

Monthly Bulletin

July 2020

What's Inside



Calendar

US Initial Jobless Claim (9-Juli)
ID Trade Balance (15-Juli)
CN CPI (9-Juli)



Global Event

Sebagian besar negara-negara di dunia telah mulai melakukan relaksasi *lockdown* meski penyebaran COVID-19 yang masih terus bertambah. Hal ini menyebabkan mulai meningkatnya aktivitas ekonomi baik dari konsumsi maupun industri.



Indonesia

Sebagian besar daerah-daerah di Indonesia telah menerapkan PSBB transisi pada bulan Juni 2020 yang disertai pembatasan kapasitas untuk tetap menerapkan *social distancing*. Relaksasi ini menyebabkan kembali meningkatnya aktivitas ekonomi dalam negeri.



Equity Market

Kinerja IHSG ditutup sebesar -22.13% YTD atau +3.19% MoM (*cutoff date: 30-Apr-20*). *Rally* diakibatkannya oleh ekspektasi pasar atas kembalinya aktivitas ekonomi seiring *relaksasi* PSBB dan berbagai stimulus yang dikeluarkan pemerintah.



Fixed Income Market

Yield 10 tahun obligasi Indonesia ditutup di level 7.2% pada akhir Juni 2020. Kepemilikan investor asing sedikit naik selama bulan Juni. Investor lokal yang dari perbankan terlihat melakukan akumulasi secara signifikan pada bulan Juni sebesar IDR 22 tn.





Section

Syailendra Perspective

1

Looking back at our thesis for 2Q20

Kami telah mengutarakan pandangan kami melalui *monthly bulletin* sebagai berikut.

- 🏠 Kami melihat kasus-kasus *covid-19* di negara-negara besar seperti Eropa dan Asia Utara telah memuncak dan cenderung menurun sehingga resiko cenderung berkurang.
- 🏠 Kami memperkirakan bahwa fokus investor akan berpindah menuju potensi perbaikan dari pembukaan aktivitas ekonomi pasca *lockdown*.
- 🏠 Kami juga melihat stimulus moneter dan fiskal yang keluar pada waktu yang relatif bersamaan di berbagai negara dengan jumlah yang relatif sama atau lebih besar dibandingkan 2008. Hal ini dapat membantu memulihkan *risk appetite* investor.
- 🏠 Di saat yang bersamaan, IHSG telah terkoreksi sangat dalam, -40% dalam 2 bulan, dimana valuasi menyentuh bahkan melewati level 2008.
- 🏠 *Cash level* reksadana lokal yang tinggi menandakan *view bearish* secara umum dan investor lokal dan asing melakukan penjualan saat *rally* di Bulan April dan hanya menambah sedikit posisi di bulan *May*.
- 🏠 Berdasarkan hal diatas, kami berfokus pada emiten yang memiliki diskon valuasi relatif dalam dan merupakan *key beneficiaries* atas potensi pembukaan ekonomi pasca 2Q20

What We Think Will Develop in 3Q20

Berdasarkan perkembangan data di 2Q20, *view* untuk 3Q20 sebagai berikut :

- 🏠 Stimulus fiskal dan moneter sudah *price-in* dimana index saham global, termasuk IHSG, telah *rally* sebesar 25% - 40% dari level terendah.
- 🏠 Secara umum kembalinya aktivitas ekonomi akan secara gradual. Beberapa sektor, seperti jalan tol, semen, mobil, dan barang-barang discretionary mungkin akan mengalami *recovery* yang lebih cepat.
- 🏠 Revisi earnings kami rasa telah cukup, mengindikasikan *bottoming* market.
- 🏠 Posisi investor asing dan institusi lokal juga tidak agresif mengindikasikan tactical bullish.
- 🏠 Valuasi tidak lagi terlalu depressed di beberapa sektor dan momentum juga sedikit melandai, *risk and reward* dalam *stock-picking* lebih penting.
 - Kami sementara ini tetap befokus pada sektor yang trend perbaikannya akan terlihat di 3Q20.
 - Kami melihat 2Q20 results dapat menjadi katalis bila earnings terlihat *bottoming* sementara momentum perbaikan mulai terlihat. Sektor perbankan akan menjadi lebih menarik sesuai *earnings bottom* di 2Q20.
 - Sektor telekom bisa menarik sejalan dengan relatif underperformance yang terlihat selama 2 bulan terakhir sementara momentum earnings 2Q20 harusnya cukup baik.
 - Kami juga mencari peluang dengan *short-term M&A* sebagai katalis.
 - Medium term, kami melihat sektor properti dan konstruksi menarik pada 2021, pemerintah akan berfokus pada penciptaan lapangan kerja.
- 🏠 Respon pasar finansial atas peningkatan kasus *covid-19* terlihat lebih proporsional. Namun koreksi mungkin terjadi bila 1) terjadi lockdown secara massive dan 2) sentimen konsumen yang memburuk.
- 🏠 Dengan Pemilu US di 4Q20, Kami melihat risiko atas penguatan USD menjelang akhir tahun.



Section

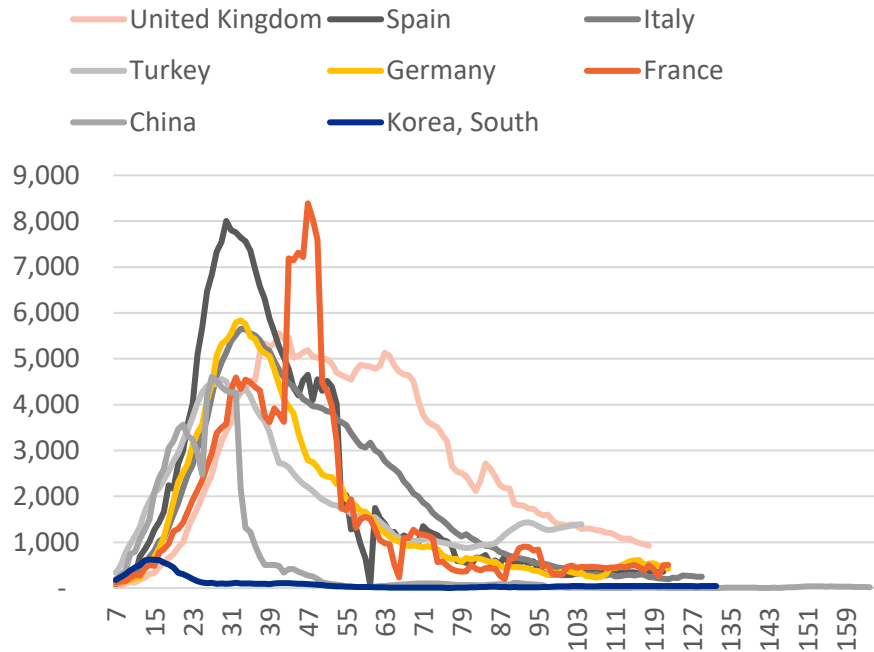
COVID-19 Updates

2

Does Covid-19 Development Affect Return?

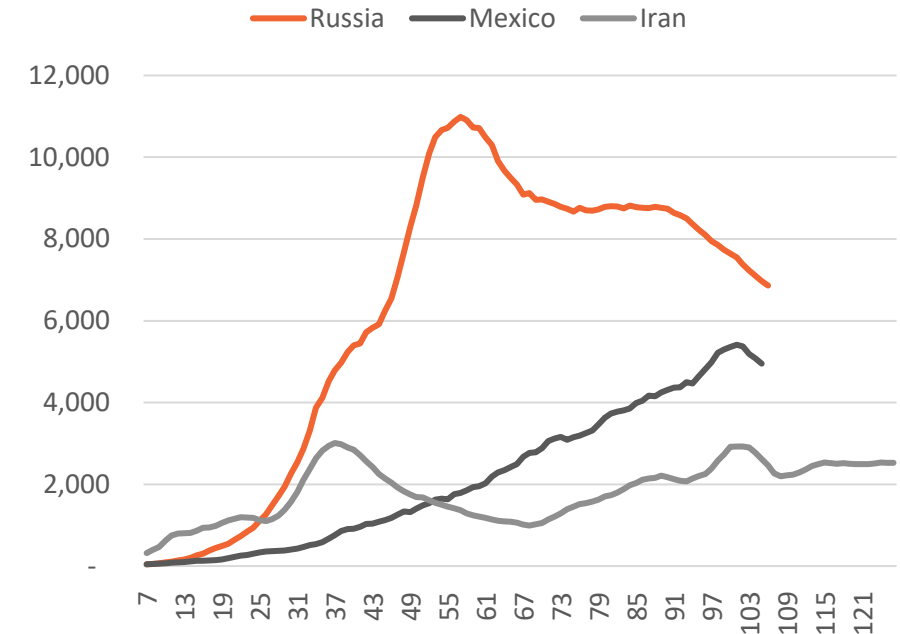
We classified the country as Falling, Plateauing, and Rising Case Trajectory

Key Major Country with Falling Trajectory
In 7D moving average since first 100th cases



Sumber: Syailendra Research, JHU

Key Major Country with Plateauing Trajectory
In 7D moving average since first 100th cases



