

# Monthly Bulletin

Februari 2020

## What's Inside



### Calendar

ID BOP 4Q19 (10-Feb)  
ID Trade Balance (17-Feb)  
CH Inflation (10-Feb)  
US Inflation (13-Feb)  
US PMI (21-Feb)



### Global Event

Dampak virus corona menyebabkan adanya sentimen negatif di pasar global. Namun, perseteruan perang dagang antar AS-China mulai terlihat mereda pasca tercapainya perjanjian Fase 1 di bulan Januari.



### Indonesia

Indonesia masih berada pada situasi ekonomi yang stabil. Kebijakan fiskal dan moneter di lihat masih memiliki ruang untuk memberikan stimulus jika dibutuhkan.



### Equity Market

Kinerja IHSG ditutup sebesar -6,59% YTD (*cutoff date: 2 Feb 2020*). Hal ini disebabkan oleh sentimen negatif terkait dampak virus Corona terhadap perlambatan ekonomi Cina. Di bulan Januari, sektor Perbankan memiliki kinerja terbaik dimana sektor Agrikultur mencatatkan kinerja penurunan yang paling buruk.



### Fixed Income Market

Yield 10 tahun obligasi Indonesia ditutup di level 6,58% pada akhir Januari 2020. Selain itu, investor asing juga masih menambah porsi kepemilikan surat utang negara di Indonesia.





# Section

## Macro Update

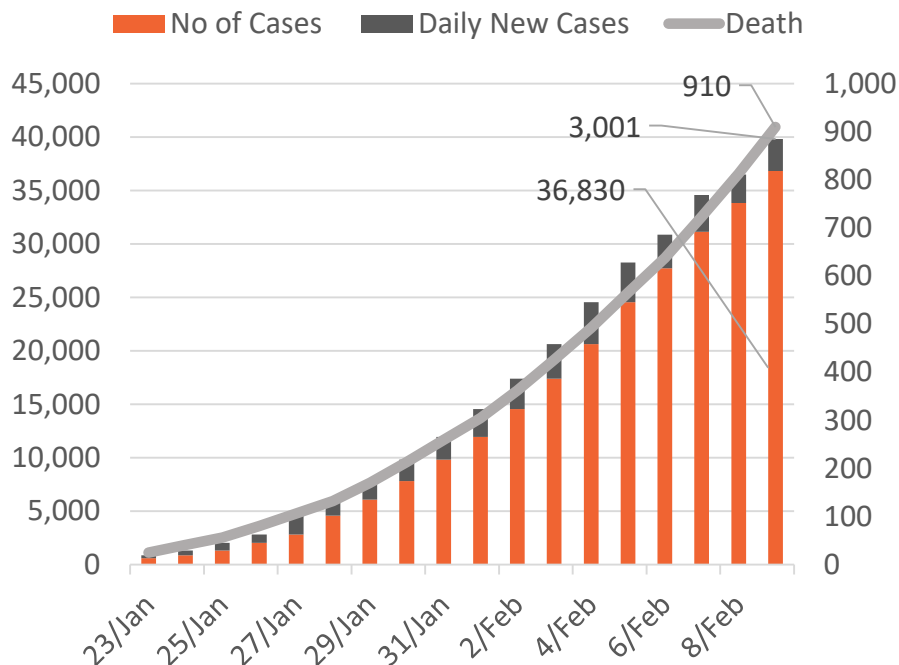
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# Outbreak Triggered Market Sell Off

Market sentiment turned negative on exponential infection cases growth

## Corona Virus Infection Cases Grew Exponentially

Number of confirmed cases and deaths

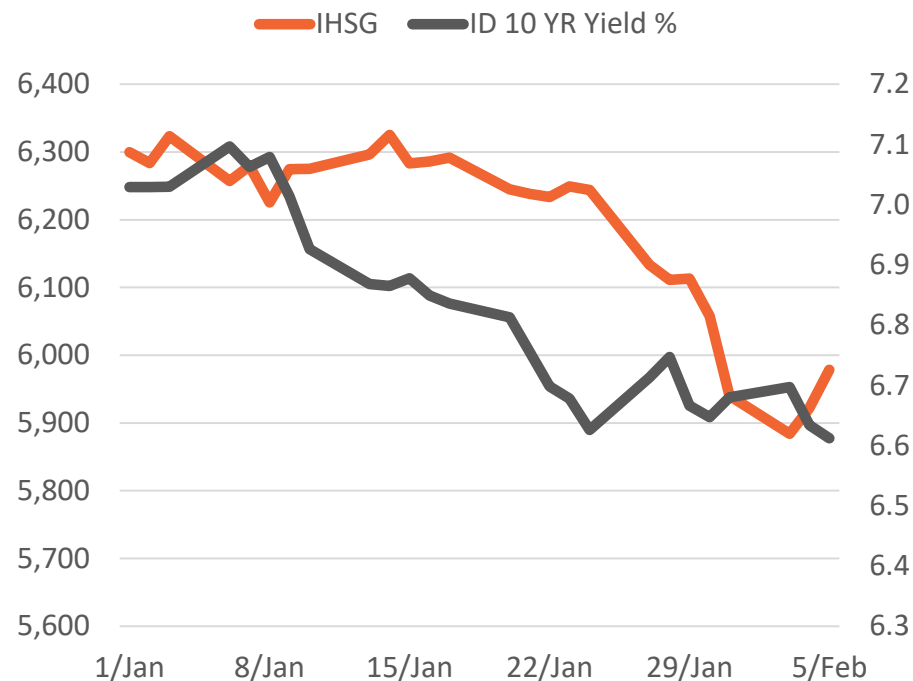


Sumber: Worldometers

- Penyebaran virus corona yang bertumbuh secara eksponensial sejak akhir Januari 2020 hingga kini telah menginfeksi lebih dari 28 ribu orang

## Outbreaks Affected Both Equity and Fixed Income Market

JCI performance and 10 yr ID government yield %



Sumber: Bloomberg

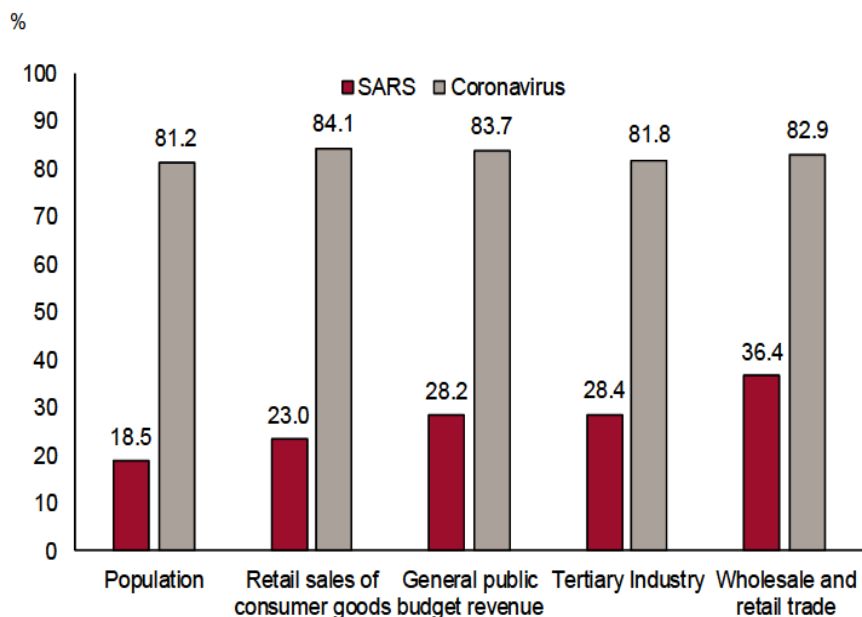
- Pasar bereaksi negatif terhadap cepatnya penyebaran infeksi virus corona

