

Monthly Bulletin

March 2020

What's Inside



Calendar

ID Trade Balance (16-Mar)
CH Retail Sales (16-Mar)
US Fed Meeting (18-Mar)



Global Event

Penyebaran virus corona yang kembali meningkat, terutama diluar Tiongkok, menyebabkan kekhawatiran investor terhadap perlambatan pertumbuhan ekonomi global.



Indonesia

Kebijakan fiskal dan moneter Indonesia dilihat masih memiliki ruang untuk memberikan stimulus jika dampak penyebaran virus corona memberikan dampak terhadap perlambatan pertumbuhan ekonomi domestik.



Equity Market

Kinerja IHSG ditutup sebesar -11,24% YTD (*cutoff date: 6 Mar 2020*). Hal ini disebabkan oleh sentimen negatif terkait dampak virus Corona terhadap perlambatan ekonomi Tiongkok. Di bulan Maret, sektor Pertambangan memiliki kinerja terbaik dimana sektor Basic Industry mencatatkan kinerja penurunan yang paling buruk.



Fixed Income Market

Yield 10 tahun obligasi Indonesia ditutup di level 6,95% pada akhir Februari 2020. Kepemilikan investor asing cenderung stagnan, namun, BI masih menambah porsi kepemilikan surat utang negara.





Section

Macro Update

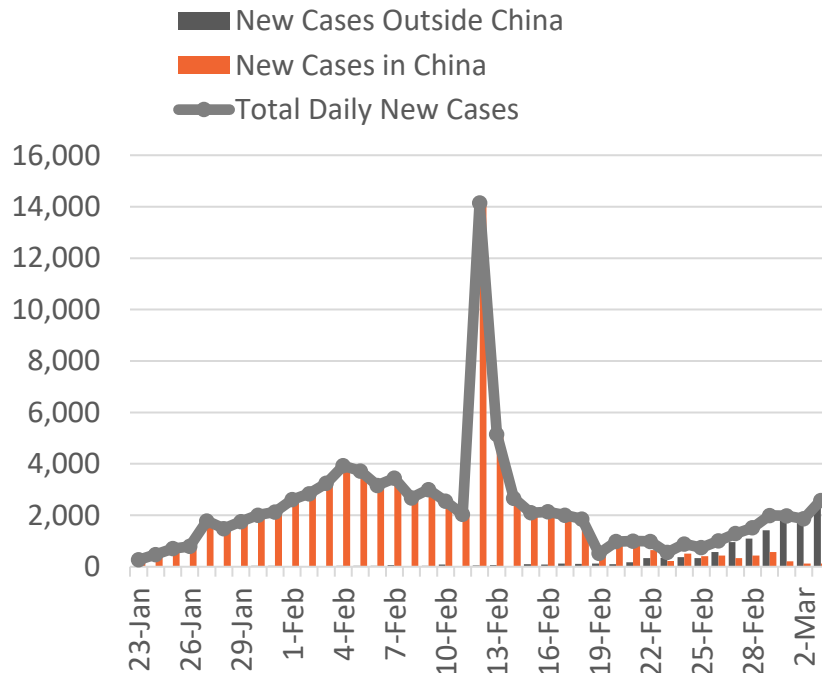
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Tracking the Coronavirus Rates

Recovery rate has increased substantially in February

New Cases Rate Stagnated After Drop in China

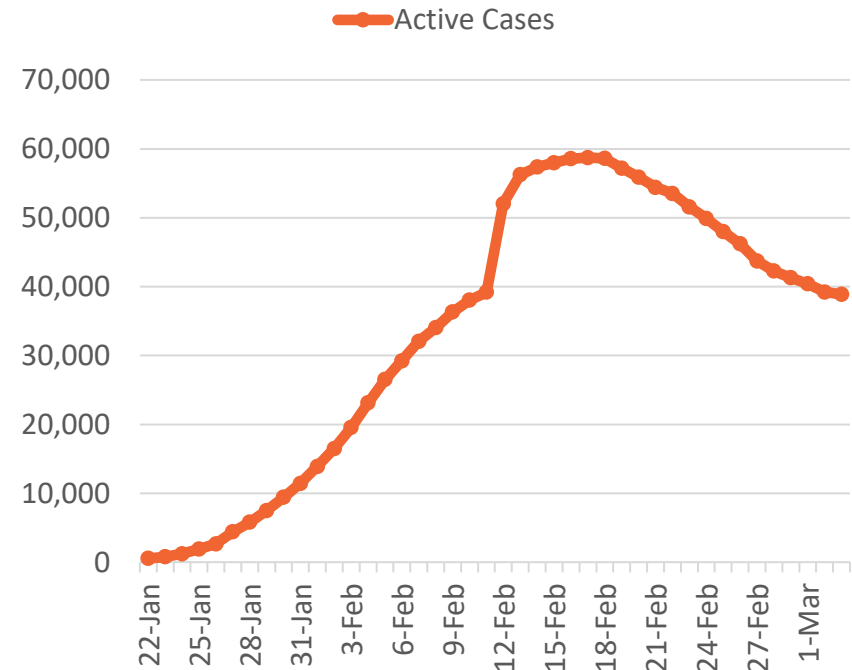
Daily new cases in vs outside China



Sumber: Worldometers

Active Cases Peaked in February

No of cases after removing deaths and recoveries



Sumber: Worldometers

- Pertambahan kasus Corona baru menurun signifikan di Tiongkok selama bulan Februari 2020. Namun, penurunan ini diimbangi oleh peningkatan jumlah kasus baru di luar Tiongkok sejak akhir Februari.
- Jumlah kasus aktif menurun di bulan Februari yang disebabkan oleh tingginya tingkat kesembuhan yang disertai oleh penurunan jumlah penambahan kasus baru.

Outbreak Impacts GDP Growth

Scenarios of outbreak determine impact to GDP growth

GDP Impact for Different Outbreak Scenarios

Impact in % for various countries

	Scenario 1 – Quick Normalisation	Scenario 2 – Gradual Normalisation	Scenario 3 – Extended Disruption	
	The Coronavirus peaks in Feb/Mar, production activities resume quickly post February 10	The Coronavirus peaks in February/march, but the resumption of production proceeds	The Coronavirus peaks in April, impacting production activities in china for longer, with a greater spillover effect on global	
	1Q20 growth impact by economy (pp)	1Q20 growth impact by economy (pp)	1Q20 growth impact by economy (pp)	1H20 growth impact by economy (pp)
Global	0.15 - 0.30	0.5	0.75	0.5
China	0.5 - 1.0	1.8	2.5	1.4
Hong Kong	1.0 - 2.0	2.0 - 4.0	4.0 - 6.0	3.0 - 4.5
Korea	0.8 - 1.1	1.1 - 1.4	1.4 - 1.7	0.9 - 1.2
Taiwan	1.8 - 2.2	2.2 - 2.6	2.6 - 3.0	1.2 - 1.6
Thailand	2,5 - 3.0	3.0 - 3.5	3.5 - 4.0	1.7 - 2.3
Japan	0.1 - 0.2	0.2 - 0.3	0.3 - 0.4	0.5 - 0.6
US	0.02 - 0.04	0.05 - 0.09	0.08 - 0.13	0.29 - 0.40
Euro Area	0.05 - 0.10	0.05 - 0.15	0.10 - 0.25	0.1
Brazil	0.1 - 0.2	0.2 - 0.3	0.3 - 0.4	0.16 - 0.26

