Preferred Investment Partner

Monthly Bulletin

November 2019

What's Inside

Calendar

ID Balance of Payment (8 Nov)
US Markit Mfg. PMI (22 Nov)
CH Manufacturing PMI (30 Nov)

Global Event

Hubungan antara *US* dan *China* terkait perihal perang dagang semakin membaik. Artikel berita terkait pembatalan penggunaan tarif saat ini menjadi kabar barik bagi investor global. Pasar menunggu momen di setujuinya *trade deal phase 1* oleh *US* dan *China* dalam waktu dekat.

Indonesia

Di bulan Oktober, Indonesia mengumumkan tingkat pertumbuhan PDB yang mencatatkan 5.02% sesuai ekspektasi pasar. Adapun perbaikan dari sisi *trade balance* yang mendorong pertumbuhan Indonesia.

Equity Market

Kinerja IHSG selama bulan Okt 19 relatif *flat* dengan imbal hasil 0.96%. Hal ini disebabkan oleh *earnings result* 3Q19 beberapa perusahaan yang dibawah ekspektasi pasar. Top 3 *Leaders :* BBCA, TPIA, CPIN dan Top 3 *Laggards :* UNVR, TLKM, HMSP

Fixed Income Market

Selama Sep 19, Yield 10YR bergerak *rally* dari level 7.3% di awal bulan ditutup pada level 7.0% di akhir bulan. Hal ini pun terlihat dengan meningkatnya *foreign flow* pada bulan Okt'19 sebesar 2bio USD.

Posisi kepemilikan investor asing di Indonesia sedikit meningkat dengan posisi Sep 2019 dari 38.6% menjadi 39.1% di bulan Okt 2019. Secara nominal, investor asing merupakan pembeli SUN terbanyak YTD sebesar 156trn IDR. Kami melihat potensi imbal hasil SUN muncul dari penurunan tingkat suku bunga.

By Syailendra Research Team

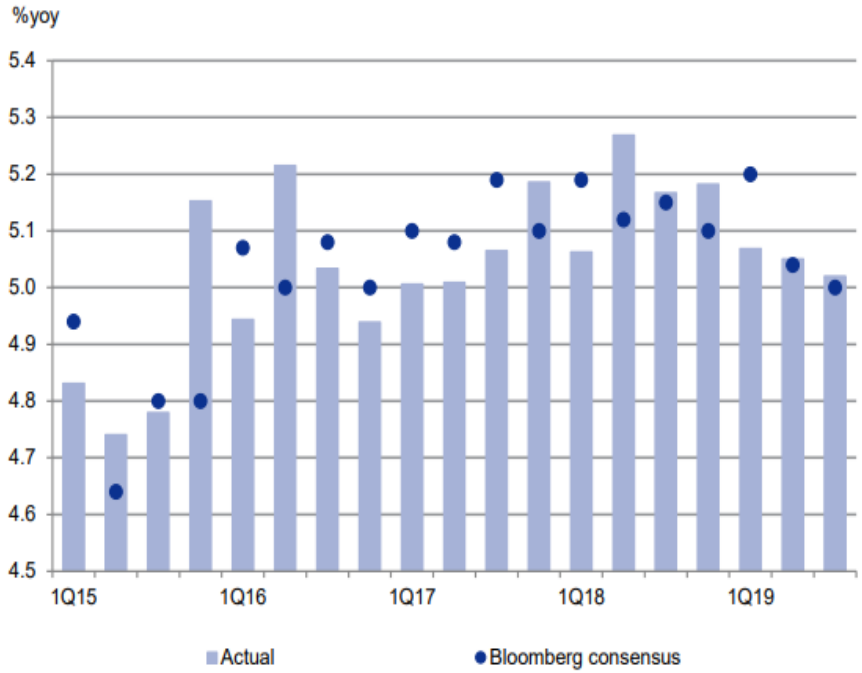
Section 01

Macro Update

3Q19 Indonesia GDP Growth

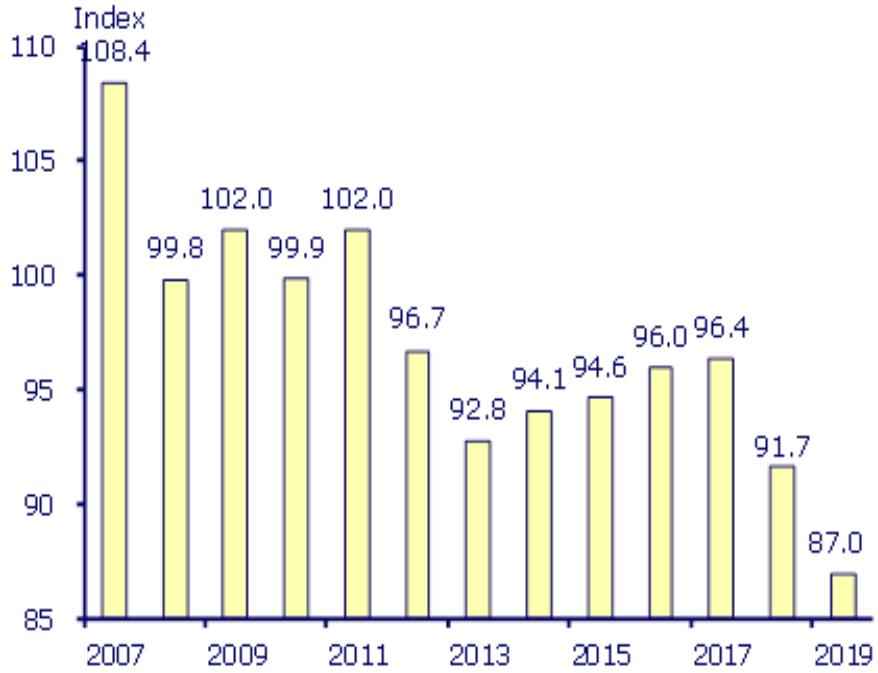
Inline with market expectation 5.02% Actual vs 5.00% Consensus