# Outbreak Impacts Various Domestic Aspects

Various sectors and transportation activities are impacted

## Corona Virus Impact Scope is Wider Compared to SARS'

% of Provinces Nationwide Impacted in China

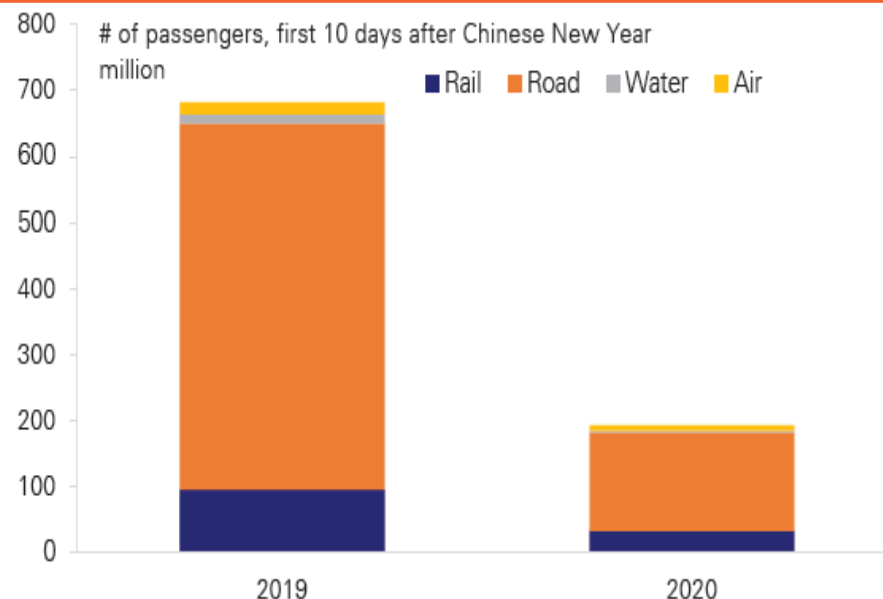


Sumber: Credit Suisse

- 📌 Cakupan dampak penyebaran virus Corona di Tiongkok lebih luas jika dibandingkan ketika penyebaran SARS dikarenakan lebih tingginya konektivitas domestik Tiongkok sekarang dibanding tahun 2003.

## Outbreak Affected Movement in China Significantly

Passengers Comparison During Virus Outbreak



Sumber: Deutsche Bank

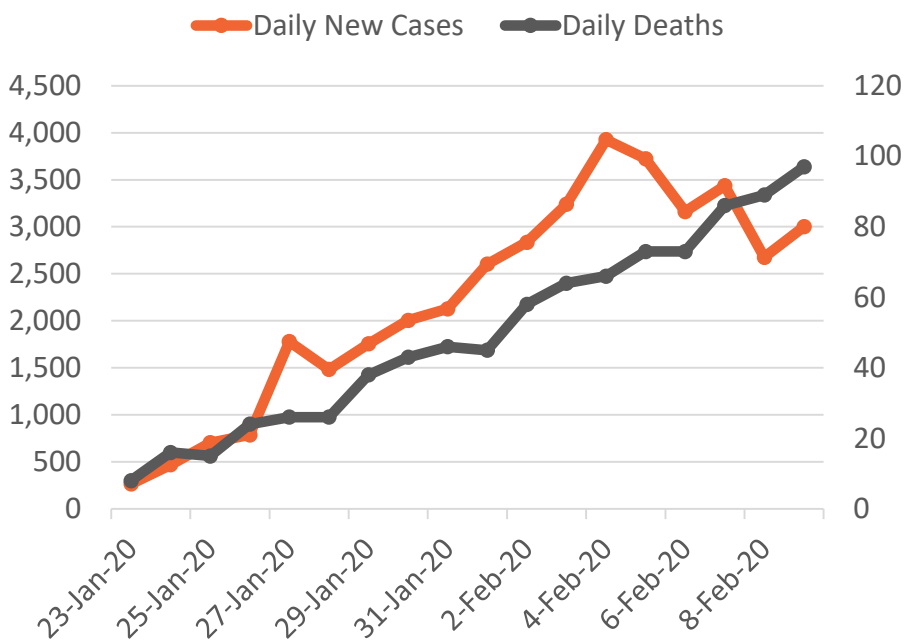
- 📌 Penurunan jumlah penumpang transportasi terlihat jelas jika dibandingkan periode normal pada tahun lalu.

# Impact To China GDP Should Be Seen In 1Q20

GDP growth should recover in the following quarters

## Spread of Virus is Showing Sign of Slowing Down

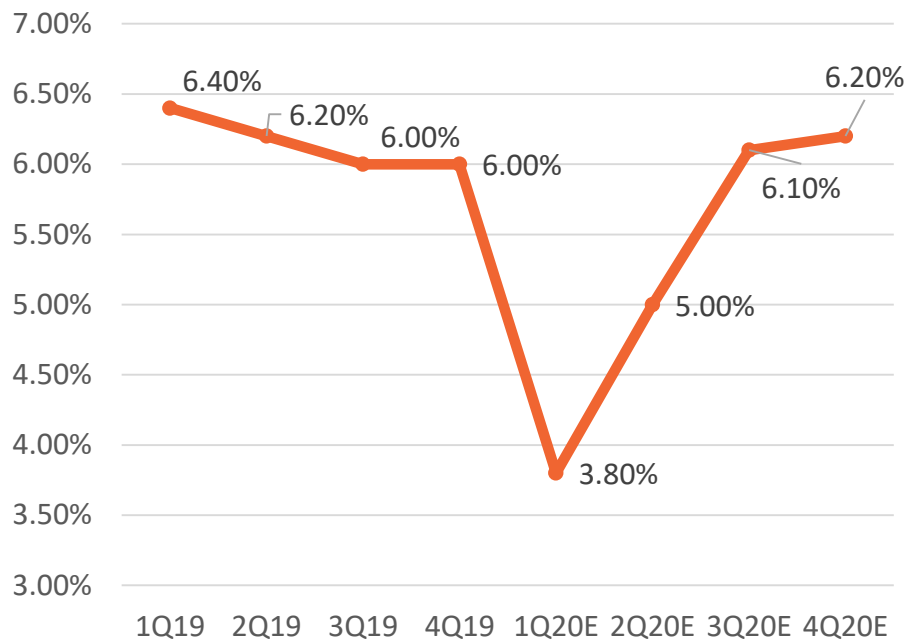
Daily new confirmed cases and deaths since outbreak



Sumber: Worldometers

## China GDP is Expected to Recover in Following Quarters

China quarterly real GDP growth YoY %



Sumber: UBS

▲ Tingkat peningkatan jumlah kasus virus Corona menunjukkan perlambatan pada awal Februari 2020.