Sumber: Morgan Stanley Global Economics Research

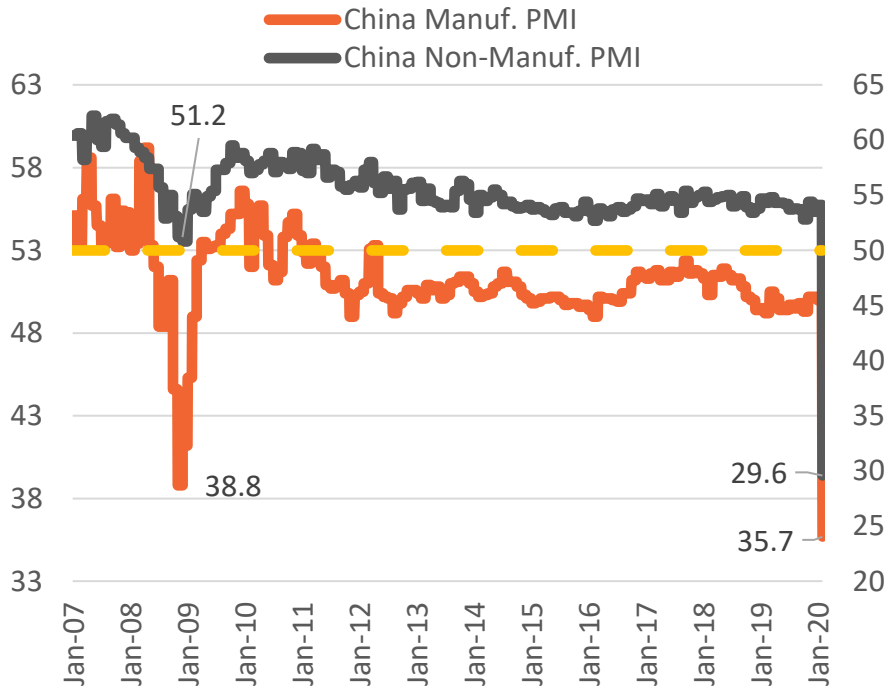
- 🚩 Dampak virus Corona akan terasa pada melambatnya pertumbuhan global sebesar 0.15-0.75% bergantung pada skenario penyebaran virus ke depan.
- 🚩 Perlambatan juga akan terasa pada pertumbuhan ekonomi Indonesia yang bergantung pada ekspor ke maupun impor bahan baku dari negara-negara terdampak.

China Purchasing Managers Indexes

Though recovery is apparent, PMI plunge to unprecedented levels as virus hits

China Manufacturing PMI Registered Its Lowest Reading Ever

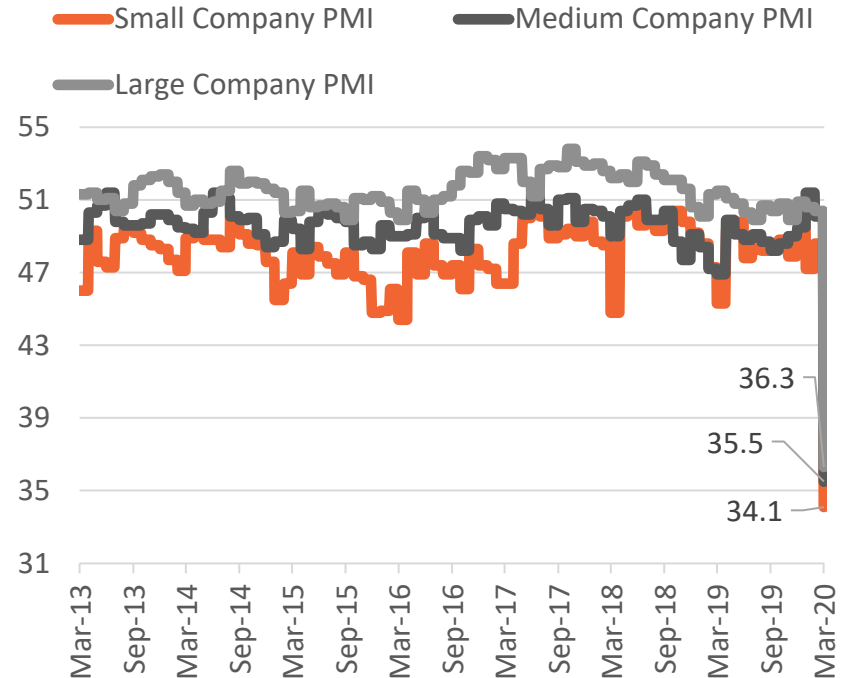
PMI < 50 = contraction, PMI > 50 = expansion



Sumber: Bloomberg

From Big to Small

Sentiment collapse across Chinese firms of various sizes



Sumber: Bloomberg

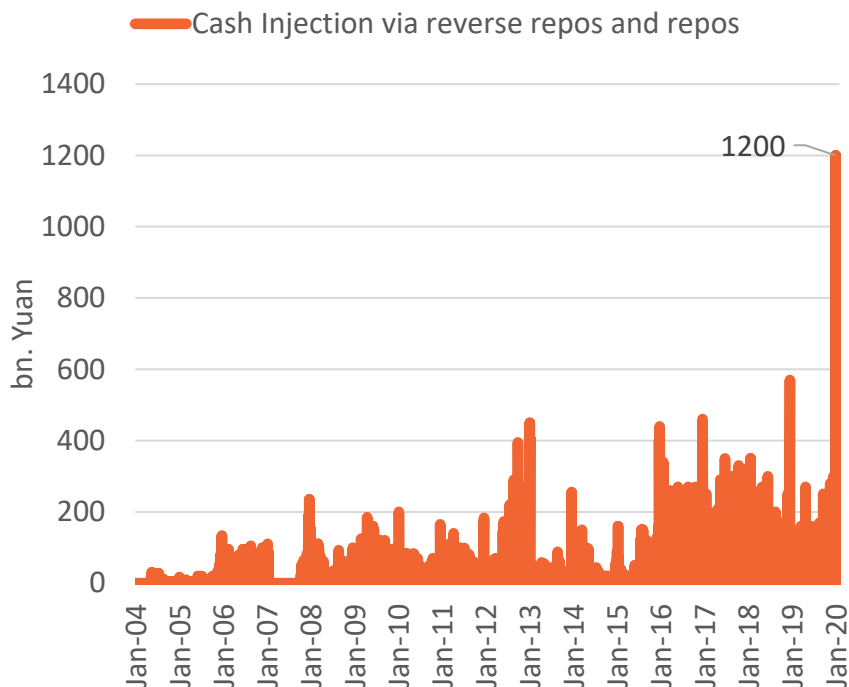
- PMI di bulan Februari menurun dari 50 di Januari menjadi 35,7 di bulan Februari. Penurunan ini disebabkan oleh 1) berkurangnya hari kerja pegawai dan 2) gangguan pada *supply chain* seiring dengan tingginya variasi atas kebijakan bekerja pada masing-masing wilayah, berbagai macam industri dan ukuran perusahaan. Perusahaan berukuran kecil dan sedang mengalami penurunan terbesar. Perusahaan dengan ukuran tersebut berkontribusi lebih dari 60% PDB Cina & memperkerjakan lebih dari 80% pekerja Cina.

