

Monthly Bulletin

November 2022

What's Inside



Calendar

US Non-Farm Payroll Chg.(10-Oct)
US FHFA Housing Price (20-Oct)
ID 7D BI Repo Rate (20-Oct)
US Initial Jobless Claim (13,20,27-Oct)



Global Event

Peningkatan kebijakan moneter yang *relative* cepat membuat investor *wait and see* dalam beberapa bulan terakhir. Dimana focus investor global saat ini berada pada relaksasi kebijakan moneter oleh Fed.



Indonesia

Pelemahan Rupiah masih menjadi sorotan investor, Hal ini diakibatkan penguatan USD yang *relative* cepat dalam beberapa minggu kebelakang. Bank Indonesia terlihat memberikan signal untuk pengetatan dalam mempertahankan Rupiah.



Equity Market

Kinerja IHSG ditutup sebesar +7.86% YTD atau +0.83 % MoM (*cutoff date: 31-Oct-22*). Top 3 *Leaders* 1) BMRI, 2) BBCA, 3) BBRI dan Top 3 *Laggards* 1) GOTO, 2) ARTO, 3) TLKM. Investor asing melakukan *net buy* sebesar 730mio USD di bulan Oct'22



Fixed Income Market

Yield 10 tahun obligasi selama di bulan Oct mengalami koreksi mencapai di level 7.67. Namun, 10Y IDR saat ini telah stabil di level 7.4-7.5% . Hal ini selaras dengan pelemahan rupiah yang saat ini telah mencapai ke level 15,600-15,700. Hal ini di kontribusi *foreign outflow* dari sisi SUN. Kepemilikan investor asing lanjut menurun ke level 13.80%



Section 01



Macro Updates

4Q22 Key Macro Narrative

Market is waiting on Fed Pause or Pivot

Macro narrative for the next few quarters

Market is waiting for fed pause or pivot while investor monitor labor market and core-inflation data

Dibawah ini merupakan beberapa *key question* yang menurut kami menjadi faktor penentu dalam pergerakan asset dalam beberapa bulan kedepan:

🏠 Latar belakang makro

- *Fed Tightening Pause or Pivot* : Pengetatan kebijakan moneter mengakibatkan pergerakan *asset price* tertekan dan volatilitas meningkat. *Pace* dari pengetatan kebijakan moneter tahun ini pun merupakan yang tercepat dibandingkan historis kebijakan moneter oleh Fed.
- Menurut kami terdapat beberapa hal yang dapat menjustifikasi Fed untuk melakukan *pause*:
 - Weaker Labor Market : Data US labor saat ini masih belum memperlihatkan trajectory yang jelas atas dampak pengetatan kebijakan moneter.
 - Slowing Core-Inflation : Kenaikan US mortgage rate berpotensi menurunkan aktivitas *housing sector* yang memberikan kontribusi dalam *core-inflation*.
 - Extreme volatility di financial market yang berdampak langsung terhadap real sector.

🏠 Hal-hal yang diharapkan dari latar belakang makro

- Volatilitas kurs IDR atau INDOGB dapat meningkat karena inflasi dan cadangan devisa yang lebih rendah.
- Bank Indonesia mungkin harus menjadi lebih *hawkish* meskipun ekonomi domestik belum sepenuhnya pulih.

🏠 Hal-hal apa saja yang dapat membantu atau memperburuk kondisi pasar?

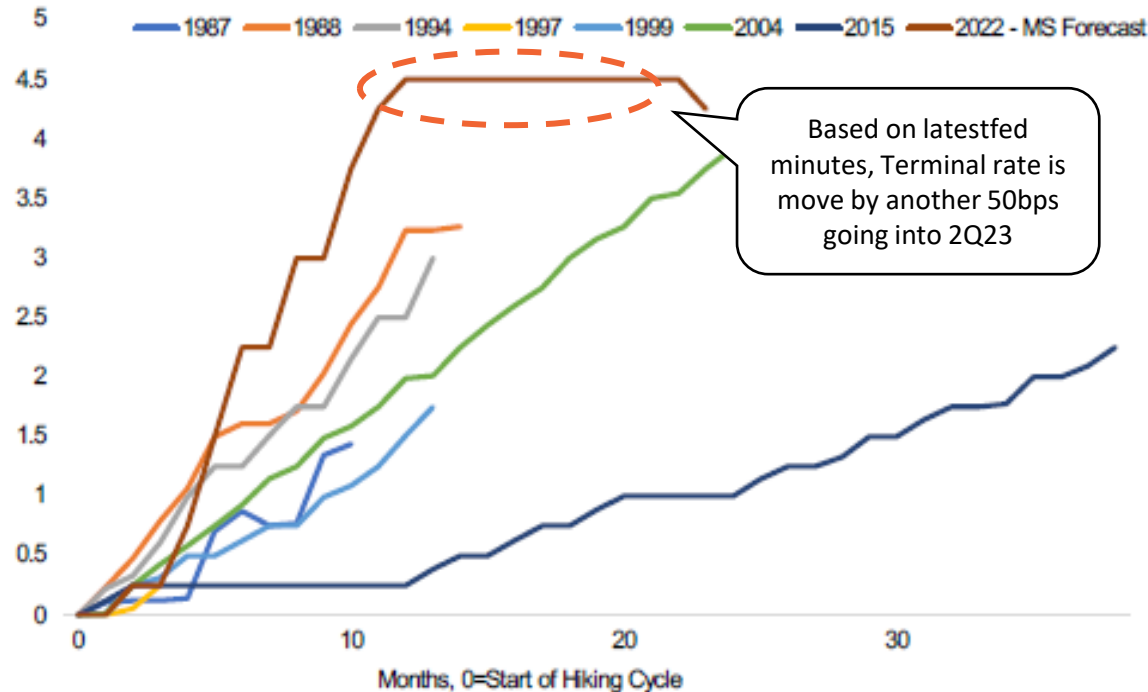
- Possibility of credit crunch might not be priced into the market.

2022 Rate Cycle: The Most Hawkish So Far

Pace of rate hike almost double the pace of past cycles

Federal Funds Rate

Cumulative change in fed funds rate from start to end of each hiking cycle



Source: Federal Reserve, Morgan Stanley Research

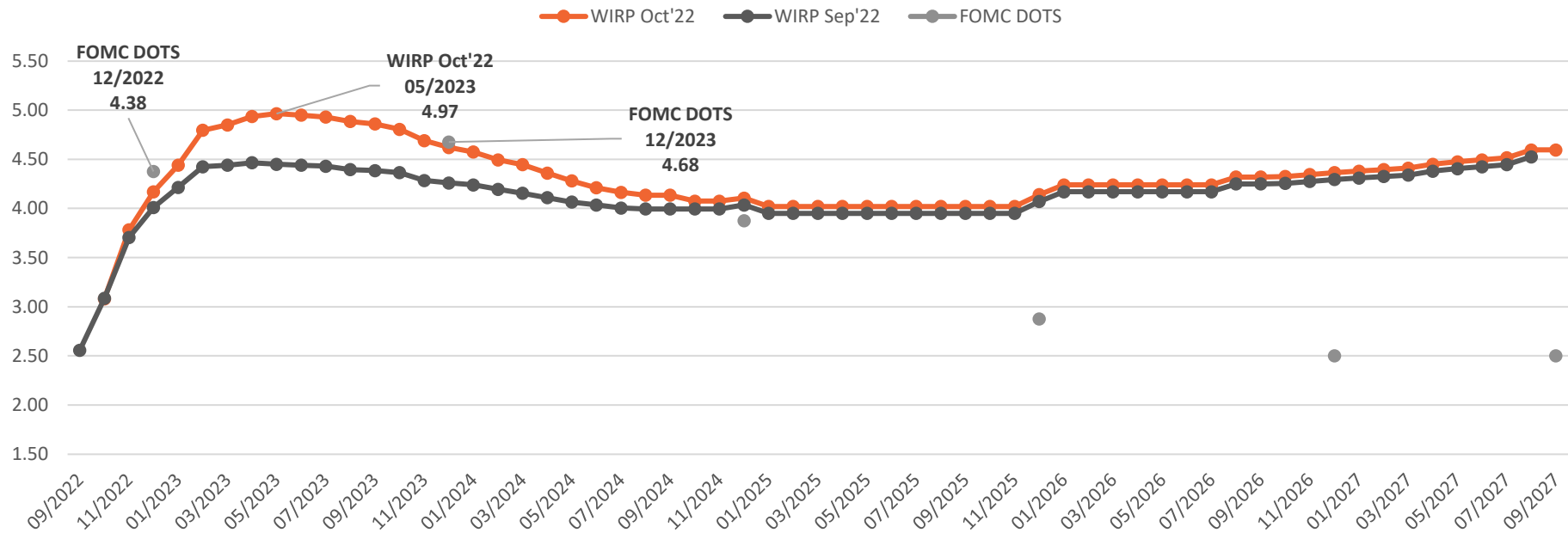
- 🏠 Pasar keuangan global dalam tahun ini sangat dipengaruhi oleh inflasi dan respon kebijakan moneter *Fed*. Efek pengetatan sudah terasa dalam *volatilitas* baik di pasar global dan domestik.
- 🏠 Berdasarkan pemahaman kami, perhatian investor saat ini berfokus menunggu momen *Fed* memberikan signal untuk melakukan *pause* ataupun relaksasi kebijakan moneter.

Market Repricing Post Fed Minutes

Another increase on terminal rate throughout 1H23

Federal Fed Funds Futures Yield – Interest Rate Probability

In % of yield federal fed funds future in each maturity contract



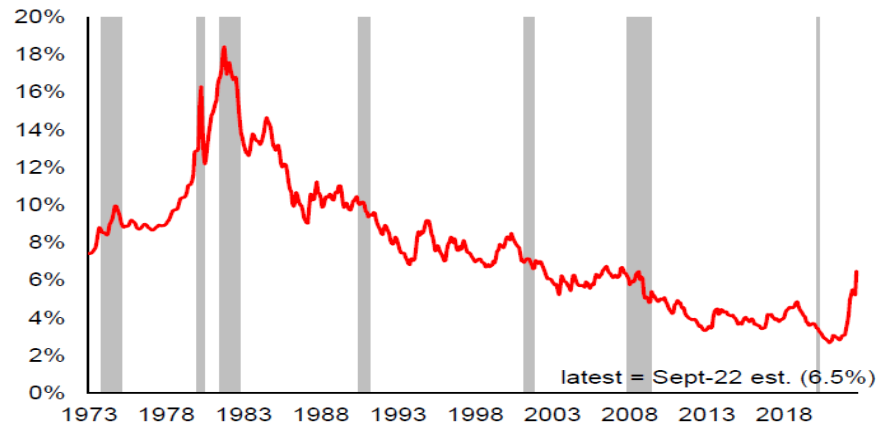
Source: Bloomberg, Syailendra Research

- Sejak awal Fed memberikan *signal hawkish* untuk pengetatan kebijakan investasi. Terminal rate FFR telah bergerak setidaknya 3x yang sebelumnya di Jun'22 di level 3.5% menjadi 4.0% dan akhirnya per terakhir berada di level 5.0%. Investor juga cenderung memperkirakan FFR akan stay diatas setidaknya sepanjang tahun 2023.
- Perubahan terminal rate ini diakibatkan oleh *surprise* dari inflasi. Maka possibilities *surprise* dari labor, housing dan inflasi masih dapat mengakibatkan fed untuk menggerakan terminal rate.

