

Monthly Bulletin

November 2020

What's Inside



Calendar

- US Soybean Production (11-Nov)
- CH Retail Sales YoY (11-Nov)
- ID 7D BI Repo Rate (19-Nov)
- ID Balance of Payment (20-Nov)



Global Event

Pemilu AS merupakan berita utama di awal Nov'20, Biden diproyeksikan menjadi presiden AS ke 46. Hal ini di respon positif oleh pasar dalam beberapa hari kebelakang. Disaat yang bersamaan, Peningkatan kasus baru covid-19 masih berlanjut.



Indonesia

Indonesia telah menerbitkan pertumbuhan PDB 3Q20 sebesar -3.49% dibandingkan dengan ekspektasi konsensus sekitar -3.20%. Beberapa sektor sudah mengalami perbaikan secara gradual seperti akomodasi dan restaurant, *wholesale and retail*.



Equity Market

Kinerja IHSG ditutup sebesar -18.59% YTD atau -5.03% MoM (*cutoff date: 27-Oct-2020*). Rally di dorong dari saham-saham *big caps*. Top 3 *Leaders* 1) BBRI, 2) ASII, 3) BBCA dan Top 3 *Laggards* 1) POLL, 2) ICBP, 3) UNVR. Investor asing melakukan *net sell* sebesar 3.7tn di bulan Oct 2020.



Fixed Income Market

Imbal hasil 10 tahun obligasi Indonesia ditutup di level 6.6% pada akhir Nov 2020. Kepemilikan investor asing secara proporsional menurun dari level 26.5% menjadi 26.0%. Pembelian terbesar masih berasal dari perbankan dan bank indonesia. Investor asing mencatatkan pembelian bersih sebesar 21.7tn di bulan Oct 2020.



Section

Syailendra Perspective

1

Looking Back Our Investment Thesis in 3Q20

Macro catalyst had priced-in during 2Q20, focusing on *stock-picking*

Selama 3Q20, IHSG mencatatkan kinerja sebagai -0.7% sejak Jun'20. Pandangan kami pada saat itu ialah:

- ▲ Stimulus fiskal dan moneter sudah *price-in* ketika indeks saham global, termasuk IHSG, telah *rally* sebesar 25% - 40% dari level terendah.
- ▲ Secara umum kembalinya aktivitas ekonomi akan terjadi secara gradual. Beberapa sektor, seperti jalan tol, semen, mobil, dan barang-barang *discretionary* berpotensi 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*.
- ▲ *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 AS di 4Q20, kami melihat risiko atas penguatan USD menjelang akhir tahun.*
- ▲ Valuasi tidak lagi terlalu *depressed* di beberapa sektor dan momentum juga sedikit melandai, *risk and reward* dalam *stock-picking* lebih penting.

Our Opinion and View for 4Q20

Cautiously optimistic between fear of lockdown and hope of vaccine

Berdasarkan hal yang telah terjadi di 3Q20, kami memiliki pandangan untuk 4Q20 atas dinamika pasar sebagai berikut:

- ⚠ Pelaku pasar akan fokus pada hasil uji *testing* fase III yang dilakukan pada beberapa kandidat vaksin Covid-19. Level IHSG saat ini sudah mencerminkan sebagian dari ekspektasi tersebut.
- ⚠ Kami melihat hasil dari Pemilu AS akan menentukan kebijakan ekonomi yang mempengaruhi persepsi investor global terhadap *emerging market*.
 - Biden di proyeksikan menjadi presiden ke-46. Hal ini direspon positif oleh pasar khususnya pasar asia akibat beberapa hal. 1) Ketegangan isu perang dagang antara *US-China* bisa melunak, 2) Tren stimulus akan berlanjut yang mengakibatkan meningkatnya fiskal defisit AS, 3) Potensi terjadinya peningkatan pajak di AS apabila demokrat memegang kursi terbanyak di senat.
- ⚠ IHSG bergerak *rally* dari 1-15 oktober disebabkan ekspektasi *softening trade war* dengan ekspektasi Biden akan terpilih sebagai presiden AS berikutnya. Hal ini diperlihatkan *leaders* dibulan oktober mayoritas berasal dari saham-saham *big caps*.
- ⚠ Namun, IHSG sedikit bergerak flat dikisaran 5,100 dari 15-30 oktober mengantisipasi terjadinya peningkatan kasus akibat libur panjang yang terjadi di 28-30 oktober 2020. Berdasarkan data terakhir peningkatan *daily new case* dan *infection rate* sudah kembali normal pada bulan awal oktober 2020.
- ⚠ Berdasarkan hal-hal di atas, kami melihat kinerja IHSG akan sangat terpengaruhi oleh ekspektasi pasar terhadap *rollover earnings* di 2021. Ekspektasi konsensus akan sangat dipengaruhi oleh:
 - Hasil fase III vaksin dari para *developer* vaksin (Astra Zeneca, Pfizer, Moderna, Sinovac, dll) dan Rencana roll-out vaksin.
 - Perubahan PSBB menjadi PSBB Transisi yang diikuti oleh penurunan CFR. Penurunan CFR dan relaksasi PSBB akan mengembalikan kepercayaan konsumen secara gradual.

Section COVID-19 Updates

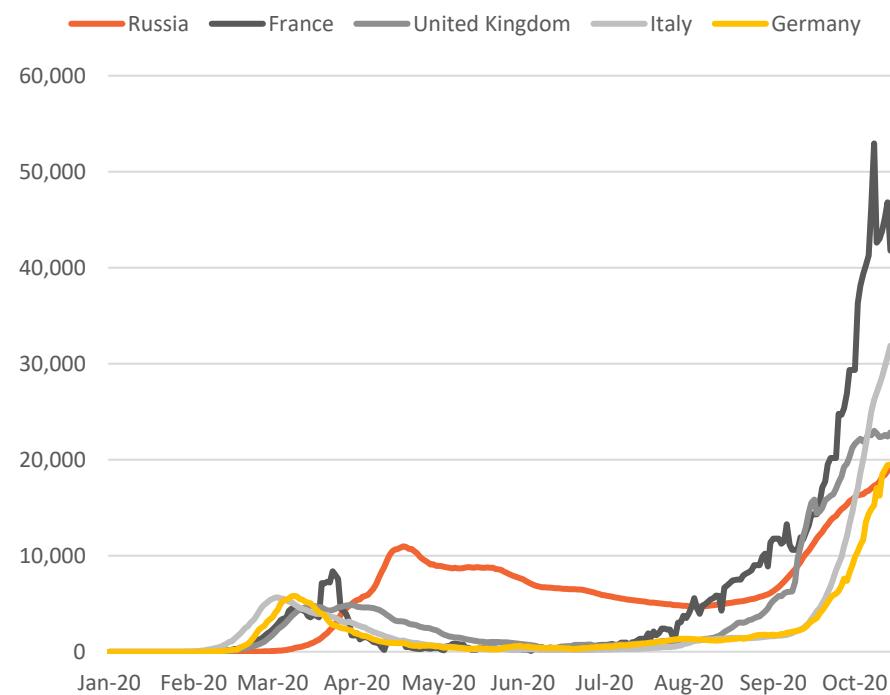
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European : Rising Cases as well as Infection Rate