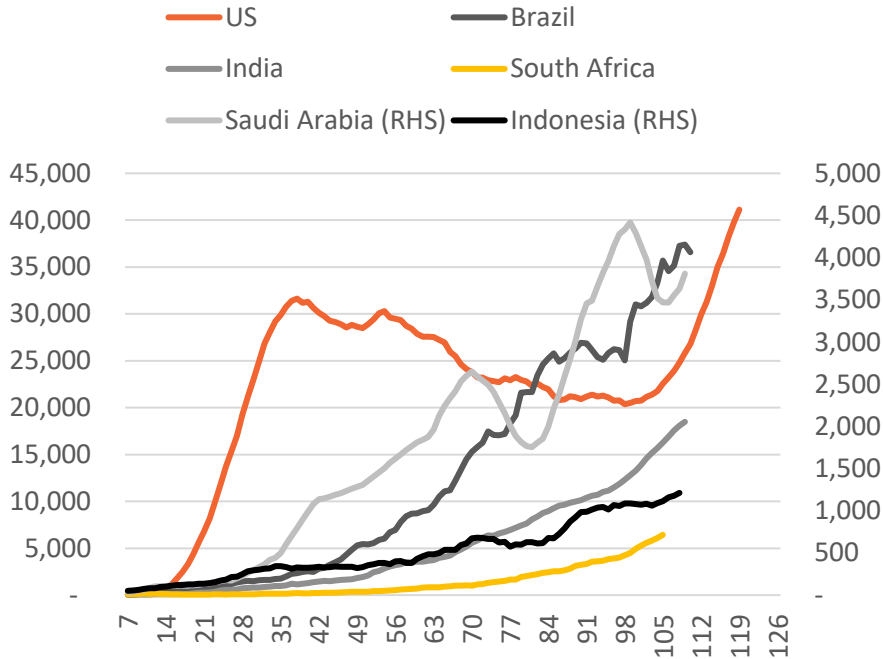
Sumber: Syailendra Research, JHU

- 📌 Kebanyakan negara-negara dari regional eropa telah membentuk penurunan kurva kasus *covid-19*. Di sisi lain, beberapa negara berkembang seperti Mexico, Iran dan Russia sudah menunjukkan pola *plateau* dari kurva kasus *covid-19*.

Covid-19 Effect is Not Consistent Across Countries

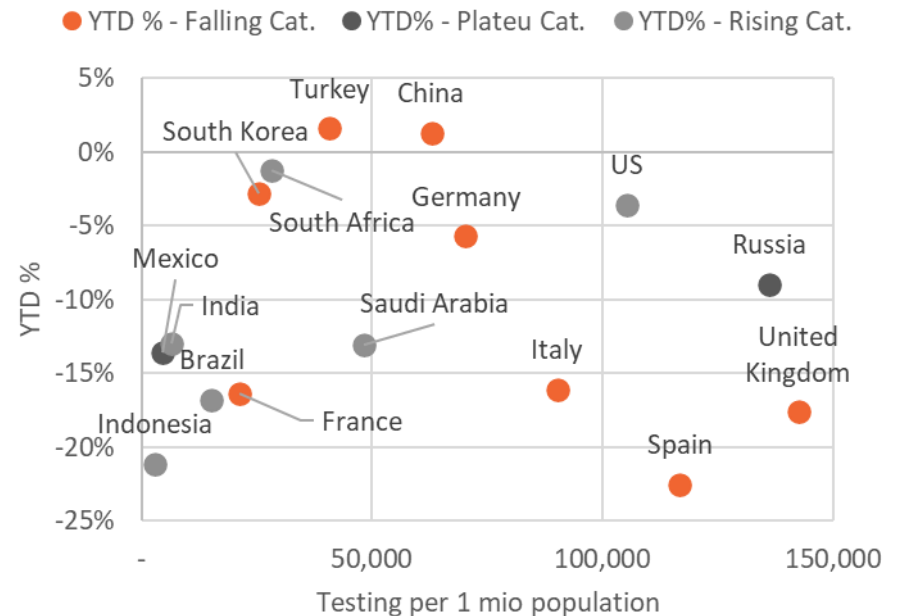
Spain and Italy have lower YTD return despite falling number of cases

Key Major Country with Rising Trajectory
In 7D moving average since first 100th cases



Sumber: Syailendra Research, JHU

YTD% vs Testing in Each Trajectory Category
No apparent pattern even controlled with testing variable



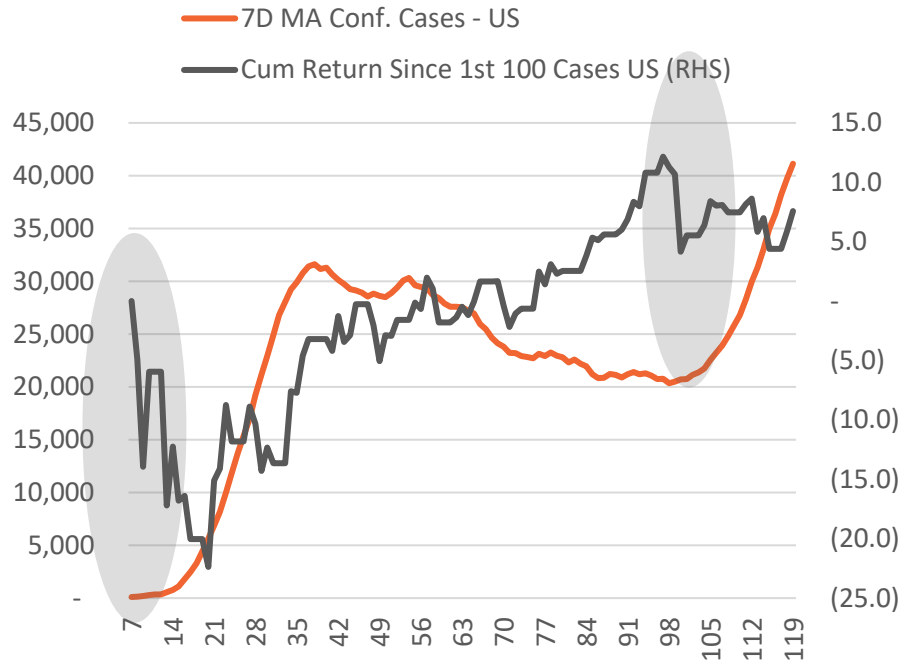
Sumber: Syailendra Research, JHU, World in Data

Di sisi lain, beberapa negara yang masih mengalami peningkatan kasus *covid-19* termasuk Indonesia. Namun, berdasarkan observasi kami, tidak terlihat korelasi signifikan antara performa YTD%, kapasitas tes, dan *trajectory* kasus. Sehingga, kami melihat adanya faktor lain yang saat ini lebih mendominasi daripada penambahan kasus *covid-19*.

Case in Point : US and Brazil

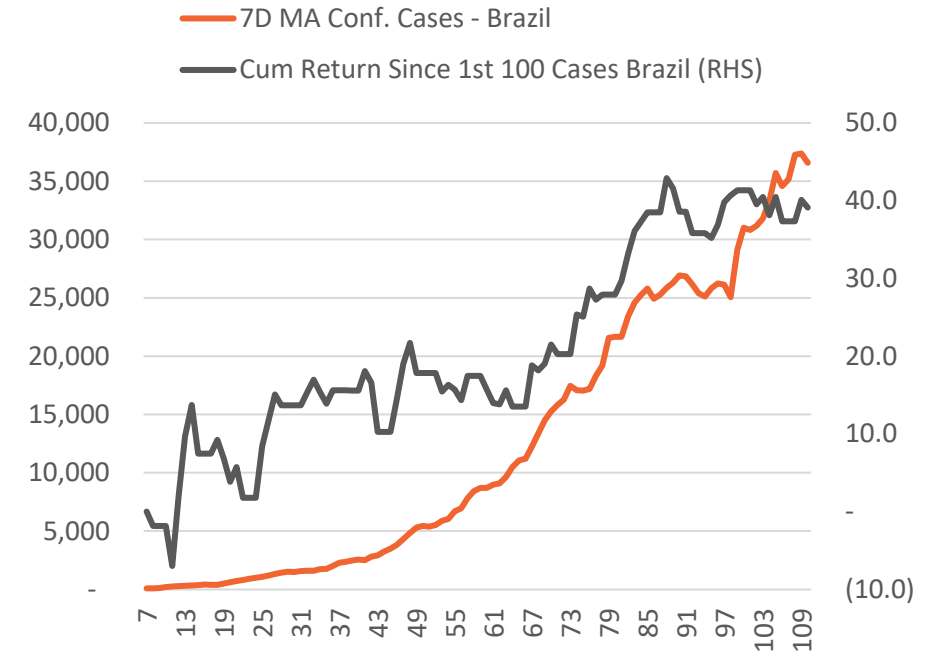
Equity market is soaring despite increasing number of confirmed cases

US - S&P 500 Equity Return vs 7D MA Conf. Cases
In 7D moving average since first 100th cases



Sumber: Syailendra Research, JHU

Brazil - S&P 500 Equity Return vs 7D MA Conf. Cases
In 7D moving average since first 100th cases