PBOC Is On the Move, Supporting the Economy

To stimulate the economy, China has been putting substantial measures

Abundant Liquidity Ensured

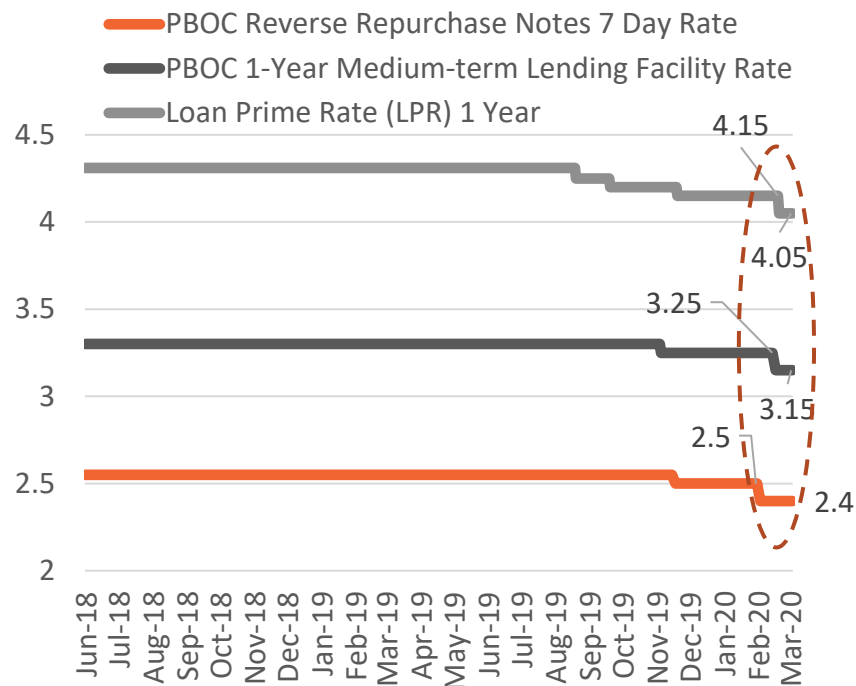
PBOC's levels up with record levels of injections



Sumber: Bloomberg

PBOC's Main Interest Rate Tool Kit

Key rates aimed at influencing cost of loans in the economy



Sumber: Bloomberg

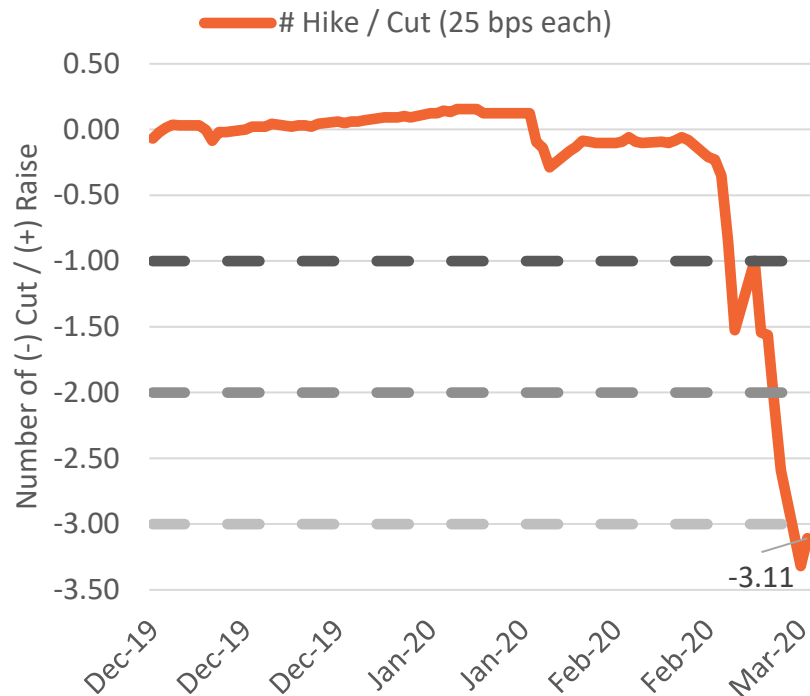
- Bank sentral Cina pada bulan Februari telah melakukan *cash injection* melalui *reverse repo* dan *repo* sejumlah IDR 2,8tn. Pembelian terbesar terjadi pada tanggal 3 Februari 2020 yaitu IDR 1,2tn. Hal ini dilakukan untuk meningkatkan likuiditas.
- Bank sentral juga telah melakukan pemangkasan suku bunga utama di bulan Februari. Pemotongan dilakukan masing-masing sebesar 10 bps (*Reverse Repurchase Notes 7 Day Rate*, *1-Year Medium-term Lending Facility Rate*, *Loan Prime Rate (LPR) 1 Year*).