Indonesia Yearly GDP
In YoY%



Source: CIMB

Terms of Trade (Export and Import Deflator)
In unit of index



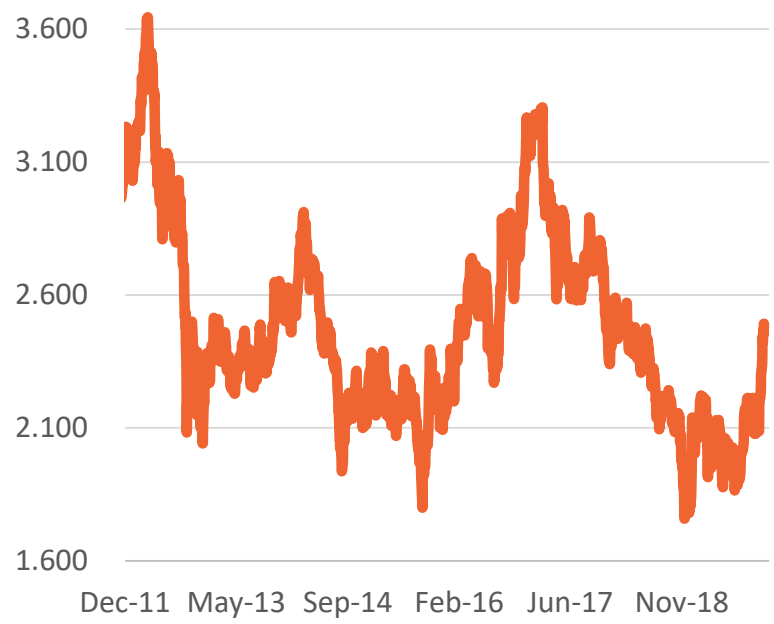
Source: CLSA

- Perlambatan PDB 3Q19 5.02% (2Q19: 5.17%, 3Q18: 5.00%) diakibatkan oleh perlambatan dari sisi investasi dan pengeluaran pemerintah. Di sisi lain, *net export* justru mengalami perbaikan sejak awal tahun. Faktor lainnya adalah penurunan *terms of trade* Indonesia yang merupakan level terendah sejak 2007.
- Namun, sejak awal 2019, tingkat pertumbuhan GDP masih di level 5%.

Commodity Could Support Indonesia in 4Q19

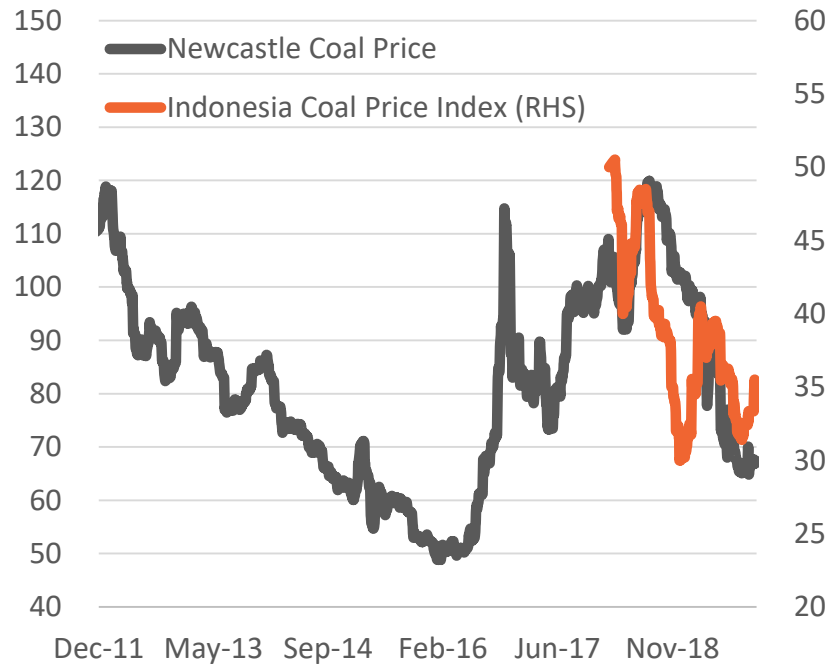
CPO price is gradually increasing and coal price seems bottoming

CPO Price
In MYR/MT



Source: CIMB

Newcastle and Indonesia Coal Price
In USD/MT



Source: CLSA

- Beberapa minggu terakhir, harga CPO telah naik dan mencapai di kisaran 2,500 MYR/MT. Indonesia *Coal Price Index* juga telah naik, yang semula USD 31.40/ton pada Sep-19 menjadi USD 34/ton.
- Kedua hal ini dapat sedikit mendorong pertumbuhan bagi ekonomi Indonesia mengingat efek *multiplier* dari kedua komoditas ini relatif tinggi.