Higher Mortgage Rate would Depress Housing

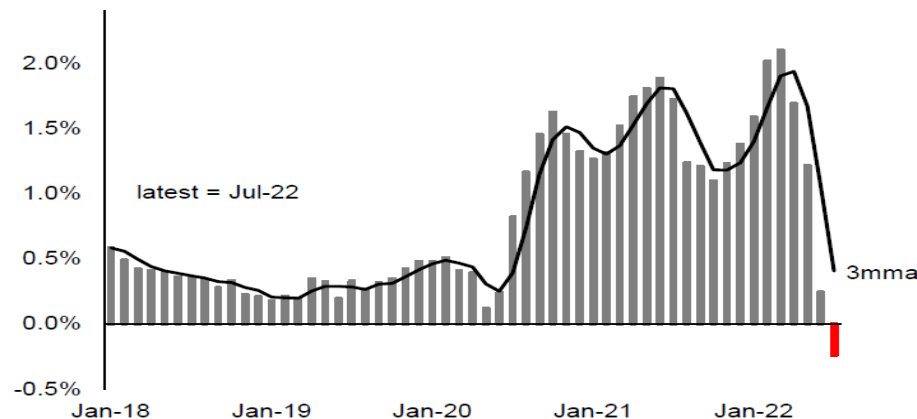
Housing price might decelerate further as payment is getting tougher

US 30Y fixed mortgage rate
in % of national average



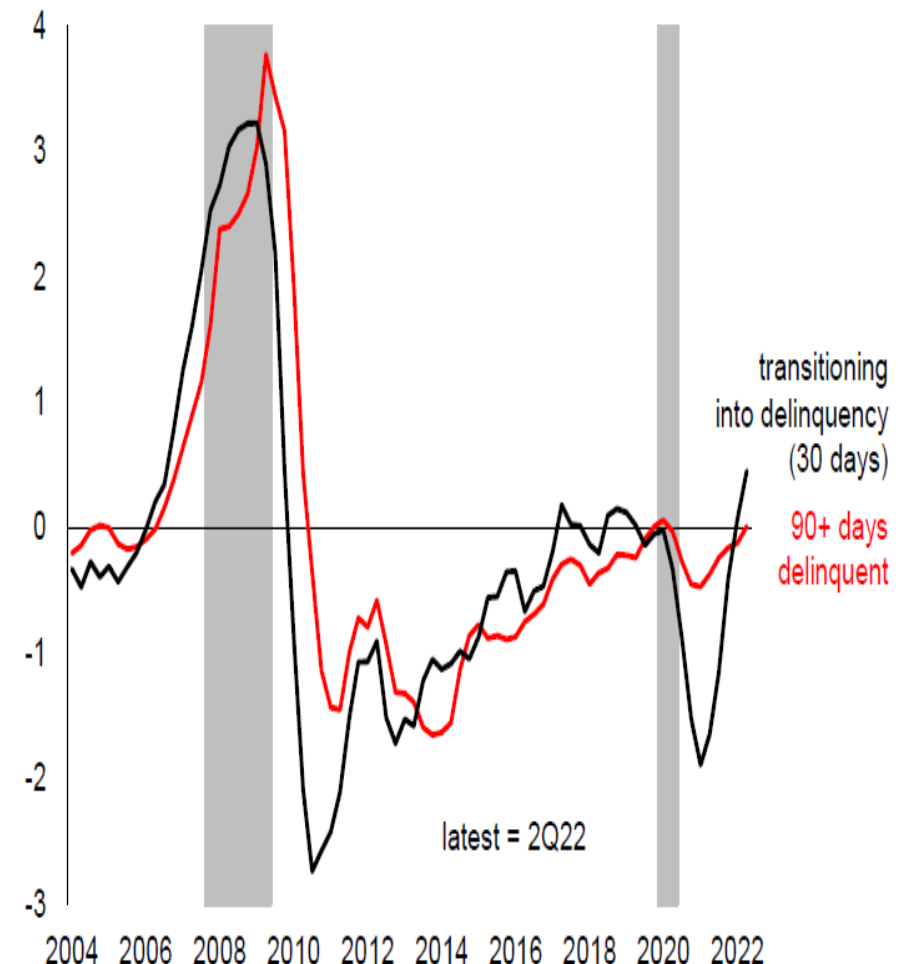
Source: Macquarie, Macrobond

US Housing Price – Case Shiller Price Index
In MoM%



Source: Macquarie, Macrobond

Mortgage Balance Payment
In YoY%



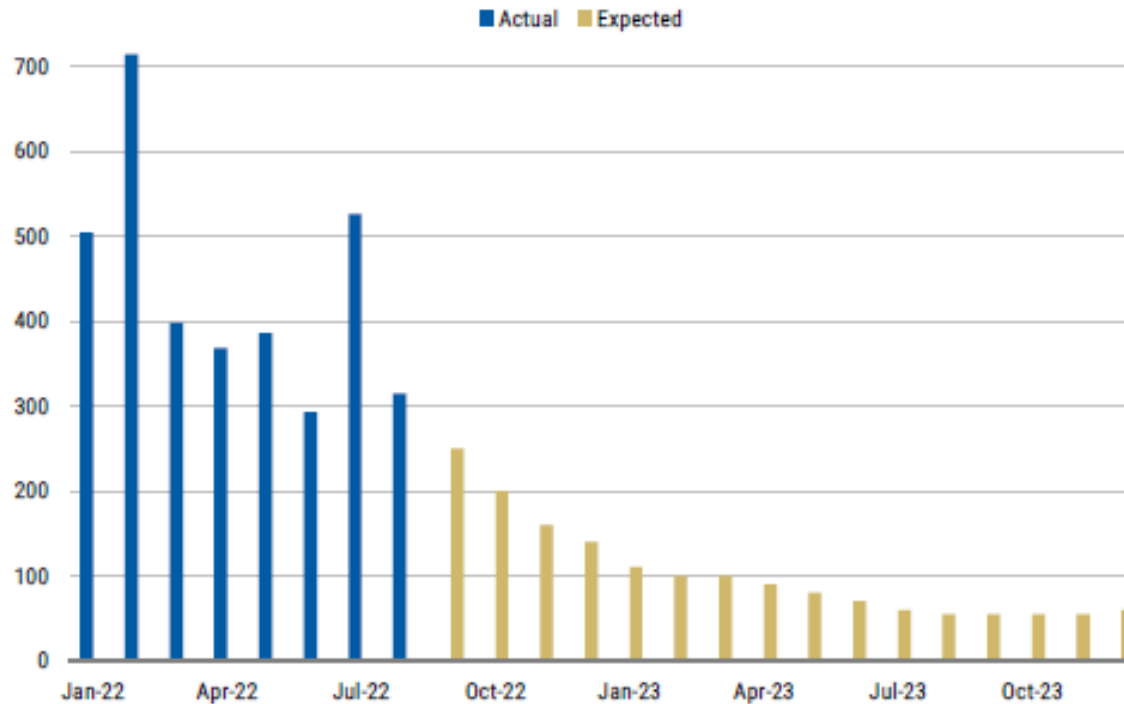
Source: Macquarie, Macrobond

Labor is the Key for The Fed to Pause

Market expect additional NFP to stable around 50-55k

Change in Non-Farm Payroll

In thousand of job change



Source: Morgan Stanley

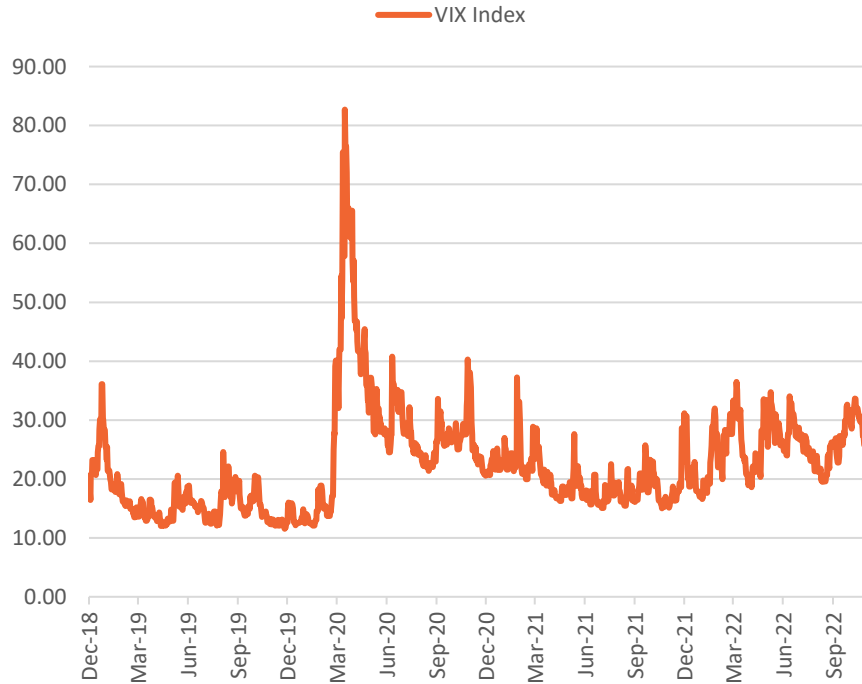
- Salah satu faktor yang penting menjadi pertimbangan Fed dalam penentuan relaksasi kebijakan moneter ialah *labor market*. *Labor market* yang sangat ketat menyebabkan permintaan berbagai jenis barang dan jasa termasuk perumahan dan sewa naik tajam.
- Apabila *labor market* mengalami penurunan signifikan dan stabil di level yang relative rendah. Besar kemungkinan Fed dapat melakukan *pause* atas kebijakan moneter. Hal ini mungkin baru terjadi di awal 2023.

Sharp Market Volatility could Change The Fed

New all time high volatility might make fed reconsider their position

VIX Index

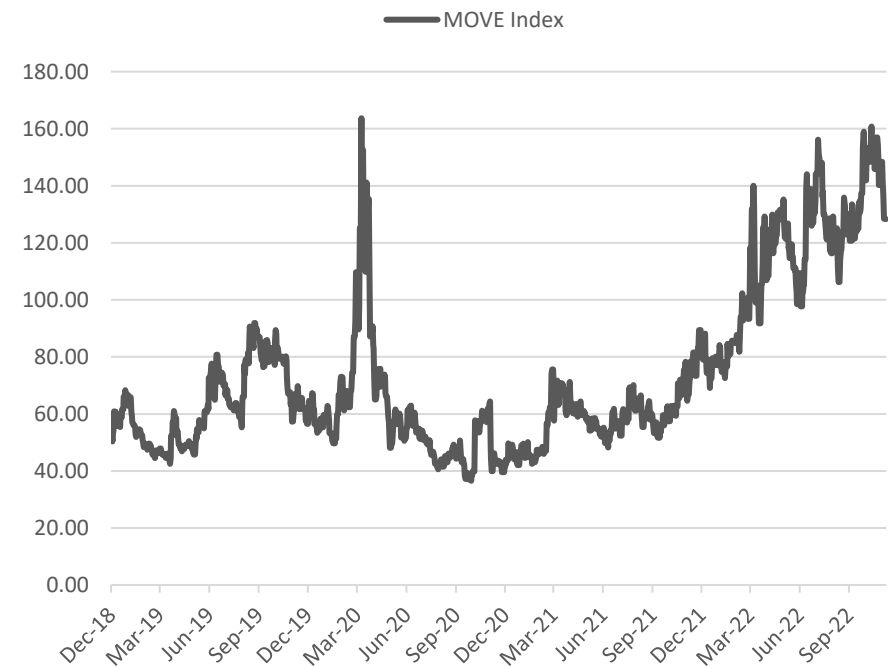
In %



Source: JPM

MOVE Index

In %



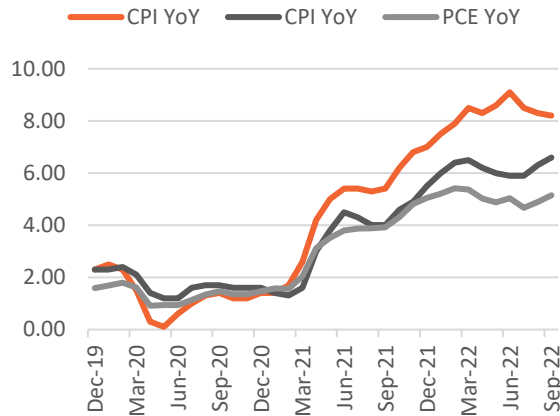
Source: JPM

- ⚠️ Dampak volatilitas dari peningkatan FFR menurut kami belum berada di tingkat ekstreme. Tekanan lebih terlihat dari sisi bonds (MOVE Index) dibandingkan equity (VIX Index). Tekanan volatilitas pasar yang signifikan dapat mempercepat pause dari kebijakan moneter Fed.