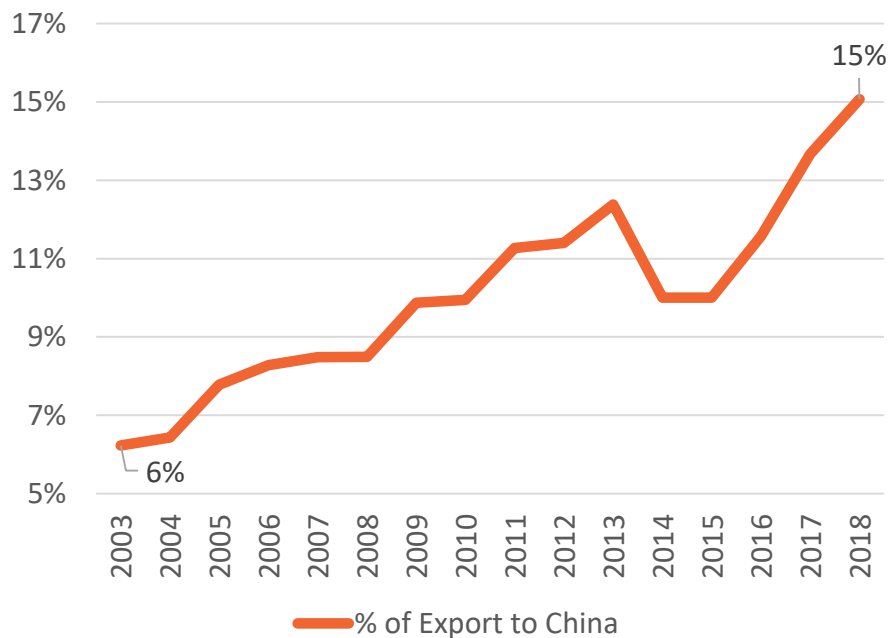
▲ Penurunan pertumbuhan penjualan retail dapat berdampak pada pertumbuhan ekonomi Tiongkok sebesar 0.5-1% untuk periode 1Q20.

# Domestic GDP Growth Could Be Impacted

## Slowing global growth impact domestic GDP growth

### Slowing Export to China Could Impact ID GDP Growth

Export to China as % of ID total export



Sumber: Badan Pusat Statistik

- ⚠ Dampak perlambatan pertumbuhan ekonomi Tiongkok akan terasa pada penurunan ekspor ke negara tersebut yang pada akhirnya dapat memperlambat pertumbuhan ekonomi dalam negeri

### Slowdown in Global Growth Impact ID's GDP Growth

Sensitivity analysis of impact to ID's GDP

		Impact to ID's Growth
Every 1% growth decrease	China	-0.09%
	EU	-0.07%
	US	-0.06%
	Japan	-0.05%
	India	-0.02%
Every 10% price decrease	CPO	-0.08%
	Coal	-0.07%
	Oil	0.02%

Sumber: Mandiri Sekuritas

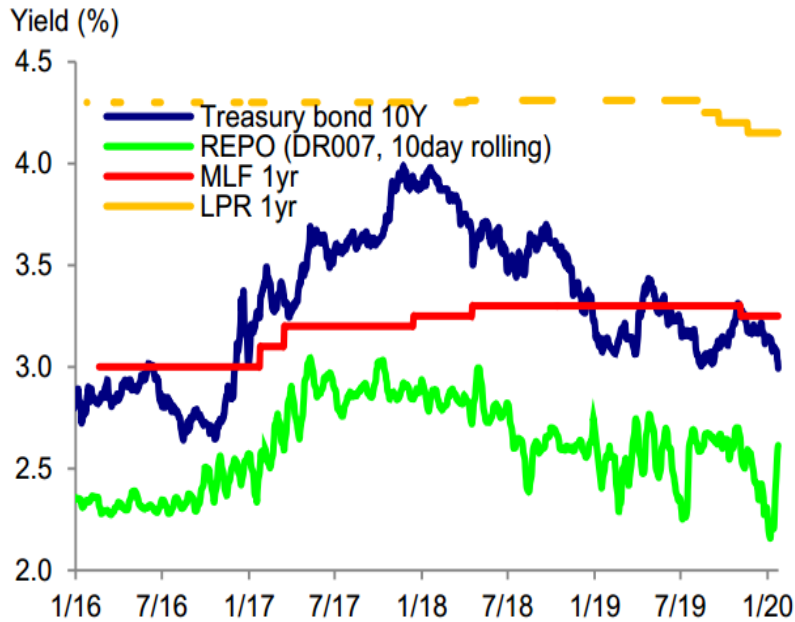
- ⚠ Perlambatan pertumbuhan Tiongkok juga berdampak terhadap perlambatan pertumbuhan dan nilai komoditas dunia yang juga berpengaruh terhadap pertumbuhan ekonomi domestik

# CN Government Capacity Supporting Economy

Market expect support from bank central and central government

## 10Y, 7D Repo Rate, MLF 1Y, LPR 1Y

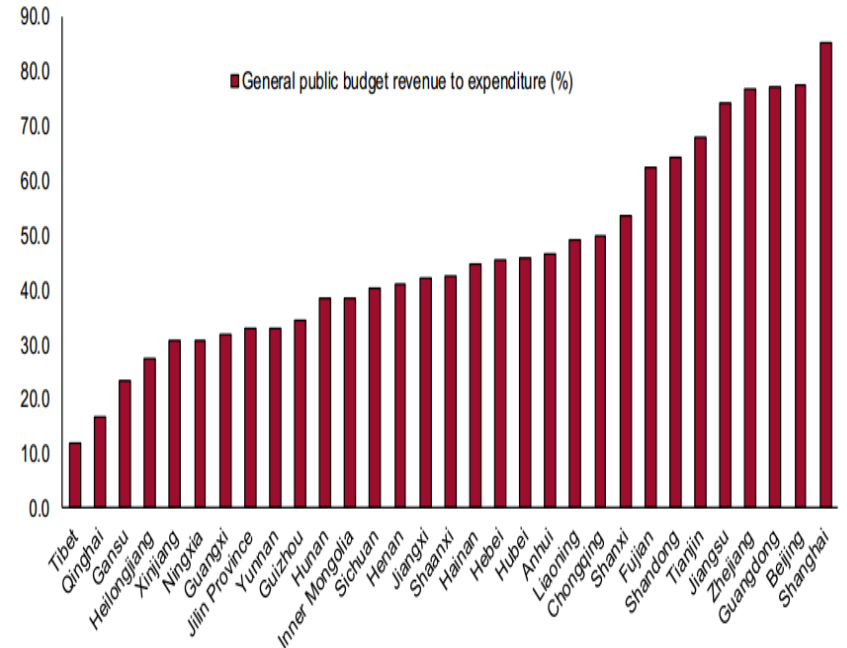
In yield % MLF (Medium-term lending facility), LPR (Loan Prime Rate)



Sumber: CEIC, Wind, UBS

## Provincial Public Budget Revenue to Expenditure

In %



Sumber: Credit Suisse, Haver Analytics

- ▲ Kami melihat adanya probabilitas *PBOC* menurunkan RRR sebesar 100bps untuk satu tahun kedepan.
- ▲ Kami juga melihat *PBOC* akan menurunkan MLF sebesar 10-15bps dan LPR lebih tinggi (>30 bps).

