

Monthly Bulletin

March 2021

What's Inside



Calendar

US CPI YoY (10-Mar)
CH CPI YoY (10-Mar)
US Initial Jobless Claim(6,13,20 Mar)
ID 2020 FY Earnings Result (Mar'21)



Global Event

Sejak awal tahun 2021, hampir seluruh negara mengalami peningkatan yield yang menyebabkan kekhawatiran terkait kinerja aset kelas lainnya. Namun, peningkatan *yield* selaras dengan optimisme pasar terhadap *recovery play* di 2021.



Indonesia

Bank Indonesia di bulan Februari menurunkan tingkat suku bunga 7D Repo Rate dari 3.75% menjadi 3.50%. Hal ini selaras dengan pertumbuhan kredit yang masih minim sehingga penurunan bunga diharapkan dapat membantu dalam peningkatan kredit dan juga konsumsi dalam negeri.



Equity Market

Kinerja IHSG ditutup sebesar -2.0% YTD atau 4.39% MoM (*cutoff date: 26-Feb-2021*). Top 3 *Leaders* 1) ARTO, 2) BBRI, 3) BANK dan Top 3 *Laggards* 1) BMRI, 2) ASII, 3) BBKA. Investor asing melakukan *net buy* sebesar 257mio USD di Feb 2021.



Fixed Income Market

Imbal hasil 10 tahun obligasi Indonesia melemah ke level 6.6% pada akhir Feb 2021. Hal ini dikarenakan peningkatan yield secara global. Adapun, kepemilikan investor asing menurun ke level 23.5% di bulan Feb 2021. Pembelian terbesar masih berasal dari perbankan dan bank Indonesia.



Section

Syailendra Perspective

1

How We Based Our Expectation for 2021 (1)

Liquidity driven, potential lower risk premium while earnings to gradually recover

Mempertimbangkan hal-hal yang terjadi sampai dengan akhir 2020. Kami mempertimbangkan beberapa faktor dalam penentuan ekspektasi indeks dan indikator makro lainnya.

- 🏠 Kami mengekspektasi pertumbuhan laba tahun ini untuk indeks (SC equity universe) berkisar -30 sd -35% YoY. Di saat yang bersamaan, kami memprediksi laba 2021 berkisar 30% YoY dengan kontribusi terbesar berada di 2Q20 & 3Q20 akibat *lowbase effect*.
- 🏠 Normalisasi aktivitas ekonomi akan beberapa saat di 2H20 setelah distribusi vaksin secara gradual. Sehingga, *quarterly earnings* berangsur normal di 2H20.
- 🏠 Mempertimbangkan kondisi indeks saat ini, *risk tolerance* investor meningkat terlihat dari P/E 12M Blended Forward sudah berada sedikit di atas rata-rata (17.6x vs +2 Std Deviation 2008-2020 : 17.6x). Berikut ini merupakan bagian dari investor memposisikan *ahead of curve* :
 - Tingginya likuiditas di pasar global bersamaan dengan perpindahan alokasi aset yang menghasilkan pertumbuhan berpotensi memberikan *foreign inflow* di 2021.
 - *Risk premium CDS* Indonesia sudah mencapai range level terendah saat Indonesia mendapatkan *investment grade* rating dari S&P dan Moody's. Sehingga, *foreign inflow* berpotensi kembali ke Indonesia.
 - Distribusi vaksin oleh pemerintah akan meningkatkan kepercayaan konsumen untuk berpartisipasi dalam aktivitas ekonomi.
 - Meningkatnya kepercayaan konsumen di saat PMI melebihi level 50 mendukung *recovery* ekonomi Indonesia
- 🏠 Adapun data-data makro lainnya kami melihat konsensus sebagian sudah mencerminkan pertumbuhan gradual GDP berkisar 5.2-5.4 dengan IDR berada di level yang sama 14,100-14,200.

How We Based Our Expectation for 2021 (2)

Liquidity driven, potential lower risk premium while earnings gradually recover

Syailendra Target Indicator in 2021

Based on each scenario

Indikator*	Bear	Base	Bull
Makro Ekonomi			
Central Bank Rates Indonesia	4.25	3.75	3.50
USDIDR	15,000	14,000	13,500
GDP Growth YoY	4.80	5.40	6.00
Current Account (% of GDP)	-2.70	-2.40	-2.10
Inflation YoY	4.00	3.20	2.60
Fiscal Deficit (% of GDP)	-6.00	-5.00	-4.00
Fixed Income			
Yield SBN 10 tahun	7.00	6.25	5.75
Equity			
IHSG	6,000	6,600	6,900
Pertumbuhan Laba Emiten (%) (2021)	30.0%	30.0%	36.0%
PE Ratio (2021)	16.33	17.60	18.00
PE Band	Mean	+0.75 Mean	+1 Mean

Source: Syailendra Research

 Tabel di atas didasarkan pada hal-hal yang telah kami uraikan terkait pada halaman sebelumnya

Section

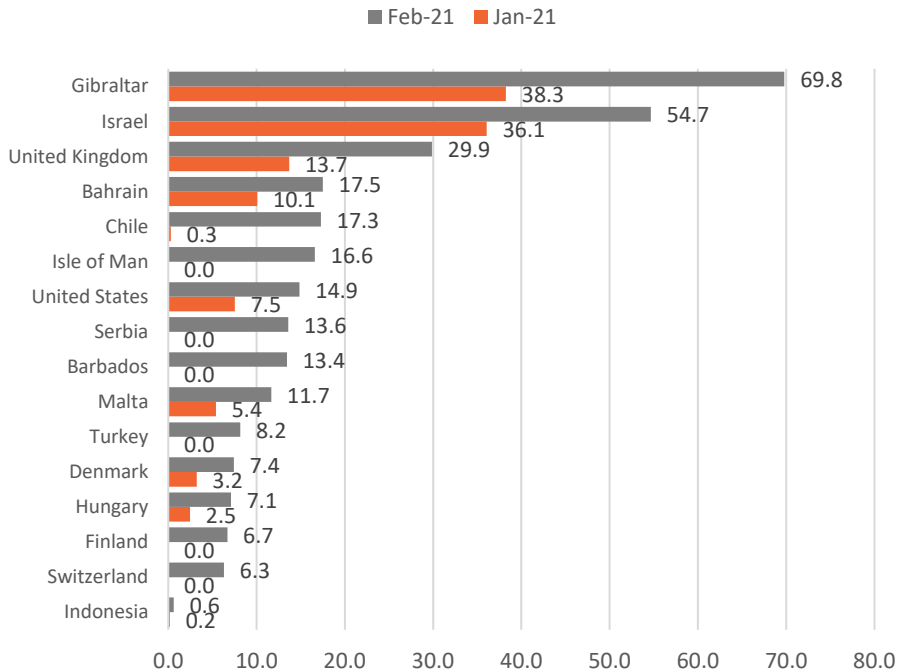
COVID-19 Updates

2

State of Vaccine Deployment Worldwide

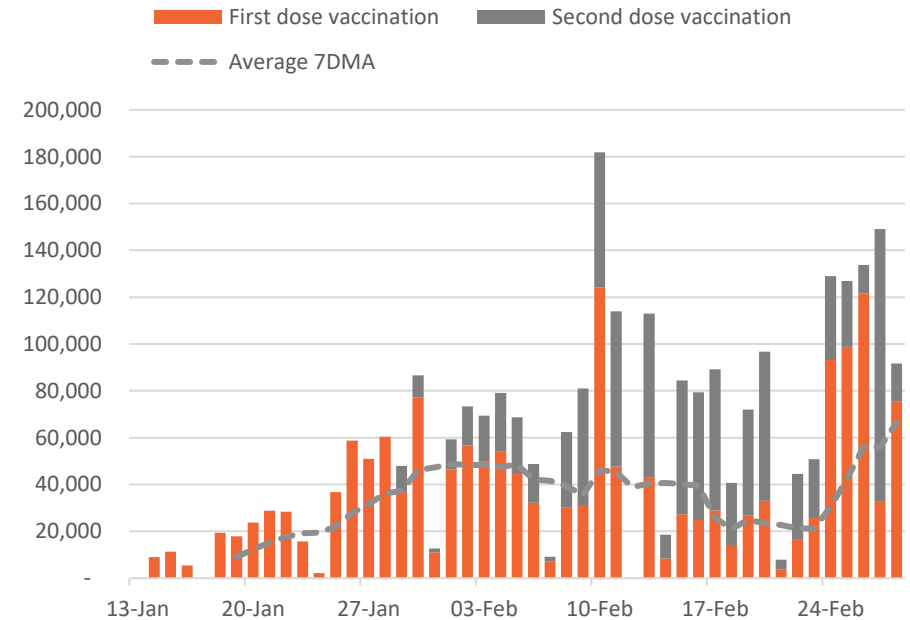
Significant Improvement on vaccine deployment on few countries

Top 15 Country Based on Vaccination Coverage and Indonesia People vaccinated per 100 population (28-Feb-2021)



Source: Our world in data

Indonesia Daily Vaccination Based on first dose vaccination, 7DMA



Source: CLSA, Syailendra Research

Beberapa negara mengalami *improvement* signifikan terkait *vaccine coverage ratio* i.e US meningkat dua kali lipat dalam waktu 1 bulan dari 7.5% populasi di bulan Jan'21 menjadi 14.9% populasi di bulan Feb'21.