Tracking Inflation : Gasoline, Housing and Labor

Slightly uptick on wages but mostly downtrend on energy, labor and housing price

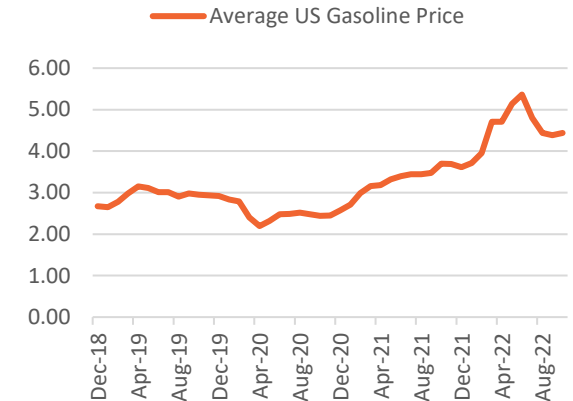
Inflation Movement In % YoY



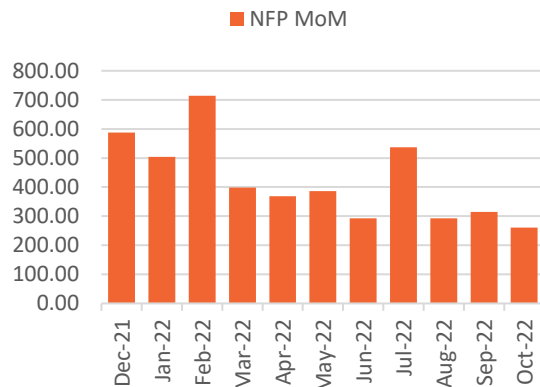
Inflation Expectation in 2023 In %

	Last	4Q2 2	1Q2 3	2Q2 3	3Q23	4Q2 3
CPI YoY % (Cons.)	8.33	7.4	6	4.2	3.6	3
Core PCE YoY % (Cons.)	4.90	5.7	4.6	3.4	2.9	2.6

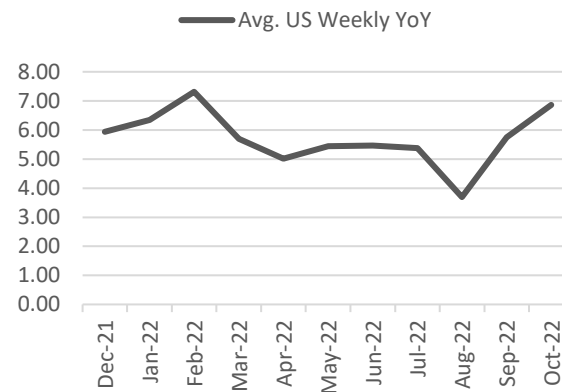
Average US Gasoline Price In USD



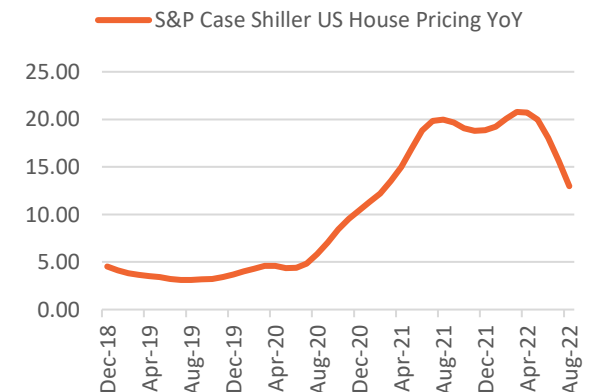
Non Farm Payroll MoM is on track In no. of jobs



Slightly uptick on US Avg. Weekly Wages In YoY



Property Price YoY still above Pre-covid In %YoY



Historically, Post The Fed Lift-off Dollar could Weaken

EM Equities tend to be beneficiaries during weak US Dollar

USD TWI...

In %



Source: CLSA

...USD TWI tend to fall after the Fed lift off

In %

Episode	Date of Fed lift off	TW\$ change over the 120 days before Fed lift off	Local peak in TW\$ (days before / after Fed lift off)	TW\$ change 180 days after Fed lift off	TW\$ change 365 days after Fed lift off
1	4 Dec 86	+0.2%	-31	-7.9%	-13.8%
2	4 Feb 94	+1.9%	-31	-3.2%	-4.5%
3	30 Jun 99	+0.3%	+12	-3.4%	-0.5%
4	30 Jun 04	+0.9%	-47	-8.0%	-2.7%
5	22 May 13*	+5.5%	+47	-2.6%	-2.1%
6	16 Dec 15	+1.7%	+35	-4.6%	+1.9%
Average		+1.7%	-3	-5.0%	-3.6%
Current	17 Mar 22	+2.1%	+173	+10.1%	

Source: CLSA

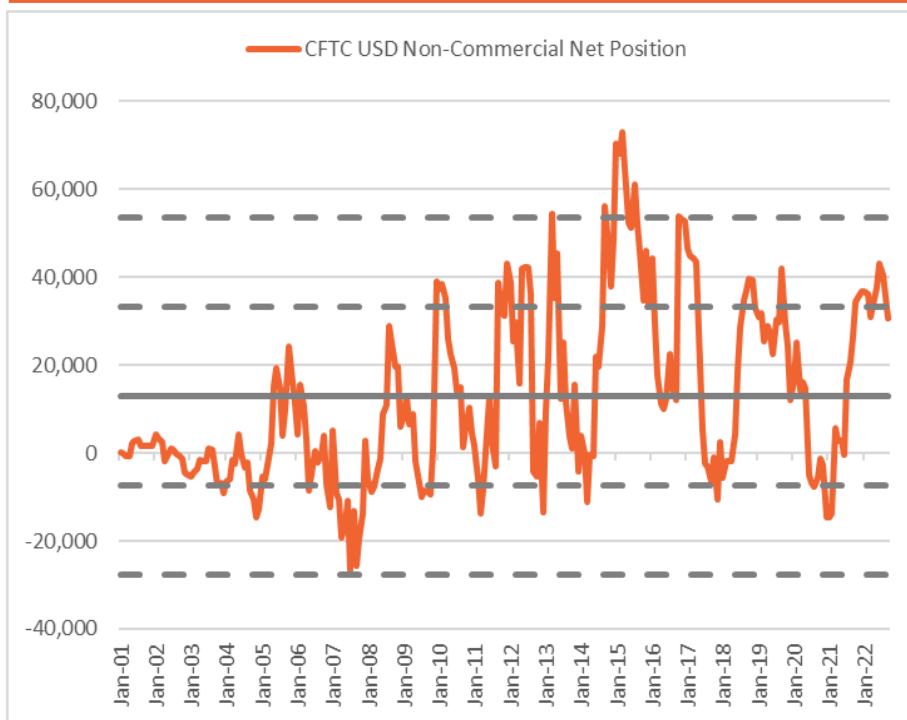
- Traded weight US Dollar mencatatkan new high sejak GFC. Terdapat potensi drawback untuk US Dollar apabila recovery di EM meningkatkan seiring dengan normalisasi inflasi seperti yang terjadi saat era globalisasi di awal 2000 sd 2008.
- Secara historis, USD secara rata-rata menurun 3-5% sejak The Fed berenti menaikkan suku bunga.

Looking at Market Positioning on Few Asset Classes

Speculator seems to maintain position on USD and Gold

Dollar already reach its high in 2018-2019

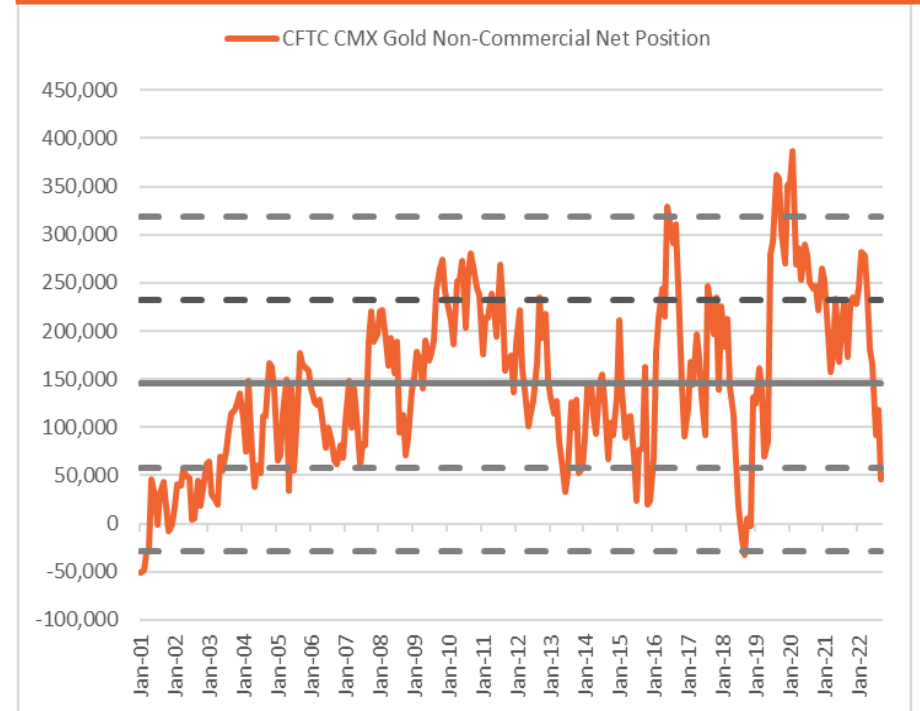
In no of net-contract



Source: Bloomberg

Gold seems to hit its net-long peak since 2020

In no of contract



Source: Bloomberg

- ⚠ Berdasarkan data diatas, Terlihat posisi speculator masih berada di +1 Std Deviation dari long-term band. Hal ini merefleksikan investor masih cenderung *risk-off* sejak awal tahun.
- ⚠ Di saat bersamaan untuk aset emas, Posisi speculator sudah mencatatkan dibawah rata-rata. Hal ini diakibatkan *real yield* US yang telah memperlihatkan tanda-tanda *bottoming*.