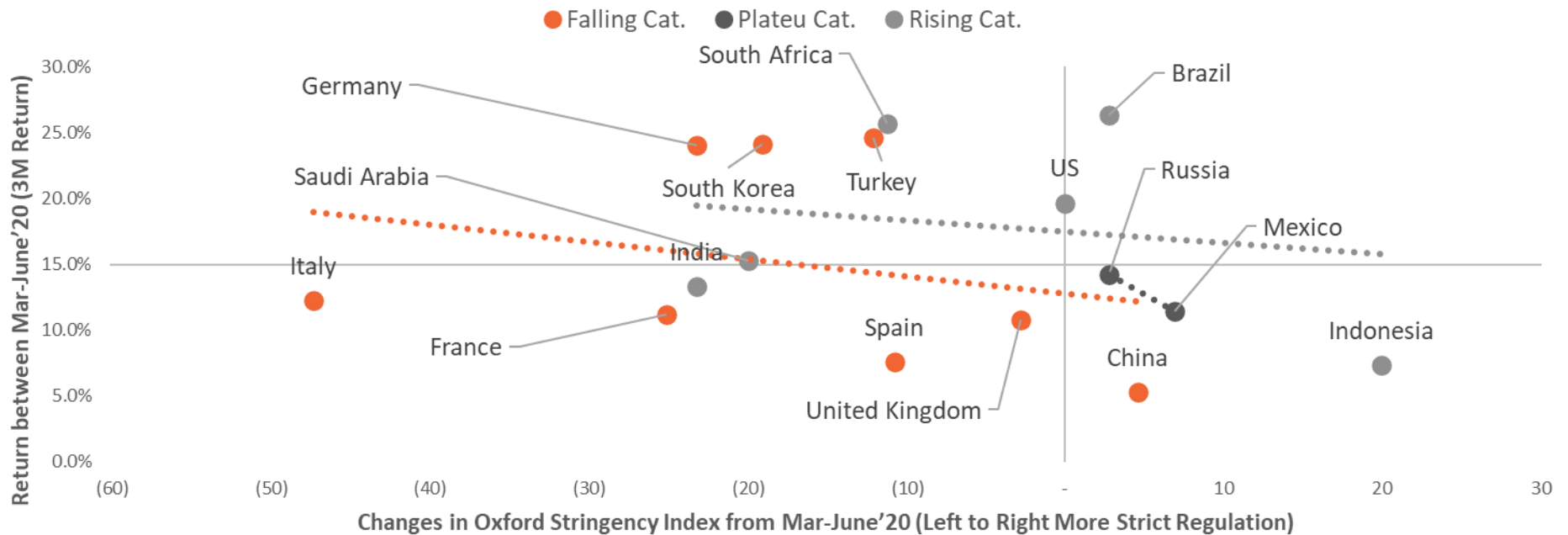


Sumber: Syailendra Research, JHU

- Contoh dari kedua negara dengan kategori *rising trajectory* diatas memberikan gambaran bahwa pelaku pasar saat ini telah mempertimbangkan faktor di luar *COVID-19*.

Market Seems to Pivot More on Re-Opening Economy

Correlation between change in Stringency Index and Mar-June'20 Return



Sumber: Our World in Data, Syailendra Research, Oxford

- 🏠 Namun apabila kita menghubungkan *Oxford Stringency Index*, pola return lebih terlihat dimana semakin terjadi relaksasi ekonomi *equity return* index masing-masing meningkat. Walaupun, dalam beberapa data diatas terdapat anomali seperti Brazil dan Italy. Namun, tren secara garis besar memperlihatkan hal yang sama.

Tracking Vaccine Progress So Far

5 Strong Candidate for Vaccine Had Progress into Phase 3

Summary of Major Vaccine Development

As of June 2020

Country	Major Pharmaceuticals	2020				2021	
		1Q	2Q	3Q	4Q	1Q	2Q
US	Moderna	Phase I & II		Est .Start Phase III	Est. Approval	Est. Production	
US	Novavax	Phase I & II		Est .Start Phase III	Est. Approval	Est. Production	
Chinese	Sinovac		Phase II	Phase III			
Chinese	Cansino	Phase I & II		Est .Start Phase III & Limited Approval (Military)			
British & Sweden	Astra Zeneca & Oxford			Phase III	Est. Approval & Poss. Emergency Delivery	Est. Production	

Sumber: New York Times, CS

Phase	Description
Pre Clinical	Scientists give the vaccine to animals such as mice or monkeys to see if it produces an immune response.
Phase 1	Scientists give the vaccine to a small number of people to test safety and dosage.
Phase 2	Scientists give the vaccine to hundreds of people split into groups, such as children and the elderly, to see if the vaccine acts differently in them.
Phase3	Scientists give the vaccine to thousands of people and wait to see how many become infected, compared with volunteers who received a placebo.
Approval	Regulators in each country review the trial results and decide for its approval

🚩 Berdasarkan data terakhir terdapat lebih dari 125 kandidat vaksin untuk *covid-19*. Namun, 5 kandidat diatas sedang menempuh fase III yaitu testing secara masal untuk menguji efektivitas vaksin. Adapun, vaksin Cansino telah disetujui untuk digunakan secara terbatas di militer oleh Pemerintah Cina. Novavax baru saja mendapatkan pendanaan 1.6bio USD dari pemerintah US untuk 100 miliar dosis vaksin yang di ekspektasikan di produksi di 1Q21.



Section

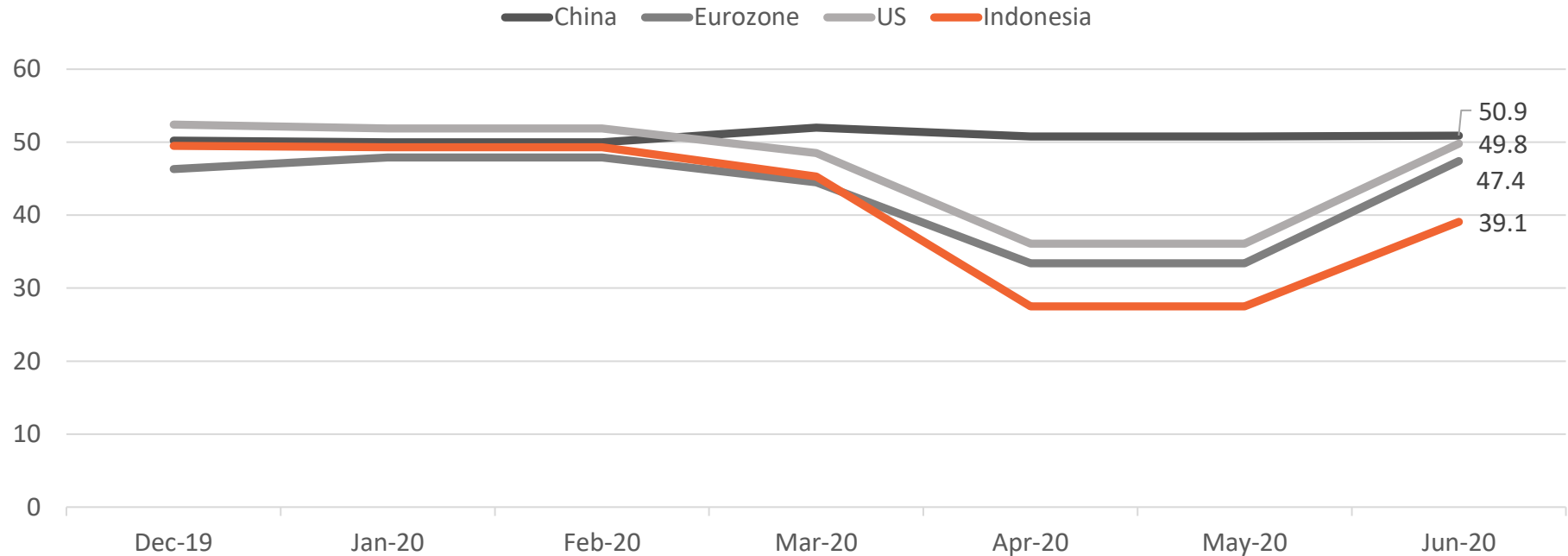
Macro Update

3

PMI Continued Recoveries

Global manufacturing PMIs are recovering

Markit PMI Manufacturing
China, Eurozone, Indonesia, US



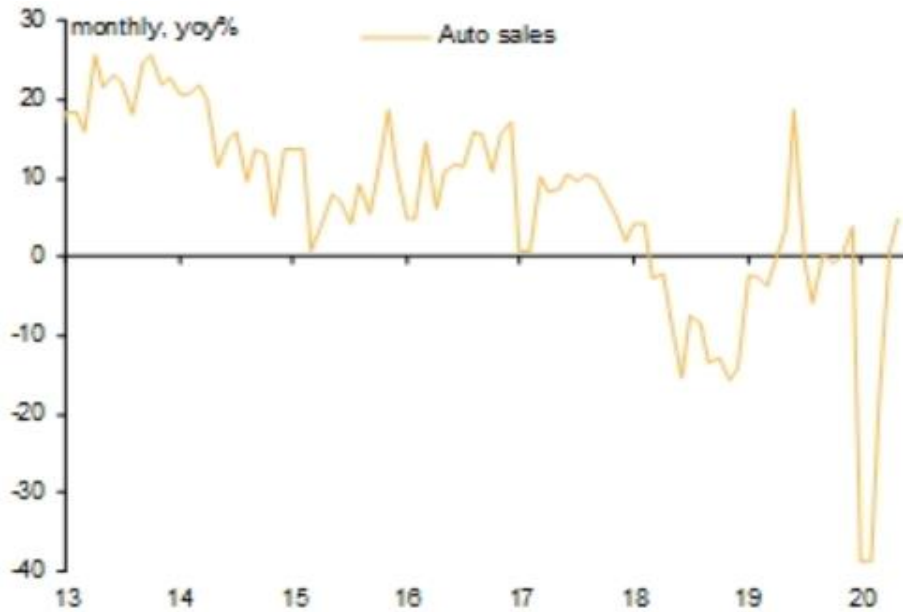
Source: Bloomberg, Syailendra research

- ▲ Pandangan pelaku manufaktur terkait ekonomi di masa depan melanjutkan perbaikan. Hal ini tercermin pada angka PMI manufaktur di bulan Juni yang melanjutkan peningkatan dibanding bulan sebelumnya. Meski angka PMI secara besar masih di bawah 50 (terkontraksi), tren peningkatan diekspektasikan untuk terus berlangsung, seiring dengan pembukaan ekonomi global secara perlahan (*lockdown easing*).