Covid-19 second wave outbreak in european continued

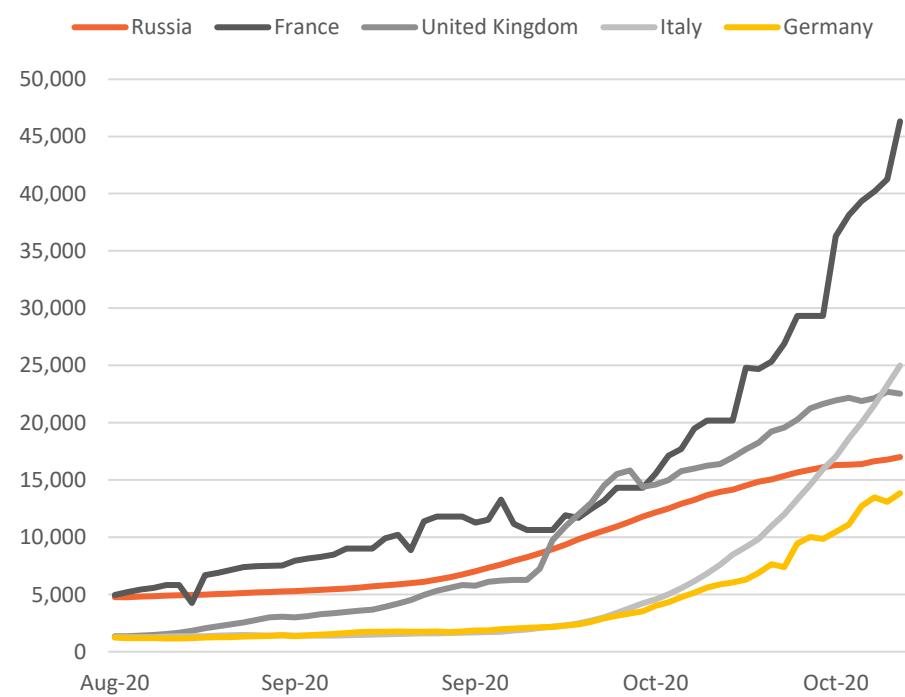
European Region Daily New Cases Trend

Avg. 7D Daily New Cases



European Region 7DMA Infection Rate

Avg. 7DMA Daily New Cases of 7DMA Daily Testing



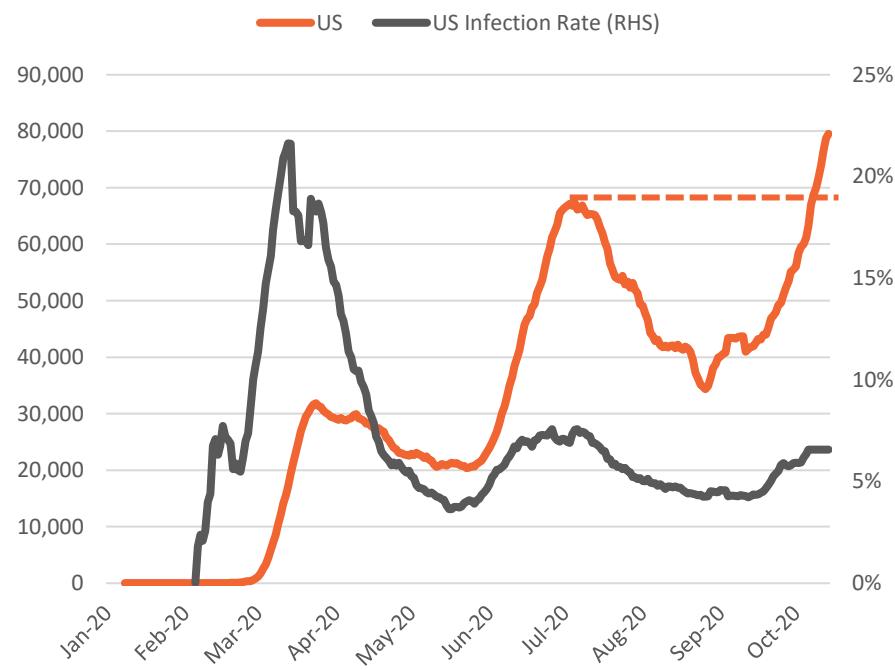
Source: Syailendra Research, JHU, Owid

- ⚠ Berdasarkan observasi kami, negara-negara Eropa dalam dua bulan kebelakang mengalami peningkatan signifikan dari pertambahan kasus yang disertai dengan *infection rate* sejak Agustus 2020.
- ⚠ Dalam beberapa pekan kebelakang, kami juga melihat beberapa negara Eropa melakukan *regional lockdown* seperti : Italia, Perancis, German dan Inggris.