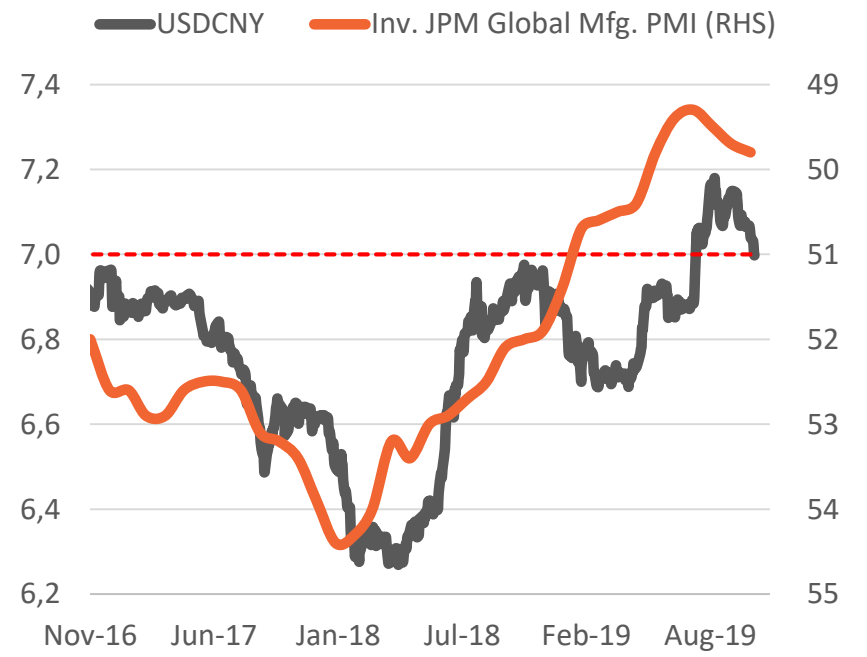
Also, Global PMI Improves Since Aug-19

At the same time, USDCNY has already reached below 7.0

JPM Global Mfg. PMI
In unit of index

Source: CLSA, Markit Economics

USD/CNY vs Inverted JPM Global Mfg. PMI
In USD/CNY and unit of index



Source: CLSA, Markit Economics

- Berdasarkan data *Purchasing Manager Index* (PMI) terakhir, ada tren *recovery* pada PMI Global.
- Ekonomi Asia pada umumnya *outperform* pada bulan Oct-19. Posisi USD/CNY yang kembali di bawah level 7.0 mempertegas penguatan PMI.