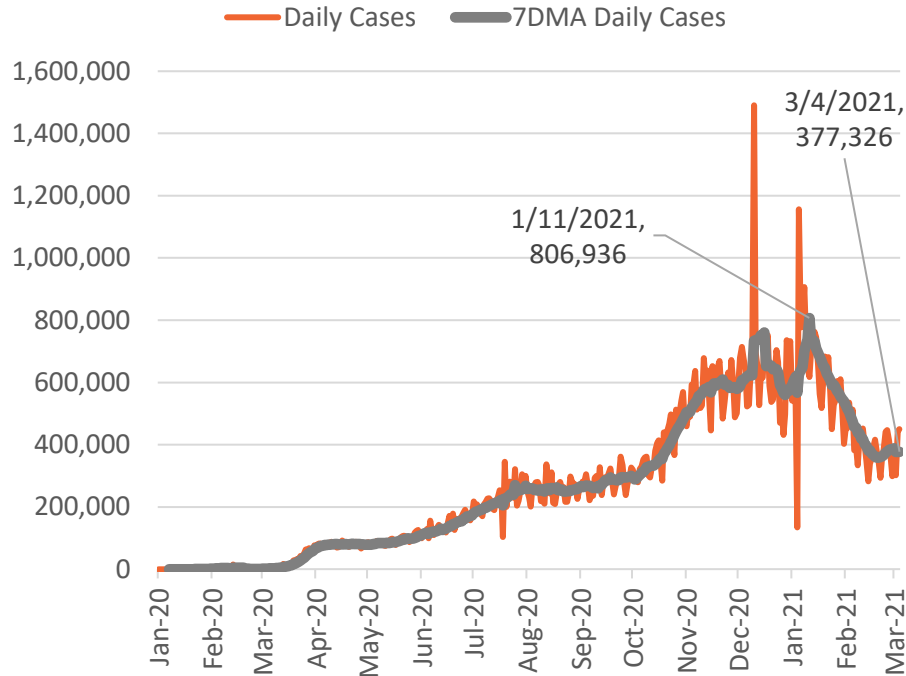
Indonesia telah mencapai *first dose vaccine level* 100-120k per hari. Hal ini 2x dibandingkan rata-rata yang terjadi di bulan

Significant Decrease on Global Covid-19

50% down from its peak in early 2021

Global Daily Covid-19 Confirmed Cases

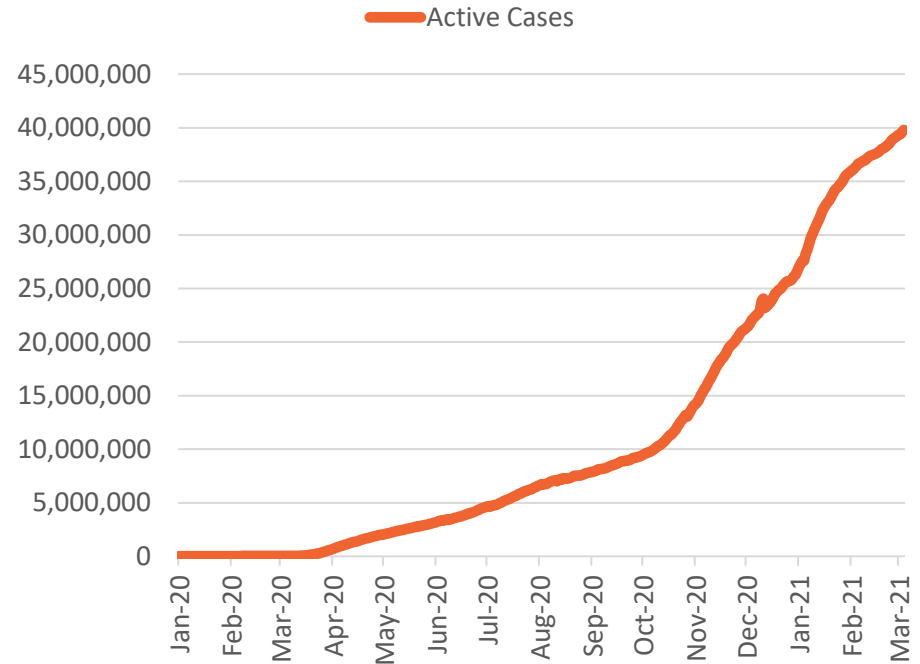
In no of confirmed cases each day



Source: Our world in data

Global Cum. Covid-19 Active Cases

In no of active cases



Source: CLSA, Syailendra Research

🏗️ *Improvement* dari penyaluran vaksin dan pemberlakuan pembatasan sosial (*lockdown*) yang dilakukan di Dec'20 mengakibatkan kasus harian *covid-19* turun dari rata-rata level tinggi 800k di Nov'20 menjadi 377k di Mar'21.

Latest Update on Indonesia Vaccines Supply

Government allow corporates to access small portion of vaccine supply

Indonesia Vaccine Roll-out Plan

In mio of people and doses

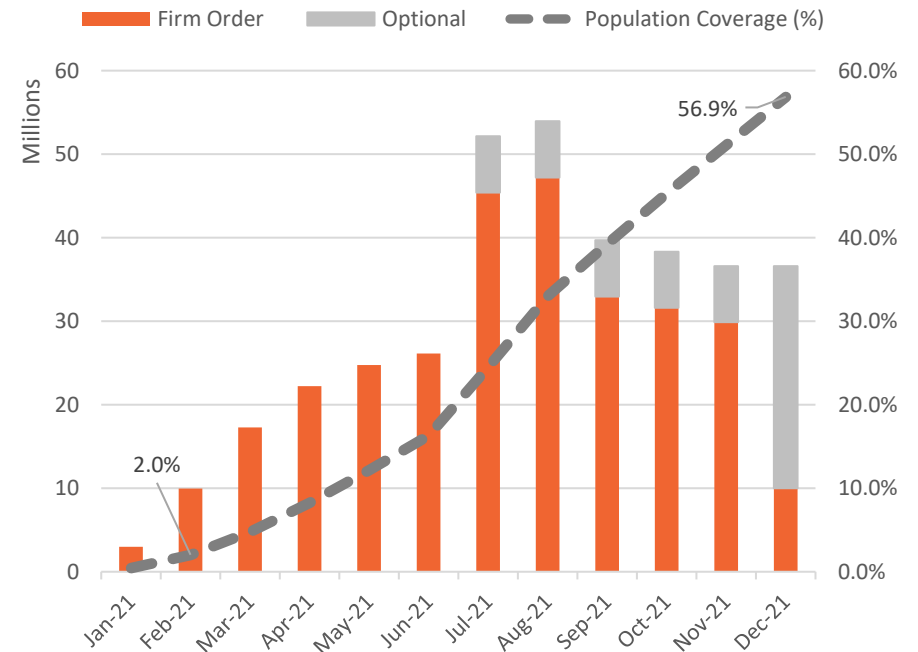
Date	Supply Program Vaksin Pemerintah					Supply Vaksin Gotong Royong	
	Sinovac	Novavax	Covax/Gavi	AstraZeneca	Pfizer	Sinopharm	Moder-na
Jan-21	3,000	0	0	0	0		
Feb-21	7,567	0	2,398	0	0		
Mar-21	11,400	0	2,398	0	0	3,500	
Apr-21	7,600	0	2,968	150	0		
May-21	21,647	0	2,968	150	0		
Jun-21	18,170	4,000	2,968	1,000	0	11,500	
Jul-21	24,860	8,000	6,717	2,400	6,667		
Aug-21	24,860	8,000	6,717	7,700	6,667		
Sep-21	6,400	8,000	6,717	11,900	6,667		3,500
Oct-21	0	8,000	6,717	11,900	10,000		
Nov-21	0	8,000	6,717	11,900	10,000		
Dec-21	0	8,000	6,717	11,900	10,000		1,700
Total	125,504	52,000	54,000	59,000	50,000	15,000	5,200

Legend :

	: Firm Order
	: Optional order

Vaccine Timeline and Population Coverage

In mio of doses and % of population coverage (Until 2021)



Source: Syailendra Research, Ministry of Health Grand Design, Assume 2 doses for each vaccine supply

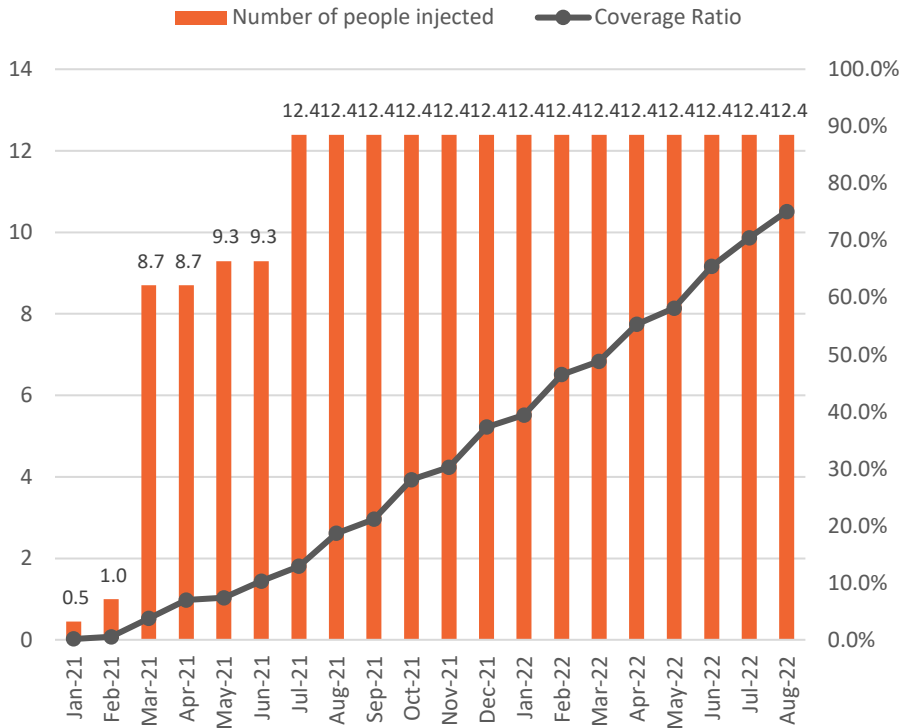
- 🏗️ Pemerintah memperkenalkan program vaksin gotong royong yang diperkirakan akan dimulai pada bulan Maret 2021. Hal ini diperuntukkan untuk korporasi yang ingin melakukan vaksin secara mandiri melalui *supply* pemerintah.
- 🏗️ Berdasarkan informasi dari Kemenkes, Indonesia seharusnya telah memiliki suplai vaksin 2.0% dari populasi. Namun, jumlah masyarakat yang berhasil di vaksin berkisar 0.6%.