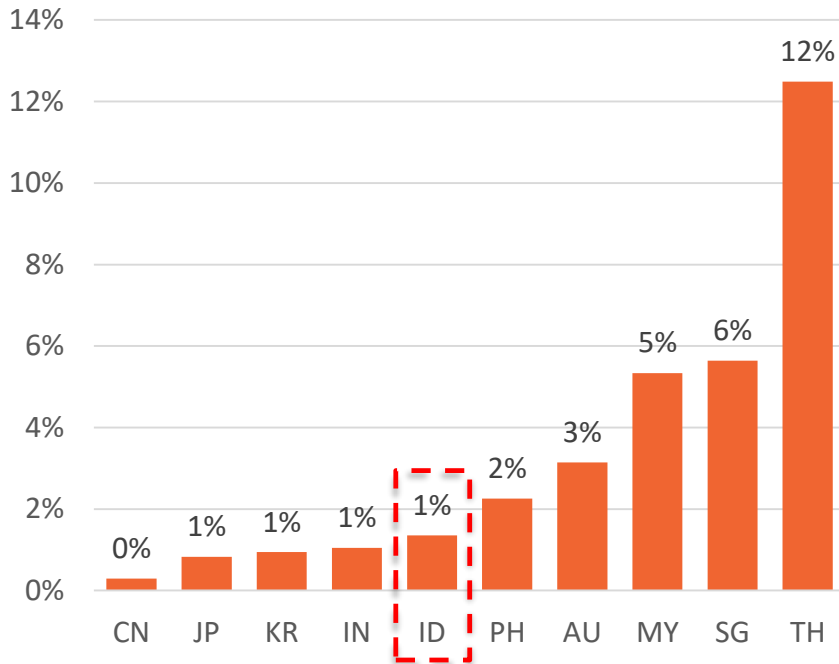
- ▲ Berdasarkan grafik diatas, Kami melihat kebijakan fiskal akan datang dari pusat akibat anggaran fiska daerah cenderung sudah minim terlihat dari rendahnya *revenue/expenditure*.

# Impact From Tourism Is Limited

Tourism comprised small amount of ID's GDP compared to neighbors

## Tourism Comprised Small Portion of ID GDP

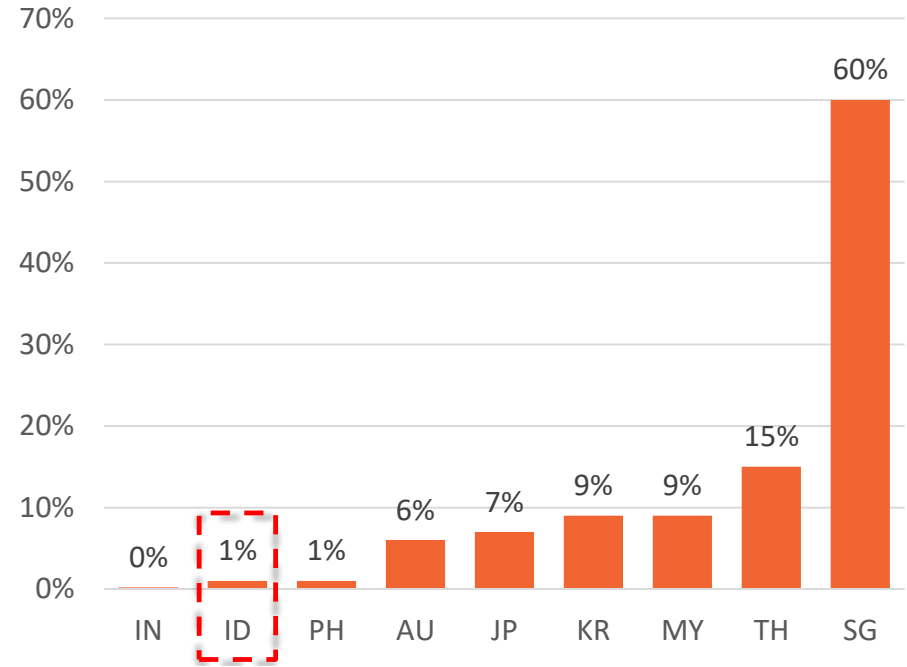
Countries receipts from tourism as % of GDP



Sumber: World Tourism Organization

## ID's Chinese Visitors is Relatively Low

Visitors from China as % of population



Sumber: World Tourism Organization

- Penurunan pendapatan dari turis akan memiliki dampak terbatas bagi pertumbuhan ekonomi Indonesia dikarenakan kontribusinya yang kecil terhadap GDP sekitar ~1%

- Rasio pengunjung dari Tiongkok ke Indonesia terhadap populasi relatif rendah dibanding negara lain





# Section

## Fixed Income Update

# 2

# Indonesia Still Offers Attractive Real Benchmark Rate

Should EM bond market rally continues, Indonesia will be one of the top picks

## Emerging Markets Real Benchmark Rate

Data in %.

	Benchmark rate	Inflation 2019	Inflation target 2020	Real benchmark rate
BULGARIA	0.00%	2.70%	n.a	-2.70%
HUNGARY	0.90%	3.40%	3.00% +/-1.0%	-2.50%
ROMANIA	2.50%	3.77%	2.5% +/-1.0%	-1.27%
POLAND	1.50%	2.60%	2.50% +/-1.0%	-1.10%
CZECH REPUBLIC	2.00%	3.10%	2.00% +/-1.0%	-1.10%
CHILE	1.75%	2.70%	3.00% +/-1.0%	-0.95%
INDIA	5.15%	5.54%	4.00% +/-2.0%	-0.39%
CHINA	4.15%	4.50%	around 3.00%	-0.35%
TURKEY	12.00%	11.84%	5.00% +/-2%	0.16%
THAILAND	1.25%	0.87%	1.00% - 3.00%	0.38%
SOUTH KOREA	1.25%	0.70%	2.00%	0.55%
TAIWAN	1.38%	0.59%	n.a	0.79%
PAKISTAN	13.25%	12.42%	6.00%	0.83%
BRAZIL	4.50%	3.27%	4.00% +/-1.50%	1.23%
NIGERIA	13.50%	11.85%	6.00% - 9.00%	1.65%
MALAYSIA	3.00%	0.90%	n.a	2.10%
<b>INDONESIA</b>	<b>5.00%</b>	<b>2.72%</b>	<b>3.00% +/-1.0%</b>	<b>2.28%</b>
PHILIPPINES	4.00%	1.67%	3.00% +/- 1.0	2.33%
SOUTH AFRICA	6.50%	3.60%	3.00% - 6.0%	2.90%
RUSSIA	6.25%	3.00%	4.00%	3.25%
MEXICO	7.25%	2.97%	3.00% +/-1.0%	4.28%