China Activity Rebounded

Indicators showed a speedy activity recovery

China Auto Sales
In % yoy growth



Source: Macquarie

China Property Sales
7 day moving average units



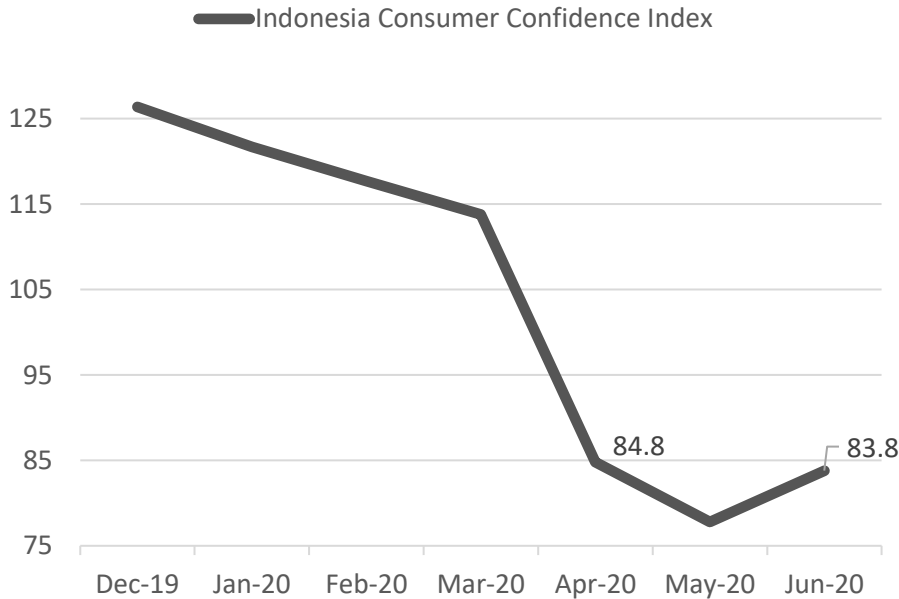
Source: Macquarie

- Indikator data Tiongkok menunjukkan kembalinya aktivitas ekonomi secara cepat setelah berakhirnya *lockdown* di negara tersebut pada bulan April
- Penjualan mobil kembali mencatatkan pertumbuhan secara Year on Year pada bulan Juni, sementara, penjualan properti kembali ke level normal dibanding tahun-tahun sebelumnya.

Indonesia Consumption Indicators Rebounded

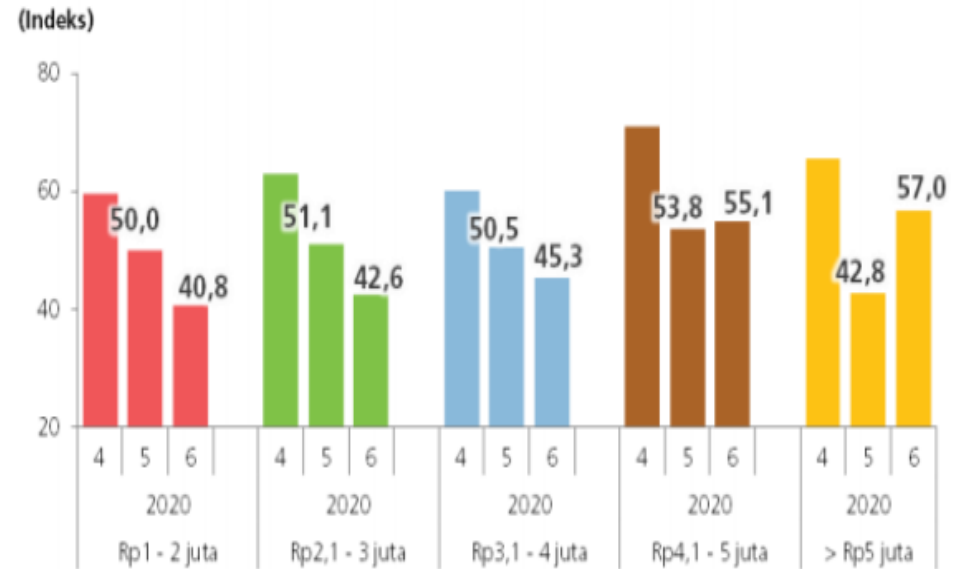
Consumer confidence and income index showed positive signs

Indonesia Consumer Confidence Index
Bank Indonesia Index



Source: Bank Indonesia

Indonesia Income Index Based on Spending Size
Bank Indonesia Index



Source: Bank Indonesia

- Indeks Keyakinan Konsumen Indonesia menunjukkan peningkatan pada bulan Juni setelah mencapai *bottom* pada bulan Mei pada periode puncak PSBB.
- Segmen *middle up* Indonesia tampak menunjukkan *recovery* penghasilan yang signifikan dibanding bulan Mei seiring dengan Indonesia yang memasuki masa transisi PSBB.

Indonesia Activity Indicators Also Rebounded

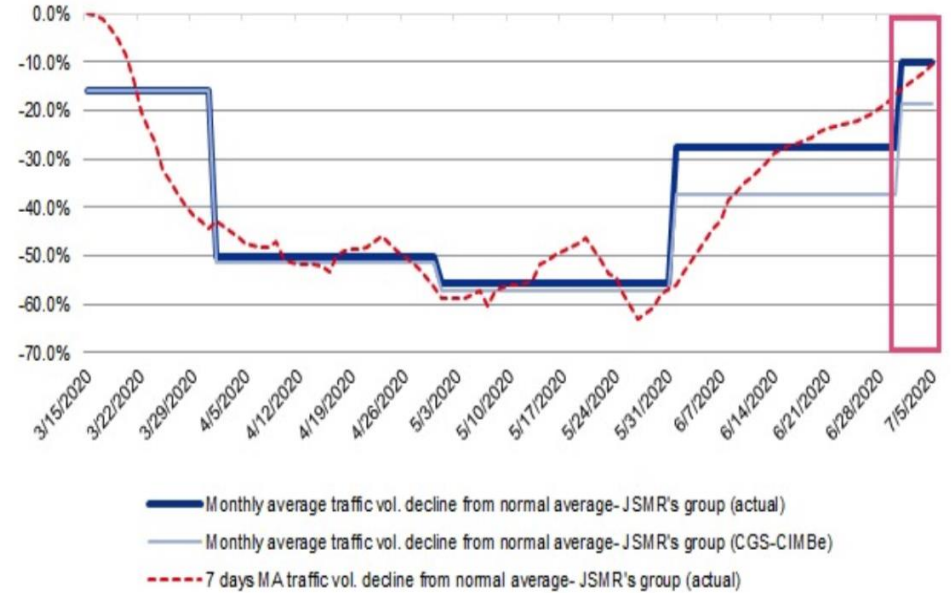
Broiler prices and toll road traffic returned

Indonesia Broiler Prices YTD
In IDR per broiler



Source: Syailendra Research

Jasa Marga Weekly Traffic Volume
In % change from normal average



Source: CGS CIMB Research

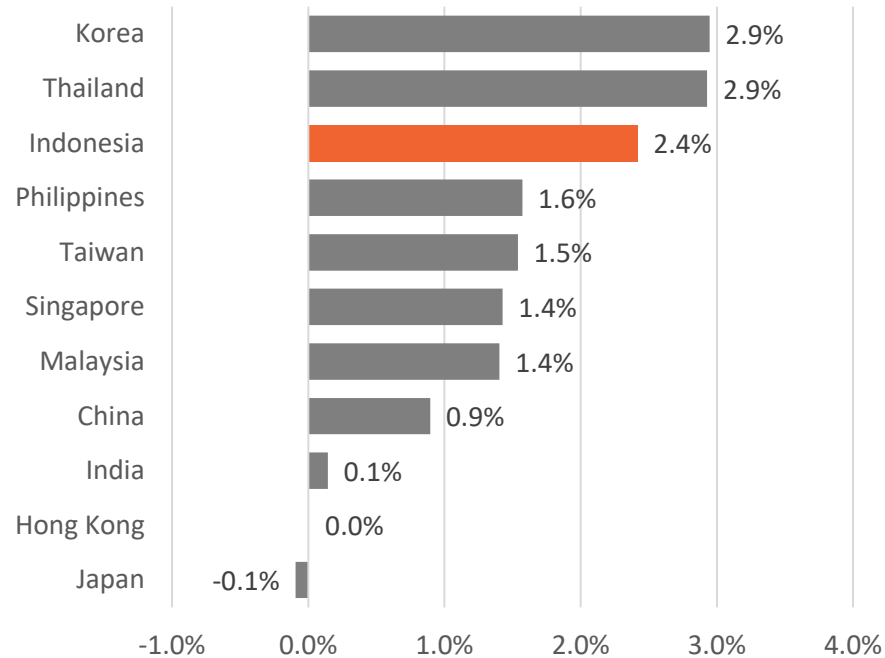
- 🚩 Harga ayam broiler per ekor menunjukkan peningkatan setelah mencatatkan rekor terendah di level IDR 11,9k saat puncak periode PSBB di Indonesia. Hal ini menunjukkan kembali meningkatnya *demand* konsumsi ayam setelah memasuki masa PSBB transisi.
- 🚩 Trafik jalan tol juga menunjukkan peningkatan yang signifikan ke level -10% dari trafik normal setelah mencatatkan penurunan terdalam pada bulan Mei kemarin.