Market Pushes Fed Towards Rate Cuts

Markets are expecting the Fed to cut rates 120 bps this year

Fed's March Meeting is Truly Live

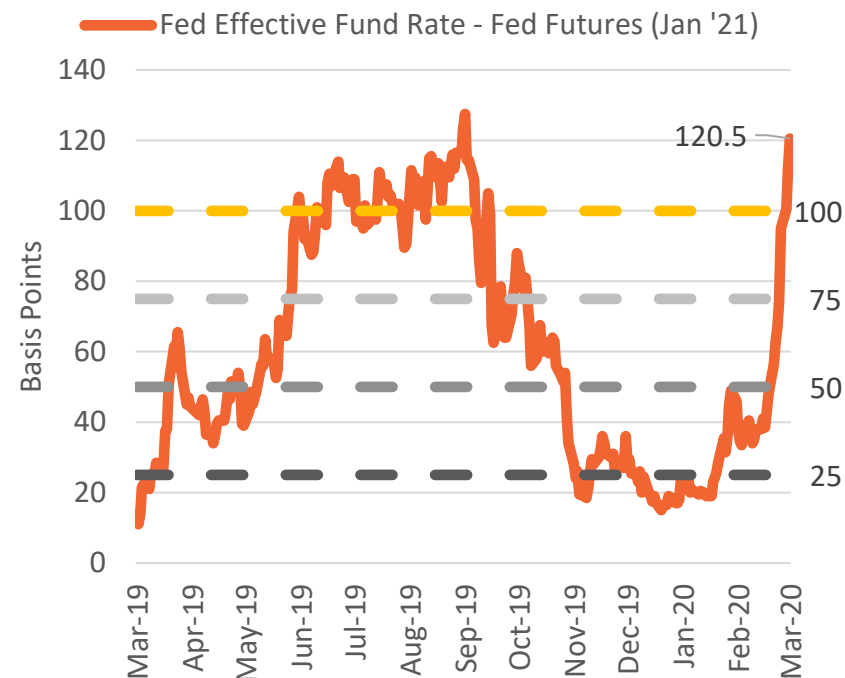
Markets pricing in a 75 bps cut at March Meeting



Sumber: Bloomberg

Market Currently Sees Aggressive Rate Cuts This Year

Fed fund futures signal rates will be 120 cut bps



Sumber: Bloomberg

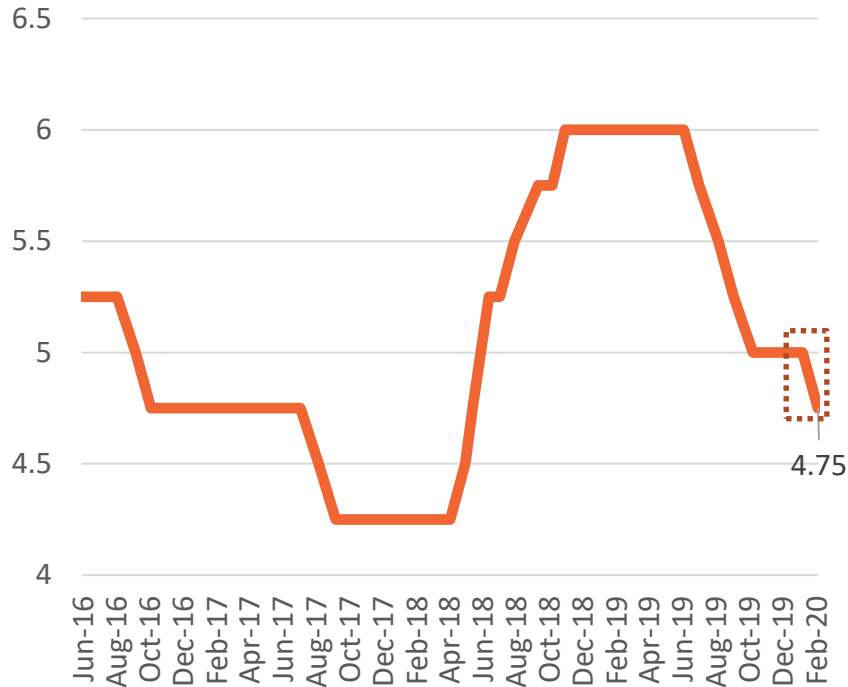
- ▲ Pelaku pasar berekspektasi bahwa the Fed akan menurunkan suku bunga pada pertemuan FOMC, 18-19 Maret 2020 sebesar 75 bps, setelah the Fed melakukan pemangkasan suku bunga sebesar 50 bps (1,00%-1,25%) di luar rapat FOMC pada tanggal 3 Maret 2020.
- ▲ Pasar juga melihat bahwa the Fed akan memangkas suku bunga sebesar 120 bps sepanjang tahun 2020. Angka ini jauh lebih tinggi dibandingkan dengan perkiraan sebelumnya di bulan Januari yaitu pemangkasan suku bunga sebesar 25 bps di tahun 2020.

Gol Is Providing & Will Continue To Support the Economy

Easing policies here and there..

BI Resumes Rate Cuts Amid Growing Concerns Over Virus

Key rate cut by 25 bps in February



Sumber: Bloomberg

- BI memangkas suku bunga sebesar 25 bps di bulan Februari.
- BI juga akan memangkas reserve requirement dari 8% menjadi 4% efektif pada tanggal 16 Maret.

Indonesia Unveils \$742 Million Stimulus to Counter Virus Impact

A raft of fiscal incentives for tourism, airline and housing sectors

Highlights of Fiscal Stimulus

Waive taxes on hotels and restaurants in the nation's top 10 tourist destinations for a three-month period starting March 1. Tourist destinations include – Batam, Yogyakarta, Makassar, Labuan Bajo, Lombok, Malang, Manado, Silangit, Tanjungpandan and Tanjungpinang.

Pertamina will sell jet fuel at concessional rates to airlines to enable them offer a 30% discount on a quarter of their seats to these destinations. Discount on jet fuel equivalent to 265 bn rupiah. 30% airfare discounts offered to 10 tourist arrivals with the stimulus. Gov't expects 736,000 additional foreign tourist arrivals with the stimulus. 3.3 tn rupiah to be given as grants to local govt hit by the slump in tourist arrivals.

The gov't will extend 1.5 tn rupiah as interest rate and down-payment rebate for home buyers from the low-income groups. Interest rebate expected to generate demand for 175,000 new housing units this year.

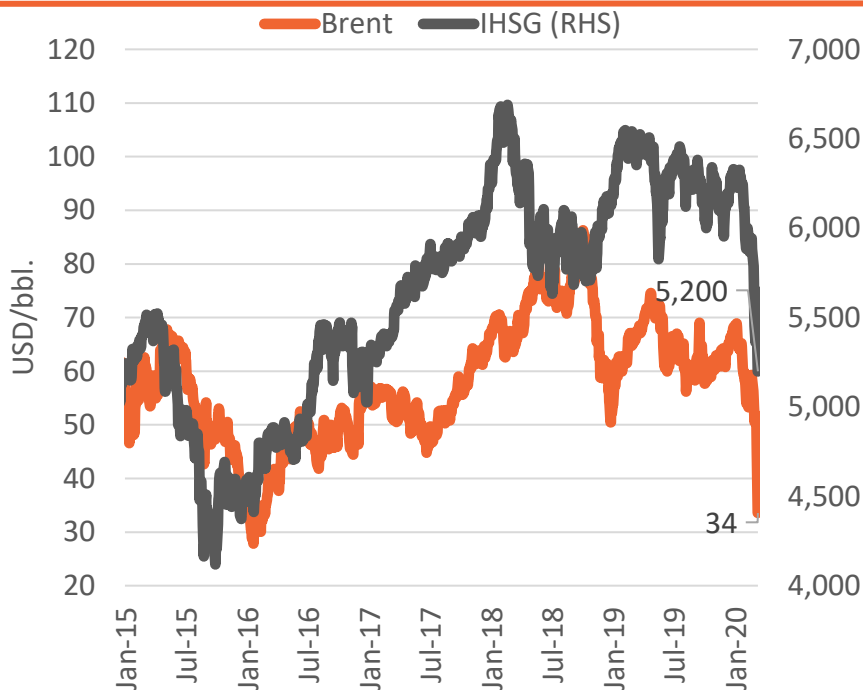
Extra social security funds of 4.6 tn rupiah for 15.2 mil beneficiaries to boost consumption