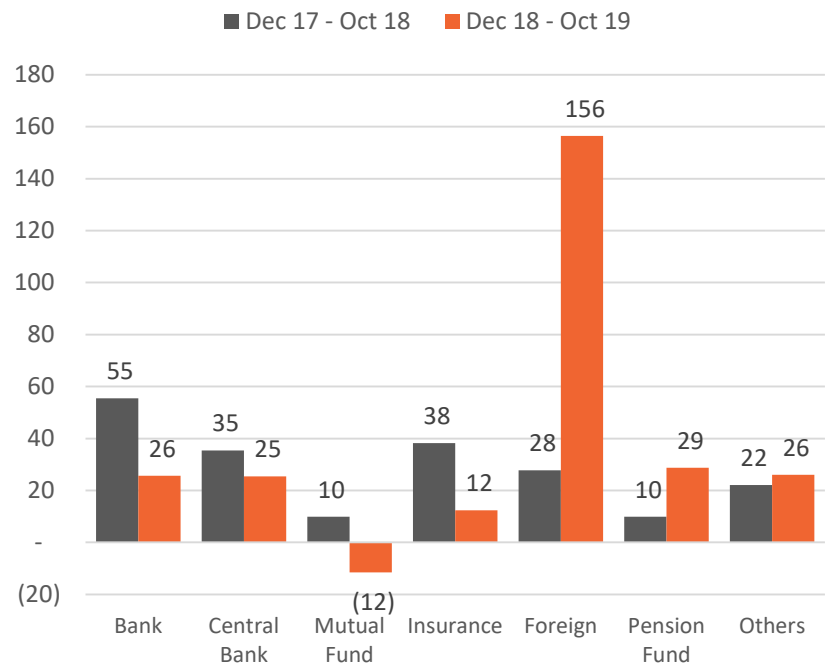
Section 02

Fixed Income Update

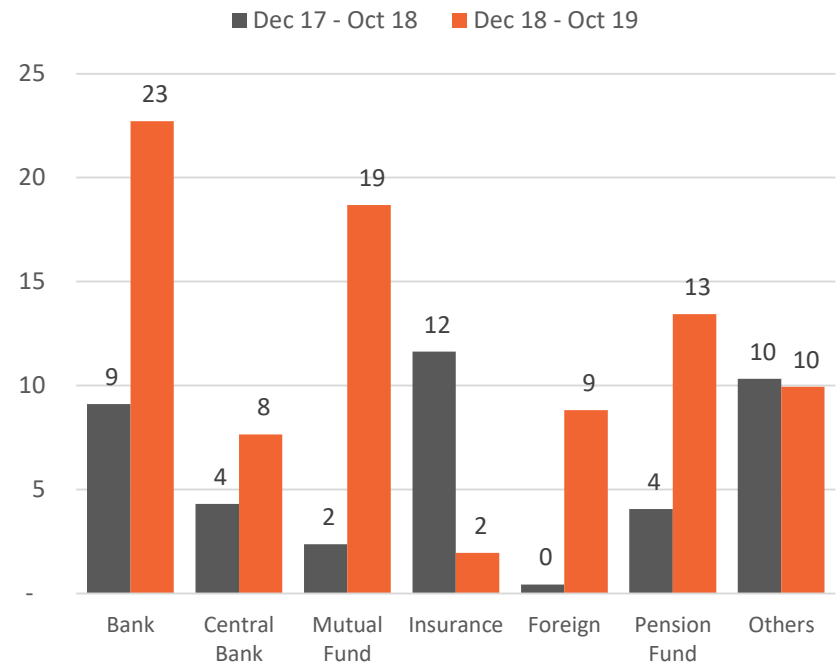
SBN Ownership

Foreign investor is adding position significantly YTD

Net New Ownership of SUN
Based on ownership change YTD, in IDR tr



Net New Ownership of SBSN
Based on ownership change YTD, in IDR tr



- Secara YTD, investor asing masih mencatatkan net pembelian IDR 156tr di pasar obligasi.
- Pembelian kedua tertinggi terlihat pada dana pensiun dengan nominal IDR 29tr.

- Peningkatan signifikan terlihat pada hampir semua investor, terutama di reksa dana, perbankan dan dana pensiun.

Bonds Update – Net Inflow/Outflow

YTD foreign inflow

Total Foreigners' Net Purchase

In mio USD

Month	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China
Sep-18	-1,461	-211	2,073	262	1,388	-1,355	2,052	696
Oct-18	-1,352	893	3,193	-280	1,262	1,133	3,717	4,850
Nov-18	889	2,236	1,188	-604	673	-1,283	4,383	3,100
Dec-18	827	-501	5,292	175	-90	-352	5,704	5,352
Jan-19	-367	1,174	-1,514	720	-241	-422	-229	-651
Feb-19	-1,301	2,010	1,656	-266	-86	1,192	2,013	3,205
Mar-19	2,937	1,766	6,220	471	-159	340	11,234	11,575
Apr-19	-1,570	-523	2,023	-296	-558	-861	-924	-1,785
May-19	537	-708	8,199	1,325	599	-903	9,953	9,050
Jun-19	1,193	2,766	8,377	-1,466	2,320	1,390	13,190	14,580
Jul-19	1,226	1,729	2,779	-240	-811	1,352	4,682	6,034
Aug-19	1,593	-239	4,123	1,588	-1,045	-230	6,022	5,792
Sep-19	-274	1,409	6,608	-252	-340	111	7,152	7,262
Oct-19	**713**	**2,067**	**2,664**	**-252**	**-119**	**111**	**5,073**	**5,184**
YTD	**4,687**	**11,450**	**41,135**	**1,333**	**-440**	**2,080**	**58,166**	**60,245**
2018	-6,745	3,463	46,282	3,911	8,855	-4,539	55,766	51,227
2017	22,970	12,062	32,426	440	10,621	-621	78,519	77,898
2016	-6,459	7,653	12,331	812	9,455	1,851	23,792	25,643
2015	7,560	7,621	31,941	1,553	-644	4,597	48,031	52,628

Source: Syailendra research

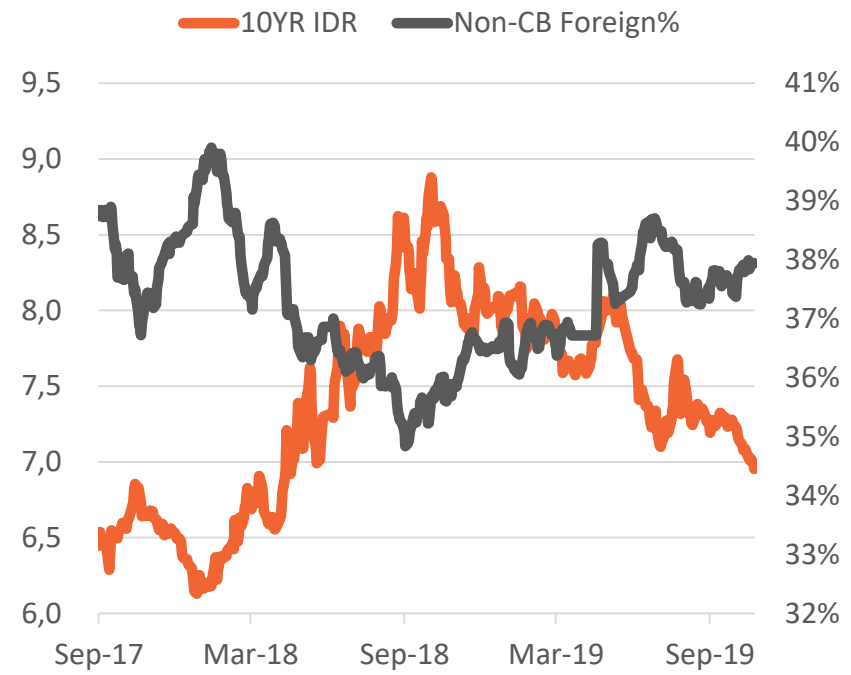
Fixed Income Strategy

Cautiously Position

Expectation Related to Indonesia Bonds
In points of argument

Arguments for (or against) Fixed Income Markets
Ekspektasi pasar terhadap tren penurunan suku bunga the Fed dalam setahun ke depan tinggal satu kali lagi.
Sinyal positif datang dari berita bahwa isu perang dagang AS – Cina akan terselesaikan dalam meja perundingan.
Posisi investor asing pada *SBN* sudah meningkat cukup signifikan dalam 12 bulan terakhir.