Section 02



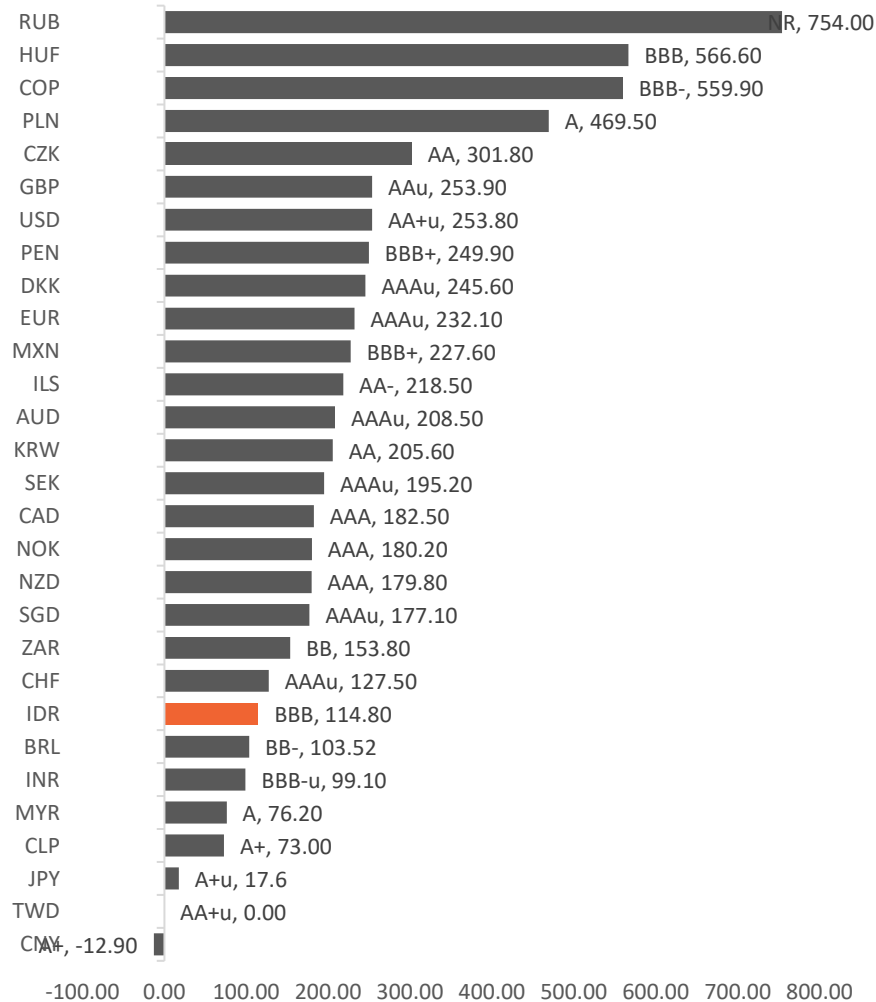
Fixed Income

Government Treasury Yield Movement Oct'22

INDOGB yield weakened along with US treasury yield

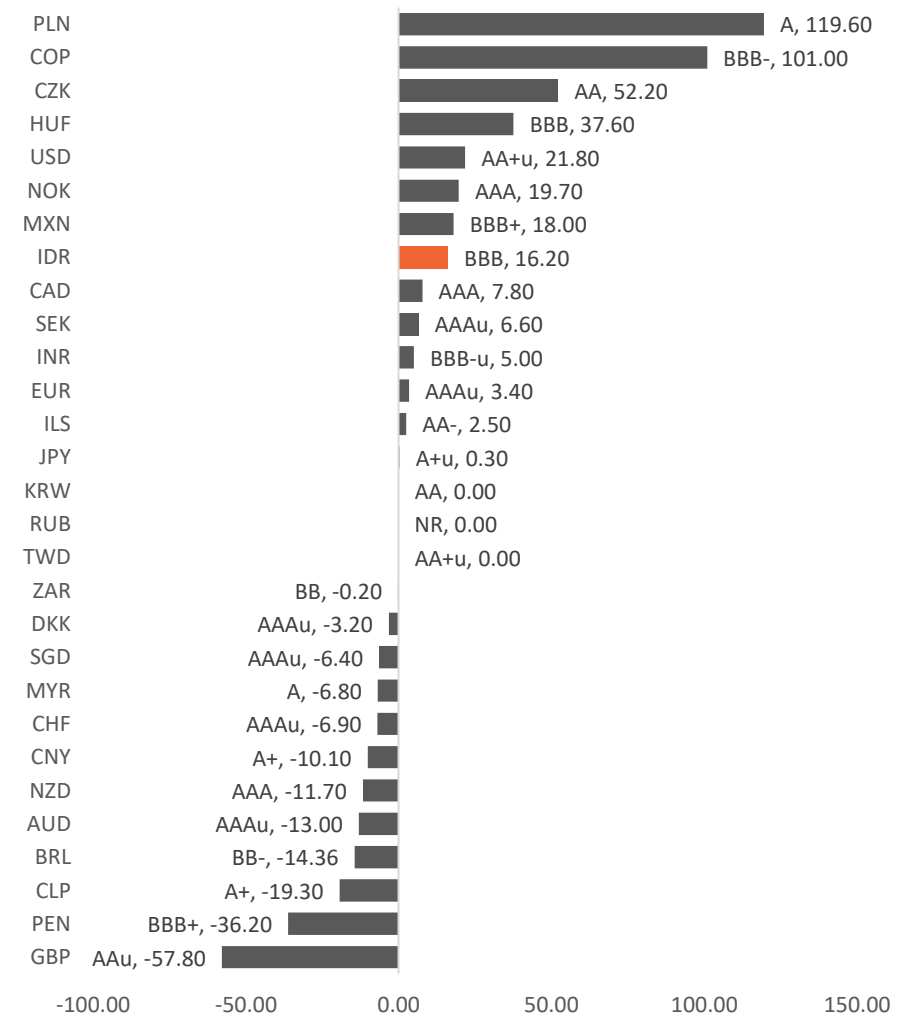
YTD 10Y Govt Changes

In bps



MTD 10Y Govt Changes

In bps

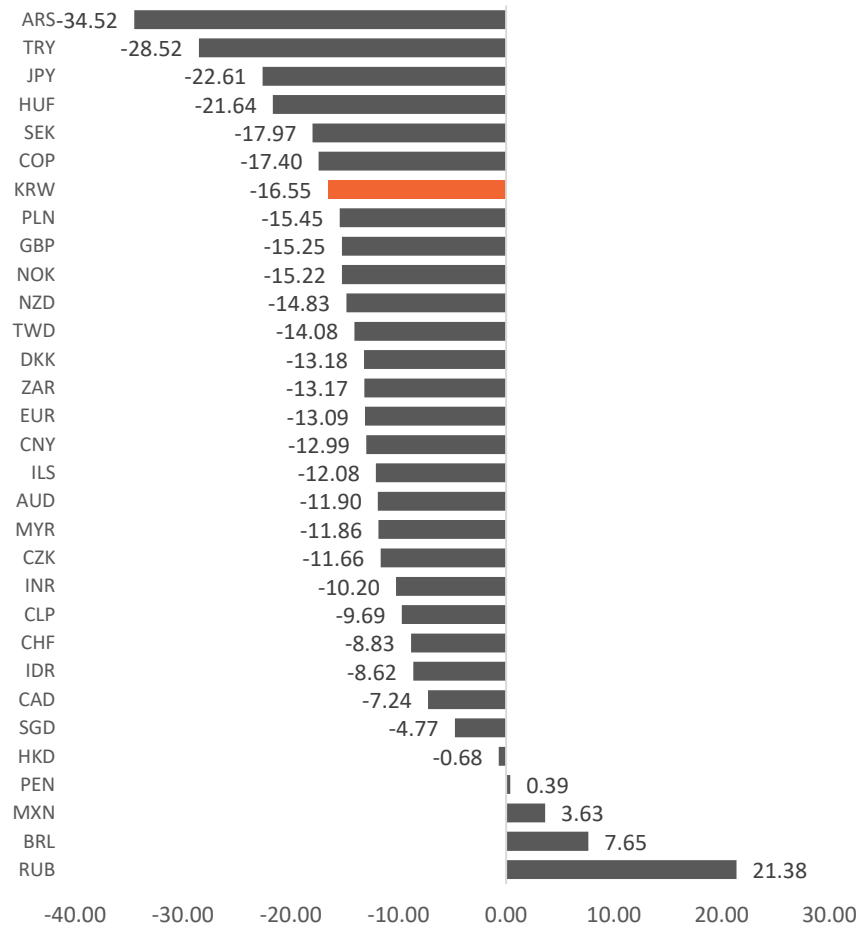


Currency Price Movement Sep'22

Most of currency depreciated against USD throughout this year

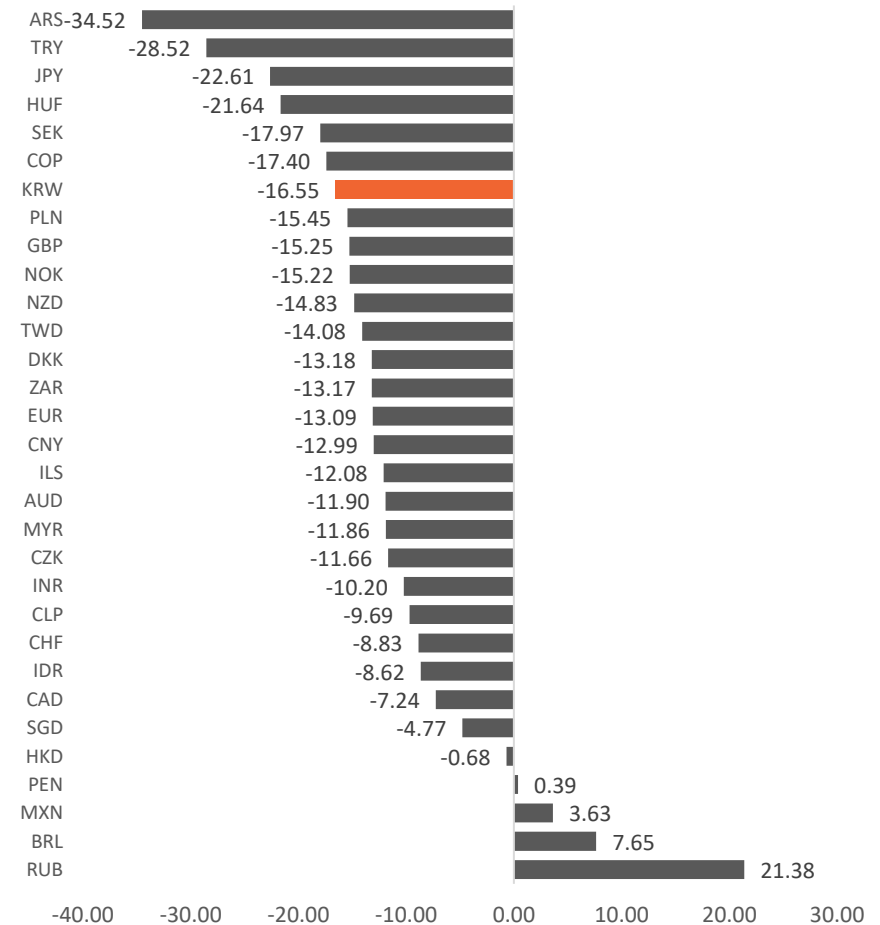
YTD Currency Chg. (USD as Base Currency)

In ppt



MTD Currency Chg. (USD as Base Currency)

In ppt

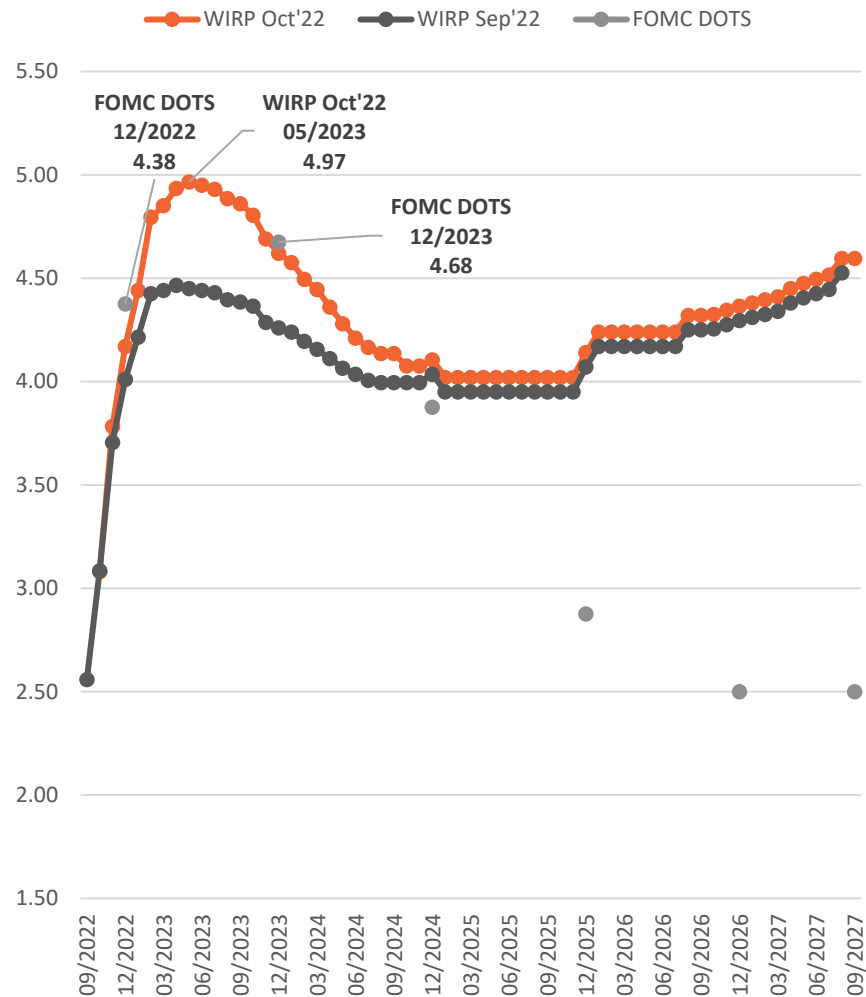


What Market Implies on The US Yield?