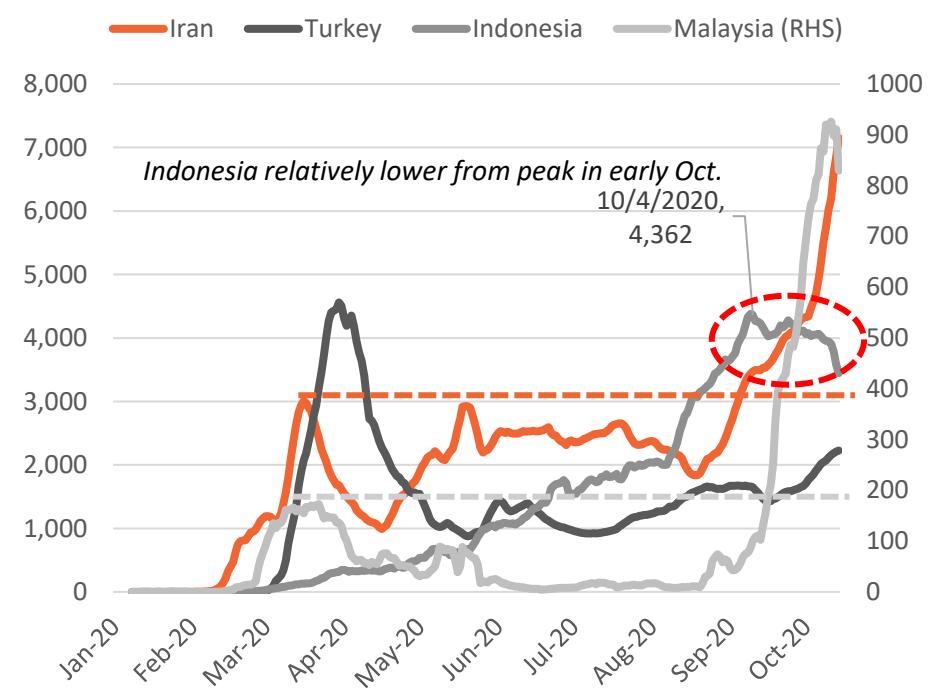
US and Some Asia Countries Had Break Previous Peak

US, Iran and Malaysia continued second wave outbreak.

United States already hit its 2nd peak of daily cases
Avg. 7DMA New Cases



Asia Country with trending up cases
In 7DMA of new cases



Source: Syailendra Research, JHU, Owid

- ⚠️ Disaat yang bersamaan beberapa negara Asia mengalami peningkatan kasus signifikan seperti di Malaysia dan Iran. Pemerintahan Malaysia telah melakukan lockdown di sebagian besar wilayah mereka.
- ⚠️ Amerika Serikat baru saja menyelesaikan pemilu presidential, sehingga peningkatan kasus harian covid-19 belum diikuti dengan kebijakan kesehatan publik

However, Case Fatality Rate Generally Trending Down

Discovery on better treatment improve global CFR

European, Asia and US Case Fatality Rate

In % 7DMA death of 7DMA confirmed cases

Country	Continent	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
Iran	Asia	6.7%	5.1%	7.2%	2.4%	5.4%	8.4%	5.7%	5.4%	5.1%
Turkey	Asia		1.4%	3.7%	2.8%	1.3%	1.7%	2.2%	4.6%	3.4%
Indonesia	Asia		8.7%	6.2%	5.7%	4.0%	3.6%	3.4%	2.6%	2.8%
Malaysia	Asia		2.1%	1.8%	0.0%	0.0%	1.7%	3.0%	0.4%	0.5%
Russia	Europe		0.6%	1.2%	1.9%	2.0%	2.3%	2.2%	1.7%	1.8%
France	Europe	1.1%	8.8%	28.9%	7.3%	6.4%	1.1%	0.3%	0.6%	0.7%
United Kingdom	Europe		7.8%	15.3%	14.2%	9.8%	1.9%	0.7%	0.6%	1.1%
Italy	Europe	2.5%	14.6%	15.6%	20.1%	5.3%	2.3%	0.5%	1.1%	0.8%
Germany	Europe		1.4%	10.6%	8.3%	2.6%	0.6%	0.3%	0.5%	0.5%
Belgium	Europe		5.2%	19.3%	14.5%	5.5%	0.7%	0.7%	0.5%	0.7%
US	North America	11.1%	2.8%	7.0%	4.6%	1.3%	1.7%	2.2%	1.7%	1.0%
World	World	6.5%	5.5%	7.4%	3.5%	2.5%	2.2%	2.0%	1.8%	1.3%