USD Weakening Continued

Rupiah gains in June while USD depreciated

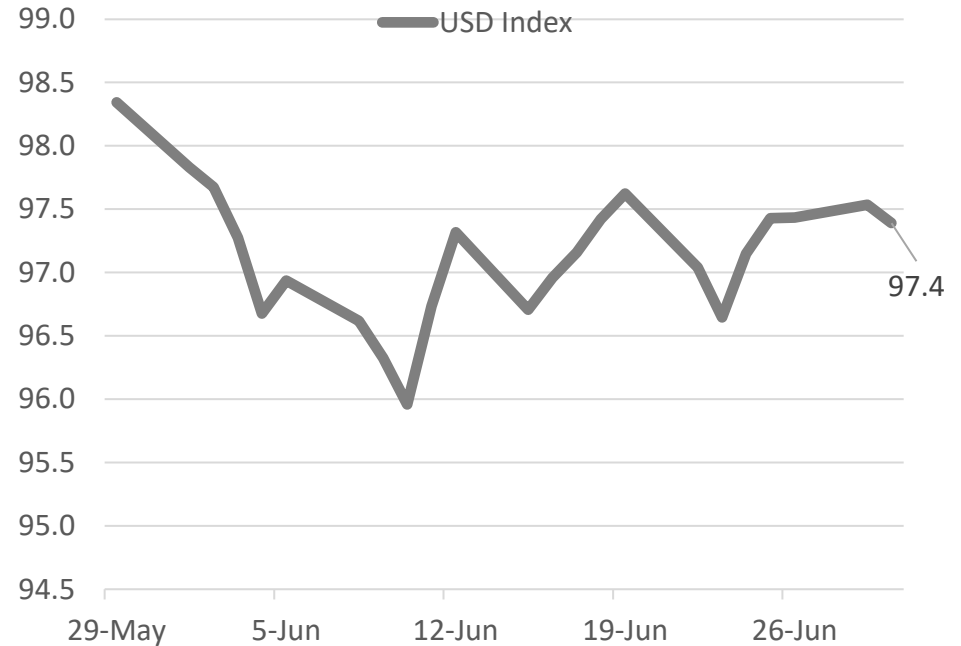
Currency Spot Rates

June 2020 currency performance



USD DXY Index

June 2020 DXY Index



Source: Bloomberg, Syailendra research

Source: Bloomberg, Syailendra Research

- 📌 Selama bulan Juni, mata uang rupiah terapresiasi sebesar +2.4%. Rupiah termasuk yang mengalami penguatan tinggi di antara mata uang negara Asia lainnya. Penguatan mata uang Asia didorong terutama oleh sentimen positif terhadap pembukaan ekonomi yang akan diberlakukan di bulan Juni dan stimulus ekonomi dari berbagai negara.
- 📌 Di sisi lain, mata uang USD kian melemah di bulan Juni.



Section

Fixed Income Update

4

Government Auction Target

BI plans to purchase more gov't bonds in primary market

Estimate Gov't Target Per Issuance

In IDR trn

	Amount	Notes
Deficit	6.34%	
Gross bond financing	1,533.1	
Bond issuance		
Global bond	209.3	
Retail	74.3	
Private placement	520.8	Add 306tn vs Perpres 54/2020
Regular auction	728.7	
Total	1,533.1	
Issuance		
YTD (6-Jul)	663.9	
Balance	869.2	Rest of the year
Target per issuance		
Conventional	20 – 25	
Sukuk	5 – 10	

Source: Mansek

- 🏗️ Masih dengan target defisit pada level 6.34%, penerbitan SUN dan SBSN dari lelang secara total akan berada di kisaran 25-35bio. Hal ini disebabkan BI berencana melakukan pembelian surat berharga melalui pasar primer.
- 🏗️ Berdasarkan MoU antara Kemenkeu dan BI, BI akan membeli SBN untuk belanja barang publik sebesar IDR397.6trn. Adapun terdapat *burden sharing* terhadap pembayaran bunga dari surat berharga tersebut.

BI's Purchase of Govt Bonds and Burden Sharing Scheme

In IDR trn

Financing	IDRtn	BI's Burden Sharing Plan	Int. Burden Sharing
Public Goods	397.6	BI will buy all gov't bonds for public goods financing with zero interest rate	29.3
Healthcare	87.6		
Social Safety Net	203.9		
Ministries and Regional Govt. Support, Sectoral	106.1		
Non-Public Goods	505.9		
SME Support & Corporate Financing	177.0	Gov't will bear interest only up to 3-mth BI RR Rate minus 1%	6.6
Others	328.9	Gov't will bear the full interest cost	
Total Financing	903.5		35.9

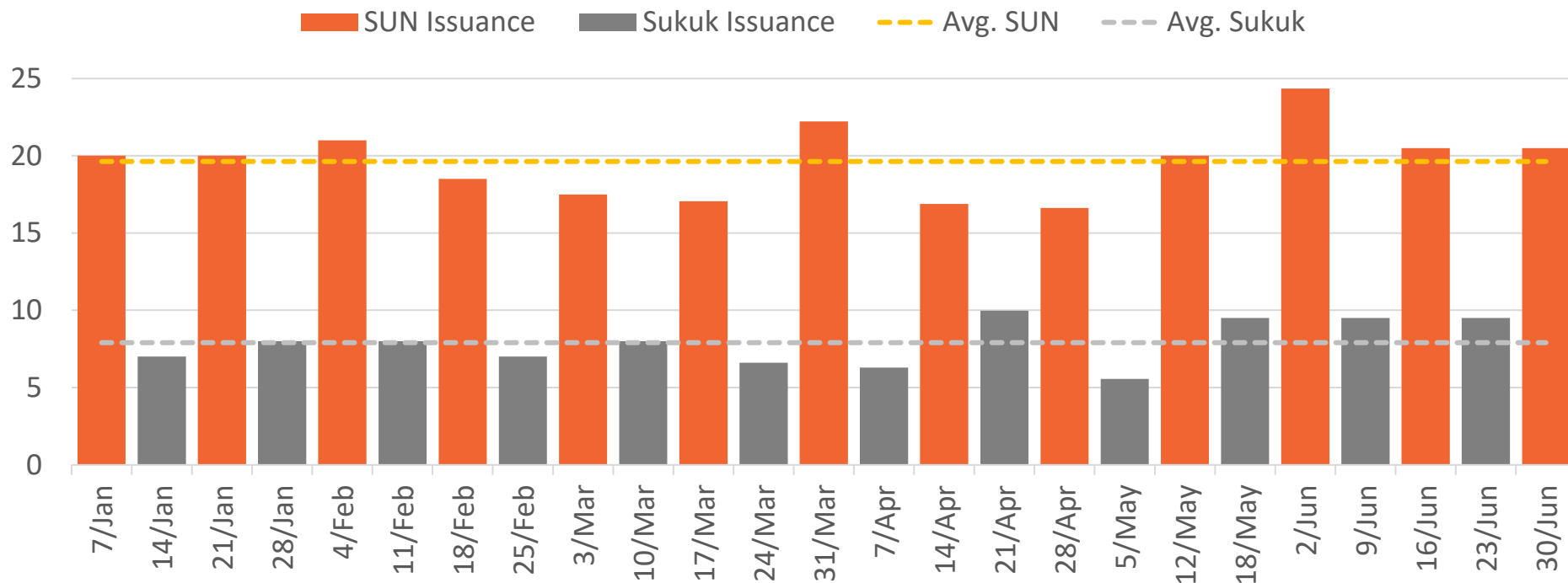
Source: Trimegah Sekuritas, Syailendra Research

Government Auction So Far

Past issuances were already inline with the newly updated issuance target

SUN and Sukuk Issuance in 1H20

In IDR trn



Source: DJPPR, Syailendra Research

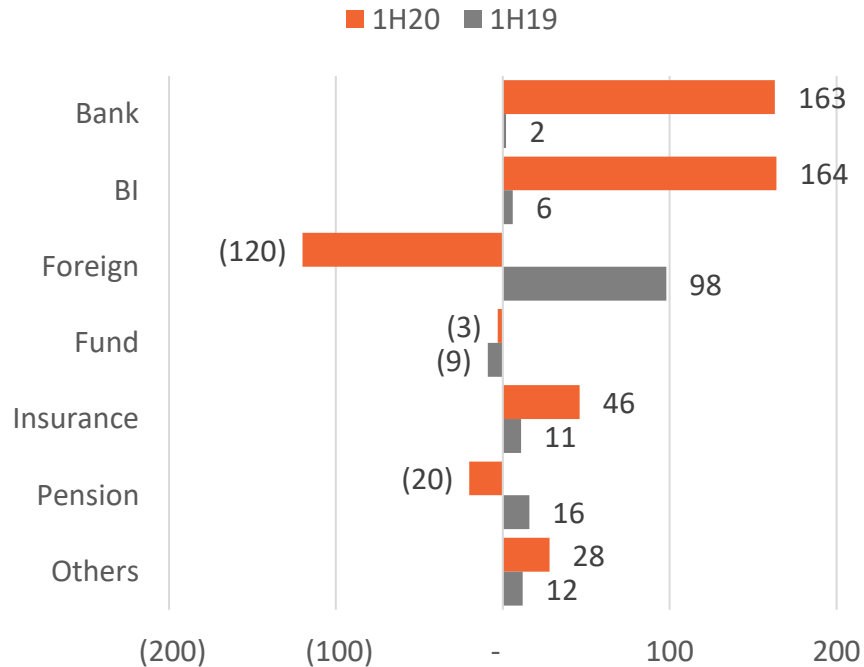
- 📌 Selama enam bulan terakhir, penerbitan SUN maupun SBSN berada pada level rata-rata IDR19.6trn dan IDR7.9trn. Angka ini setara dengan proyeksi target penerbitan jika Bank Indonesia melakukan pembelian di pasar primer. Jumlah penerbitan SUN maupun SBSN masih akan stabil pada lelang-lelang selanjutnya.