Source: Mandiri Sekuritas

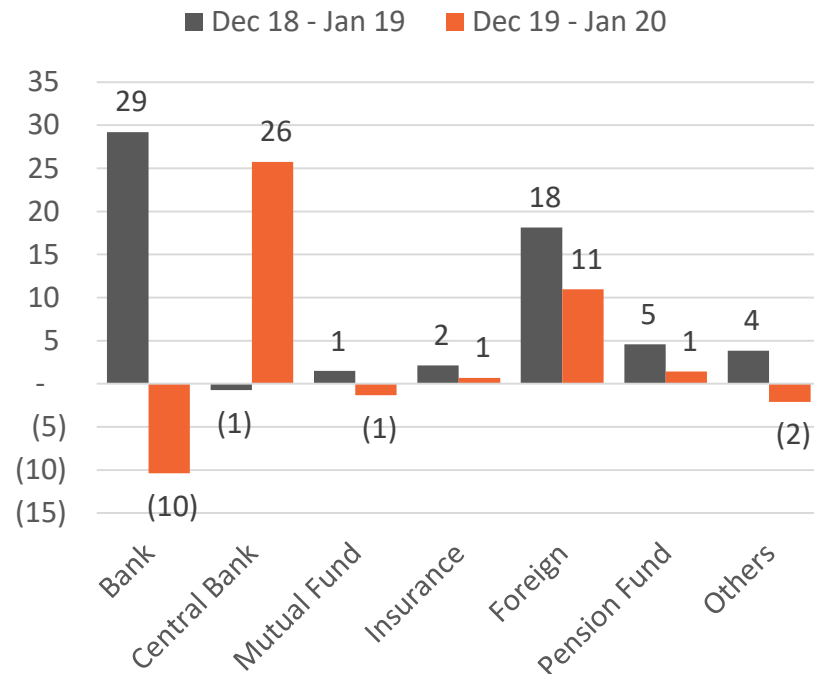
- 📌 Dengan tingkat *real benchmark rate* yang menarik dibandingkan negara berkembang lainnya, kami memperkirakan Indonesia tetap menjadi salah satu pilihan utama di ASEAN untuk investasi obligasi setelah Filipina.

# SBN Ownership

Central Bank stabilizes the market along with continuous purchase from foreign investors

## Net New Ownership of SUN

Based on ownership change YTD. in IDR tr

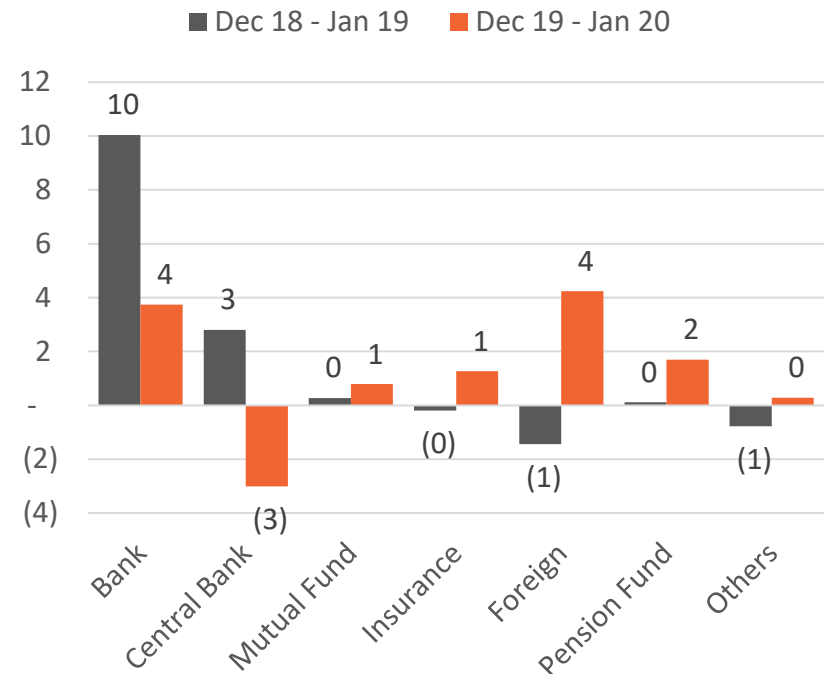


Source: DJPPR, Syailendra research

- 📌 Selama bulan Jan, Bank sentral melakukan akumulasi untuk menstabilkan pasar SUN melihat potensi meningkatnya ketidakpastian akibat isu virus Ncov. Namun, investor asing masih relatif tinggi dibandingkan insititusi lainnya.

## Net New Ownership of SBSN

Based on ownership change YTD. in IDR tr



Source: DJPPR, Syailendra research

- 📌 Bank masih menjadi penyerap utama atas penerbitan SBSN. Di saat bersamaan, permintaan lokal atas SBSN masih minim.

# Government Bond Outlook

## Price upside risk remains

### Expectation Related to Indonesia Bonds

In points of argument

#### Arguments for (or against) Fixed Income Markets

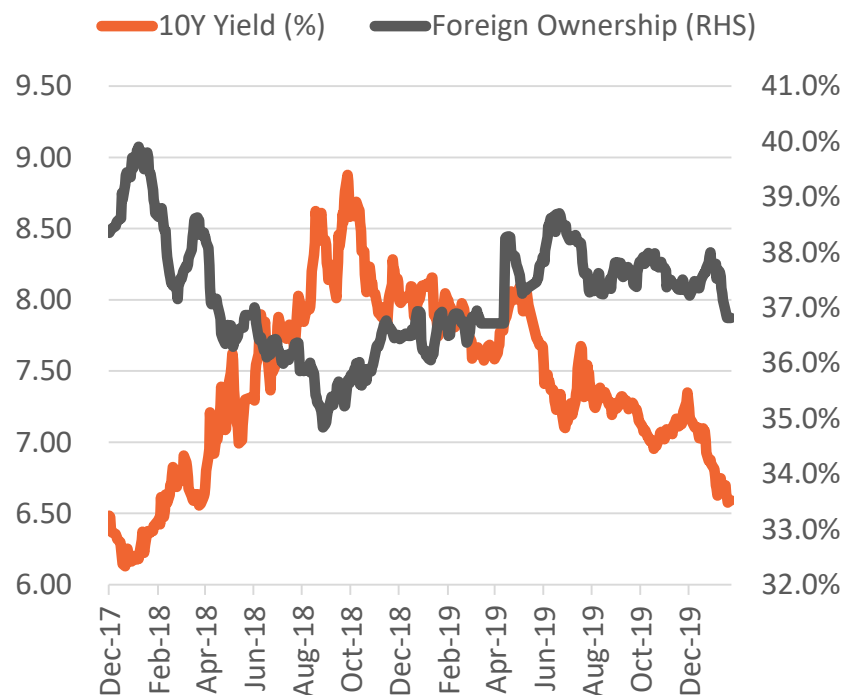
Ekspektasi pasar terhadap tren suku bunga global akan tetap rendah dan tidak jauh berbeda dari level sekarang.