Herd Immunity Might Be Delayed

Better late than never

Simulation of Vaccination Program

In mio of people injected per month

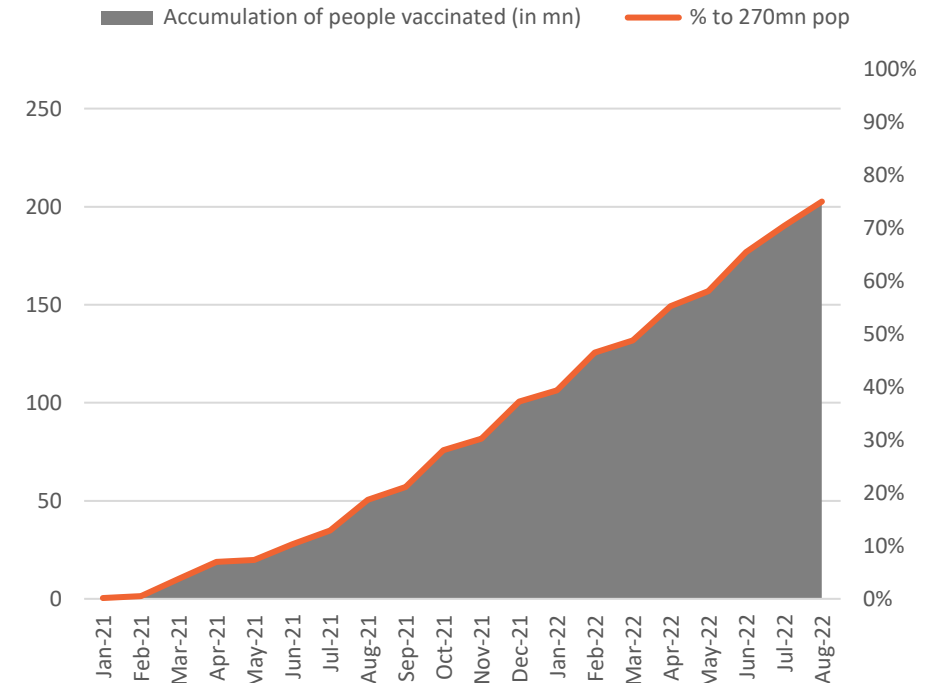


Desc	Assumption
Vaccinators available ('000)	30
Injections/day	30
Cancellation rate	6%
Working days per mo	22

Source: Syailendra Research

Vaccine Timeline and Population Coverage

In mio of doses and % of population coverage



Source: Syailendra Research

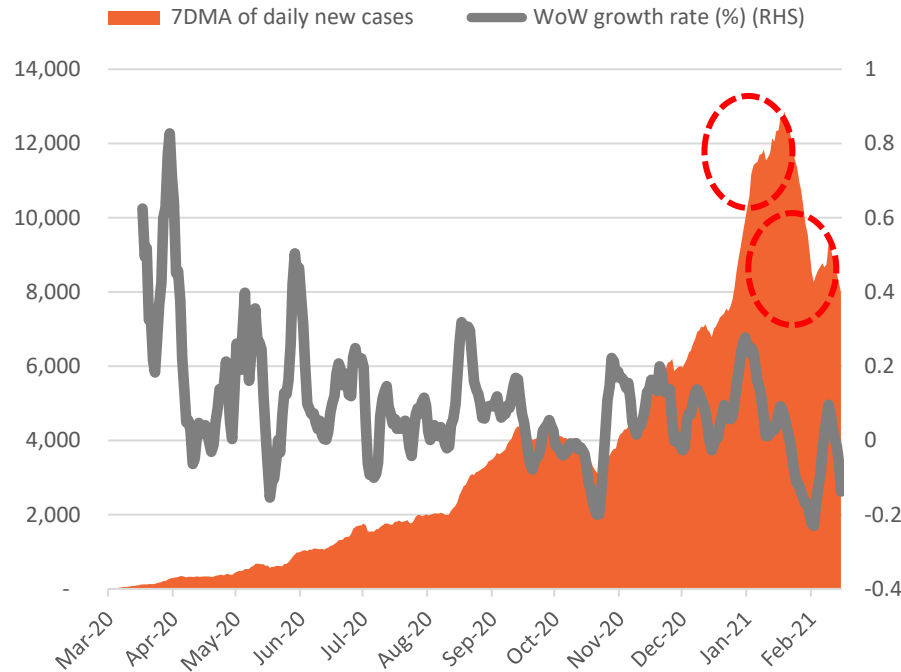
- Target pemerintah indonesia dalam mencapai *herd immunity* berkisar di Mar-Apr 2022. Kami melihat terdapat kemungkinan *herd immunity* dapat sedikit mundur dari target pemerintah.

Update on Indonesia Covid-19 Statistics

Good news from Indonesia covid trend as of feb-21

7DMA of Covid-19 Indonesia New Cases

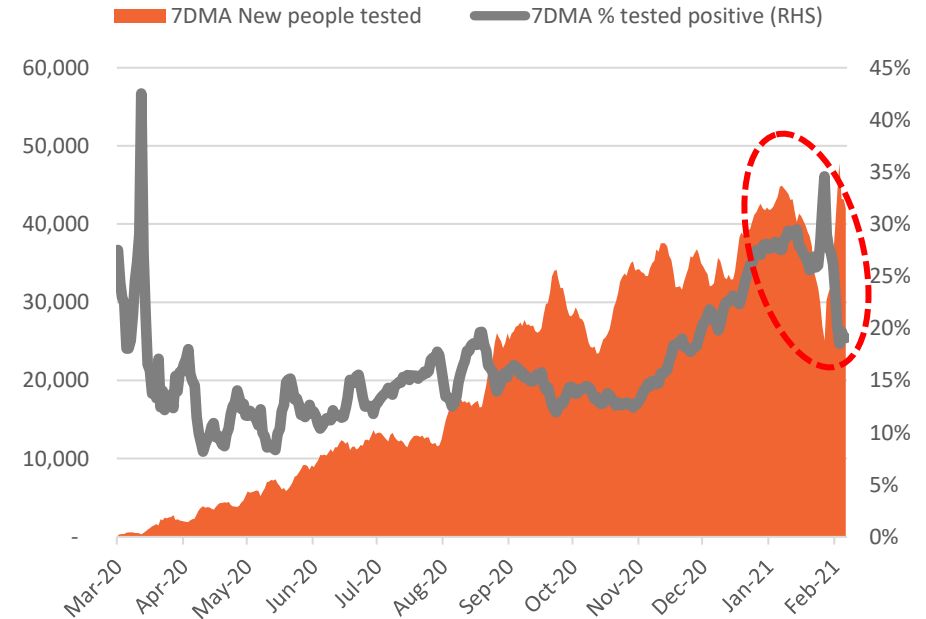
In mio of people injected per month



Source: CLSA, Syailendra Research

Indonesia Daily Testing

In no of new people tested and % of tested positive



Source: CLSA, Syailendra Research

📌 Di bulan Feb-21, pemerintah melonggarkan beberapa peraturan terkait pembatasan aktivitas sosial (PPKM). Hal ini selaras dengan data-data tren kasus *covid* yang telah menurun sejak harian tertinggi di akhir Jan-2021.

📌 *Infection rate* juga menurun signifikan kembali ke arah 15-20% sama dengan yang terjadi di 2Q-3Q20.

Section

Macro Update

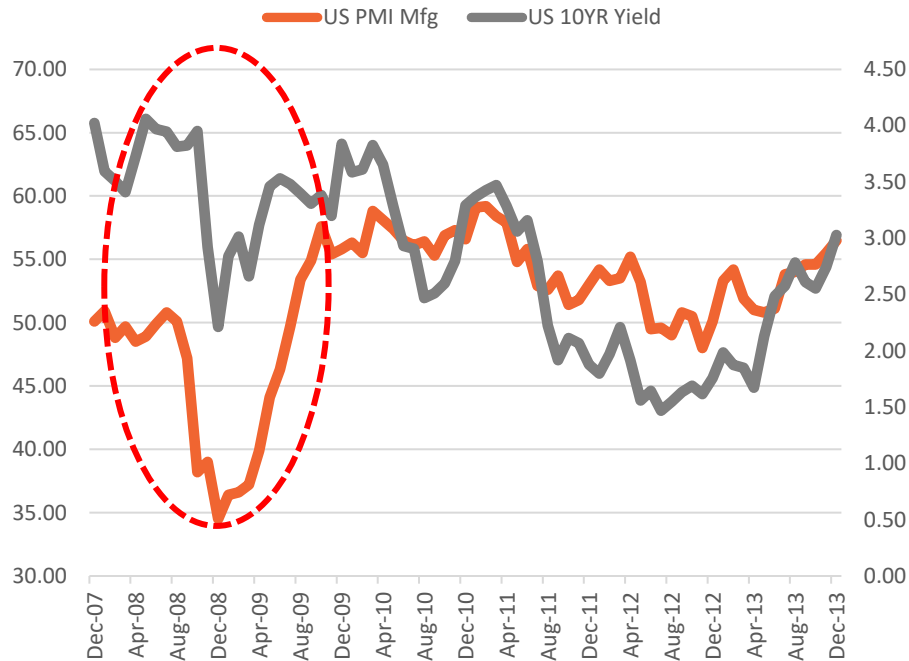
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Rising Yield is Consistent with Recovery Play