10y Yield and Ownership of Non-Central Bank Foreign Investors
Yield in %



Source: Syailendra Research, Bloomberg

- *Fair level* imbal hasil 10y untuk akhir tahun saat ini masih di kisaran 6.9-7.1%. Untuk tahun 2020, prediksi kami berada di kisaran 6.4-6.6%.
- Posisi investor asing yang sudah meningkat berpotensi membuat penurunan tingkat imbal hasil semakin terbatas.

Section 03

Equity Update

Indonesia: Lagging Performance Due To Weaker Eanings

Corporate earnings continued to be pressure

3Q19 Sectoral Earnings Result

In YoY%

3Q19	Revenue YoY%	EBIT YoY%	Net Profit YoY%	Net Profit Cont.
Banking	NA	NA	7.0%	3.0%
Building Materials	18.2%	32.6%	-2.4%	0.0%
Infrastructures	-38.2%	-5.9%	-37.6%	-1.4%
Consumer staples	2.9%	11.4%	-8.7%	-1.5%
Hospital	17.2%	31.0%	26.5%	0.1%
Consumer discretionary	-4.8%	-10.9%	-8.1%	-0.9%
Mining	5.9%	-22.3%	-35.8%	-3.3%
Plantation	-20.5%	-70.9%	-148.5%	-0.5%
Property	-23.9%	-13.3%	-2.1%	0.0%
Telco	-2.9%	4.4%	17.6%	1.3%
Chemical	-7.3%	-3.5%	-5.0%	0.0%
Oil and Gas	-28.3%	19.2%	4.2%	0.1%
Transportation	-5.9%	-47.2%	-50.3%	-0.1%
Poultry	-0.2%	-32.6%	-33.8%	-0.8%
Total	**-5.6%**	**-3.9%**	**-4.1%**	**-4.1%**
Total ex-bank	NA	NA	-12.2%	
Total ex-commodities	-5.9%	0.6%	-0.4%	
Total ex-commodities and infra	-0.6%	1.3%	-2.9%	

Source: Syailendra research, Mansek Research

9M19 Sectoral Earnings Result

In YoY%

9M19	Revenue YoY%	EBIT YoY%	Net Profit YoY%	Net Profit Cont.
Banking	NA	NA	9.2%	3.9%
Building Materials	10.2%	37.2%	-8.7%	-0.1%
Infrastructures	-25.2%	-13.5%	-31.2%	-1.4%
Consumer staples	3.1%	13.0%	4.7%	0.8%
Hospital	27.3%	45.0%	30.8%	0.1%
Consumer discretionary	-1.5%	0.2%	-1.8%	-0.2%
Mining	5.6%	-19.2%	-24.8%	-2.2%
Plantation	-17.0%	-89.0%	-140.8%	-1.1%
Property	-12.4%	-4.2%	13.4%	0.3%
Telco	2.3%	15.0%	26.4%	2.0%
Chemical	2.1%	1.0%	0.6%	0.0%
Oil and Gas	-8.5%	-3.6%	-40.8%	-0.6%
Transportation	-8.8%	-28.5%	-31.0%	-0.1%
Poultry	4.4%	-31.3%	-29.1%	-0.8%
Total	**-1.1%**	**-0.8%**	**0.7%**	**0.7%**
Total ex-bank	NA	NA	-5.6%	
Total ex-commodities	-1.4%	5.3%	5.1%	
Total ex-commodities and infra	1.8%	7.4%	7.0%	

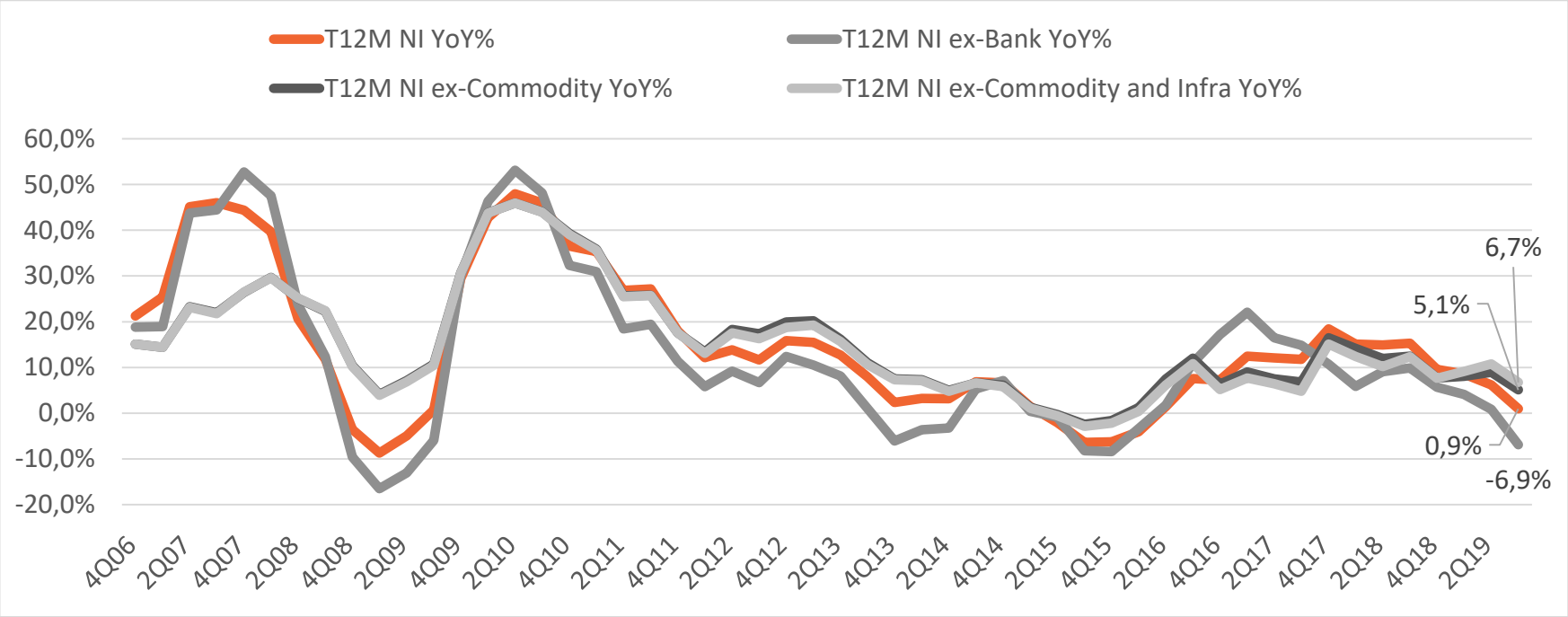
Source: Syailendra research, Mansek Research

