

Headline	Foreign net fund outflow reduces to RM472.2 million		
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Foreign net fund outflow reduces to RM472.2 million

KUALA LUMPUR: Foreign net outflow of funds between Monday and Thursday reduced to RM472.2 million against RM709.9 million recorded in the same period the previous week.

Bank Islam Malaysia Bhd chief economist Dr Mohd Afzanizam Abdul Rashid said average participation rate for foreign and local institution stood at 24.7 per cent and 44.4 per cent, respectively, against 26 per cent (foreign institution) and 45.9 per cent (local institution) in the same period last week.

"External factors continued to dominate market sentiment.

"We had a series of Brexit votes in the British Parliament, uncertainty over the United States-China trade deal, revised downward forecast for China's gross domestic product growth to 6.0 per cent in 2019," he said.

Mohd Afzanizam also said technical indicators suggested that the FBM KLCI was already in an oversold position and a technical rebound was possible.

"The market is probably looking for more direction against a backdrop of weak business sentiment.

Events to watch out for is perhaps the two-day 'Invest Malaysia' conference, beginning March 19., which most investors would keenly monitor for policy announcements that could excite the market.

"Malaysia's Consumer Price Index (CPI) for February is scheduled for release on March 19. Perhaps we could see another negative CPI print," said Mohd Afzanizam.

Externally, the market would be watching out for development from the US Federal Open Market Committee meeting on March 20 for its monetary policy stance.

Meanwhile, Phillip Capital Management senior vice-president (investment) Datuk Dr Nazri Khan Adam Khan said last week's performance

showed that net outflow had tapered down by almost half, a good indication that things were looking up for the country's equity market.

He said any progress made on US and China trade negotiations would raise the optimism that a significant result was on the cards.

Nazri said investors would also be looking for clues as to whether the Federal Reserve would remain patient when it comes to increasing interest rates.

"We expect stocks in the energy sector to perform against the backdrop of recovering oil prices and the possible beneficiaries would be Sapura Energy, Armada, Dialog and Petronas-linked stocks," he said.

Meanwhile, the Securities Commission Malaysia in its 2018 Annual Report, released on Thursday, said the Malaysian equity market capitalisation contracted by 10.8 per cent to RM1.7 trillion in 2018 from RM1.9 trillion in 2017, amid challenging external developments.

Among corporate developments that made the headlines was the fate of troubled national carrier, Malaysia Airlines Bhd.

Prime Minister Tun Dr Mahathir Mohamad said that the government was studying options whether to sell, shut down or refinance Malaysia Airlines and that a decision must be made soon.

Meanwhile, sovereign wealth fund, Khazanah Nasional Bhd, said the decision on whether Malaysia Airlines should proceed with the aircraft purchase agreement with Boeing Co could only be made after probes into the recent two air crashes are concluded.

The airline has been trying to transform its operations and return to profitability by 2019 after the disappearance of flight MH370, which still remains a mystery, and flight MH17 which was shot down over eastern Ukraine.

Economic Affairs Minister Datuk Seri Mohamed Azmin Ali had also instructed both Khazanah and Malaysia Airlines to re-look at the agreement to acquire 37 MAX aircraft after two air crashes involving the same aircraft which killed 346 people in the space of five months.

The minister pointed out the agreement between Malaysia Airlines and Boeing Co must be reviewed as a safety measure following the latest crash. Khazanah is the sole shareholder of Malaysia Airlines.

The national carrier had ordered 25 Boeing 737 MAX 8 in 2016. The following year, Boeing and Malaysia Airlines announced that 10 of the planes will be converted to 737 MAX 10s.

Meanwhile, Tenaga Nasional Bhd president and chief executive officer Datuk Seri Azman Mohd was asked to relinquish his position despite his contract's two-year extension which was obtained on July 1, 2018.

The utility company stressed that it would make an official announcement on changes to its leadership when the time is appropriate.

On Thursday, International Trade and Industry Minister Datuk Darell Leiking announced that Malaysia had approved RM201.7 billion in investments in 2018, almost similar to RM200.6 billion approved in 2017.

Domestic direct investments accounted for 60 per cent or RM121.2 billion of the total investments approved while foreign investments made up the remaining 40 per cent.

Obviously there is a vote of confidence from foreign investors. What matters now is the actualisation of the approved investment.

This would really depend on market sentiment and how the government and the relevant agencies would facilitate the process. — Bernama