High correlation between PMI and US 10YR Yield

US 10YR vs PMI Manufacture – 2008 Cases

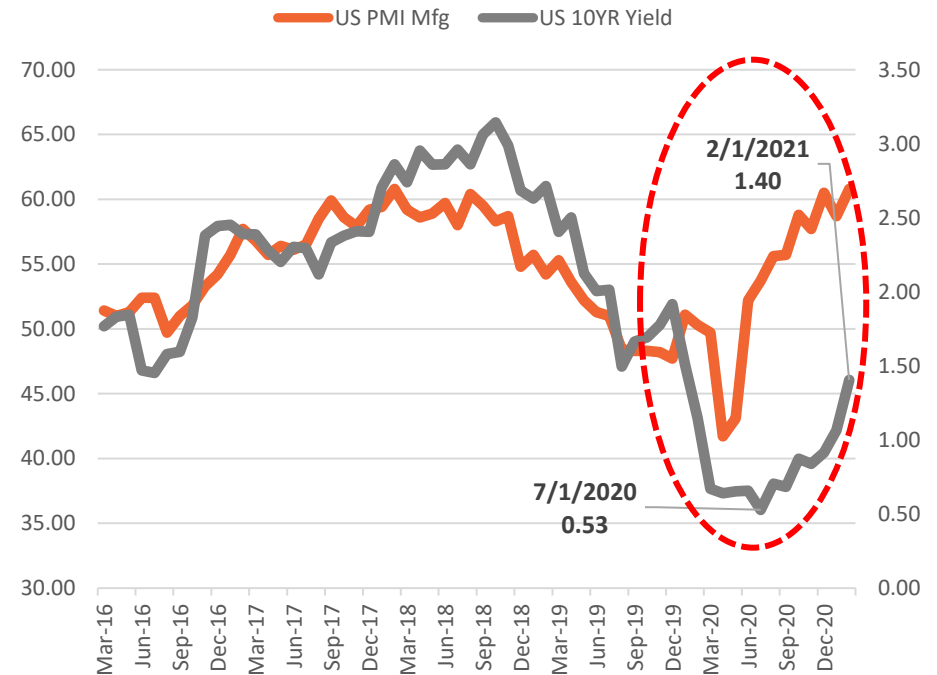
In unit of index, yield %



Source: Bloomberg, Syailendra Research

US 10YR vs PMI Manufacture – Current Cases

In unit of index, yield %



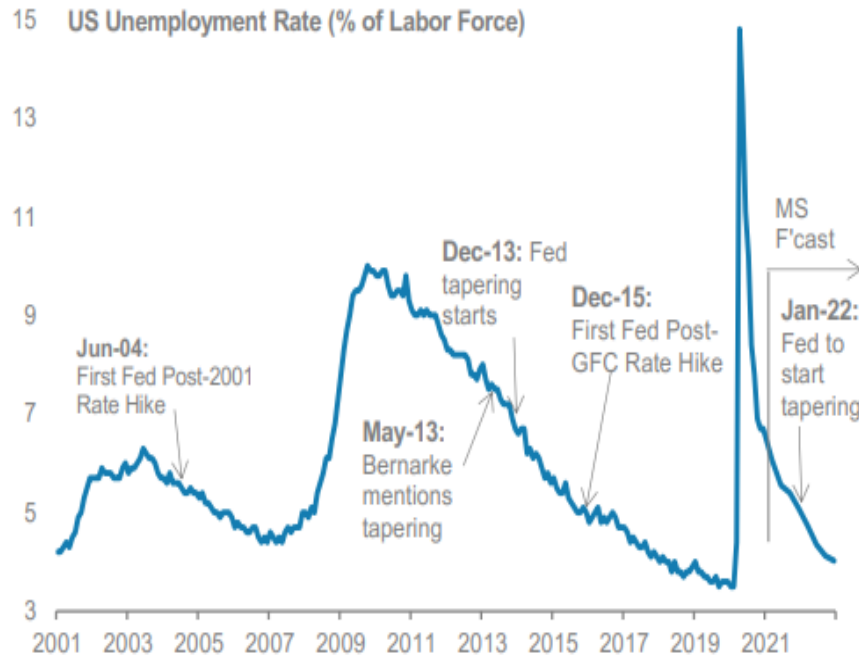
Source: Syailendra Research

- ▲ Dalam 2 bulan terakhir, yield obligasi negara secara umum meningkat. *US 10yr* yield kurang lebih telah meningkat ± 100 bps dari titik terendah di awal tahun. Hal ini selaras dengan ekspektasi pasar (konsensus) atas *recovery* yang terjadi. Kami menggunakan *proxy* PMI manufaktur dan membandingkan pada saat kasus *GFC* di 2008.

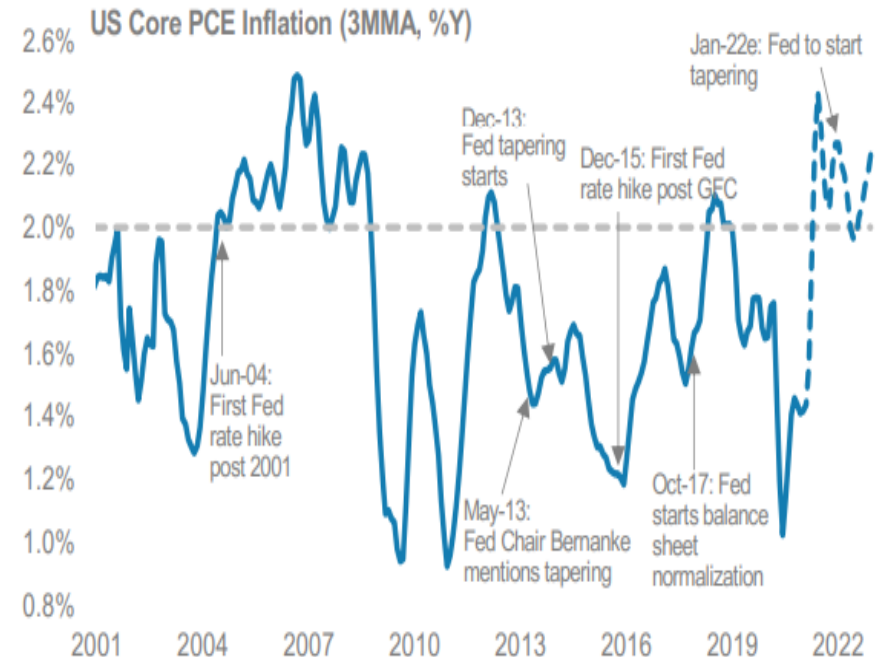
Fiscal and Monetary Tightening Concern?

Tapering will begin after CPI overshoot and sustained over 2% for a while

US Unemployment rate
% of labor force



US Core PCE Inflation
In 3MMA, %YoY



Source: MS, Haver Analytics

Source: MS, Haver Analytics

- ⚠ Dengan meningkatnya *yield* secara umum, salah satu kekhawatiran investor ialah kebijakan pengetatan baik fiskal ataupun moneter yang dapat lebih cepat dari perkiraan. Namun, pandangan dari *The Fed* saat ini adalah tetap *behind the curve*. The Fed secara eksplisit menyatakan salah satu kriteria dilakukannya *tapering* adalah US PCE melewati 2% dan stabil untuk beberapa periode.

