.

"However, its share price ended unchanged but slightly outperformed the broader market, as the FBM KLCI declined by -0.18% during the

week under review. TNB recently announced a RM474mil acquisition of United Kingdom-based Vortex Solar Investments," it said.

Meanwhile, YTL Corp Bhd recorded the second highest net money inflow of RM8.37mil, but its share price underperformed against the market benchmark with a -1.29% drop during the week.

These circumstances may indicate a buy-on-weakness stance among some investors, MIDF Research said.

Petronas Chemicals Group Bhd saw the largest net money outflow of RM10.15mil last week.

Its stock price performance lagged the market benchmark with a 0.55% drop compared to the FBM KLCI, which declined by a smaller quantum of 0.18% during the week.

Commenting on these stock market statistics, Interpacific Research head of research Pong Teng Siew told *StarBiz* that he was sceptical that foreign investors would be back for good.

"We need to wait a while to see the flows stabilise before making any conclusion. In the past, foreign flows turned positive then they started withdrawing again.

"The latest statistics do not mean it is a firm indication that it has turned the corner," Pong said.

He said that foreign funds were usually self-serving in nature and were only looking to make a profit, until there were more positive indications in the local market.

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Pong Teng Siew