Volatilitas Rupiah akan tetap datang dari isu global, seperti tarik ulur perang dagang antara AS – Cina; pasar berekspektasi hal ini akan terselesaikan mengingat adanya Pemilu di AS tahun 2020.

Posisi investor asing pada SBN sudah meningkat cukup signifikan dalam 12 bulan terakhir.

### 10y Gov't Yield (%) and Ownership of Foreign Investors (%)

Yield level still has room for downside



Source: Syailendra research, Bloomberg

- 🚩 Dengan menggunakan asumsi *fair level* Rupiah tahun depan di IDR14,200 – 14,500 dan imbal hasil UST 10 yr di 2%, kami memperkirakan level imbal hasil obligasi pemerintah 10 tahun di 6.6 - 6.8%
- 🚩 Melihat volatilitas pasar obligasi akan tetap tinggi dalam beberapa bulan ke depan dan imbal hasil tenor 10 tahun yang sudah *fairly valued*, kami merekomendasikan durasi netral untuk portofolio obligasi.



# Section

## Equity Update

3

# Global Markets Performed Poorly In the 1st Month of 2020

Equity markets turned to negative territory after Coronavirus outbreak

## Global Indices Historical Performance

Equities took hit on the back of Coronavirus fears

No	Country	1M	3M	6M	1Y	P/E	P/BV	ROE
<b>Global Market</b>								
1	Dow Jones (US)	-0.22%	5.00%	5.72%	13.31%	17.86	4.04	25.56
2	S&P 500 (US)	0.86%	6.96%	9.01%	20.04%	18.59	3.35	19.60
3	London (UK)	1.64%	5.44%	5.93%	12.08%	15.43	1.69	12.38
4	DAX (GR)	-1.54%	1.39%	7.02%	16.68%	14.12	1.52	9.57
5	CAC (FP)	-2.50%	1.79%	5.68%	16.20%	14.50	1.58	9.91
<b>Asia Market</b>								
1	Nikkei (JP)	-2.89%	0.20%	6.74%	10.50%	17.61	1.67	9.55
2	Hang Seng (HK)	-6.93%	-2.04%	-5.11%	-5.63%	10.07	1.06	11.59
3	Shanghai (CN)	-9.65%	-6.23%	-6.34%	4.90%	9.96	1.15	11.12
4	Shenzhen (CN)	-9.64%	-5.10%	-3.83%	13.58%	10.73	1.46	11.71
5	NFT (IN)	-4.47%	-1.43%	5.31%	7.47%	21.29	2.75	12.86
6	Kospi (KR)	-3.59%	1.70%	4.66%	-3.84%	9.86	0.86	6.42
<b>ASEAN Market</b>								
1	Singapore (SG)	-3.29%	-3.52%	-5.59%	-2.27%	12.41	1.04	9.18
2	Kuala Lumpur (MK)	-5.80%	-4.76%	-6.91%		15.12	1.44	9.55
3	Thailand (TH)	-5.30%	-6.58%	-12.61%	-9.41%	15.08	1.57	9.57
4	Vietnam (VN)	-3.82%	-7.08%	-6.41%	2.14%	13.10	2.17	18.15
<b>Indonesia Market</b>								
1	JCI / IHSG (ID)	-6.59%	-5.53%	-7.92%	-10.01%	13.80	1.96	16.92
2	JII / ISSI (ID)	-8.88%	-9.73%	-8.51%	-11.62%	15.03	1.96	15.02
3	IDX30 (ID)	-5.72%	-2.73%	-6.70%	-8.80%	13.91	2.11	17.26
4	LQ45 (ID)	-6.03%	-3.21%	-6.77%	-8.49%	13.83	2.10	17.19

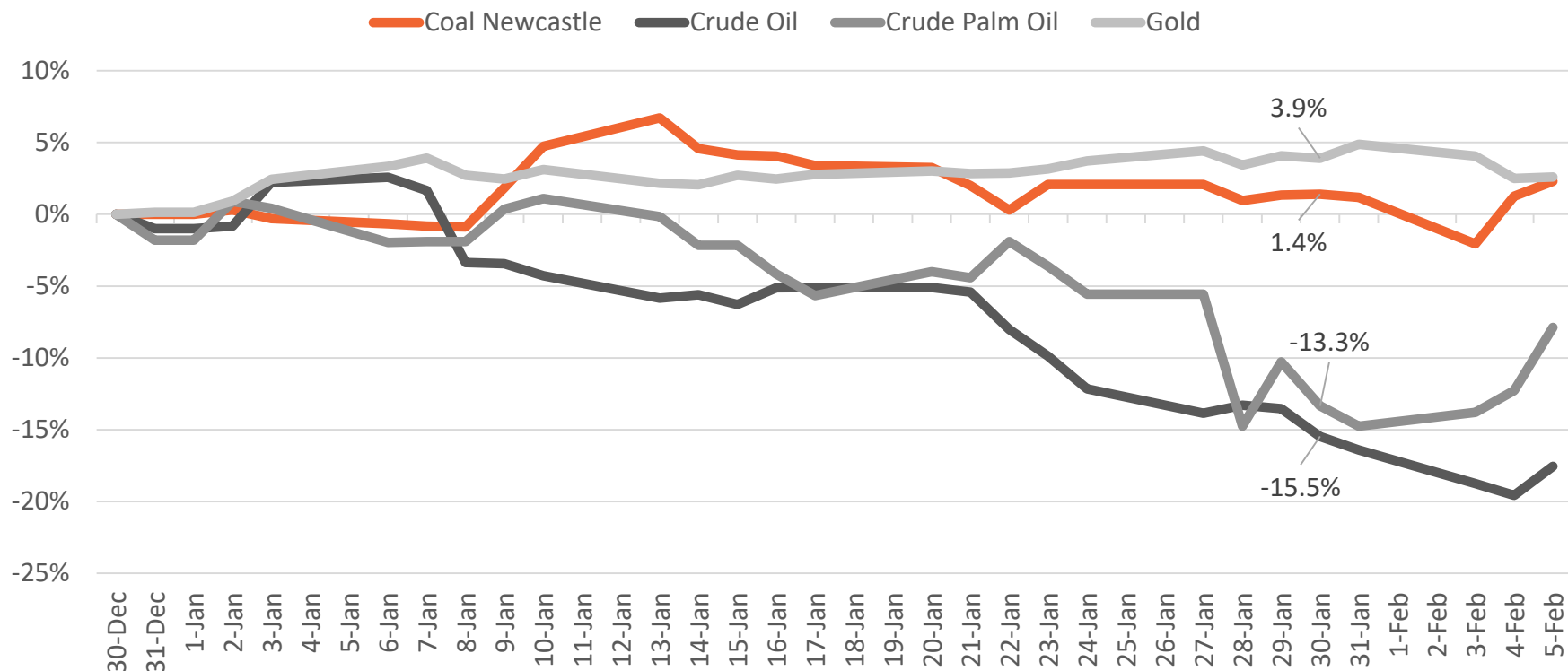
Cutoff date: 1<sup>st</sup> day of China market open, February 2, 2020