Section

Fixed Income Update

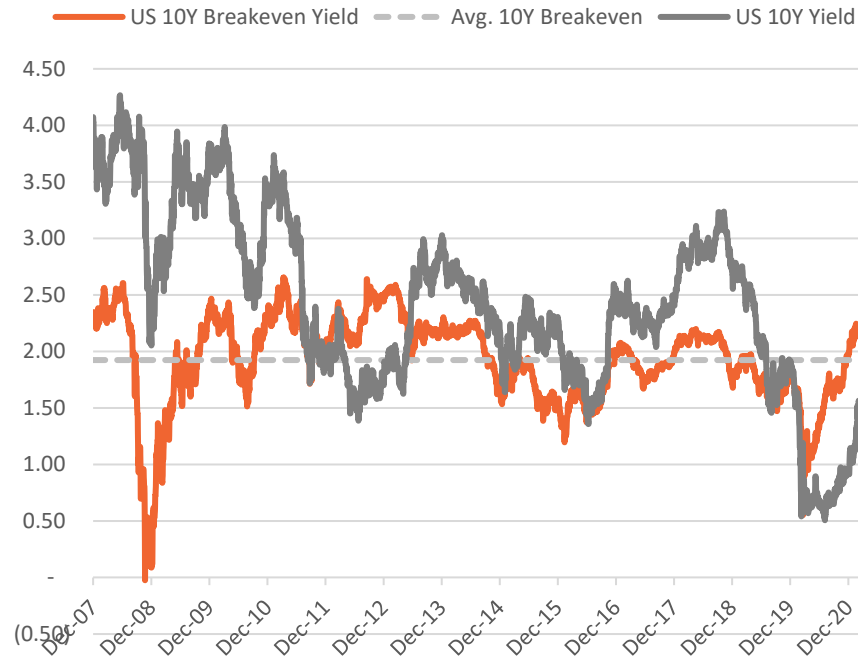
4

US Breakeven Yield already at Average Level

Upside might be limited unless further catalyst surface

US 10Y Nominal vs Breakeven

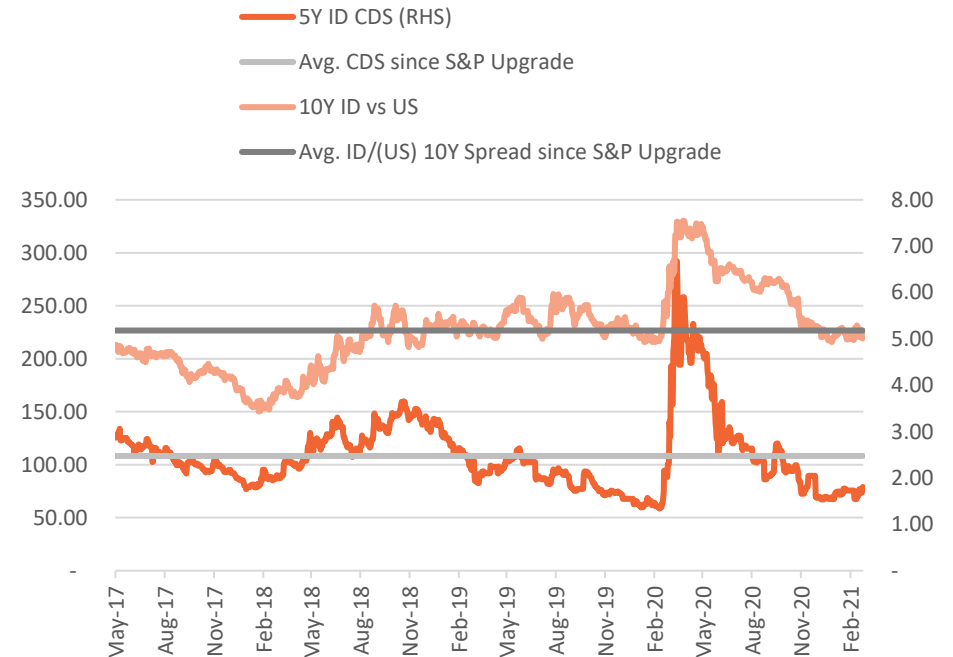
In % of yield



Source: ANZ

ID-US 10Y Spread vs ID CDS 5Y

In % of yield



- Di saat yang bersamaan dengan peningkatan yield secara global, spread antara nominal dan inflasi sudah kembali ke level normal sejak *post GFC* 2008. Hal ini menandakan level *yield* saat ini sudah mencerminkan *discount* ketika inflasi sudah kembali ke level normal.

Real Rate Comparison among EMs

Indonesia still has attractive real yield compared to peers

Real 10Y YTM – Indonesia vs. Peers

Sorted by real yield (%), data as of Feb-21

Country	10Y Yield (%) as of Feb'21	10yr yield chg (in bps)	Currency chg in %	Inflation rate (%)	Real Yield (ppt)	Current Account Balance (%GDP)	Fiscal balance (% GDP)	S&P Credit Rating	Rating/Outlook Changes
		YTD	YTD (%)						
Ghana	19.00	0.00	-2.09	9.93	9.07	-3.10	-8.85	B-	Stable
Egypt	14.73	60.90	-0.24	5.86	8.87	-3.70	-8.30	B	Stable
South Africa	9.04	30.60	2.90	3.20	5.84	-0.40	-9.60	BB	Stable
Indonesia	6.61	72.30	1.32	1.38	5.23	-1.55	-5.55	BBB	Negative
Ukraine	7.00	85.10	-1.29	2.73	4.27	-2.10	-5.25	B	Stable
Brazil	8.49	157.90	7.79	4.56	3.93	-1.30	-7.54	BB-	Stable
China	3.28	13.30	-0.74	-0.30	3.58	1.94	-5.80	A+	Stable
Colombia	5.96	57.60	5.21	2.54	3.42	-3.50	-5.95	BBB	Negative
Malaysia	3.09	43.60	0.73	-0.20	3.29	3.30	-5.50	BB-	Stable
Thailand	1.79	47.20	0.61	-1.17	2.96	3.50	-4.73	A-	Stable
Mexico	6.23	69.80	4.73	3.54	2.69	0.84	-3.32	BBB+	Negative
Peru	4.24	72.50	0.87	1.83	2.41	-1.15	-5.60	A-	Stable
India	6.23	36.80	0.55	4.06	2.17	1.10	-9.50	BBB-u	Stable
Russia	6.78	86.50	0.28	5.20	1.58	2.70	-2.05	BBB	Stable
Pakistan	10.12	14.70	-1.02	8.70	1.42	-2.65	-2.65	B-	Stable
South Korea	1.97	24.00	3.41	1.10	0.87	3.90	-3.80	AA-	Stable
Romania	3.48	51.70	1.51	2.63	0.85	-4.35	-7.00	BBB-	Negative
Vietnam	2.65	4.00	-0.35	3.18	-0.53	3.20	-4.50	BB	Stable
Hungary	2.65	57.00	1.01	3.33	-0.68	-0.50	-5.80	BBB	Stable
Philippines	2.82	0.00	1.12	4.70	-1.88	-0.50	-6.80	BBB+	Stable
Turkey	5.99	58.40	-0.18	15.61	-9.62	-3.00	-4.60	BB-u	Stable

Source: Bloomberg, Syailendra Research

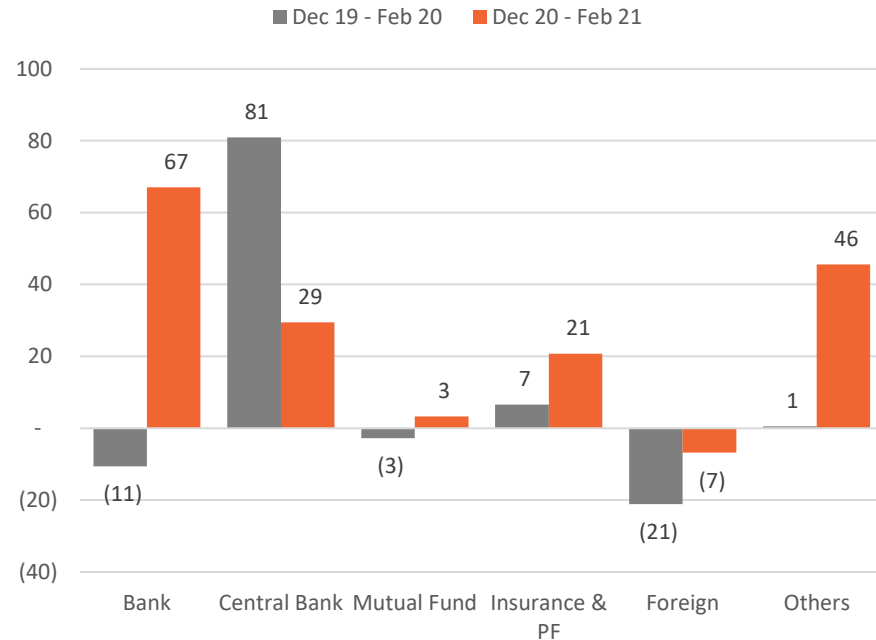
🏗️ Real 10yr Yield Indonesia masih menarik dibandingkan negara berkembang lainnya yaitu sebesar 5.23%, dan berada pada posisi pertama di Asia Tenggara.

SBN Ownership

Banks and BI continue the purchase

Net New Ownership of SUN

Based on ownership change YTD, in IDR tr

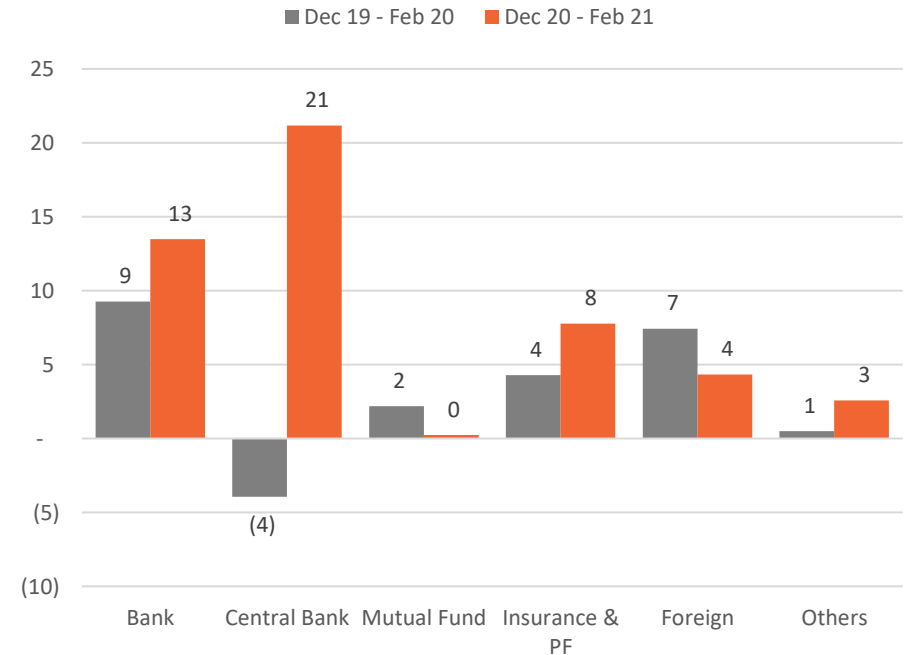


Source: DJPPR, Syailendra Research

Investor domestik pada SBN dilanjutkan oleh sektor perbankan dan bank sentral diikuti oleh investor asing dengan pembelian IDR11trn YTD per Feb'21.