Risk-Off Sentiment Trigger by Oil Price Plunge

On the back of oil supply and demand concerns

Oil Price Sinks in Oversupply Market with Slowing Demand

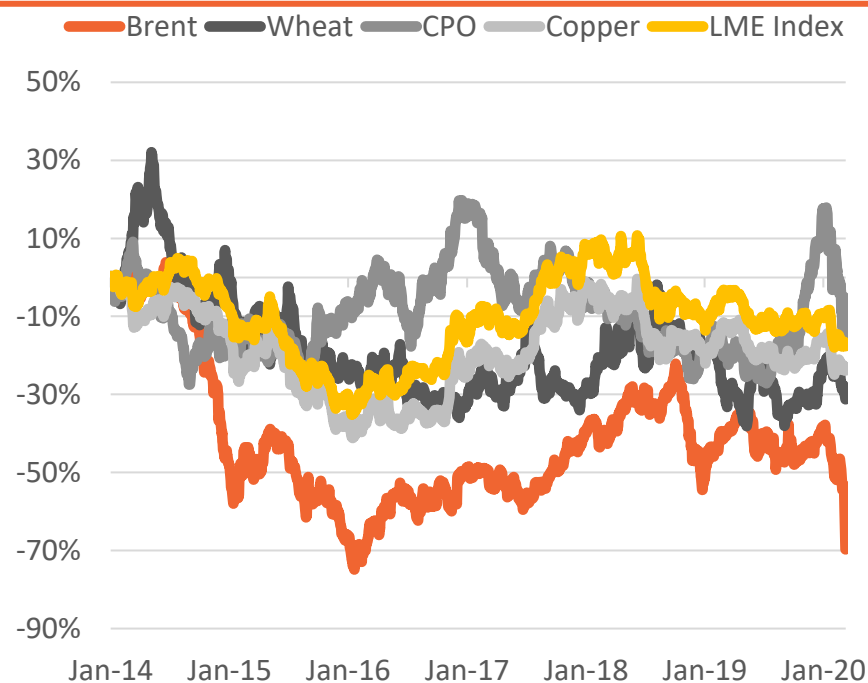
Oil price and JCI index



Sumber: Bloomberg

Commodities Tend To Move In Sync

Oil price movement and other commodities



Sumber: Bloomberg

- ⚠️ Harga minyak dunia terpuruk ke level US\$ 34 per barrel seiring gagalnya perundingan OPEC dan Rusia untuk kembali memangkas produksi di tengah melambatnya ekonomi global. Hal ini mengakibatkan meningkatnya sentiment *risk-off* investor secara global.
- ⚠️ Penurunan harga minyak dalam jangka pendek dapat berkorelasi dengan harga komoditas lainnya akibat *risk-off* sentimen. Namun, pergerakan antar komoditas dalam jangka waktu menengah digerakkan oleh *supply* dan *demand* masing-masing komoditas.



Section

Fixed Income Update

2

Indonesia Still Offers Attractive Real Benchmark Rate

Should EM bond market rally continues, Indonesia has potential to be one of the top picks

Emerging Markets Real Benchmark Rate

Data in %

	Benchmark rate		YTD Rate Cut	Inflation rate		Real benchmark rate	
	Dec-19	Feb-20		Dec-19	Feb-20	Dec-19	Feb-20
Mexico	7.28	7.12	once	2.83	3.24	4.45	3.88
Russia	6.25	6.00	once	3.00	2.40	3.25	3.60
Indonesia	5.00	4.75	once	2.72	2.98	2.28	1.77
South Africa	6.50	6.25	once	4.00	4.50	2.50	1.75
Pakistan	13.75	13.75	none	12.63	12.40	1.12	1.35
Malaysia	3.00	2.75	once	1.00	1.60	2.00	1.15
Philippines	4.00	3.75	once	2.50	2.60	1.50	1.15
South Korea	1.25	1.25	none	0.70	1.10	0.55	0.15
Brazil	4.50	4.25	once	4.31	4.19	0.19	0.06
Thailand	1.25	1.00	once	0.87	1.05	0.38	(0.05)
China	4.35	4.35	none	4.50	5.40	(0.15)	(1.05)
Turkey	12.00	10.75	twice	11.84	12.37	0.16	(1.62)
India	5.15	5.15	none	7.35	7.59	(2.20)	(2.44)

Source: Bloomberg, Syailendra Research

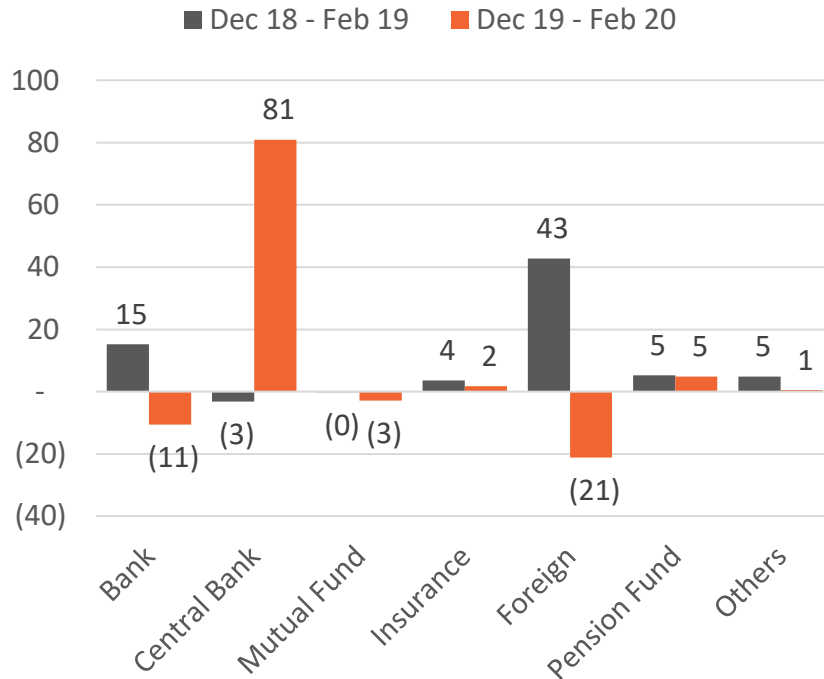
- 🏠 Tingkat *real benchmark rate* Indonesia masih menarik dibandingkan negara berkembang lainnya dan tertinggi di ASEAN, kami memperkirakan Indonesia akan menjadi salah satu pilihan utama.