- Pada awal tahun, pasar memperkirakan pertumbuhan laba emiten IHSG berkisar pada 8-12% sepanjang 2019. Namun sampai 9M19, pertumbuhan laba hanya menyampai 0.7% YoY (data mencakup 71.2% market cap dari JCI)
- Top performer sector selama 9M19 ialah : 1) Hospital 30.8%, 2) Telco 26.4%, 3) Property 13.4%. Worst Performer merupakan 1) Plantation -140.8%, 2) Oil and Gas -40.8% 3) Infrastructure -31.2%

Earnings was Inline with Slower Economy

Yet Ex-Commodity and Infra still deliver 6.7% YoY

3Q19 Sectoral Earnings Result
In YoY%



Source: Syailendra research, Mansek Research

Source: Syailendra research, Mansek Research

- Pertumbuhan laba memuncak pada FY2017 dengan tingkat pertumbuhan sebesar 18.4%. Pasca tahun 2017, pertumbuhan cenderung melambat sesuai dengan perlambatan ekonomi dunia dan Indonesia. Namun, *T12M Net income ex-bank and infra* masih mencatatkan level yang sehat yaitu 6.7% dibandingkan dengan *aggregate* keseluruhan sebesar 0.9%.

Sector Update - Poultry

Broiler price seems to be recover post 7th culling

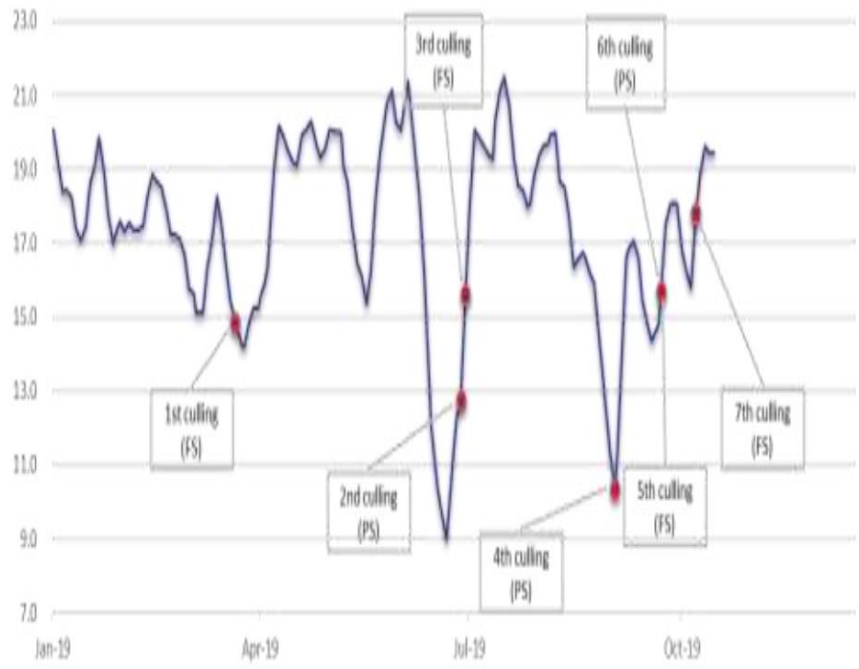
Broiler Price
In thousand of IDR/unit

Culling 2017				
No.	**Culling date**	**Type**	**Duration**	**Amount culled**
1st	27-Mar-17	FS	2 weeks	10m FS
2nd	23-May-17	FS	1 week	24m FS
3rd	21-Jun-17	PS	3 weeks	3m PS (equiv. 18.3m FS)
4th	12-Sep-17	FS	5 weeks	12m FS
5th	30-Oct-17	FS	9 weeks	54m FS
			Total reduction of DOC FS	**118.3m FS**

Culling 2019				
No.	**Culling date**	**Type**	**Duration**	**Amount culled**
1st	21-Mar-19	FS	3 weeks	8.6m FS
2nd	26-Jun-19	FS	2 weeks	8.2m FS
	28-Jun-19	PS	2 weeks	437k PS (equiv. 2.7m FS)
3rd	02-Sep-19	FS	3 weeks	29.8m FS
	02-Sep-19	CSR	1 week	10m FS
4th	23-Sep-19	FS	2 weeks	15m FS
	23-Sep-19	PS	4 weeks	Target 3m PS (equiv. 18.3m FS)
5th	07-Oct-19	FS	3 weeks	15m FS
6th	04-Nov-19	FS	4 weeks	8mn FS
			Total potential reduction of DOC FS	**115.6m FS**

Source: CLSA

Broiler Price
In thousand of IDR/unit



Source: Danrek

- Setelah *culling* ke-7 pada 7-Okt-19 dilakukan, harga ayam menjadi relative stabil. Program *culling* ini adalah kebijakan positif dari pemerintah untuk mendukung industri perunggasan.