Sumber: Syailendra Research, JHU, OWID

- ⚠ Walaupun kita cermati ada peningkatan kasus harian di negara-negara sebelumnya. Namun, secara umum tingkat mortalitas (*case fatality rate*) yang terjadi di setiap negara menurun. Menurut kami hal ini diakibatkan dengan berkembangnya penemuan *treatment* untuk pasien yang terkena COVID-19 .

Update on Vaccine Timeline

Nothing Change Much Since Sep-2020.

Summary of Major Vaccine Development

As of Sep'2020

Country/ Region	Vaccine Developer	What Happened in Sep'20 & Anticipated Next Steps	2020				2021	
			1Q	2Q	3Q	4Q	1Q	2Q
US	Novavax/Emergent Biosolutions/Praha Vaccine/Serum Institute of India/AGC Biologics/Fujifilm Diosynth Biotech	Phase III expected to begin in the US by end of November 2020		Phase I & II		Phase III (Dec-Jan'21) 1Q21 : Operation Warp Speed		
US	Moderna/NIAID/Lonza/Catalent/Rovi/Medimate	UK Medicines and Healthcare products Regulatory Agency (MHRA) started rolling review process on 10/27/2020		Phase I & II		Phase III (Nov-Dec'21) 4Q20-1Q21 : Operation Warp Speed		
China	Sinovac/ Instituto Butantan			Phase II	Phase III + Limited Approval			
China	Beijing Institute of Biological Products/Sinopharm	Received early approval for emergency use in China (Aug 2020) and the UAE (Sep 2020)			Phase III			
China	Wuhan Institute of Biological Products/Sinopharm	Received early approval for emergency use in China (Aug 2020) and the UAE (Sep 2020)			Phase III			
UK & EU	AstraZeneca & Consortium of University	Study protocol for late-stage clinical trials released September 2020; AstraZeneca clinical trials resumed in the UK on 9/14/2020 and in Brazil and South Africa on 9/15/2020, trial remains on hold in the US; AstraZeneca voluntarily paused vaccination to allow independent review of safety data on 9/8/2020;			Phase III (Nov-Dec) 4Q20 : Possibility of Emergency Delivery		Est. Production	
US	Biontech/Fosun Pharma/Pfizer	Study protocol for late-stage clinical trials released September 2020;			Phase III (End Oct) 4Q20-1Q21 : Operation Warp Speed			
US	Janssen Pharma (J&J)	Phase III trial (ENSEMBLE) began and study protocol released September 2020;			Phase III (Dec-Jan'21)			
China	Cansino		Phase I & II		3Q20-4Q20 : Phase III 3Q20 : Limited Used (Military)			
Russia	Gamaleya Research Institute	Phase III (post-registration) trial began September 2020;			Phase III			