Net New Ownership of SBSN

Based on ownership change YTD, in IDR tr



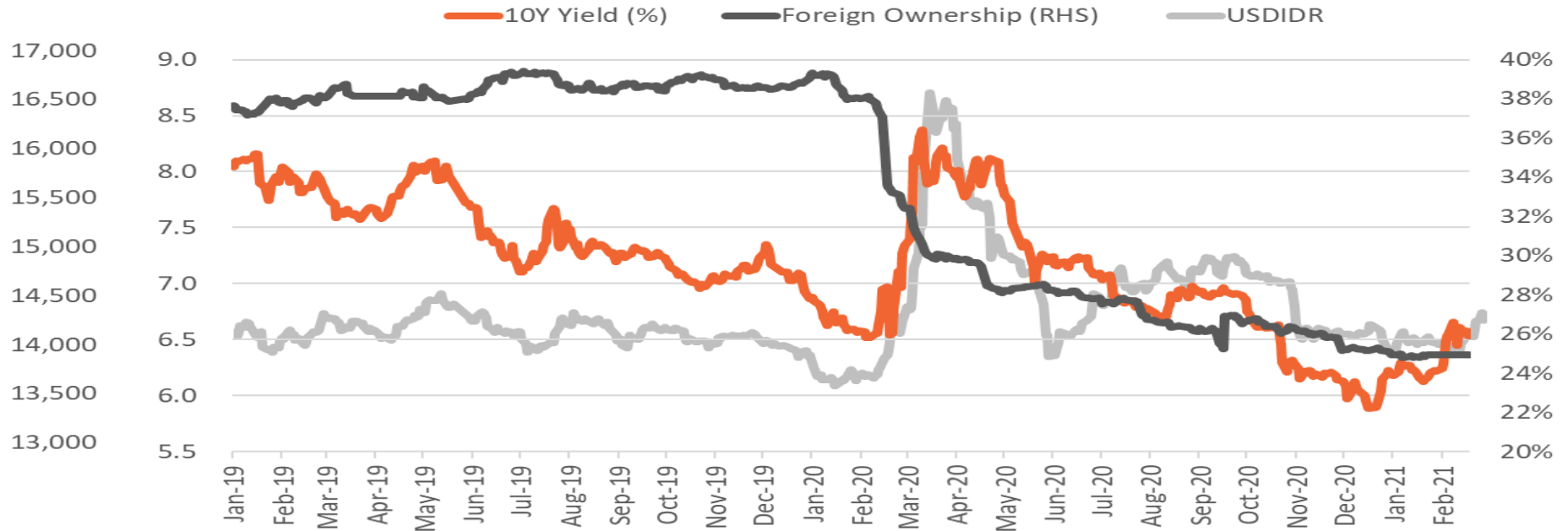
Source: DJPPR, Syailendra Research

Government Bond Outlook

Risk of supply-demand imbalance remains?

10y Gov't Yield (%), Ownership of Foreign Investors (%) and USDIDR movement

Foreign ownership is still in declining trend



Source: Bloomberg, Syailendra Research

- Permintaan signifikan dari investor asing belum terlihat, i.e. level kepemilikan masih dalam tren penurunan.
- Namun, kami masih melihat ada risiko *supply-demand imbalance* pada obligasi pemerintah tahun ini.
- Kami merekomendasikan menjaga portofolio focus pada tenor menengah dengan kisaran 5 – 10 tahun selama level imbal hasil 10Y berada pada *range* 6.0 – 6.5%. Level imbal hasil yang berada di atas range tersebut merupakan *buying opportunity*.

Section

Equity Update

5

Global Indices Performance

Market had mixed performance due lack of catalyst

Global Indices Historical Performance

Equities continued rally in July following rebound in previous month

No	Country	YTD	1M	3M	6M	1Y	P/E	P/BV	ROE
Global Market									
1	Dow Jones (US)	3.52%	1.43%	5.12%	11.16%	15.95%	20.65	4.49	30.18
2	S&P 500 (US)	2.74%	-0.67%	5.50%	11.20%	22.41%	22.34	3.91	33.66
3	Nasdaq (US)	2.09%	-3.79%	8.47%	14.42%	46.33%	32.29	4.91	55.34
4	London (UK)	3.88%	1.77%	5.26%	9.66%	6.09%	16.66	1.91	11.34
5	DAX (GR)	0.86%	1.73%	4.44%	6.26%	8.51%	15.46	1.60	9.07
6	CAC (FP)	3.07%	5.69%	3.82%	15.49%	1.83%	18.26	1.52	8.44
Asia Market									
1	Nikkei (JP)	9.43%	4.67%	14.72%	29.50%	33.46%	23.92	2.23	11.63
2	Hang Seng (HK)	13.19%	-0.28%	12.77%	18.00%	11.83%	13.38	1.27	9.91
3	Shanghai (CN)	6.10%	-1.08%	6.62%	6.27%	18.98%	13.18	1.54	9.44
4	Shenzhen (CN)	8.46%	-2.78%	11.38%	14.86%	32.63%	15.08	2.17	10.42
5	NFT (IN)	8.36%	6.03%	17.41%	31.60%	27.97%	28.64	3.43	11.69
6	Kospi (KR)	9.90%	-3.41%	19.15%	30.97%	47.35%	14.68	1.22	7.41
7	Kosdaq (KR)	-2.21%	-6.31%	8.22%	11.95%	42.51%			
ASEAN Market									
1	Singapore (SG)	4.40%	0.00%	3.62%	16.20%	-5.85%	15.57	1.01	7.17
2	Kuala Lumpur (MK)	-3.27%	0.31%	-1.00%	1.71%	5.37%	13.49	1.53	11.01
3	Thailand (TH)	2.38%	-0.32%	5.73%	13.74%	4.01%	19.45	1.66	5.10
4	Vietnam (VN)	6.00%	-0.05%	16.55%	33.33%	28.12%	14.61	2.41	18.50
Indonesia Market									
1	JCI / IHSG (ID)	4.20%	0.50%	10.75%	17.81%	8.68%	15.96	1.92	14.08
2	JII / ISSI (ID)	2.87%	0.79%	11.42%	20.70%	10.89%	17.83	2.18	15.18
3	IDX30 (ID)	-0.09%	-4.59%	3.04%	8.90%	-1.43%	16.34	2.06	14.69
4	LQ45 (ID)	0.73%	-3.58%	5.43%	11.93%	1.15%	16.98	2.03	14.45

Foreign Equity Flow

Inflow is still coming in Feb 2021

(in US\$ mn.)	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China
Feb-20	414	-340	-3,000	-179	-4,659	-627	-469	-8,859
Mar-20	-8,390	-375	-10,544	-303	-12,077	-2,450	-1,288	-35,426
Apr-20	-31	-560	-3,964	-325	818	-1,439	-612	-6,113
May-20	1,719	-548	-3,302	-166	-5,051	-984	-690	-9,021
Jun-20	2,473	-318	-705	-190	3,269	-737	-698	3,096
Jul-20	1,153	-264	725	-124	269	-323	-601	835
Aug-20	6,096	-581	-2,295	-261	-2,183	-887	-356	-468
Sep-20	-767	-1,049	-990	-306	-1,425	-738	-476	-5,751
Oct-20	2,506	-252	-434	-156	-609	-701	-161	193
Nov-20	9,559	245	5,205	-169	4,507	1,081	-251	20,178
Dec-20	7,267	-279	-614	-171	2,285	82	-147	8,424
Jan-21	1,978	775	-5,254	-273	-3,389	-365	-208	-6,735
Feb-21	3,016	258	-1,781	-191	-3,224	-621	-215	-2,759

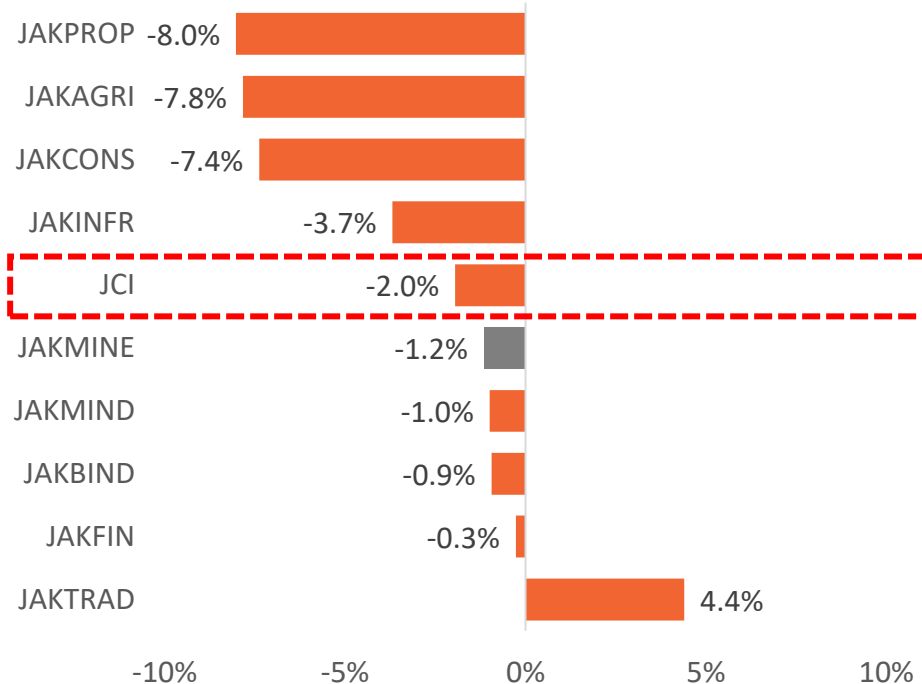
Yearly								
YTD	4,994	1,033	-7,036	-464	-6,614	-986	-423	-9,494
2020	14,234	-1,306	924	-240	9,377	-1,496	-2,683	18,811
2019	14,234	-1,306	924	-240	9,377	-1,496	-2,683	18,811
2018	-4,557	-3,656	-5,676	-1,080	-12,231	-8,913	-2,885	-38,999
2017	8,014	-2,960	8,267	1,095	6,587	-796	2,456	22,664
2016	2,903	1,259	10,480	83	10,956	2,240	-628	27,294