Terminal rate peak at 5% and move to May'22 rather than Mar'22

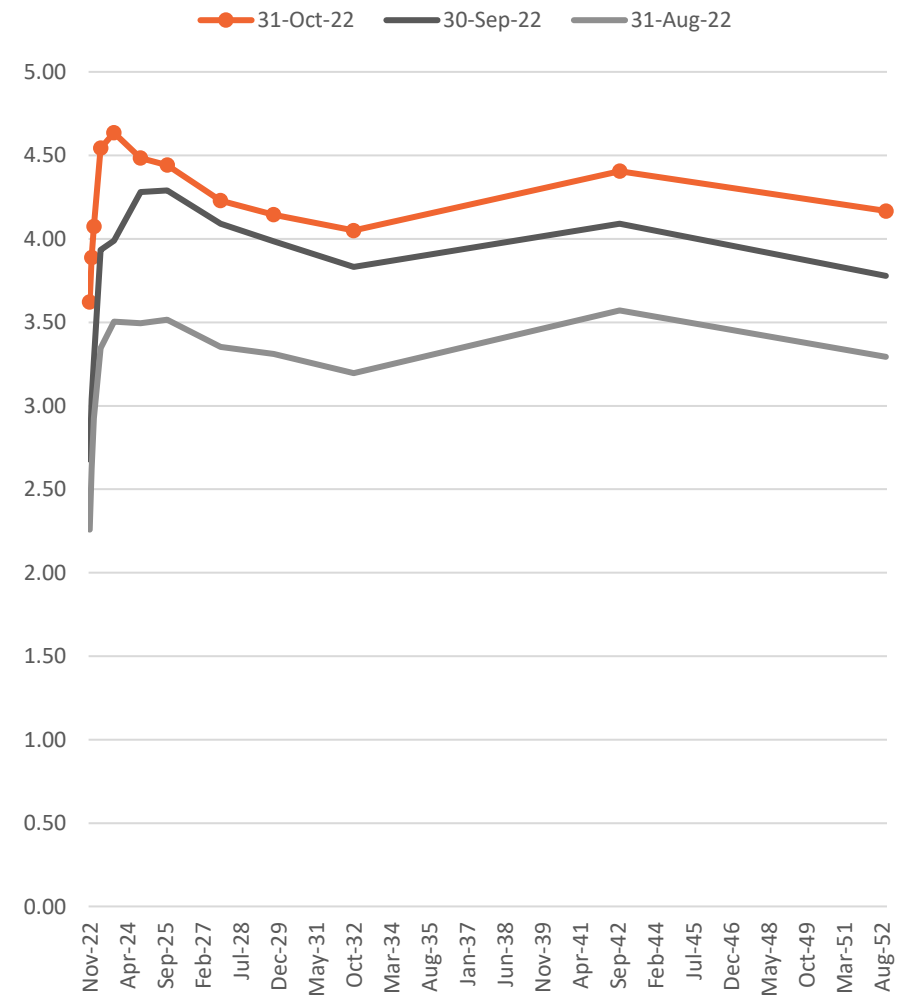
Fed Funds Rate

In ppt



US Curve

In ppt



Indonesian Bonds Ownership

Foreign bondholder still recording negative outflow to new all time low

Ownership on Tradeable Indonesia Government Bonds

In trn IDR

Ownership Level

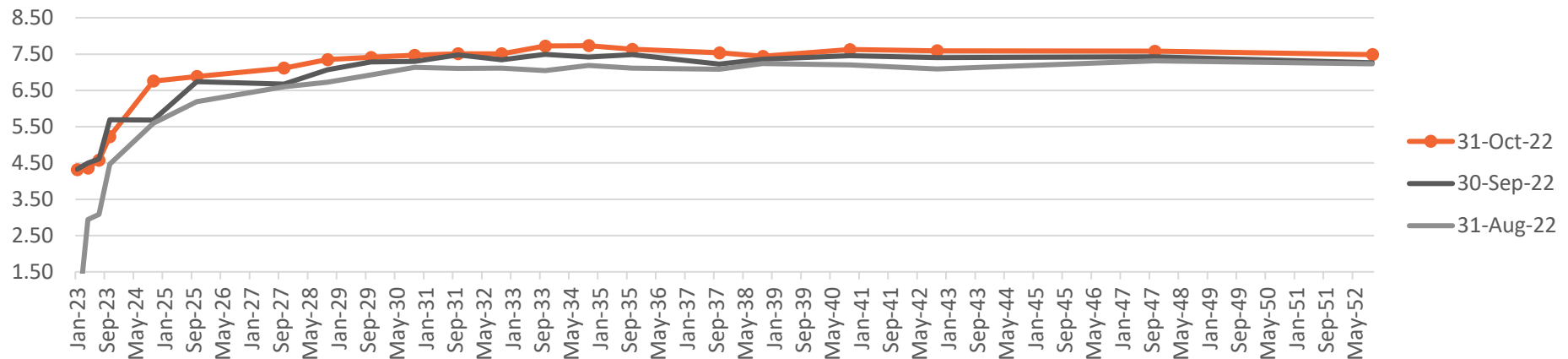
Year	Bank	Central Bank	Mutual Fund	Insurance & PF	Foreign	Retail	Others	Total
Yearly								
2016	21.2%	8.9%	4.8%	18.4%	37.5%	3.3%	5.9%	100.0%
2017	21.6%	8.6%	5.0%	16.6%	39.8%	2.9%	5.6%	100.0%
2018	21.8%	9.2%	5.0%	17.5%	37.7%	3.1%	5.7%	100.0%
2019	20.7%	9.9%	4.8%	17.1%	38.6%	2.9%	5.9%	100.0%
2020	24.7%	22.6%	4.2%	14.0%	25.2%	3.4%	6.0%	100.0%
2021	25.0%	26.1%	3.4%	14.0%	19.0%	4.7%	7.7%	100.0%
YTD	24.8%	25.8%	3.0%	16.8%	13.9%	6.6%	9.0%	100.0%
Net flow								
Year	Bank	Central Bank	Mutual Fund	Insurance & PF	Foreign	Retail	Others	Total
Yearly								
2016	27	8	24	104	107	15	26	311
2017	78	22	18	23	170	2	13	326
2018	64	38	15	66	57	13	17	269
2019	53	56	12	57	169	8	29	384
2020	384	602	30	71	-88	50	68	1,118
2021	217	346	-3	112	-83	90	129	808
YTD	103	103	-5	207	-178	120	103	452
Interim								
1Q22	21	10	-4	80	-43	49	37	150
2Q22	7	15	-1	38	-68	11	18	19
3Q	68	79	3	71	-50	43	41	253
MTD	36	35	-4	51	-49	49	28	146

Yield Curve was continue to be flattened

Market implying slower economic growth with long duration getting richer

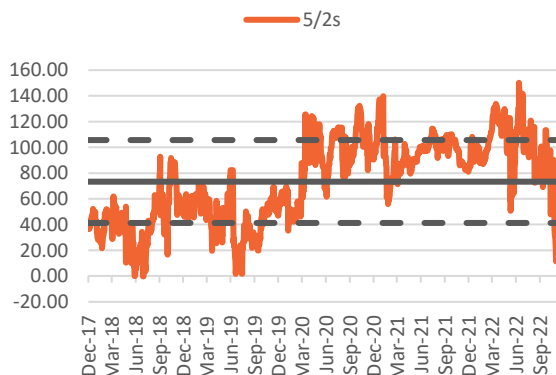
INDOGB Yield Curve

In ppt



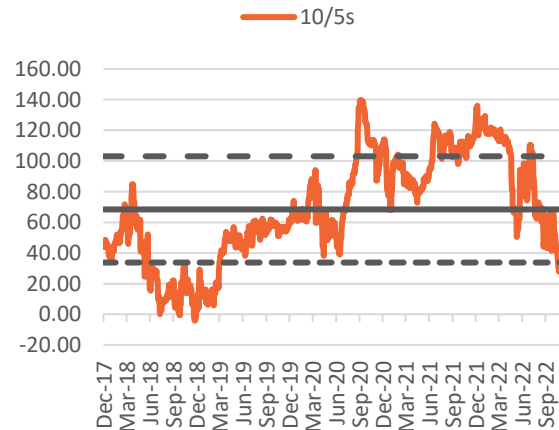
5/2s 5Y Historical Spread

In bps



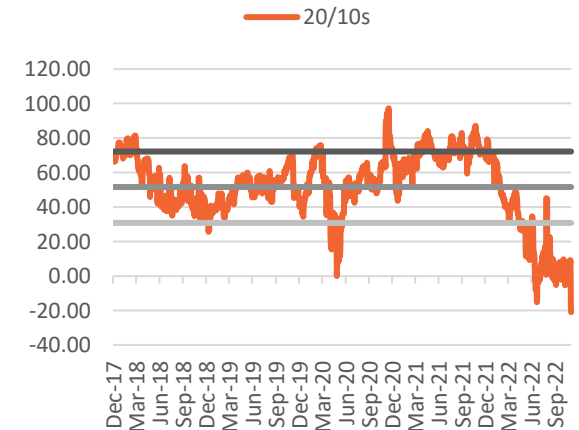
10/5s 5Y Historical Spread

In bps



20/10s 5Y Historical Spread

In bps



Government Bond Outlook

Short-term: Neutral ; Long-term ; Long Recommendation

Indonesia 10Y IDR Yield

In %



Source Syailendra Research, Bloomberg

Indonesia 10Y USD Yield

In %



Source Syailendra Research, Bloomberg

- 📌 Kombinasi beberapa faktor i.e *peaking crude oil* dan peningkatan *coal*. Probabilitas *trade balance* menurun relatif kecil. *Trade balance* berpotensi tren menurun apabila di ikuti oleh peningkatan impor barang modal.
- 📌 IDR menembus level 15,000 merupakan salah satu dampak portfolio *outflow* akibat *global monetary policy*. Namun, *current account* Indonesia yang relatif lebih baik dibandingkan *peers* tetap membuat IDR menjadi salah satu negara yang terdampak relatif rendah.
- 📌 Faktor likuiditas masih cukup *ample* walaupun dibandingkan dengan 2020 dan 2021 cenderung menurun.
- 📌 Target *10Y yield base case* berada di range 7.25 – 7.50 % dengan mempertimbangkan *interest upcycle*. Mempertimbangkan *level yield* saat ini kami sedikit netral mempertimbangkan meningkatnya *interest differential* antara US dan Indonesia dan transmisi pelamahan IDR yang sedang terjadi.

Section 03



Equity

Global Indices Performance

ASEAN and Indonesia market outperform global amid high commodity prices

Global Indices Historical Performance

In % of return

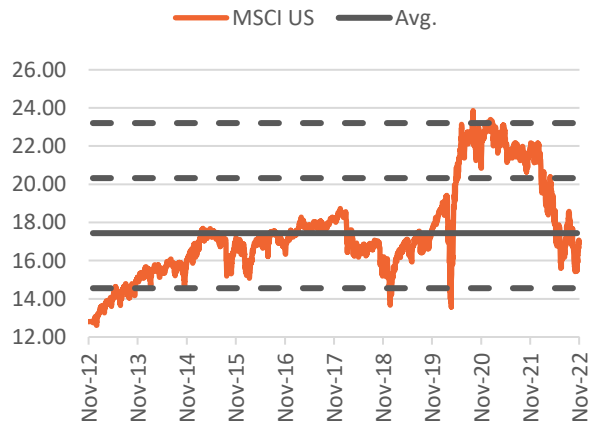
No	Country	YTD	1M	3M	6M	1Y	P/E	P/BV	ROE
Global Market									
1	Dow Jones (US)	-21.08%	-9.64%	-6.66%	-18.46%	-15.12%	15.42	3.66	28.06
2	S&P 500 (US)	-24.97%	-10.05%	-5.28%	-22.09%	-16.76%	16.00	3.41	22.30
3	Nasdaq (US)	-32.82%	-11.00%	-4.11%	-26.77%	-26.81%	23.73	4.28	24.46
4	London (UK)	-13.39%	-5.48%	-2.21%	-16.45%	-8.10%	11.33	1.69	15.22
5	DAX (GR)	-23.74%	-6.53%	-5.24%	-17.06%	-20.62%	9.95	1.30	12.84
6	CAC (FP)	-19.67%	-7.21%	-2.71%	-14.53%	-11.62%	9.19	1.41	16.87
Asia Market									
1	Nikkei (JP)	-9.91%	-8.01%	-1.73%	-7.46%	-11.94%	14.15	1.50	10.44
2	Hang Seng (HK)	-25.48%	-13.67%	-21.21%	-22.53%	-29.92%	9.51	0.97	11.32
3	Shanghai (CN)	-16.43%	-6.28%	-11.01%	-7.41%	-15.24%	10.75	1.25	11.03
4	Shenzhen (CN)	-22.69%	-6.65%	-15.16%	-10.56%	-21.81%	12.43	1.62	11.26
5	NFT (IN)	-0.64%	-3.74%	8.33%	-2.31%	-2.97%	19.83	3.05	15.65
6	Kospi (KR)	-27.61%	-12.05%	-7.59%	-21.53%	-29.76%	9.34	0.85	6.84
7	Kosdaq (KR)	-34.95%	-15.60%	-9.76%	-28.37%	-32.95%	#N/A	#N/A	#N/A
ASEAN Market									
1	Singapore (SG)	0.12%	-3.37%	0.90%	-9.07%	1.41%	11.91	1.03	9.08
2	Kuala Lumpur (MK)	-9.65%	-7.77%	-3.43%	-11.91%	-9.31%	13.51	1.36	10.27
3	Thailand (TH)	-4.11%	-3.05%	1.35%	-6.41%	-1.01%	15.35	1.61	8.62
4	Vietnam (VN)	-23.81%	-11.51%	-5.47%	-24.05%	-15.64%	10.89	1.80	18.72
5	Philippines (PH)	-13.61%	-14.19%	-6.73%	-19.90%	-17.43%	13.66	1.41	8.50
Indonesia Market									
1	JCI / IHSG (ID)	6.98%	-1.66%	1.87%	-0.18%	11.99%	15.30	2.00	-7.52
2	JII / ISSI (ID)	7.98%	-2.05%	1.85%	2.20%	12.42%	11.06	1.69	14.92
3	IDX30 (ID)	7.54%	-1.57%	1.01%	-2.34%	12.29%	16.80	2.25	-9.05
4	LQ45 (ID)	8.60%	-1.01%	1.97%	-1.24%	13.05%	16.62	2.21	-8.41