Sumber: New York Times, Milken Institute

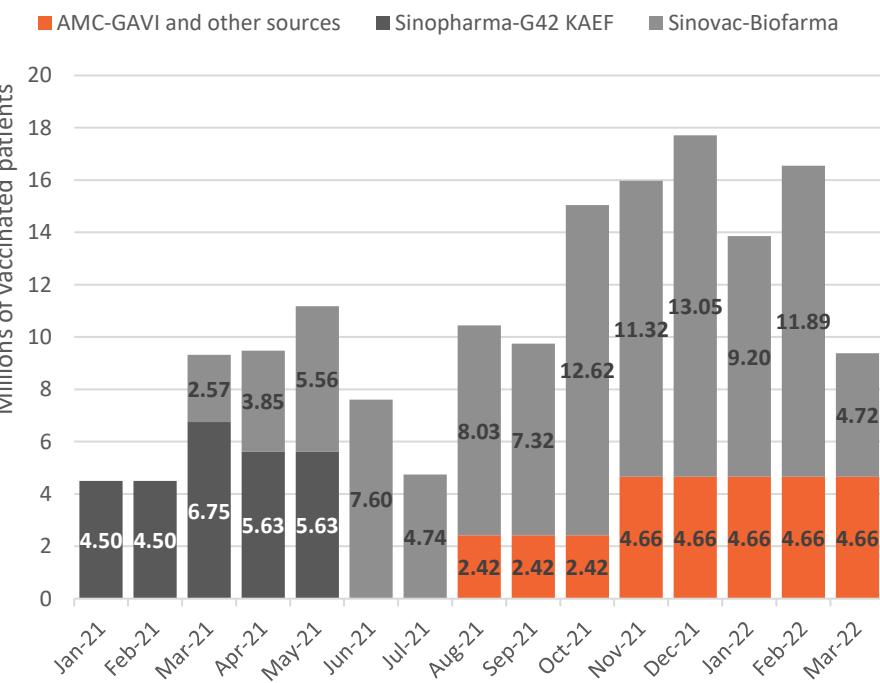
- ⚠ Ada sembilan kandidat yang akan atau telah memasuki fase III. Fase III merupakan tahapan pengujian secara masal untuk menguji efektivitas vaksin. Adapun dua tambahan vaksin yang masih dalam fase III telah disetujui oleh negara masing-masing untuk dapat dilakukan penggunaan terbatas sebagai penggunaan *emergency*.