Sector Update - CPO

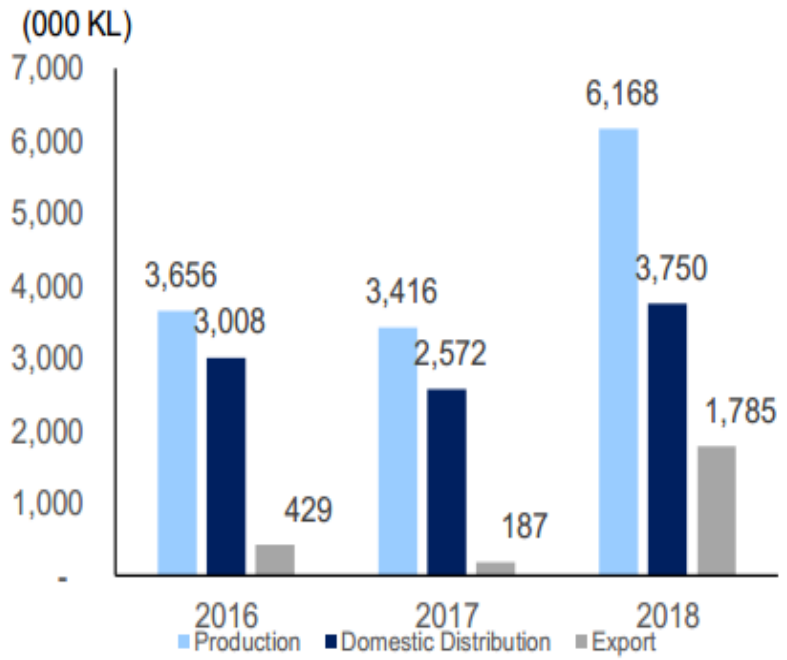
Commodity Rally Anticipating B30 and slower production ahead

Palm Oil World Supply and Demand
In mn tonnes

	October / September				
19/20F	19/20F	18/19	17/18	16/17	15/16
Opening stocks	14.69	14.4	11.52	10.08	13.45
Production	78.62	76.89	72.05	66.74	58.79
Change	2.2%	6.7%	8.0%	13.5%	-5.9%
Imports	54.22	53.43	49.07	48.25	45.29
Exports	54.1	53.27	49.38	48.91	44.89
Consumption	80.08	76.77	68.86	64.64	62.56
Change	4.3%	11.5%	6.5%	3.3%	3.6%
Ending stocks	13.35	14.68	14.4	11.52	10.08
Stocks/use ratio	16.7%	19.1%	20.9%	17.8%	16.1%

Source: World Oil. RHB

Indonesia Biodiesl Production
In 000 KL



Source: APROBI, RHB

- Dimulai awal tahun 2020, Indonesia akan memproduksi *blended biodiesel* sebesar 9.6 mio KL sepanjang 2019 (+55% YoY). Hal ini akan meningkatkan *demand* terhadap produk CPO Indonesia sekaligus meningkatkan/menstabilkan harga CPO.
- Dari segi *supply*, kemungkinan pasokan CPO tidak bertambah signifikan atau malah turun akibat rendahnya harga CPO berkepanjangan dan kemarau panjang 2018.

Equity Update – Net Inflow/Outflow

YTD foreign inflow

Total Foreigners' Net Purchase

In mio USD

Month	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China
Sep-18	-1314	-66	-148	-213	2144	-236	16	185
Oct-18	-3752	-224	-4059	-202	-4917	-1963	-341	-15458
Nov-18	868	609	335	706	678	-424	-171	2602
Dec-18	332	-355	136	-14	-2322	-9	-245	-2475
Jan-19	-75	878	3658	356	1818	214	249	7098
Feb-19	2153	-237	615	178	2471	-106	-200	4875
Mar-19	6149	-183	262	88	24	-516	-381	5443
Apr-19	1541	32	2252	194	1668	107	-342	5451
May-19	1423	-514	-2548	-270	-3726	114	-489	-6011
Jun-19	149	99	287	-139	1091	1505	33	3025
Jul-19	-1934	-20	1620	81	-616	653	-20	-237
Aug-19	-2199	-651	-2142	-226	-2785	-1762	-620	-10386
Sep-19	955	-519	-872	-143	2532	-381	-133	1437
Oct-19	2062	-269	-208	73	4094	-258	-116	5379
Yearly								
YTD	10,223	-1,385	2,925	192	6,570	-431	-2,020	16,074
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	6,481	-796	2,456	22,558
2016	2,903	1,259	10,480	83	10,956	2,240	-628	27,294
2015	3,274	-1,580	-3,580	-1,194	3,384	-4,372	-5,062	-9,130