Most of Equity Regions already Derated

Further upgrade/(downgrade) also depend on earnings revision going forward

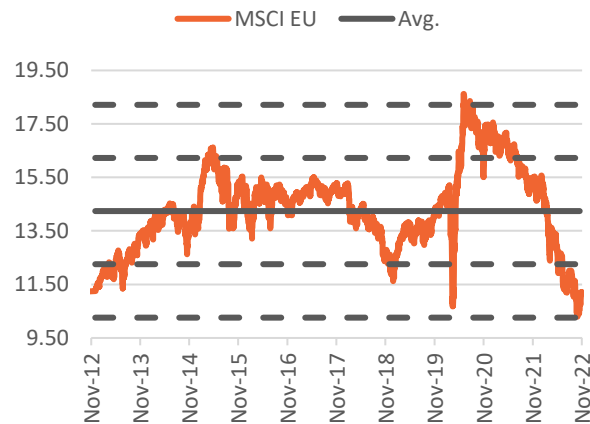
United States

5Y Dev. Band of 12month blended forward PE



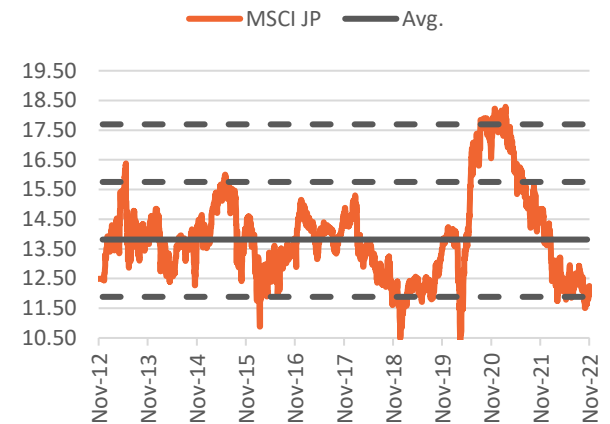
European Union

5Y Dev. Band of 12month blended forward PE



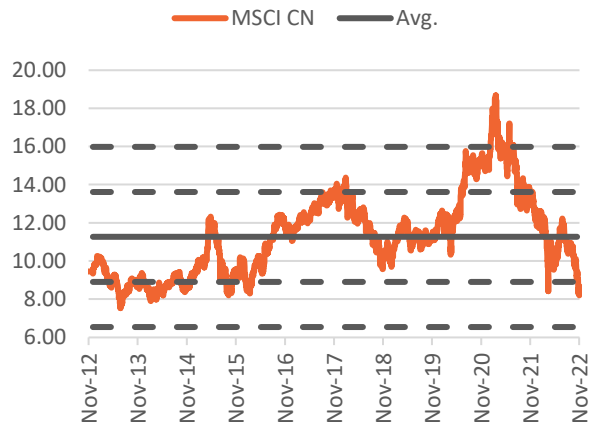
Japan

5Y Dev. Band of 12month blended forward PE



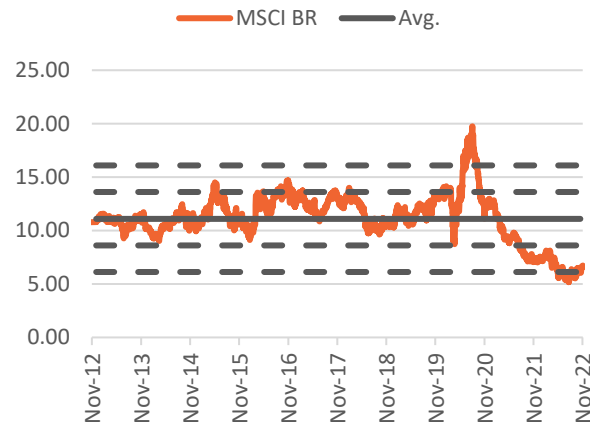
China

5Y Dev. Band of 12month blended forward PE



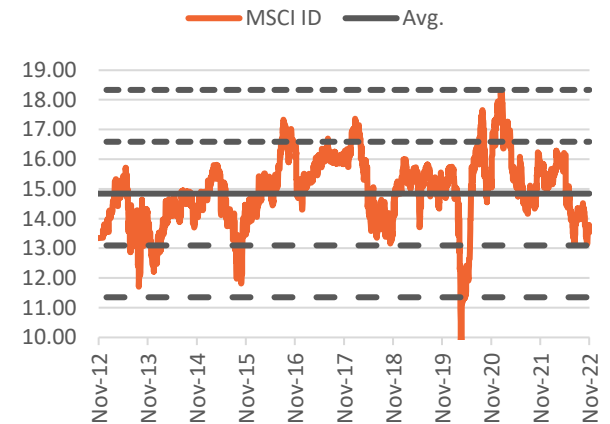
Brazil

5Y Dev. Band of 12month blended forward PE



Indonesia

5Y Dev. Band of 12month blended forward PE

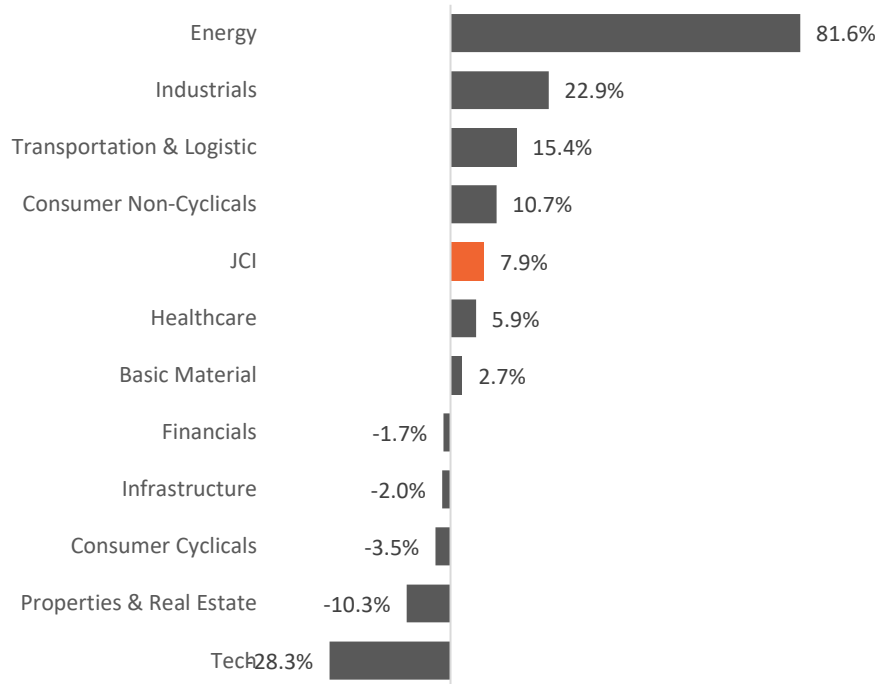


Inflation and Rates Beneficiary did Comeback

Energy sector leads the gain as commodity prices rising

JCI Sectoral Movement YTD

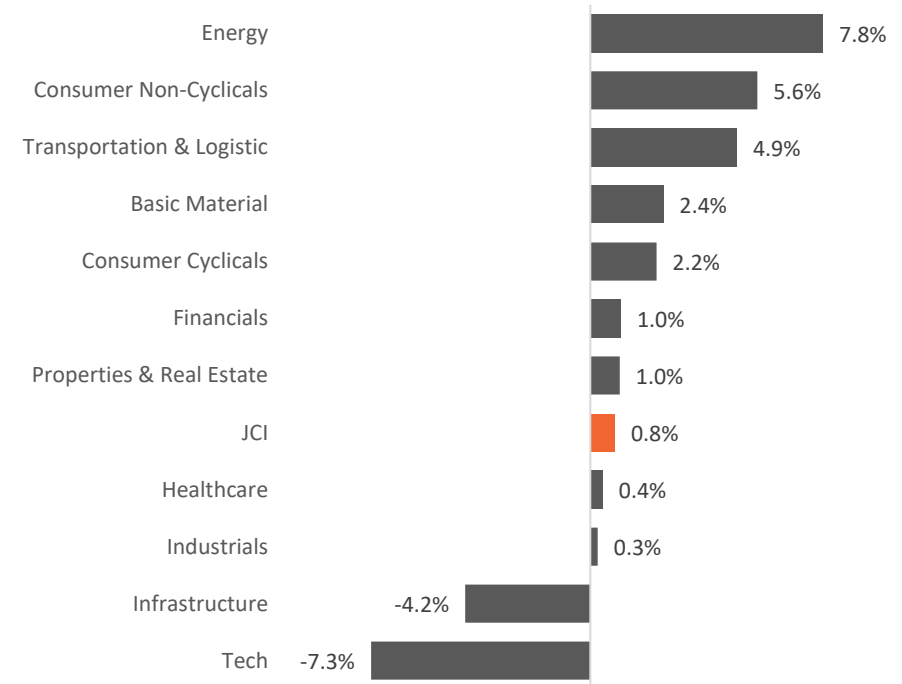
As of 30 September 2022



Source: Syailendra Research, Bloomberg

JCI Sectoral Movement MTD

As of 30 September 2022



Source: Syailendra Research, Bloomberg

- ⚠ Selama 10M22, IHSG rally sebesar 7.9%. Hal ini dikontibusi oleh sektor *energy* seiring dengan meningkatnya harga komoditas global. Kinerja sektor teknologi masih mengalami tekanan sejalan dengan kinerja sektor teknologi di bursa global.

Foreign Equity Flow

Indonesia still receive foreign inflow despite foreign outflow trend in Sep'22

In US\$ Million	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China	EM Asi ex-China ex-Malaysia	Japan
Sep-21	1,139	728	884	-47	-440	338	179	2,781	2,603	2,944
Oct-21	-2,271	1,771	-3,228	8	-2,289	474	378	-5,158	-5,535	20,058
Nov-21	-756	-214	3,043	5	586	-324	41	2,380	2,339	-400
Dec-21	-1,741	-181	2,639	1,724	2,780	695	-270	5,645	5,915	-12,150
Jan-22	-4,817	425	-3,275	-56	-1,950	432	80	-9,161	-9,241	5,769
Feb-22	-5,018	1,220	418	141	-5,922	1,931	679	-6,552	-7,231	-8,050
Mar-22	-3,693	584	-3,640	-204	-9,428	1,006	783	-14,592	-15,375	-15,202
Apr-22	-3,816	2,783	-4,963	-99	-9,102	321	193	-14,683	-14,876	29,604
May-22	-4,871	-243	170	-350	57	592	18	-4,627	-4,645	-1,993
Jun-22	-6,342	-501	-4,796	-207	-7,724	-841	-291	-20,702	-20,411	-9,556
Jul-22	836	-150	1,363	-80	-626	128	28	1,499	1,471	4,963
Aug-22	6,791	508	3,012	-153	-4,124	1,603	460	8,098	7,638	-2,895
Sep-22	-1,624	209	-1,805	-216	-5,748	-655	-355	-10,194	-9,839	-20,995
Oct-22	1,026	730	2,129	-12	-3,031	227	-128	941	1,069	9,930
Yearly										
YTD	-21,528	5,566	-11,388	-1,236	-47,598	4,744	1,466	-69,973	-71,439	-8,423
2021	3,761	3,674	-23,010	-5	-15,604	-1,632	-767	-33,582	-32,815	29,827
2020	23,373	-4,320	-20,082	-2,513	-15,257	-8,287	-5,782	-32,867	-27,085	-65,727
2019	14,234	-1,306	924	-240	9,377	-1,496	-2,683	18,811	21,493	-28
2018	-4,617	-3,656	-5,676	-1,080	-12,196	-8,913	-2,885	-39,024	-36,138	-50,284
2017	7,951	-2,960	8,267	1,095	7,054	-796	2,456	23,068	20,613	3,710