Source: Syailendra Research, Bloomberg

Market Bounce Back In Feb 2021

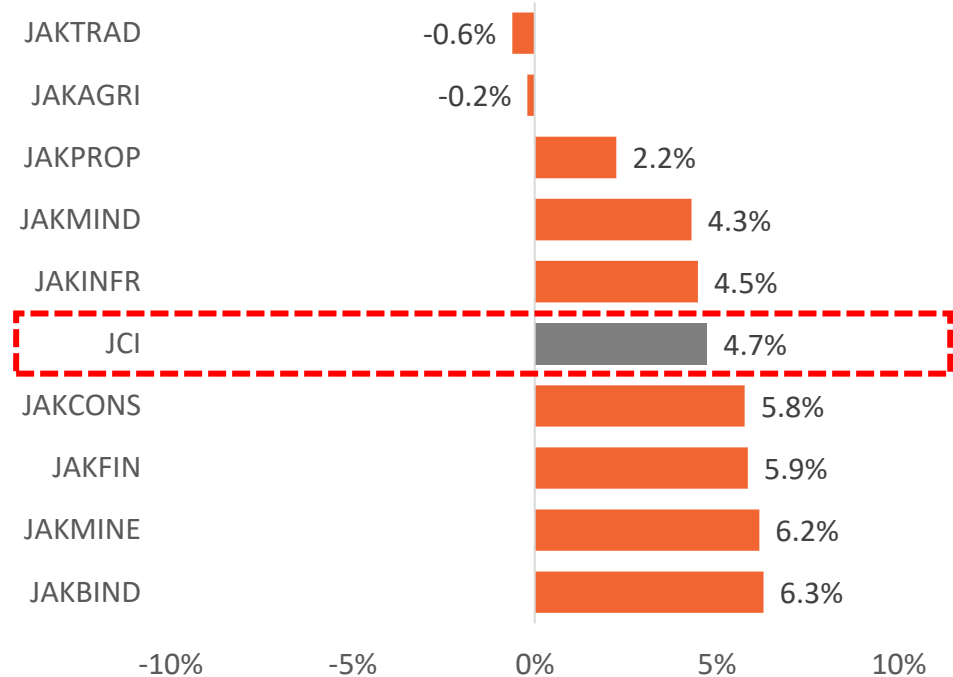
Market was supported on the back stimulus and better covid-19 condition

JCI Performance By Sector
Jan 2021



Source: Syailendra Research

JCI Performance By Sector
Feb 2021



Source: Syailendra Research

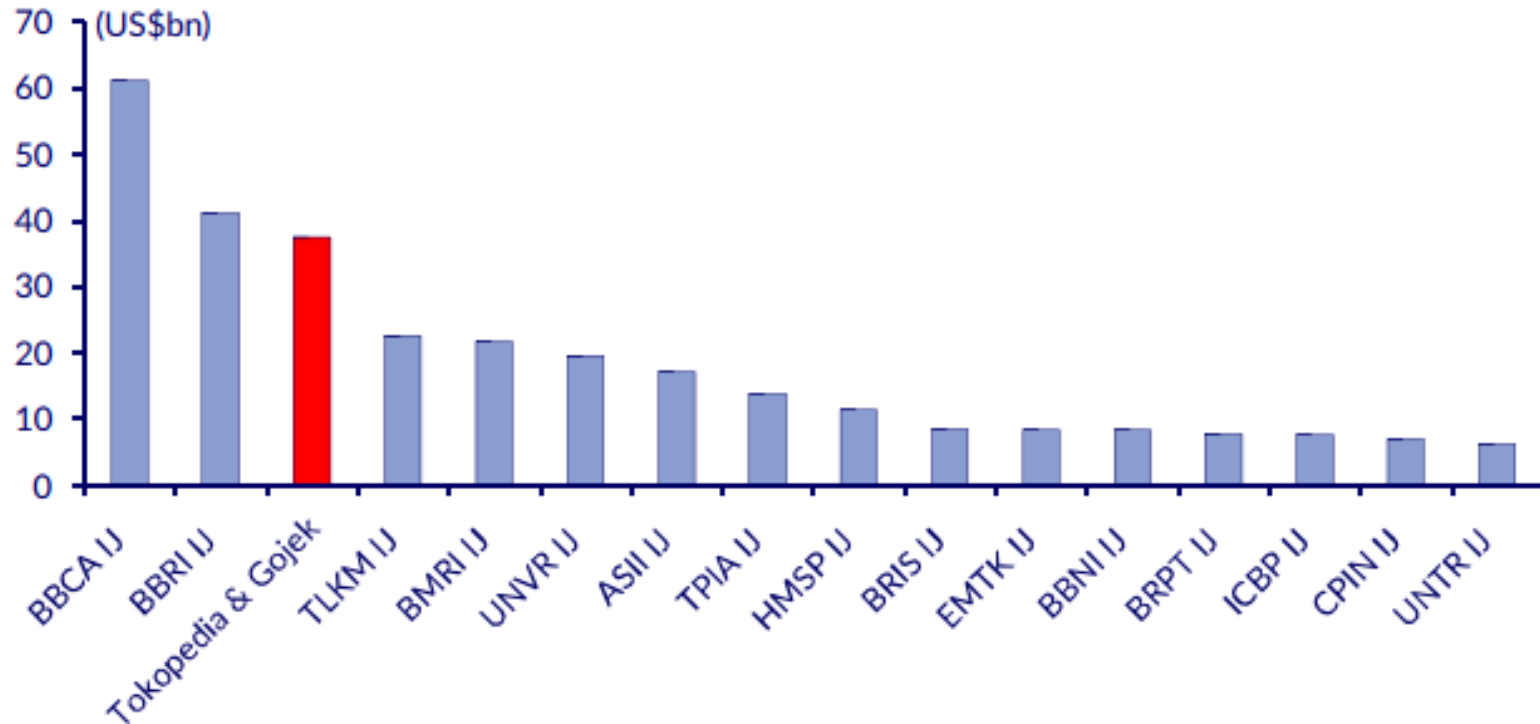
📈 Kinerja IHSG di Feb'2021 kembali meningkat hal ini diakibatkan munculnya berita-berita positif baik dari perihal *covid-19* (vaksinasi, *peak cases*) dan peraturan teknis serta stimulus dari *omnibus law*.

JCI Market Structure is Going to Some Changes

Upcoming Tech IPO will had big market capitalization in the market

Top 15 Companies in JCI estimated with Tokopedia and Gojek Inclusion

In bio USD



⚠ Berdasarkan data yang kami baca di media, merger antara Gojek-Tokopedia berpotensi memiliki valuasi di harga 35-40bio USD. Kedua perusahaan ini dapat menjadi emiten terbesar ketiga di IHSG saat ini. Adapun fintech lain seperti Traveloka, Bukalapak yang juga merencanakan untuk listing di tahun 2021.

⚠ Apabila proses ini terjadi, Indonesia dapat menjadi negara kedua di ASEAN yang memiliki *proxy* signifikan atas *tech* di indeks.

Omnibus Implementing Rules Are Out

Better detail both for local and foreign investor

Section	Previous	Omnibus Law	Implementing Regulation
Labor Law			
Salary based on unit produced	NA	Daily, Weekly, Month or based on unit produced/sold	Daily, Weekly, Month or based on unit produced/sold
Minimum wage per region	Min. wage is determined by each region (Province, District and Job Sector)	Removed min. wage based on job sector. Min, wage can be determined based on Province or District	Removed min. wage based on job sector. Min, wage can be determined base on Province or District
Minimum wage formula	Min. wage x Inflation rate x GDP Growth	Similar	Min. Wage : Min. wage (t+0) + Max(GDP, Inflation) x (Upper boundary - Min. wage)/(Upper boundary - Low Boundary) x Min. Wage (t+0) Upper boundary : Avg. Consumption per Capita x Avg. No of people in household x avg. no of working people in household Lower Boundary : 50% of upper boundary MSME wage : 50% average consumption by province or 25% above poverty line
Social Guarantee			
Program Jaminan Kehilangan Pekerjaan (JKP)		Cash benefit and skill enhancing program	Cash benefit (6 months) and skill enhancing program Eligibility : Has paid 12 month dues out of past 24 months and 6 consecutive months Dues : 0.46% of monthly salary to government Cash amount 45% of monthly salary for 6 months and 25% of monthly salary for last 3 months
Ease of doing business			
Foreign workers	Companies that hire foreign workers must have an Employment Plan for the use of foreign workers that is approved by the Ministry of appointed official. Selective jobs that can employ foreign workers	Further clarifications needed	Companies that hire foreign workers must have an Employment Plan (RPTKA) for the use of foreign workers that is approved by the Ministry of appointed official. RPTKA has a maximum limit of 2 years and 5 years for Special Economic Zones, and both can be extended. Start-ups can employ foreign workers up to 3 months without obtaining RPTKA
Contract Workers	Requirements for contract workers: (1) only eligible for specific roles (seasonal job, temporary job, new project and/or trial phase), (2) cannot substitute full-time positions, and (3) maximum length of 2 years and can only be extended once for an additional 1 year Requirements (1) and (2) still apply	Removed maximum length of 2 years; TBD by implementing regulation. Requirements (1) and (2) still apply	Contract workers: (1) only eligible for specific roles (seasonal job, temporary job, new project and/or trial phase), (2) cannot substitute full-time positions, and (3) maximum length of 5 years.
Direct Investment List			
Negative Investment List			
Positive Investment List			Priority business activity: National Strategic Projects (PSN), labor intensive, capital intensive (technology, machine), pioneer industry, export oriented, innovative Business activity with partnership with MSMEs Business activity with special permission Others (business activity that doesn't fall into first 3 categories); can be invested as long as not listed in Negative investment list
Incentives			Fiscal & Non-Fiscal Incentives
Others item that couldn't be written in detail			

Government Is Giving Out Stimulus

Property and Auto were given a tailwind



Government Stimulus on Property in 2021

Vat waive, LTV Relaxation and Mortgage Disbursement Relaxation

Tax in property transaction	Recent	<2bn	2-5bn
VAT	10.0%	0.0%	5.0%
BPHTB	5.0%	5.0%	5.0%
Income tax	2.5%	2.5%	2.5%
Tax for non-luxury property	17.5%	7.5%	12.5%
Super luxury tax	1.0%	1.0%	1.0%
Luxury tax	20.0%	20.0%	20.0%
Total tax for luxury property	38.5%	28.5%	33.5%

LTV	Recent		Mid-Feb (NPL <5%)	
	22-70 sqm	>70 sqm	22-70 sqm	>70 sqm
1st	Unregulated	Unregulated	100%	100%
2nd	90%	90%	100%	100%
3rd	85%	85%	100%	100%