# Commodity Prices Taking The Lead in the Declines

Commodities took the hit, but signs of improvement is apparent

## Commodity Price in the Month of January

Gold as safe haven asset were up 4.9%, while other commodities suffered



Source: Bloomberg

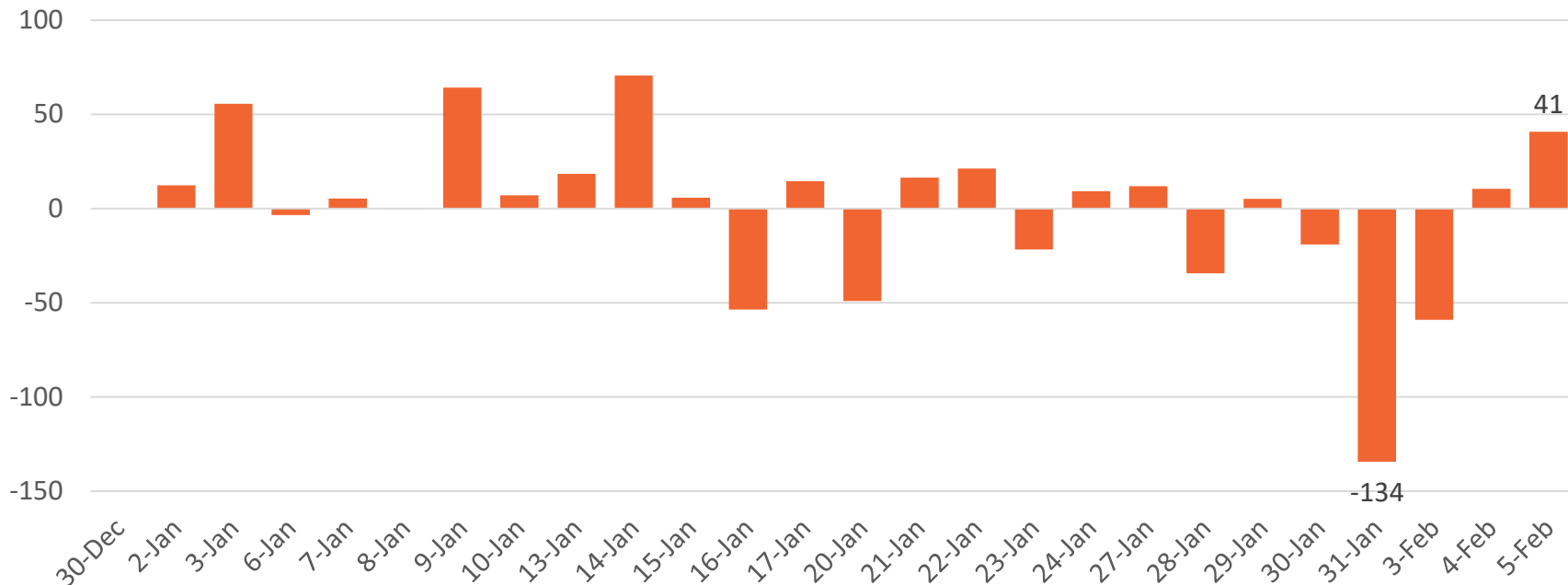
- 🏠 Penurunan harga komoditas menggambarkan sentimen negatif pasar terhadap dampak penyebaran virus Corona.
- 🏠 Namun, sejak awal bulan Februari, sudah terlihat tren reversal. Tren ini menandakan sentimen negatif investor global terhadap kasus virus Corona hanya bersifat sementara.

# Foreign Investors Returned to Confidence

Bearish tone in the end of January has reversed back in early February

## Daily Indonesia Net Foreign Equity Flows

Numbers in US\$ mn.



Source: Bloomberg

- Investor asing *bullish* di awal tahun, di dasari oleh sentimen positif terkait perubahan struktural pemerintahan Jokowi dan pemulihan pertumbuhan global setelah tercapainya perjanjian AS-Cina tahap 1. Namun hal ini berubah drastis mendekati akhir bulan, disebabkan oleh sentimen negatif dari potensi perlambatan ekonomi Global yang disebabkan oleh Coronavirus.
- Sejak 2 Februari, investor asing telah mencatatkan inflow harian tertinggi di 5-Feb sebesar 40.7 mio USD.