October Industry Sector Positioning

Domestic Add Cyclical, while Foreign Still Buying Financial

Monthly Changes of Investor Position

MoM of est. weight changes of investor portfolio

Sector	Local MoM (%) of est. ownership											
	Insurance			Pension Fund			Individual			Mutual Fund		
	Aug-22	Sep-22	Oct-22	Aug-22	Sep-22	Oct-22	Aug-22	Sep-22	Oct-22	Aug-22	Sep-22	Oct-22
Basic Industry	0.3%	0.3%	0.2%	0.0%	0.4%	-0.5%	-0.3%	-0.8%	-0.2%	-0.5%	0.0%	-0.4%
Consumer Non-Cyclical	-0.1%	-0.1%	0.0%	-0.3%	-0.1%	0.1%	-0.1%	0.1%	0.1%	-0.4%	-0.6%	-0.1%
Consumer Cyclical	-0.9%	0.1%	0.7%	-0.5%	0.2%	0.5%	-0.1%	0.0%	0.9%	-1.0%	-0.3%	0.6%
Energy	0.0%	0.6%	0.1%	-0.2%	-0.2%	-0.3%	-1.3%	1.6%	1.5%	-0.3%	0.2%	0.0%
Infrastructure	-0.4%	0.0%	-0.3%	-1.0%	-0.3%	-0.2%	-0.1%	-0.2%	-0.2%	-1.1%	-0.2%	-1.1%
Healthcare	-0.2%	0.3%	0.3%	0.0%	0.3%	0.2%	0.0%	0.2%	-0.3%	-0.2%	0.2%	0.3%
Financial	-0.1%	-0.7%	0.3%	-1.0%	0.9%	0.3%	-0.7%	-0.4%	-0.5%	-1.3%	1.2%	-0.5%
Industrial	0.5%	-0.3%	-0.1%	-0.4%	-0.4%	0.1%	0.0%	-0.1%	0.0%	-0.3%	-0.4%	-0.4%
Property	0.0%	0.0%	-0.3%	-0.1%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.1%	-0.3%
Technology	0.1%	-0.8%	-0.6%	0.2%	-0.2%	-0.3%	-0.1%	-1.7%	-0.2%	0.2%	-1.2%	-1.0%
Trans. And Logistics	0.0%	-0.1%	0.0%	-0.1%	-0.1%	0.0%	0.0%	-0.1%	0.0%	-0.1%	-0.1%	0.0%

Sector	Foreign MoM (%) of est. ownership											
	Insurance			Pension Fund			Individual			Mutual Fund		
	Aug-22	Sep-22	Oct-22	Aug-22	Sep-22	Oct-22	Aug-22	Sep-22	Oct-22	Aug-22	Sep-22	Oct-22
Basic Industry	0.0%	0.2%	-0.1%	-0.1%	0.2%	0.0%	0.2%	-2.0%	0.7%	-0.1%	0.0%	0.0%
Consumer Non-Cyclical	-0.4%	-0.1%	0.0%	-0.1%	-0.1%	0.0%	-0.4%	-0.2%	-0.2%	0.0%	-0.1%	0.1%
Consumer Cyclical	0.1%	-0.2%	0.0%	-0.2%	0.5%	0.2%	-0.6%	-0.2%	-0.4%	0.1%	0.4%	0.4%
Energy	0.0%	0.1%	-0.1%	0.1%	0.5%	0.3%	1.4%	-1.8%	-0.9%	0.0%	0.3%	0.3%
Infrastructure	0.4%	-0.4%	-0.5%	0.8%	-0.4%	-0.7%	0.3%	-0.8%	-0.3%	1.2%	-0.3%	-0.5%
Healthcare	0.0%	0.1%	0.0%	0.0%	0.2%	0.1%	-0.1%	-0.2%	0.0%	-0.1%	0.4%	0.1%
Financial	4.1%	3.7%	1.5%	2.1%	3.4%	0.4%	2.9%	0.3%	3.0%	3.2%	5.0%	1.5%
Industrial	0.6%	0.2%	-0.2%	0.4%	-0.1%	-0.3%	0.1%	-0.4%	-0.1%	0.7%	-0.3%	-0.5%
Property	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%	-0.2%	0.0%	0.0%	-0.1%
Technology	0.0%	-0.1%	0.0%	-0.1%	-0.1%	0.0%	0.2%	-0.2%	-0.1%	0.0%	-0.1%	0.0%
Trans. And Logistics	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.3%	-0.4%	0.0%	0.0%	0.0%	0.0%

Source: Syailendra Research (Internal methodology), threshold is 0.5% for material movement between sector

3Q22 Earnings Result: Inline with Core Sector

Beat Sector as of 9M22 : Energy, Banking, Retail sector

51.9% of coverage delivering inline earnings with latest earnings revision

In % YoY, % QoQ, % of M.Cap

Headline Earnings	2Q22	3Q22	QoQ%	3Q21	3Q22	YoY%	9M21	9M22	YoY%	Cont. % YoY	Coverage Ratio	% of Sector Universe in JCI	Commentaries
Basic Material	2,805	3,048	8.7%	3,285	3,048	-7.2%	8,914	10,075	13.0%	0.6%	4.0%	8.3%	
Consumer Cyclical	2,594	2,019	-22.2%	-37	2,019	-5604.1%	2,791	6,482	132.3%	2.0%	0.9%	1.9%	Auto and retail was hit in 3Q21 become a low base
Energy	28,770	27,361	-4.9%	12,970	27,361	111.0%	25,541	72,886	185.4%	25.6%	6.0%	7.3%	
Financial	33,066	38,585	16.7%	20,795	38,585	85.5%	80,187	104,812	30.7%	13.3%	23.0%	31.9%	most banks inline/beat result
Healthcare	393	973	147.4%	1,603	973	-39.3%	4,025	2,264	-43.7%	-1.0%	1.3%	2.3%	
Industrial	6,568	5,943	-9.5%	3,654	5,943	62.6%	8,426	17,095	102.9%	4.7%	1.5%	4.5%	Supported only by UNTR
Infrastructure	12,348	5,151	-58.3%	7,194	5,151	-28.4%	28,159	24,286	-13.8%	-2.1%	7.0%	9.6%	
Consumer Non-Cyclical	6,061	7,092	17.0%	6,624	7,092	7.1%	24,656	22,866	-7.3%	-1.0%	6.7%	9.8%	
Property	1,011	3,416	238.0%	1,244	3,416	174.6%	2,191	5,762	163.0%	1.9%	1.1%	1.4%	APLN contribute significant one-off in 3Q22
Tech	-7,219	-2,029	NA	-299	-2,029	NA	-558	9,540	-1808.8%	5.5%	1.4%	1.7%	9M22 positive was coming from one-off in EMTK in 1H22
Transportation	877	849	-3.2%	409	849	107.8%	819	2,637	222.0%	1.0%	0.1%	0.3%	Shipping sector was lowbase in 2021
Coverage Aggregate	87,274	92,409	5.9%	57,441	92,409	60.9%	185,150	278,704	50.5%	50.5%			
Ex-Financial & Tech	61,427	55,853	-9.1%	36,945	55,853	51.2%	105,522	164,352	55.8%				
Ex-Commodity & Tech	65,723	67,077	2.1%	44,771	67,077	49.8%	160,167	196,278	22.5%				
Coverage Ratio		52.90%			52.90%			52.90%			52.9%	78.9%	

Source Syailendra research, Bloomberg

- 📌 Berdasarkan posisi terakhir, 52.90% perusahaan telah melaporkan laba 9M22 sebesar 22.5% untuk *ex-commodity & tech*. Tingkat pertumbuhan ini bergerak stabil secara QoQ sebesar 2.1 untuk *ex-commodity & tech*.

JCI 2023F Earnings Downgrade Significantly due

Tech Sector mostly offset other sector earnings

51.9% of coverage delivering inline earnings with latest earnings revision

In % YoY, % QoQ, % of M.Cap

Headline Consensus Earnings Expectation	2023 YoY EPS Growth (%)	2022 YTD Consensus Changes (Up/Downgrade)	2023 YTD Consensus Changes (Up/Downgrade)	% of Sector Universe in JCI	Commentaries
Energy	-7.36%	104.95%	122.83%	6.9%	
Finance	20.89%	-4.32%	-3.09%	29.9%	
Infrastructure	19.41%	2.81%	6.20%	9.3%	
Consumer Non-Cyclical	11.59%	9.85%	12.31%	10.5%	
Healthcare	11.17%	-12.24%	-13.64%	2.4%	
Tech	-81.14%	-2.35%	-81.50%	6.9%	Consensus expect bigger loss. Growth normalized
Industrial	4.52%	107.16%	111.29%	4.4%	
Basic Materials	13.37%	185.09%	171.88%	8.2%	
Transportation	39.74%	65.97%	56.18%	0.4%	
Property	17.06%	-0.63%	-1.42%	1.4%	
Consumer Cyclical	14.53%	18.29%	17.44%	2.1%	
Based on Sector Coverage Interpolation	6.59	33.15%	27.95%	82.4%	
Others (no coverage)	-4.35%	-2.73%	-16.61%	17.6%	
JCI (Coverage Interpolation)	1.08%	30.43%	11.34%	100%	
10 Sector Outside IDXTech	14.60%	36.40%	37.95%	75.50%	

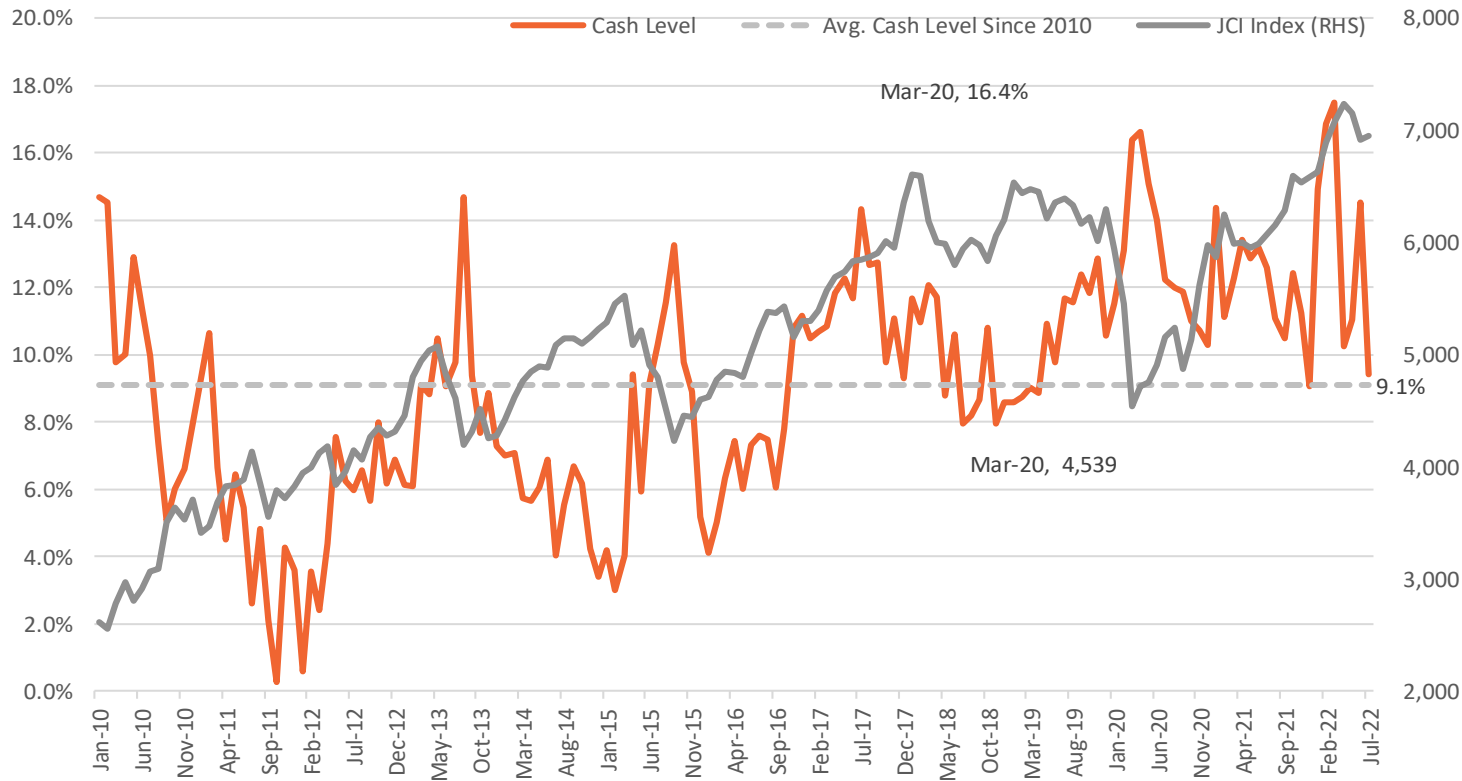
Source Syailendra research, Bloomberg

- 🏠 Berdasarkan data konsensus yang tersedia di bloomberg, Kami melihat indonesia telah melakukan earnings revision di tahun 2022 dan sebagian di tahun 2023. Peningkatan loss di sector tech mengakibatkan earnings JCI relatif dapat bergerak flat dimana 2023 YoY konsensus mencatatkan 1.08% namun apabila sector tech dikeluarkan maka JCI-ex tech dapat menghasilkan 14.60%