SBN Ownership

Slight change in BI ownership, continuous purchase from domestic investors

Net New Ownership of SUN

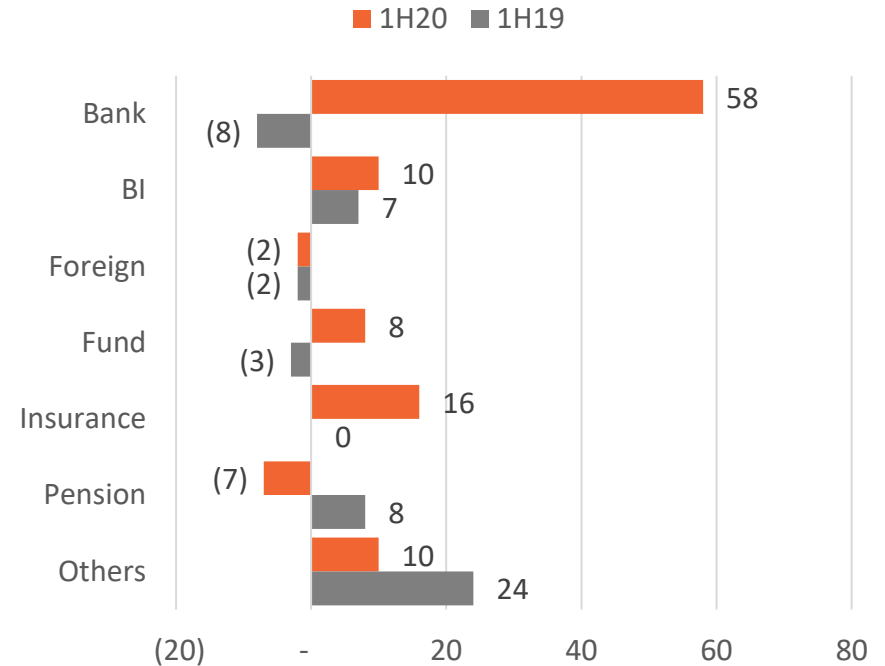
Based on ownership change YTD, in IDR tr



Source: DJPPR, Syailendra research

Net New Ownership of SBSN

Based on ownership change YTD, in IDR tr



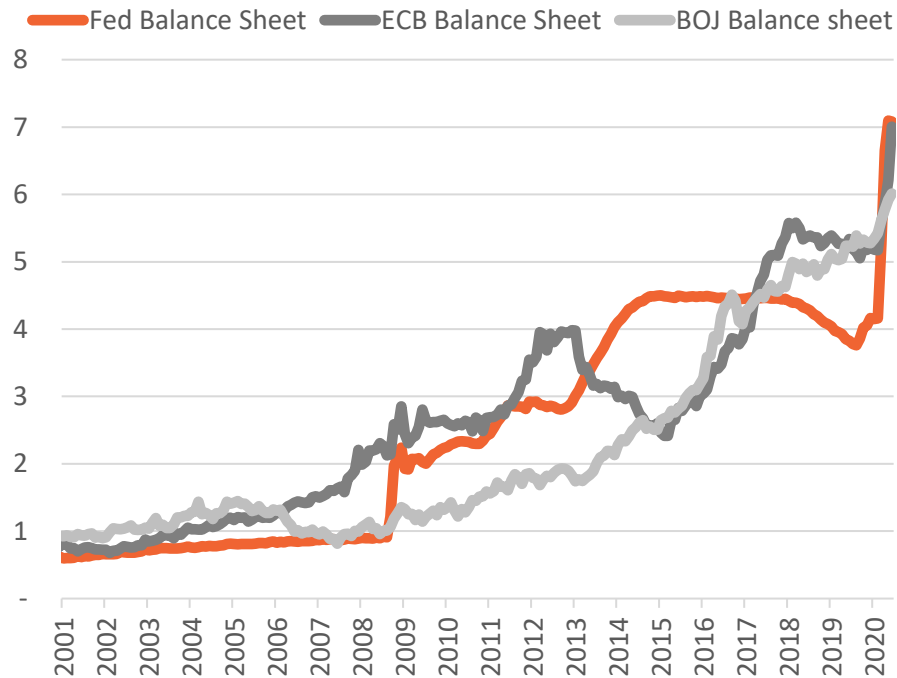
Source: DJPPR, Syailendra research

- Investor lokal, terutama perbankan terlihat melakukan akumulasi sebesar IDR22trn pada bulan Juni. Kepemilikan asing masih mengalami peningkatan secara MoM, namun kepemilikan BI hanya mengalami kenaikan 1trn.
- Perbankan juga memperlihatkan kenaikan yang signifikan, i.e. bertambah 15trn, pada obligasi seri SBSN pada bulan Juni.

Massive Stimulus from Major Central Banks

Dovish stances give support to EM countries' yield

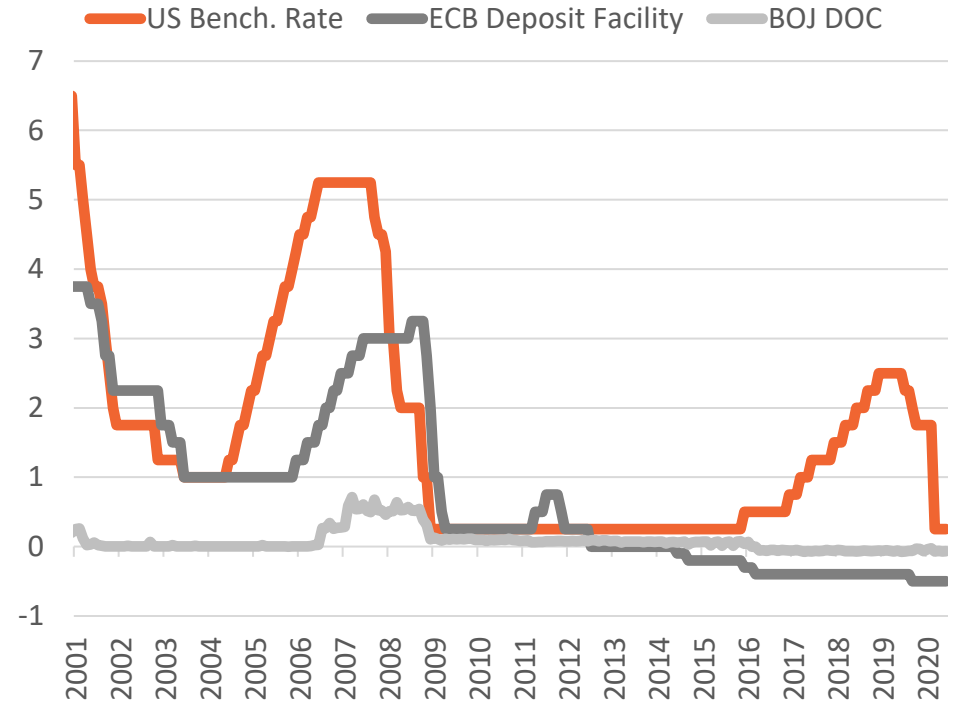
Major Central Banks' Balance Sheet
In USD tr



Source: Bloomberg, Syailendra research

▲ Pada bulan Juni, bank Sentral AS telah menyatakan bahwa *size* stimulus *quantitative easing* (QE) akan tetap sama dengan yang sedang berjalan (USD20bn per minggu). Hal ini juga diikuti oleh Bank Sentral Eropa dan Jepang.

Major Central Banks' Benchmark Rate
In %



Source: Bloomberg, Syailendra research

▲ Sementara suku bunga AS, Eropa, dan Jepang akan tetap ada pada level terendah. Adapun kebijakan *yield targeting* dari negara maju ini akan memberikan *support* pada yield negara berkembang.

Government Bond Outlook

Balanced upside-downside risk

Expectation Related to Indonesia Bonds

In points of argument

Arguments for (or against) Fixed Income Markets

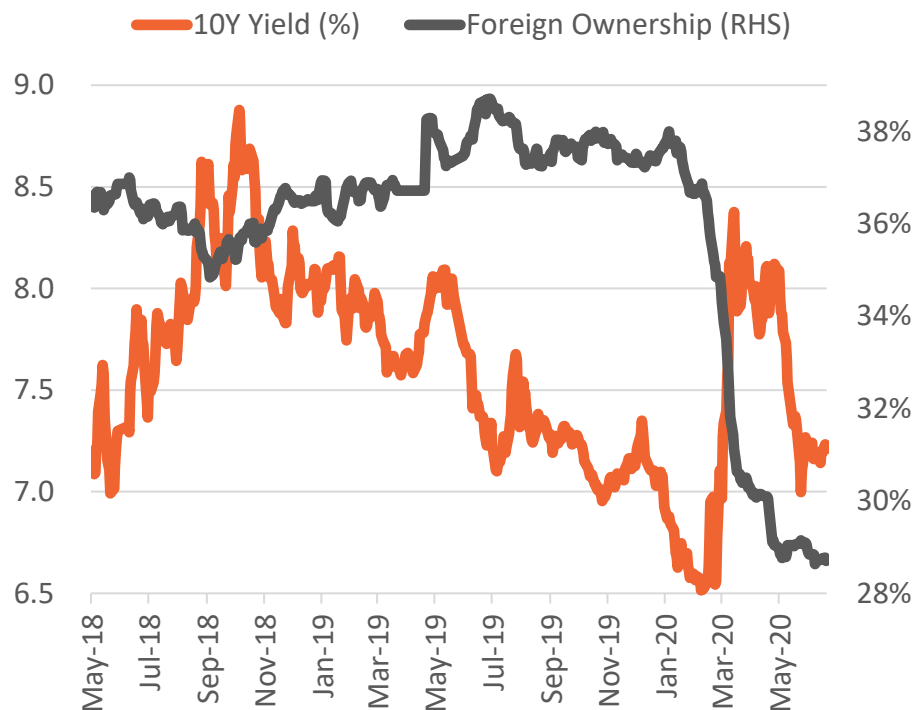
Ekonomi global akan melambat akibat COVID-19. Namun, pasar masih menimbang potensi kemungkinan terjadinya *second wave* yang dapat memperlambat *recovery*.