Mortgage Disbursement	Recent	Mar-21 until Dec-21
Mortgage signing	30%	Bank's Discretion
Foundation completed	50%	
Topping-off	90%	
Handover		
Deeds of purchase issued	100%	

Source: IPOT, Mansek

Government Stimulus on Auto in 2021

PPnBM waive for car below 1500cc

	% Tax		Cost (Avanza)		Chg.
	Before	After	Before	After	
Assuming Factory Price (IDR mn)			145.00	145.00	0.0%
PPnBM (10-125%)	10.0%	0.0%	14.50	0.00	100.0%
PPn (10%)	10.0%	10.0%	14.50	14.50	0.0%
Off the road (IDR mn)			174.00	159.50	-8.3%
BBN-KB	12.5%	12.5%	21.75	19.94	-8.3%
PKB	2.0%	2.0%	3.48	3.19	-8.3%
Ont the road (IDR mn)			199.23	182.63	-8.3%
Cost Saving				-16.60	

	% Tax		Cost (Vios)		Chg.
	Before	After	Before	After	
Assuming Factory Price (IDR mn)			201.00	201.00	0.0%
PPnBM (10-125%)	30.0%	0.0%	60.30	0.00	100.0%
PPn (10%)	10.0%	10.0%	20.10	20.10	0.0%
Off the road (IDR mn)			281.40	221.10	-21.4%
BBN-KB	12.5%	12.5%	35.18	27.64	-21.4%
PKB	2.0%	2.0%	5.63	4.42	-21.4%
Ont the road (IDR mn)			322.20	253.16	-21.4%
Cost Saving				-69.04	

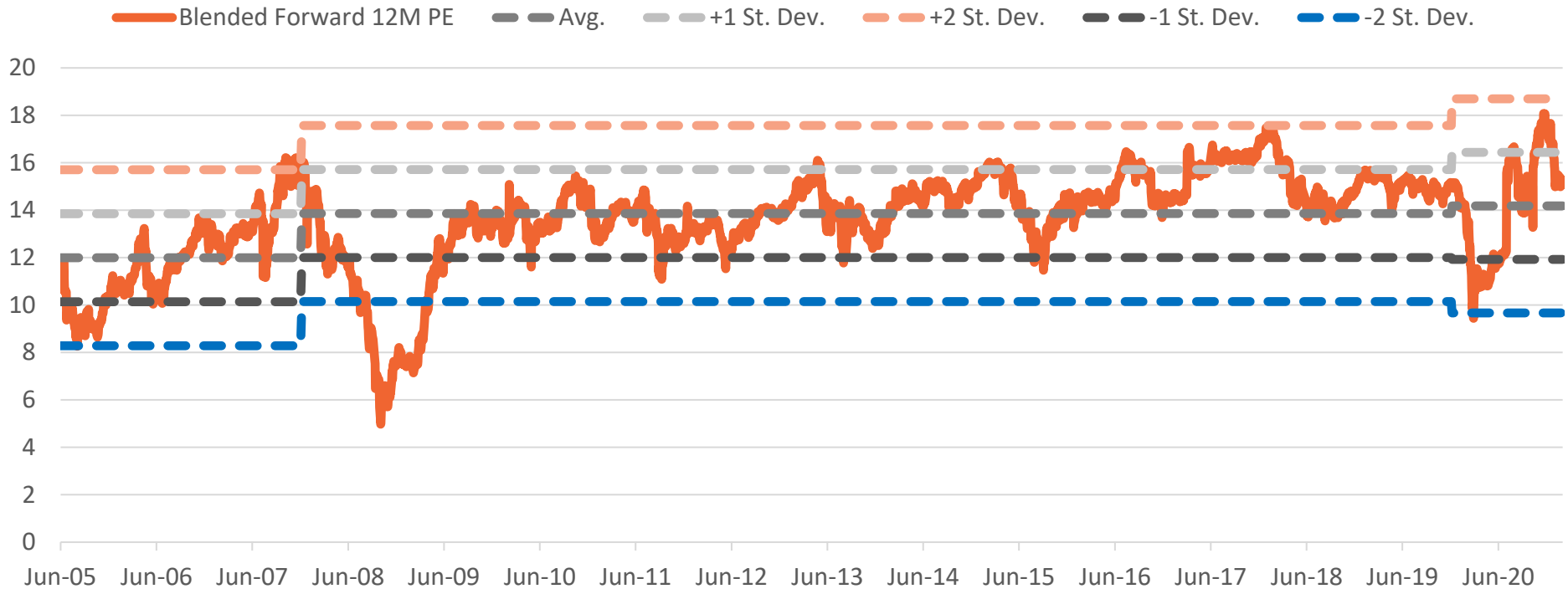
Source: BCAS

JCI Historical Valuation

JCI price to earnings is already ahead of its earnings

JCI Blended 12M Forward P/E

In times of P/E with 2005-2007 and 2008-2019 deviation band



Source: Bloomberg, Syailendra Research

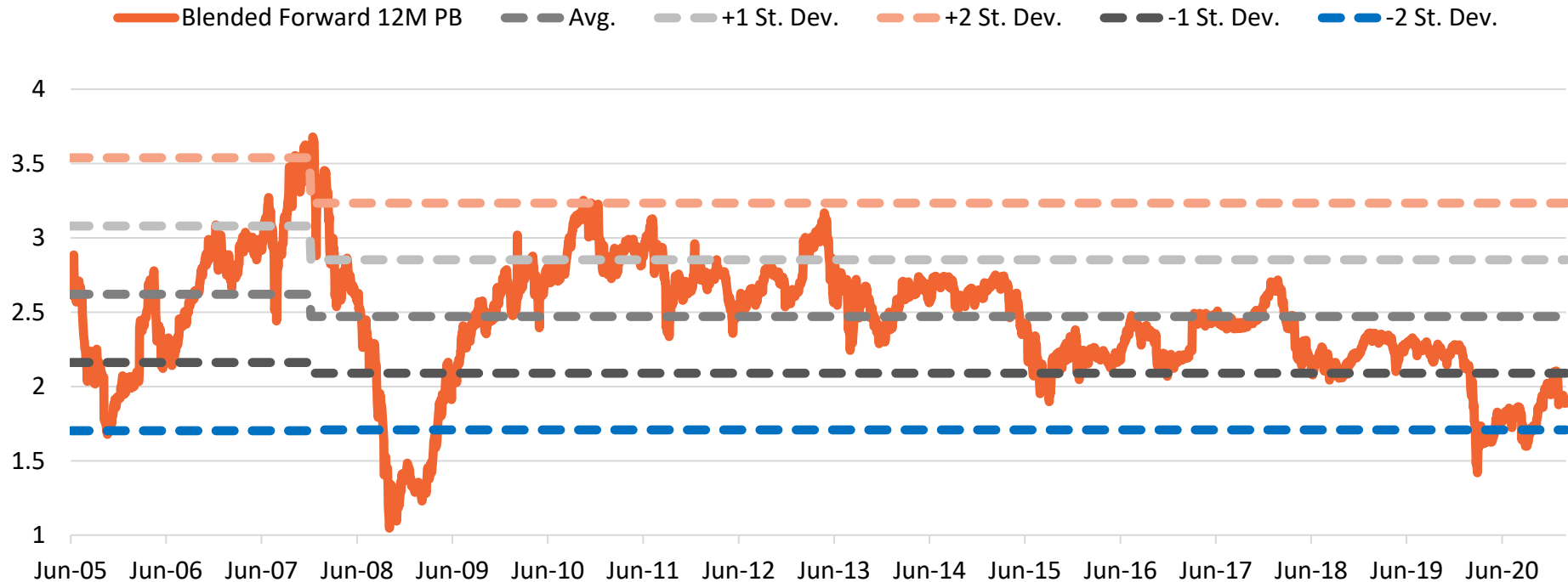
- ▲ Rally yang terjadi dalam 2 *quarters* merupakan antisipasi dari investor atas *recovery earnings* dan katalis-katalis positif yang telah terjadi selama 1H20. Sehingga, JCI mempunyai valuasi di +2 *standard deviation band* dibandingkan historis sejak 2008-2019.

JCI Historical Valuation

However, JCI price to book is still cheap in historical sense

JCI Blended 12M Forward P/B

In times of P/B with 2005-2007 and 2008-2019 deviation band



Source: Bloomberg, Syailendra Research

- Di saat yang bersamaan, valuasi JCI menggunakan *price to book* masih dapat dikatakan memiliki potensi *upside*. Secara historis sejak 2015, P/B JCI berkisar di antara 2.1 – 2.5 dibandingkan level saat ini masih berada di 1.94x.

Equity Strategy

Toward the end of tunnel

Arguments for Equity Market

1. Liquidity Domestik dan global masih *supportive* terhadap *equity market*.
2. *Risk appetite* investor secara umum telah kembali.
3. Pergerakan *USD* cenderung melemah. Hal ini memberikan *support* pada *emerging market* secara umum termasuk Indonesia.
4. Program vaksinasi akan dimulai di 1Q21 dan sejalan dengan itu secara gradual aktivitas ekonomi akan kembali normal.
5. *Recovery* dari *earnings* akan mulai terlihat di 2Q21 dan 3Q21.
6. Valuasi terlihat masih cukup menarik.

Arguments Against Equity Market – and Why We Think It Is In the Price

1. Pandangan terhadap pelemahan *USD* merupakan pandangan umum yang dimiliki kebanyakan investor. Sehingga, kita harus lebih berhati-hati.
2. Volatilitas dari *earnings* masih ada mengingat peningkatan kasus dan pengetatan kembali aktivitas secara umum.

▲ Berdasarkan hal-hal di atas, kami menargetkan JCI untuk akhir tahun 2021 berkisar pada 6,600– 6,900. Kami mengasumikan pertumbuhan laba 2021F di kisaran : 30% dengan P/E dikisaran 16-18x laba tahun 2021.

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