SBN Ownership (1)

BI stabilizes the market along with continuous purchase from foreign investors

Net New Ownership of SUN

Based on ownership change YTD, in IDR tr

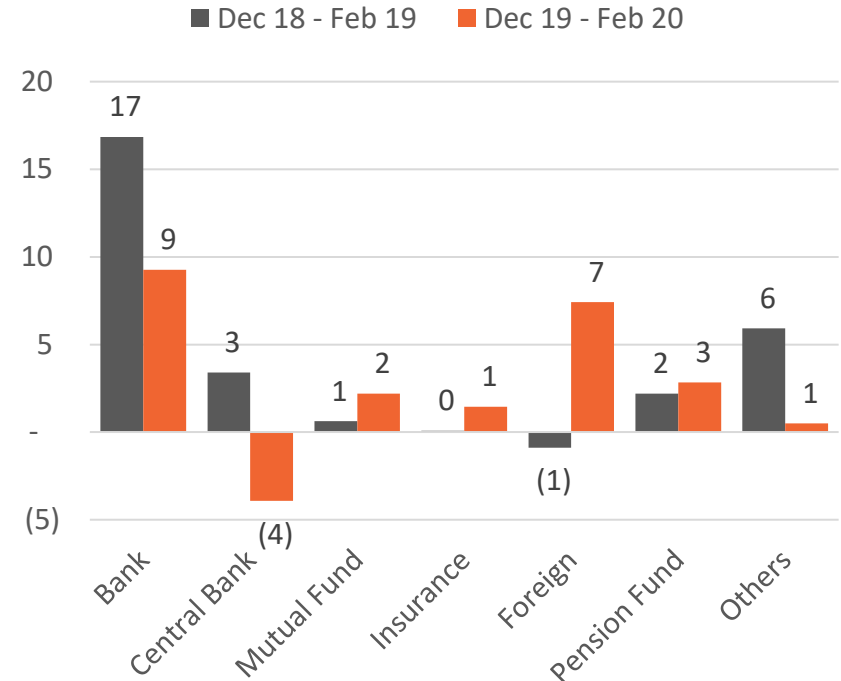


Source: DJPPR, Syailendra research

- Bank sentral kembali melakukan akumulasi untuk menstabilkan pasar SUN dimana akumulasi naik ke level IDR81tn (vs. Jan: IDR26tn). Hal ini terjadi bersamaan dengan arus keluar asing pada bulan Feb.

Net New Ownership of SBSN

Based on ownership change YTD, in IDR tr



Source: DJPPR, Syailendra research

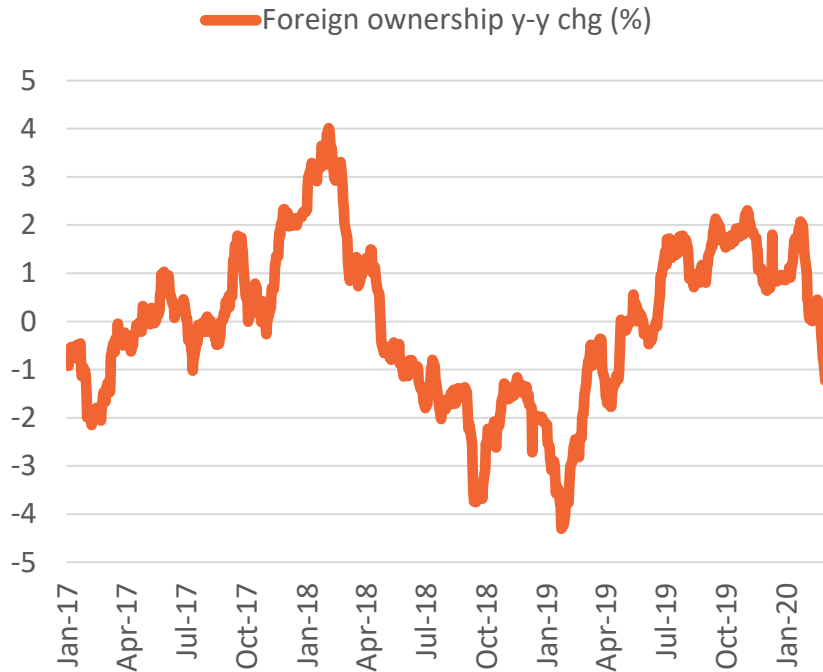
- Bank masih menjadi penyerap utama atas penerbitan SBSN. Di saat bersamaan, permintaan lokal atas SBSN masih minim.

SBN Ownership (2)

BI is showing supports recently in domestic bond market

Foreign ownership changes

In %



Source: Bloomberg, Syailendra research

- Keperilkan asing pada obligasi negara kembali mengalami penurunan pada awal tahun 2020 namun penurunan kepemilikan ini tidak serendah awal tahun 2019.

BI ownership changes

In %



Source: Bloomberg, Syailendra research

- Sementara kepemilikan BI pada obligasi negara mengalami peningkatan yang cukup signifikan pada awal tahun 2020.

Government Bond Outlook

Balanced upside-downside risk

Expectation Related to Indonesia Bonds

In points of argument

Arguments for (or against) Fixed Income Markets

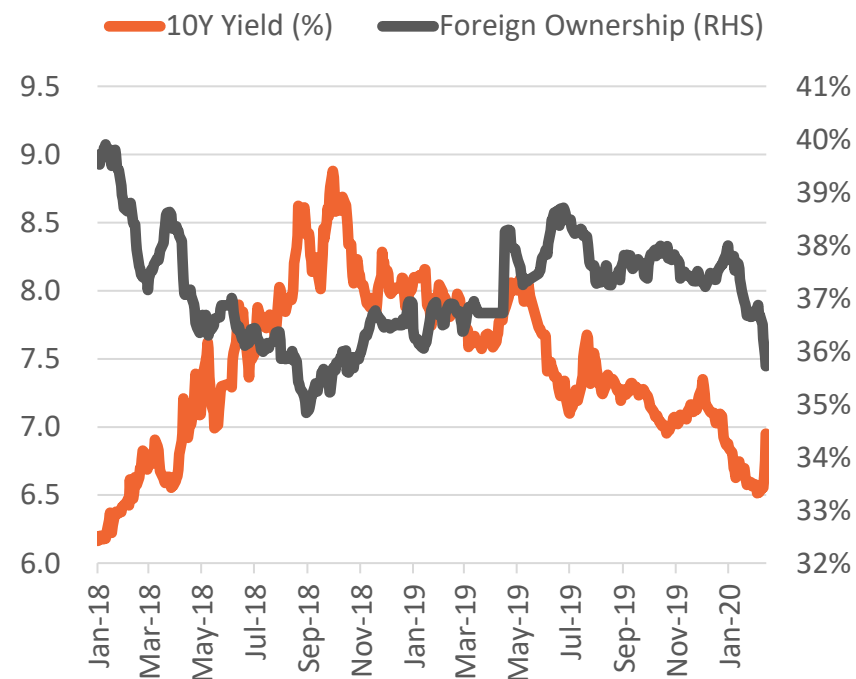
Pasar masih mengekspektasikan penurunan pada tren suka bunga the Fed sebanyak tiga kali.