Pasar juga akan berfokus pada dampak stimulus dan kebijakan QE bank sentral negara-negara di dunia. Adapun pasar telah menerima (*i.e. pricing in*) kebijakan jangka menengah-panjang untuk suku bunga rendah.

Walaupun BI akan melakukan pembelian lebih banyak di pasar primer, penerbitan SUN & SBSN pada lelang berikutnya diperkirakan akan tetap stabil. Namun, pasar tetap membutuhkan *support* dari investor lokal dan 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 IDR14,700 – 15,300 dan *deficit-to-GDP* di 6.34%, kami memperkirakan *fair level* imbal hasil obligasi pemerintah 10 tahun di 7.7 – 8.3%
- ⚠ Volatilitas pasar obligasi akan tetap tinggi dalam beberapa bulan ke depan. Namun, imbal hasil tenor 10 tahun sudah cukup *fairly valued*. Kami merekomendasikan durasi netral untuk portofolio obligasi.



Section
Equity Update

5

Global Equities Continue to Rally in June

Most major indexes recorded positive performance, except Thailand and Vietnam

Global Indices Historical Performance as of June 30, 2020

Equities continued rally in May following rebound in previous month

No	Country	YTD	1M	3M	6M	1Y	P/E	P/BV	ROE
Global Market									
1	Dow Jones (US)	-9.31%	1.69%	17.77%	-9.31%	-2.96%	23.66	3.73	20.68
2	S&P 500 (US)	-3.76%	1.84%	19.95%	-3.76%	5.39%	24.90	3.41	14.45
3	London (UK)	-9.26%	2.12%	15.97%	-9.26%	-5.29%	24.74	1.45	7.34
4	DAX (GR)	-7.08%	6.25%	23.90%	-7.08%	-0.71%	19.23	1.45	6.71
5	CAC (FP)	-17.49%	5.12%	12.28%	-17.49%	-10.89%	22.47	1.45	5.25
Asia Market									
1	Nikkei (JP)	-5.78%	1.88%	17.82%	-5.78%	4.76%	21.57	1.64	7.59
2	Hang Seng (HK)	-13.74%	6.38%	3.49%	-13.74%	-14.42%	11.42	0.96	10.44
3	Shanghai (CN)	-1.82%	4.64%	8.52%	-1.82%	0.19%	12.31	1.29	10.07
4	Shenzhen (CN)	2.02%	7.68%	12.96%	2.02%	8.84%	13.61	1.73	10.90
5	NFT (IN)	-15.94%	7.53%	19.82%	-15.94%	-12.61%	20.45	2.25	11.16
6	Kospi (KR)	-4.07%	3.88%	20.16%	-4.07%	-1.05%	15.11	0.87	5.16
ASEAN Market									
1	Singapore (SG)	-19.63%	3.15%	4.38%	-19.63%	-22.03%	14.13	0.88	7.92
2	Kuala Lumpur (MK)	-7.10%	1.88%	11.11%	-7.10%	-10.24%	19.78	1.47	7.16
3	Thailand (TH)	-15.24%	-0.28%	18.93%	-15.24%	-22.61%	20.74	1.50	6.60
4	Vietnam (VN)	-14.50%	-4.55%	24.54%	-14.50%	-13.14%	14.52	1.96	15.29
Indonesia Market									
1	JCI / IHSB (ID)	-22.13%	3.19%	8.07%	-22.13%	-22.85%	16.48	1.73	12.72
2	JII / ISSI (ID)	-22.81%	0.76%	8.15%	-22.81%	-22.10%	16.59	1.79	13.33
3	IDX30 (ID)	-25.52%	3.53%	7.71%	-25.52%	-25.93%	15.99	1.80	12.44
4	LQ45 (ID)	-25.46%	4.18%	9.42%	-25.46%	-25.42%	15.95	1.79	12.50

Who's Buying What in June?

Domestic investors favor commodity and bank stocks

Changes in Ownership in Between May and June

Based on LQ45 index, sorted by top 5 increase and top 5 decrease

Top 5 Largest Increase in Ownership															
Domestic Shareholders								Foreign Shareholders							
Retail		MF		Insurance		PF		Retail		MF		Insurance		PF	
PTBA	3.61%	BBTN	3.04%	BBTN	1.19%	CTRA	0.17%	TKIM	0.02%	ASII	0.85%	EXCL	0.17%	BTPS	0.86%
BRPT	3.20%	TKIM	2.17%	MNCN	0.73%	KLBF	0.10%	CTRA	0.02%	MNCN	0.58%	TLKM	0.13%	SMGR	0.31%
ITMG	2.96%	AKRA	1.57%	JSMR	0.68%	TBIG	0.07%	PTBA	0.01%	BBRI	0.50%	LPPF	0.11%	JSMR	0.26%
TKIM	1.74%	JPFA	1.11%	PTPP	0.60%	LPPF	0.07%	BBTN	0.01%	PTBA	0.41%	BBRI	0.10%	ERAA	0.18%
LPPF	1.57%	BSDE	0.98%	LPPF	0.58%	PTPP	0.06%	MNCN	0.01%	ANTM	0.34%	BMRI	0.05%	BMRI	0.12%

Top 5 Largest Decrease in Ownership															
Domestic Shareholders								Foreign Shareholders							
Retail		MF		Insurance		PF		Retail		MF		Insurance		PF	
JPFA	-1.12%	PTBA	-0.40%	CTRA	-1.04%	JPFA	-0.06%	PGAS	-0.02%	LPPF	-3.68%	BBNI	-0.50%	BBTN	-1.32%
PTPP	-0.96%	INDF	-0.40%	SCMA	-1.01%	ICBP	-0.04%	TLKM	-0.02%	ITMG	-1.76%	SMGR	-0.08%	BSDE	-0.67%
WSKT	-0.69%	SMGR	-0.23%	PTBA	-0.86%	INDF	-0.02%	ANTM	-0.02%	KLBF	-0.99%	MNCN	-0.07%	ACES	-0.62%
BBRI	-0.50%	ITMG	-0.18%	INKP	-0.82%	INCO	-0.02%	PTPP	-0.01%	BSDE	-0.95%	SRIL	-0.06%	TKIM	-0.57%
ANTM	-0.45%	GGRM	-0.14%	INCO	-0.56%	ITMG	-0.01%	BTPS	0.00%	TKIM	-0.80%	ASII	-0.06%	PTBA	-0.41%

- Di bulan Juni, investor domestik meningkatkan kepemilikan pada saham-saham komoditas dan perbankan. Di saat yang sama, investor domestik mengurangi kepemilikan pada saham konstruksi, semen dan *consumer staples*. Di sisi lain, investor asing meningkatkan kepemilikan pada saham-saham auto, media, komoditas dan telco.

Indonesia: Negative Foreign Flows YTD

Foreign outflows continued to June at US\$ 318 million

Global Equity Flows

In US\$ mn.

Monthly Data	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China
May-19	1,423	-514	-2,548	-270	-3,726	114	-489	-6,011
Jun-19	149	99	287	-139	1,091	1,505	33	3,025
Jul-19	-1,934	-20	1,620	81	-616	653	-20	-237
Aug-19	-2,199	-651	-2,142	-226	-2,785	-1,762	-620	-10,386
Sep-19	955	-519	-872	-143	2,532	-381	-133	1,437
Oct-19	2,062	-269	-208	73	4,094	-258	-116	5,379
Nov-19	3,150	-493	-3,025	-259	1,961	-254	-370	710
Dec-19	862	571	1,024	-173	1,058	-811	-292	2,239
Jan-20	1,373	1	-165	-164	-1,143	-562	-33	-693
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

Yearly								
YTD	-2,441	-2,139	-21,680	-1,326	-18,841	-6,800	-3,790	-57,017
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
2015	3,274	-1,580	-3,580	-1,194	3,384	-4,372	-5,062	-9,130

JCI Valuation is Undemanding

Indonesia's index valuation is attractive compared to other countries'

