

Foreign big funds back, says MIDF
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JP Morgan's upgrade of Malaysia to "overweight" from "neutral" is news of big funds inflow into the country, says MIDF Research.

The upgrade cites strengthening of the ringgit, robust domestic demand and credit growth are expected to entice fresh funds from foreign investors needing to rebalance their portfolios, it said.

MIDF said the ringgit that temporarily broke to RM3.12 level last week to touch RM3.1195 and continued to remain strong would be one of the strongest indicators pointing to a healthy market this week.

"There is no significant US statistical releases due this week that may derail the global equity market," it said in a research note.

Global sentiments towards equity rebounded strongly last week, with Dow Jones and S&P 500 gaining 2.9 percent and 3.8 percent, respectively.

Markets in Europe did even better with FTSE 100 gaining as much as 5.3 percent.

Meanwhile, Asian markets had a less spectacular week, with most markets gaining one per cent to two per cent.

The research house said many investors would shy away from taking positions over the long weekend this week. However, it does not expect this to weigh down on the market as volume was decent last Friday.

"Sentiment towards equity is on the mend in the western markets and momentum in emerging Asia is expected to remain positive," it said.

Marginal net inflow

MIDF said proxy data for Asia showed there was marginal net inflow of foreign funds into Asia last week, a reversal of sizeable outflow the week before.

An estimated US\$258.7 million of foreign funds bought equities in South Korea, Taiwan, India, Thailand, Indonesia and the Philippines last week compared with -US\$1.2 billion net sale the week before.

"The inflow into emerging Asian markets was much higher than to developed Asian markets. This is a complete reversal of the trend seen in 2009," added MIDF.

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