Isu global yang akan mempengaruhi secara signifikan adalah potensi perlambatan ekonomi akibat Covid-19. Stimulus yang dicanangkan oleh negara-negara menentukan kembalinya pertumbuhan ekonomi.

Arus keluar investor asing cukup signifikan. Pasar obligasi akan ditentukan oleh bantuan stabilisasi BI dan potensi kembalinya investor asing.

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

Yield level still has room for downside



Source: Bloomberg, Syailendra research

- 📌 Dengan menggunakan asumsi *fair level* Rupiah 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 cukup *fairly valued*, kami merekomendasikan durasi netral untuk portofolio obligasi.



Section

Equity Update

3

Global Markets Performed Poorly YTD

Markets continue to turn negative due to Covid-19, though recovery is apparent in February

Global Indices Historical Performance

Equities took hit on the back of Coronavirus fears

No	Country	YTD	1M*	3M	6M	1Y	P/E	P/BV	ROE
Global Market									
1	Dow Jones (US)	-10.73%	-10.53%	-9.42%	-3.76%	-1.95%	16.14	3.64	25.43
2	S&P 500 (US)	-8.29%	-9.07%	-5.95%	0.95%	6.10%	17.06	3.05	19.60
3	London (UK)	-4.89%	-6.43%	-4.56%	-1.09%	1.65%	14.79	1.59	11.93
4	DAX (GR)	-10.25%	-8.85%	-10.17%	-0.41%	3.25%	12.96	1.38	9.60
5	CAC (FP)	-11.24%	-8.96%	-10.08%	-3.11%	1.32%	13.35	1.45	9.98
Asia Market									
1	Nikkei (JP)	-10.63%	-7.96%	-9.23%	2.12%	-1.13%	16.78	1.54	9.21
2	Hang Seng (HK)	-7.73%	-0.86%	-0.82%	1.58%	-8.74%	10.12	1.06	11.52
3	Shanghai (CN)	-5.25%	4.87%	0.29%	-0.21%	-2.06%	10.54	1.21	11.06
4	Shenzhen (CN)	-3.47%	6.82%	2.91%	3.70%	7.38%	11.52	1.56	11.68
5	NFT (IN)	-8.60%	-4.32%	-7.09%	1.62%	3.79%	19.86	2.63	12.81
6	Kospi (KR)	-9.59%	-6.22%	-4.83%	0.98%	-9.49%	11.02	0.81	6.29
ASEAN Market									
1	Singapore (SG)	-6.56%	-3.38%	-5.72%	-3.07%	-6.28%	12.41	1.00	8.87
2	Kuala Lumpur (MK)	-8.23%	-2.58%	-5.06%	-8.03%	-13.18%	15.21	1.39	9.32
3	Thailand (TH)	-15.15%	-10.40%	-15.72%	-19.00%	-18.93%	14.09	1.42	9.40
4	Vietnam (VN)	-8.58%	-4.95%	-9.12%	-10.35%	-8.63%	12.65	2.05	17.78
Indonesia Market									
1	JCI / IHSG (ID)	-13.44%	-7.33%	-9.30%	-13.84%	-15.37%	12.86	1.78	16.83
2	JII / ISSI (ID)	-16.50%	-8.37%	-13.37%	-18.72%	-18.02%	13.71	1.71	14.83
3	IDX30 (ID)	-13.26%	-8.01%	-8.26%	-11.89%	-13.09%	12.96	1.92	17.16
4	LQ45 (ID)	-13.30%	-7.73%	-8.08%	-11.67%	-12.58%	12.93	1.92	17.09

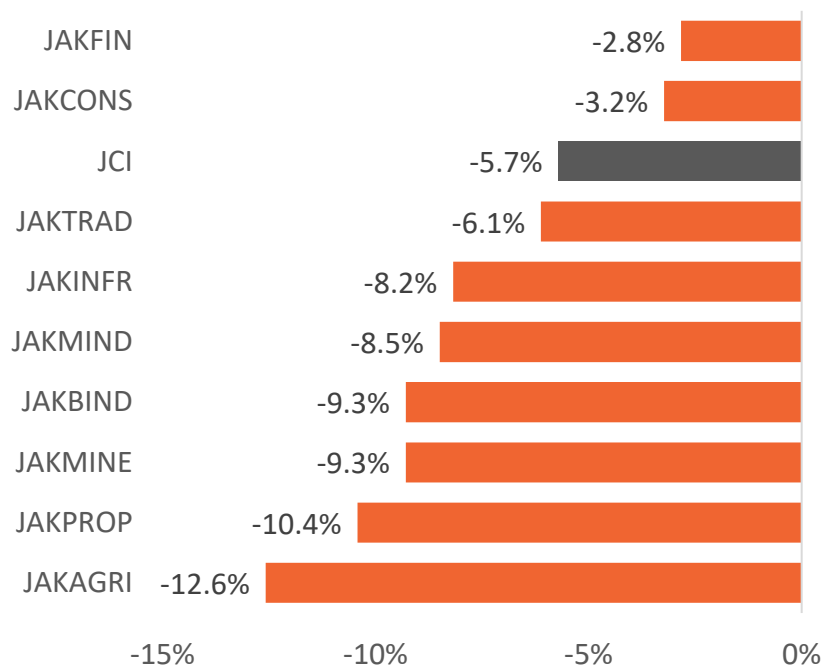
*Cutoff date: 1st day of China market open, February 2, 2020