Desc.	P/E		EPS Growth		P/B		Dividend Yield		ROE	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
South East Asia	18.34	14.80	-24.9%	23.8%	1.44	1.36	2.92	3.07	8.46	10.09
Indonesia	17.09	13.41	-23.8%	27.4%	1.72	1.60	2.58	2.48	12.64	15.19
Malaysia	20.65	17.14	-20.2%	20.5%	1.54	1.48	2.96	3.43	7.17	8.44
Phillipines	17.96	14.06	-24.2%	27.7%	1.50	1.38	1.94	1.87	7.97	9.98
Singapore	14.76	12.71	-25.5%	16.2%	0.92	0.89	4.43	4.65	7.91	8.75
Thailand	21.25	16.68	-30.7%	27.4%	1.54	1.47	2.67	2.95	6.60	8.11
Vietnam	15.19	12.03	-4.8%	26.3%	2.05	1.82	1.79	1.98	15.29	16.28
Asia										
Hong Kong	12.25	10.39	-14.5%	17.9%	1.03	0.97	3.22	4.00	10.44	10.36
India	22.07	16.15	-11.0%	36.7%	2.54	2.29	1.52	1.78	11.50	13.72
Korea	15.90	11.28	-1.1%	41.0%	0.91	0.86	2.04	2.26	5.14	11.61
Taiwan	18.91	16.18	-1.6%	16.8%	1.95	1.85	3.32	3.74	12.52	13.32
Japan	22.06	17.45	-19.9%	26.4%	1.67	1.58	1.87	2.06	7.58	8.72
Europe										
German	20.00	14.73	-24.9%	35.8%	1.50	1.44	2.76	3.11	6.73	8.60
France	23.42	15.98	-40.3%	46.6%	1.50	1.44	2.84	3.32	5.21	7.18
Spain	25.18	14.76	-58.2%	70.6%	1.11	1.09	3.39	4.25	3.99	5.56
Italy	23.92	13.85	-56.7%	72.7%	1.04	1.00	3.62	4.26	5.31	6.44
Switzerland	19.39	16.43	-8.9%	18.0%	2.44	2.35	3.13	3.33	13.32	13.51
Russia	11.15	7.96	-43.1%	40.1%	0.88	0.83	5.53	6.87	7.78	8.53
Middle East										
Saudi Arabia	22.33	18.28	-24.9%	22.2%	1.83	1.76	3.10	3.32	16.91	25.98
United Arab Emirates	16.73	13.74	-33.8%	21.7%	1.29	1.24	3.88	4.47	9.20	n/a
Egypt	10.15	7.30	-9.2%	39.0%	1.15	1.05	3.63	4.19	14.38	17.06
Latin America										
Mexico	22.01	12.07	-38.2%	82.3%	0.95	0.90	2.86	3.52	12.69	18.52
Argentina	8.97	5.57	-49.4%	60.9%	0.59	0.60	2.91	3.68	11.93	16.65
Brazil	28.91	12.59	-53.7%	129.6%	1.71	1.60	2.81	3.78	5.71	13.07
Colombia	10.83	8.91	-14.2%	21.5%	0.69	0.66	4.15	4.41	9.29	13.01
North America										
Canada	24.53	15.96	-40.1%	53.7%	1.46	1.46	3.40	3.47	7.34	9.50
United States	24.96	19.28	-23.4%	29.4%	3.42	3.21	1.88	1.98	14.20	18.99

3Q20 Sector View

Investment Thesis Per Equity Sector

Sector	2Q20 Update So Far			Reason to Invest	
	2020	Guidance	Upside/ (Downside) Surprise	Pros	Cons
Agriculture	Overweight	<ul style="list-style-type: none"> CPO: No guidance 	<ul style="list-style-type: none"> CPO: Upside from better than expected volumes 	<ul style="list-style-type: none"> CPO: Volume returns as demand from China is back. 	<ul style="list-style-type: none"> CPO: Slower demand outlook triggered by Biodiesel feasibility during cheap oil environment.
Basic Industry	Underweight	<ul style="list-style-type: none"> Cement: Volume is well guided Poultry: No guidance 	<ul style="list-style-type: none"> Cement: Upside from cost savings Poultry: Downside from worse than expected broiler prices drop impact. 	<ul style="list-style-type: none"> Cement: Effective cost control. Quick recovery in volume warrant earnings resiliency. Poultry: Broiler prices quick return could indicate demand recovery. 	<ul style="list-style-type: none"> Poultry: Economy weakness in general could prolong demand drop.
Consumer Staples & Discretionary	Marketweight	<ul style="list-style-type: none"> FMCG: No changes Pharma: limited guidance Cigs: limited guidance 	<ul style="list-style-type: none"> FMCG: Some upside surprise coming from better export sales Cigs: Some type of cigs have shown resilience volume despite of continuous ASP hike 	<ul style="list-style-type: none"> Consumer: Volume relatively still inline with earlier guideline despite Covid-19 Disruption. Cigs: 2Q20 volume should have bottomed out 	<ul style="list-style-type: none"> Cigs: Market not yet setting the base case for another excise increase in 21E. No price increase announcement yet. Pharma: volume on 2Q20 slowed down during PSBB at the back of massive buying during early stage of pandemic.
Banks	Marketweight	<ul style="list-style-type: none"> Well guided 	<ul style="list-style-type: none"> Less chance of earnings surprise. Possibility of earnings bottom on 2Q 	<ul style="list-style-type: none"> Lower than expected restructured loan as of Jun-20 on several big banks, less pressure on NIM. 	<ul style="list-style-type: none"> There is not yet a benchmark of repayment capability after restructure ends. Outlook on provision likely maintained for several banks
Infra, Utility & Transport	Overweight	<ul style="list-style-type: none"> Toll road: Traffic guidance Telco: Company guidance withdrawn 	<ul style="list-style-type: none"> Telco: Possible upside as players benefited by increased data demand during PSBB 	<ul style="list-style-type: none"> Toll road: Faster than expected, coming from public transport capacity limit and gradual reopening of areas and activities. Telco: Defensive earnings relative to other sectors 	<ul style="list-style-type: none"> Toll roads: Stocks have rallied and outperformed. Telco: Intense competition still limits growth to some players in the industry.

3Q20 Sector View

Investment Thesis Per Equity Sector

Sector	2Q20 Update So Far			Reason to Invest	
	2020	Guidance	Upside/ (Downside) Surprise	Pros	Cons
Mining	Overweight	<ul style="list-style-type: none"> Coal: limited guidance 	<ul style="list-style-type: none"> Coal: Upside from better than expected volume 	<ul style="list-style-type: none"> Coal : USD linked revenue and cheap valuations with high dividend payouts. Fast volume recovery as export demand is back. 	<ul style="list-style-type: none"> Coal : Renewed lockdown in countries could hamper demand.
Miscellaneous	Underweight	<ul style="list-style-type: none"> Auto: Guidance of 40% volume drop in 2020 	<ul style="list-style-type: none"> Auto: Downside from limited earnings visibility and financial business impact 	<ul style="list-style-type: none"> Auto : Valuation at historical lows. Fresh funds from BNLI sale could provide opportunity for new business ventures. 	<ul style="list-style-type: none"> Auto : Weakening economy in general could prolong demand recovery
Property & Real Estate	Overweight	<ul style="list-style-type: none"> Limited guidance 	<ul style="list-style-type: none"> Downside surprise as rental waive and less delivery on landed sales. 	<ul style="list-style-type: none"> Property : Valuation at historical lows. 	<ul style="list-style-type: none"> Property : Slower presales recovery from first home buyer due purchasing power and tight mortgage
Building Construction	Marketweight	<ul style="list-style-type: none"> 30-60% new contracts of initial target 	<ul style="list-style-type: none"> Downside from risk of earnings visibility 	<ul style="list-style-type: none"> Construction: Trading cheaply at around 0.5-0.7x PBV and among most under owned stocks in the market 	<ul style="list-style-type: none"> Construction: Lower contract achievements due to COVID. One of the highly leveraged sectors.
Trade, Services & Inv	Overweight (ERAA)	<ul style="list-style-type: none"> Retail : Limited guidance Media : Limited guidance Hospital : well guided 	<ul style="list-style-type: none"> Retail : mixed – 1) better SSSG than expected, 2) Margin pressure. Media: Upside from content cost saving 	<ul style="list-style-type: none"> Media: Consumer companies dominated advertising industry warrant a quick return due to less effect from COVID for their business. Hospital: 2Q20 should have bottomed out, more doctors' hours of practice. 	<ul style="list-style-type: none"> Retail : Demand will take gradual trajectory as traffic still low.

Equity Strategy

Expecting positive improvement ahead

Arguments for Equity Market

Penurunan pasar yang cukup dalam akibat kekhawatiran investor terhadap dampak virus corona menyebabkan valuasi saham menjadi menarik dengan mempertimbangkan pertumbuhan jangka menengah.

Penurunan bersifat sementara, karena tidak adanya perubahan secara fundamental terhadap perekonomian Indonesia secara jangka panjang.

Kebijakan pemerintah dalam pemberian stimulus dapat membantu perekonomian dalam waktu dekat. Disaat yang bersamaan, Pemerintahan presiden Jokowi tetap 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, valuasi yang sangat atraktif harusnya mengundang investor untuk kembali berinvestasi pada pasar saham Indonesia.

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

Dampak dari virus Corona terhadap pertumbuhan ekonomi dunia dan domestik masih belum bisa dipastikan besarnya, namun pastinya negatif. Risiko penyebaran *covid-19* yang berkepanjangan dapat mengakibatkan dampak ekonomi yang lebih besar dari ekspektasi pasar.

Pemerintah mempunyai andil besar di tahun 2020 baik dari kebijakan stimulus ekonomi dan rencana reformasi pemerintahan. Adapun *trade-off* yang dilakukan mengakibatkan tingkat hutang Indonesia meningkat, Hal ini dapat menjadi *overhang* setelah beberapa periode kedepan i.e : *crowding-out* sistem perbankan, meningkatnya instrumen cukai/pajak kedepan, dll. Sehingga *recovery* beberapa sektor dapat dibawah ekspektasi pasar.

- 🔺 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 2021F dikisaran -10% s/d 0% dibandingkan dengan masa pre-covid (2019) dengan P/E dikisaran 13.5-14.0x. Target JCI 2021F berkisar pada 5,000 – 5,800.

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