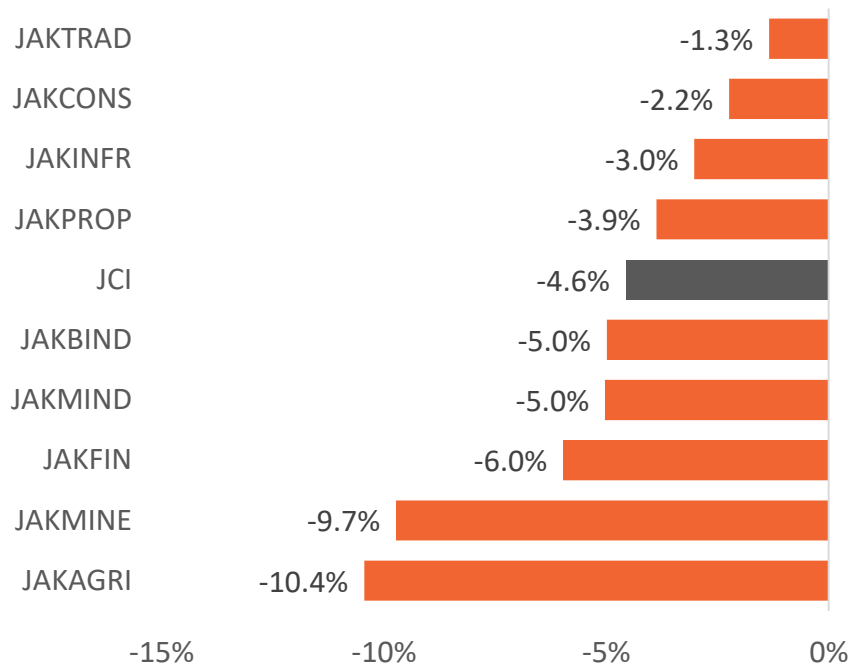


# Sectoral Performance

January was the best month for JAKFIN and the worst for JAKAGRI

## JCI Performance By Sector

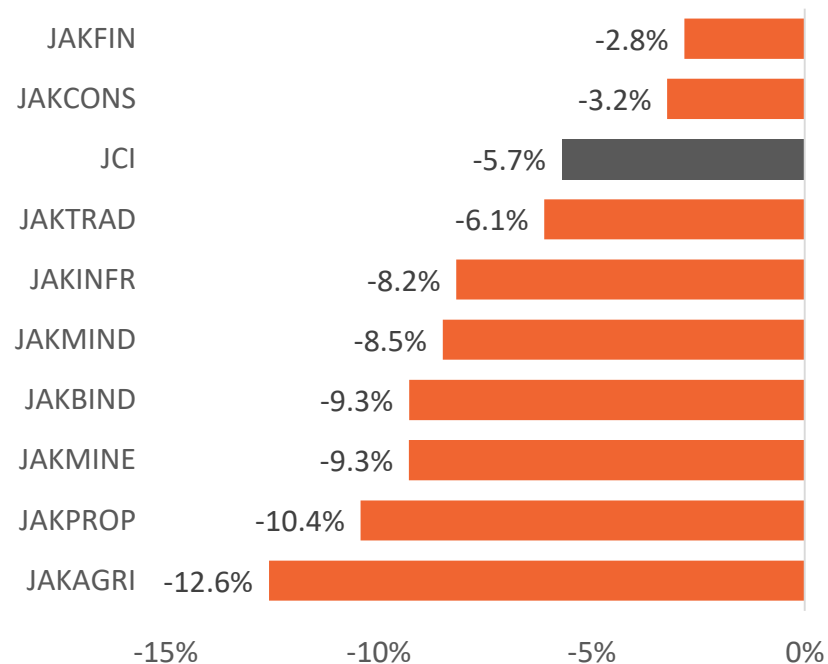
In December 2019



Source: Bloomberg

## JCI Performance By Sector

In January 2020



Source: Bloomberg

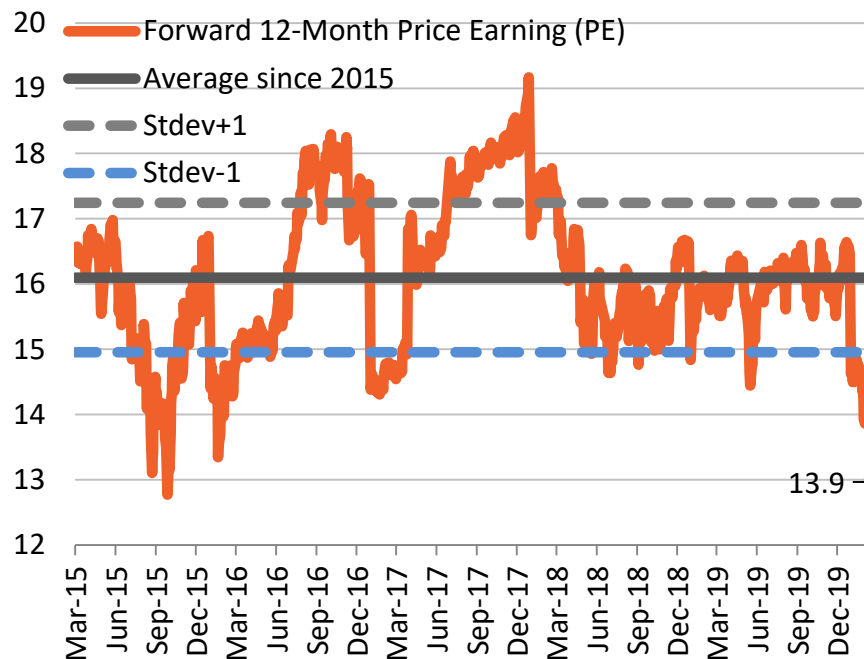
- Di bulan Januari, seluruh sektor di IHSG berakhir negatif. Sektor Keuangan dan Konsumer merupakan kedua sektor yang berhasil memiliki kinerja lebih baik dari IHSG.
- Dibandingkan dengan bulan Desember, seluruh sektor di IHSG mengalami penurunan. Sektor Agrikultur memburuk seiring dengan penurunan harga komoditas, termasuk CPO.

# Equity Valuation

Attractive valuation at below -1SD; a good entry point to equity market

## JCI 5 Years PE Band

Cheap valuation from PE; SD refers to Std. Deviation of PE



Source: Syailendra research, Bloomberg

▲ Valuasi JCI dari segi P/E telah berada pada posisi di bawah -1 SD rata-rata 5 tahun.

▲ Dibandingkan dengan negara lain seperti Malaysia, Filipina, Taiwan dan India, Indonesia masih berada pada valuasi yang menarik.

## Global Equity Markets Relative Valuation

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

Index	Country	PER		Earnings Growth	
		2020E	2021E	2020E	2021E
S&P 500 INDEX	United States	18.89	17.03	13.95%	10.88%
NIKKEI 225	Japan	17.88	16.59	4.39%	7.27%
HANG SENG INDEX	Hong Kong	10.23	9.44	2.26%	8.27%
SHANGHAI SE COMP	China	10.25	9.18	18.48%	11.81%
S&P/ASX 200 INDE	Australia	18.42	17.7	5.03%	3.98%
STRAITS TIMES IN	Singapore	12.71	11.99	-5.74%	6.04%
BSE SENSEX 30 IN	India	22.76	18.24	3.75%	19.28%
JCI INDEX	Indonesia	13.96	12.14	11.19%	14.89%
LQ 45	Indonesia	14.02	12.47	13.73%	12.43%
KUALA LUMPUR COM	Malaysia	15.29	14.44	9.78%	5.89%
PSEi - PHILIPPIN	Philippines	14.41	13.08	10.61%	10.16%
KOSPI INDEX	South Korea	10.08	9.52	36.23%	4.80%
TAIWAN TAIEX IND	Taiwan	15.55	14.15	12.36%	9.24%
STOCK EXCH OF TH	Thailand	15.31	14.1	2.15%	7.92%

Source: Syailendra research, Bloomberg

# Equity Strategy

## Expecting positive improvement ahead

### Arguments for Equity Market

Persepsi investor atas perlambatan ekonomi global sudah menurun khususnya terkait kekhawatiran perang dagang dan dampak virus Corona yang minim. Penurunan di bulan Januari hanya bersifat sementara, karena tidak adanya perubahan secara fundamental terhadap perekonomian Indonesia.

Dalam 4 tahun ke depan, pemerintahan presiden Jokowi berencana untuk memunculkan reformasi guna menarik investasi asing i.e : *omnibus tax law, labor reform*.

Posisi investor asing yang relatif minim dalam 3 tahun terakhir, *recovery earnings* emiten dan valuasi yang atraktif dapat mengundang investor untuk berinvestasi pada pasar Indonesia.

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

Dampak dari virus Corona masih belum bisa dipastikan meski persepsi investor terhadap masalah tersebut kian mereda.

Perang dagang US-Cina dapat mengakibatkan volatilitas selama beberapa periode ke depan. Negoisasi US-Cina yang berkepanjangan dapat mengakibatkan investor kembali ke *flight-to safe* dibandingkan investasi ke negara-negara *emerging market* seperti Indonesia.

Beberapa kebijakan pemerintah di 2020 dapat memicu kecenderungan konsumen Indonesia untuk menahan laju konsumsinya. Hal ini ditakutkan mempunyai multiplier efek lebih besar melebihi sektor terkait.

- 📌 Kami melihat baik di level global ataupun domestik terdapat perbaikan dari sisi sentimen investor atas ketidakpastian dan *recovery* laba atas beberapa sektor. Hal ini selayaknya dapat memberikan *support* bagi IHSG.
- 📌 Kami mengasumsikan pertumbuhan laba 2020F dikisaran : 8-10% dengan P/E dikisaran 15-16x. Target JCI 2020F berkisar pada 6,600-7,000

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