Local Mutual Fund Cash Level Neutral

Cash level have come back to average historical level

Est. Cash Level of Equity Mutual Fund in Indonesia
In % of Asset Under Management



Source Syailendra research, Bloomberg

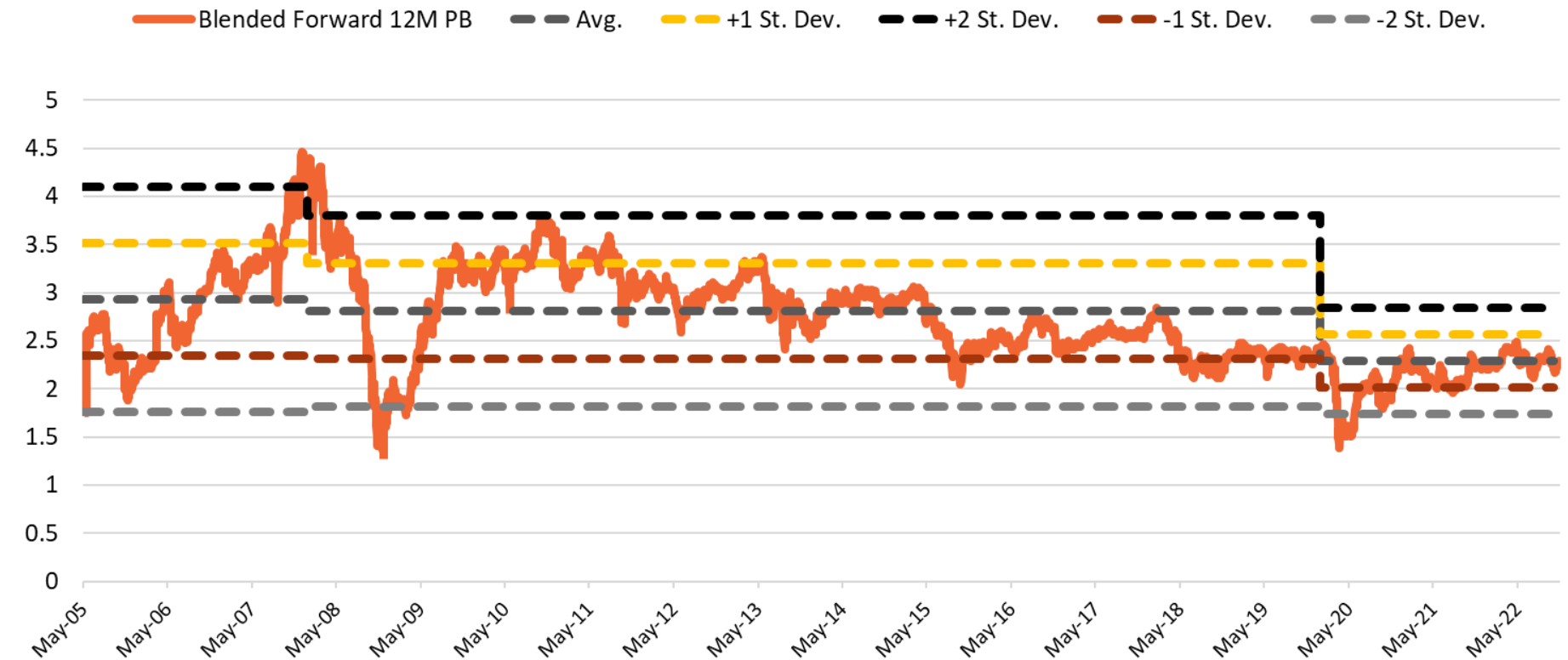
- 📌 Saat ini di estimasi, Kas level telah mencapai 9.1% setelah sempat meningkat hingga 16% sebelum nya. Sehingga menurut kami local FM telah me-Netral-kan posisi mereka dan tidak lagi *Bearish*.

MSCI Indonesia Historical Valuation

MSCI Indonesia price to book had been sideways since 1Q21

MSCI Indonesia Blended 12M Forward P/B

Since 2005 For Year >2019 using 5 Year BEst 12M BF P/B, since Dec' 2016



Source Syailendra research, Bloomberg

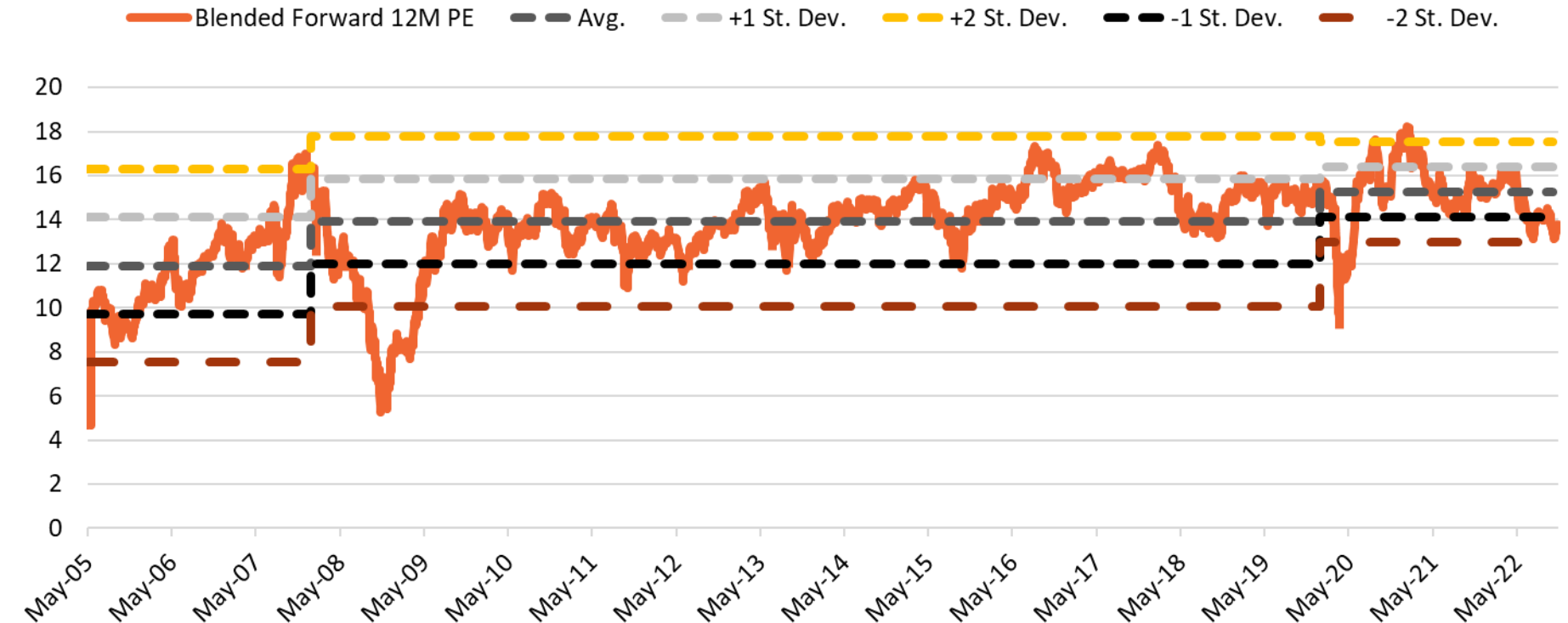
- ▲ Valuasi MSCI Indonesia saat ini telah kembali berada di rata-rata 5 tahun PB di level 2.2x mengindikasikan *potential upside* yang lebih terbatas. Secara historis sejak 2016, P/B MSCI Indonesia berkisar diantara level 2.0x-2.3x atau bergerak di rentang -1x SD dan juga *mean level* rata-rata 5 tahun terakhir.

MSCI Indonesia Historical Valuation

Market valuation has been sideways since 4Q21

MSCI Indonesia Blended 12M Forward P/E

Since 2005 For Year >2019 using 5 Year BEst 12M BF P/E, since Dec' 2016



Source Syailendra research, Bloomberg

- Seiring dengan estimasi pertumbuhan laba yang tinggi, valuasi PE MSCI Indonesia saat ini tercatat rendah dibanding historis ditengah potensi terjadinya krisis ekonomi global. Saat ini Valuasi MSCI Indonesia berada di 13.4x atau mendekati -2x SD dari tren 5 tahun terakhir. Hal ini mengindikasikan ekspektasi pertumbuhan laba kedepan yang masih tinggi atau lebih baik dibanding pasar global secara umum.

Equity Outlook

Short-Term : Neutral to Bullish , Long-Term : Bullish

Our View on Bonds and Rates Strategy

Explanation

Catalyst & Key Thesis	2020	2021	2022F	Notes
Valuation	Rich	Rich	Neutral	Valuation relative same with peers with slightly higher due beat earnings 6M22
Earnings Growth	Negative	Positive	Positive	JCI deliver was still higher than majority of EM market for 2022F
Liquidity	Positive	Positive	Negative	UST short term pricing already show some liquidity issue
Foreign position	Neutral	Positive	Positive	Foreign flow momentum still positive
IDR Outlook	Neutral	Positive	Neutral	Foreign reserve come back to 2019 level

Source Syailendra research, Bloomberg

🏠 Untuk strategi *equity* kami melihat beberapa pemilihan saham yang menjadi *beneficiary* berdasarkan tema-tema dibawah ini :

1. *Peaking of commodity price & inflation*
2. *Rising interest with ample on domestic liquidity*
3. *Industry consolidation story along with continuance of recovery*
4. *Foreign flow beneficiary*

🏠 Target IHSG *base case* berada di 7,400-7,600. Hal ini didasarkan pada 2022 *earnings growth* 17 dan P/E bergerak relatif flat.

Section 04



Appendix

Syailendra Benchmark View

Update on our Macro and Benchmark Number for 2022F and 2023F

Syailendra Macro Indicator and Benchmark

In each unit

Desc.	Unit	Syailendra						
		21E	22E			23E		
		Base	Bear	Base	Bull	Bear	Base	Bull
Macro Indicator								
GDP Growth YoY	Average full year	3.50	4.60	5.00	5.40	4.50	4.80	5.20
Inflation YoY	Average full year	2.20	5.00	4.25	3.75	4.50	4.00	3.50
Fiscal Deficit (% of GDP)	End of year	-5.80	-4.30	-3.80	-3.40	-3.50	-2.85	-2.35
Current Account (% of GDP)	Average full year	+0.3	-1.20	-0.40	0.30	-1.80	-1.30	-1.00
USDIDR	End of year	14,200	15,400	15,000	14,600	15,400	15,000	14,600
Rates								
BI Rates	End of year	3.75	5.25	4.75	4.25	5.25	5.00	4.50
10 YR Govt Bond Yield IDR	Average full year	6.38	7.50	7.25	7.00	7.50	7.25	7.00
Equities								
JCI	End of year	6,581	6,800	7,500	7,900	7,500	8,250	8,700
Earnings Growth	End of year	49.8%	30.0%	30.0%	30.0%	10.0%	10.0%	10.0%
P/E 1FY	End of Year	18.62	14.50	16.00	16.50	14.50	16.00	16.50
P/E Band	End of Year	+1.0 Mean	-1.0 Std Dev	-0.5 Std Dev	-0.10 St Dev	-1.0 Std Dev	-0.5 Std Dev	-0.10 St Dev

Source : Bloomberg

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