Challenging Month for Equity

All sectors recorded negative performance in February

JCI Performance By Sector

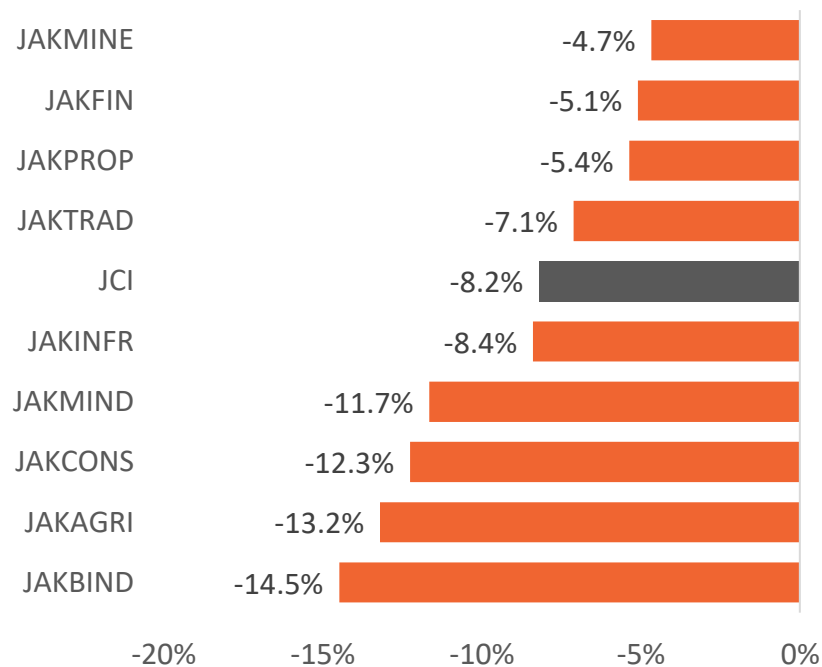
In January 2020



Source: Bloomberg

JCI Performance By Sector

In February 2020



Source: Bloomberg

- Di bulan Februari, IHSG mencatatkan penurunan sebesar 8,2%.
- Sektor Industri Dasar mengalami penurunan terbesar di mana sektor Pertambangan mengalami penurunan terkecil.

Net Equity Flows

JCI performance affected by net foreign outflows YTD 2020

Monthly	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia
Mar-19	6,149	-183	262	88	24	-516	-381	5,443	5,824
Apr-19	1,541	32	2,252	194	1,668	107	-342	5,451	5,794
May-19	1,423	-514	-2,548	-270	-3,726	114	-489	-6,011	-5,522
Jun-19	149	99	287	-139	1,091	1,505	33	3,025	2,992
Jul-19	-1,934	-20	1,620	81	-616	653	-20	-237	-217
Aug-19	-2,199	-651	-2,142	-226	-2,785	-1,762	-620	-10,386	-9,766
Sep-19	955	-519	-872	-143	2,532	-381	-133	1,437	1,571
Oct-19	2,062	-269	-208	73	4,094	-258	-116	5,379	5,494
Nov-19	3,150	-493	-3,025	-259	1,961	-254	-370	710	1,081
Dec-19	862	571	1,024	-173	1,058	-811	-292	2,239	2,531
Jan-20	1,373	1	-165	-164	-1,143	-562	-33	-693	-660
Feb-20	414	-340	-3,000	-179	-3,586	-627	-469	-7,787	-7,318

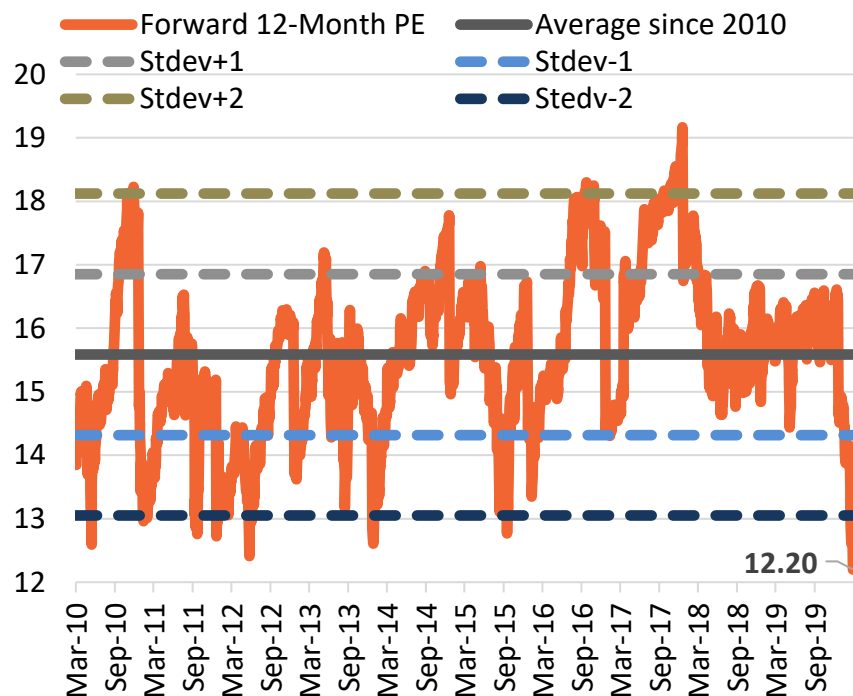
Yearly									
YTD	1,787	-339	-3,165	-343	-4,729	-1,189	-503	-8,480	-7,978
2019	14,234	-1,306	924	-240	9,447	-1,496	-2,683	18,881	21,564
2018	-4,557	-3,656	-5,676	-1,080	-12,231	-8,913	-2,885	-38,999	-36,114
2017	8,014	-2,960	8,267	1,095	6,435	-796	2,456	22,512	20,056
2016	2,903	1,259	10,480	83	10,956	2,240	-628	27,294	27,922

Valuation is Cheap, but Uncertainty Persists

Valuation at below -2SD; a great entry point for long term investment

JCI 5 Years PE Band

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



Source: Syailendra research, Bloomberg

Global Equity Markets Relative Valuation

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

Index	Country	PER		Cons. Earnings Growth	
		2020E	2021E	2020E	2021E
S&P 500 INDEX	United States	17.25	15.44	11.47%	11.62%
NIKKEI 225	Japan	15.66	14.24	7.08%	8.66%
HANG SENG INDEX	Hong Kong	9.75	8.94	7.57%	9.10%
SHANGHAI SE COMP	China	10.75	9.57	19.61%	12.12%
S&P/ASX 200 INDE	Australia	15.51	14.81	5.76%	4.14%
STRAITS TIMES IN	Singapore	11.55	10.71	-6.69%	7.84%
BSE SENSEX 30 IN	India	19.34	16.08	8.50%	14.99%
JCI INDEX	Indonesia	12.20	11.11	10.13%	9.68%
LQ 45	Indonesia	12.02	11.05	12.09%	8.83%
KUALA LUMPUR COM	Malaysia	14.83	13.88	7.32%	6.83%
PSEi - PHILIPPIN	Philippines	12.59	11.42	7.50%	10.24%
KOSPI INDEX	South Korea	10.92	8.72	14.39%	23.44%
TAIWAN TAIEX IND	Taiwan	14.88	13.47	10.86%	9.33%
STOCK EXCH OF TH	Thailand	13.41	12.25	-1.41%	8.65%

Source: Syailendra research, Bloomberg

- ▲ Valuasi JCI dari segi P/E telah berada pada posisi terendah selama lebih dari 10 tahun.
- ▲ Pertumbuhan *earnings* cenderung menurun sebagai dampak dari penyebaran Corona global, namun hal ini terjadi secara global. Sehingga, Valuasi IHSG masih cukup atraktif dibanding indeks negara lain.

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