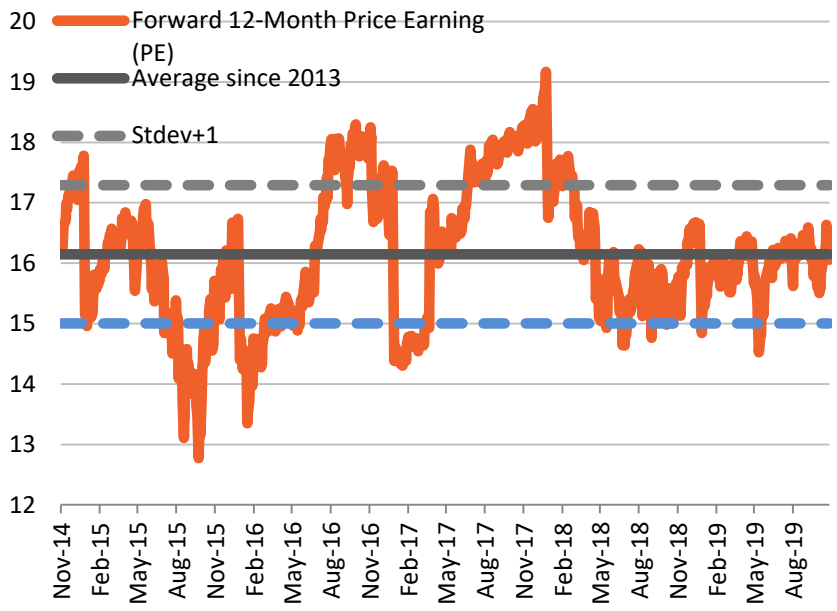
Source: Syailendra research

Equity Valuation

Historically speaking, valuation is still attractive

JCI 5 Years PE Band

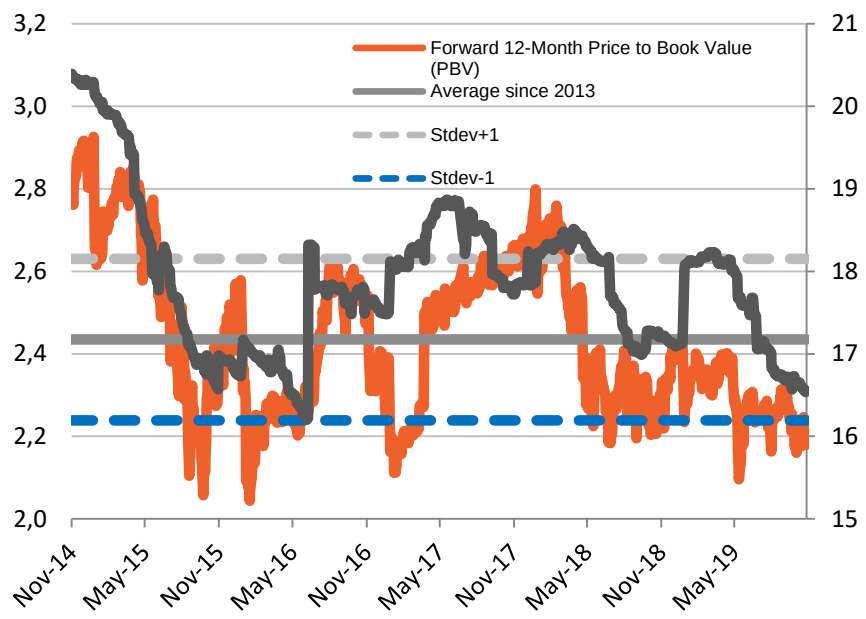
Still a good entry point; SD refers to Std. Deviation of PE



Source: Syailendra research, Bloomberg

JCI 5y PBV Band, ROCE in %

Cheap valuation from PB; SD refers to Std. Deviation of PBV



Source: Syailendra research, Bloomberg
ROCE: Return of Common Equity

- Valuasi JCI dari segi P/E telah berada pada posisi rata-rata lima tahunnya dan mendekati -1 SD. Hal ini menggunakan asumsi EPS YoY 2019 : 8%-12%. Dari sisi PBV, JCI masih berada di bawah rata-rata lima tahun dan di atas -1 SD.
- Penurunan sejak tahun 2017 ini bersamaan dengan penurunan ROE di 2017-2018. Market mulai menurunkan ekspektasi atas ROE 2019.

Equity Strategy

Selectively optimistic

Arguments for Equity Market	Arguments Against Equity Market – and Why We Think It Is In the Price
Peningkatan likuiditas global membuka peluang masuknya *foreign flow* dari sisi financial portfolio dan atau *foreign direct investment*.	Perang dagang US-Cina yang berkepanjangan dapat mengakibatkan pelemahan pertumbuhan ekonomi dan menciptakan sentimen negatif terhadap mata uang EM. Hal yang perlu diperhatikan adalah seberapa jauh CNY dapat melemah.
Pertumbuhan Cina akan melandai sesuai dengan ekspektasi pasar (*soft-landing*), namun pemerintah China berkomitmen untuk memberikan kebijakan dan stimulus yang mendorong pertumbuhan.	
Valuasi JCI berada di level yang cukup atraktif. Risiko politik mengalami penurunan setelah Pemilu berjalan lancar.	Eskalasi perang dagang *US-China yang* signifikan dapat berpotensi meningkatkan sentimen risk off investor.

- Mempertimbangkan terdapat *improvement* pada beberapa sector terkait komoditas, Kami melihat *earnings JCI* 2020 dapat membaik dibandingkan periode tahun ini.
- Posisi investor asing di Indonesia juga telah jauh berkurang dibandingkan dengan tahun-tahun sebelumnya.
- Valuasi pasar saham Indonesia masih cukup atraktif.
- Masih ada potensi *upside* hingga 4-5% untuk JCI selama sisa periode 2019.

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