What We Know So Far Related to Vaccine Roll-Out

Due to supply shortage, both global and Indonesia will have some prioritization

Indonesia MoH Grand Design Vaccine Roll-Out

In mio of person

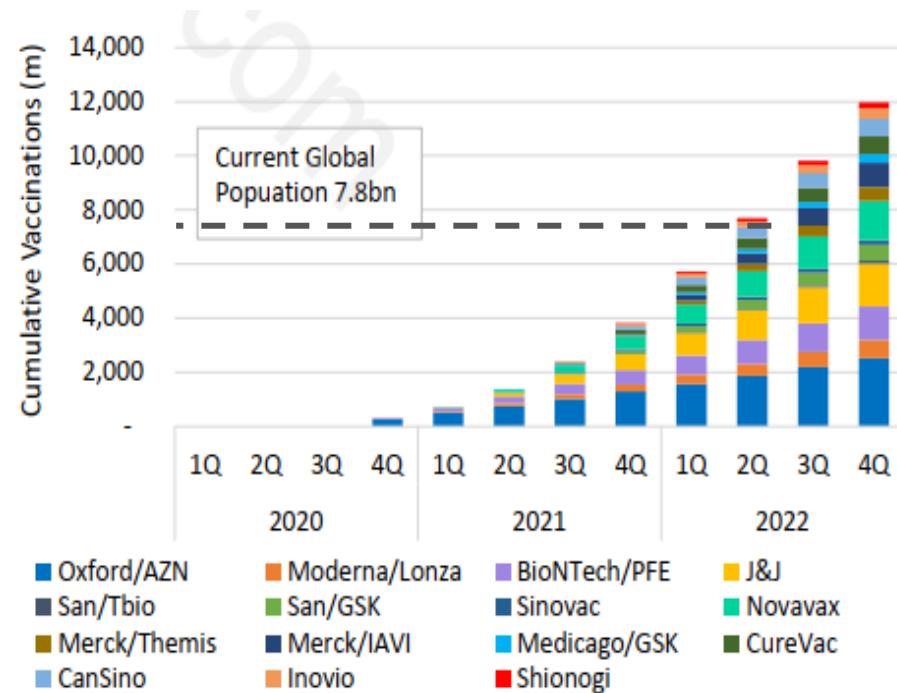


Source: Ministry of Health

- ⚠️ Kementerian Kesehatan telah mengkomunikasikan terkait rencana pemberian vaksinasi Covid-19 berdasarkan target per bulan seperti grafik di atas. Sebagian besar vaksinasi akan terjadi di Q3 2021.
- ⚠️ Beberapa produsen vaksin memiliki kapasitas sebagai berikut: 1) Pfizer 1.3 bio 2) Moderna 0.5 bio, 3) AZN >2.5bio, 4) J&J 1bio, 5) Novavax 2bio sampai dengan akhir tahun 2021.

Blue-Sky Cumulative Vaccinations

In cumulative vaccination (m)



Source: Syailendra Research

Section Macro Update

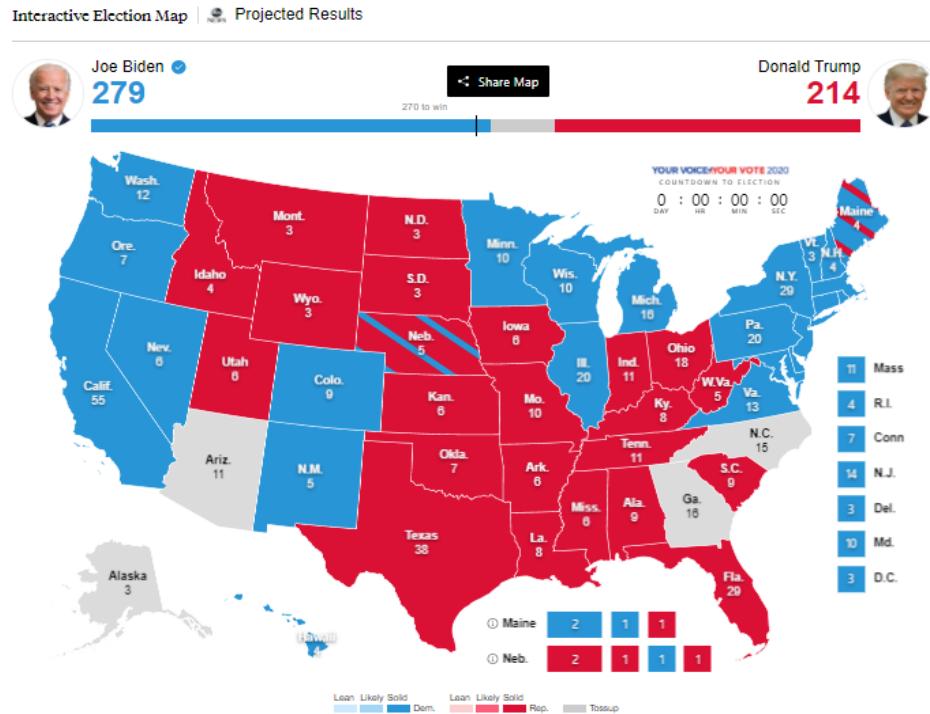
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Biden is Projected to Be 46th US President

Market is expecting softening trade war issues and more stimulus for US

US Election Projected Results

Biden surpass 270 electoral votes



Source: ABC News , Syailendra research

Per 8-Nov-2020 (GMT+7), Beberapa *news outlet* telah memproyeksikan kemenangan Joe Biden menjadi presiden amerika serikat ke 46. Hal ini dapat mempunyai potensi positif terhadap negara *emerging market* karena beberapa hal yaitu :

- 1) Isu *trade-war* semakin melunak dengan tidak menggunakan tarif melainkan aliansi dan diplomasi, 2) Tingginya stimulus berpotensi melemahkan USD, 3) Apabila *US-Senate* mayoritas diambil oleh demokrat, Biden berpotensi untuk melakukan peningkatan tarif pajak.

Summary of Joe Biden Economic Plans

In each argument

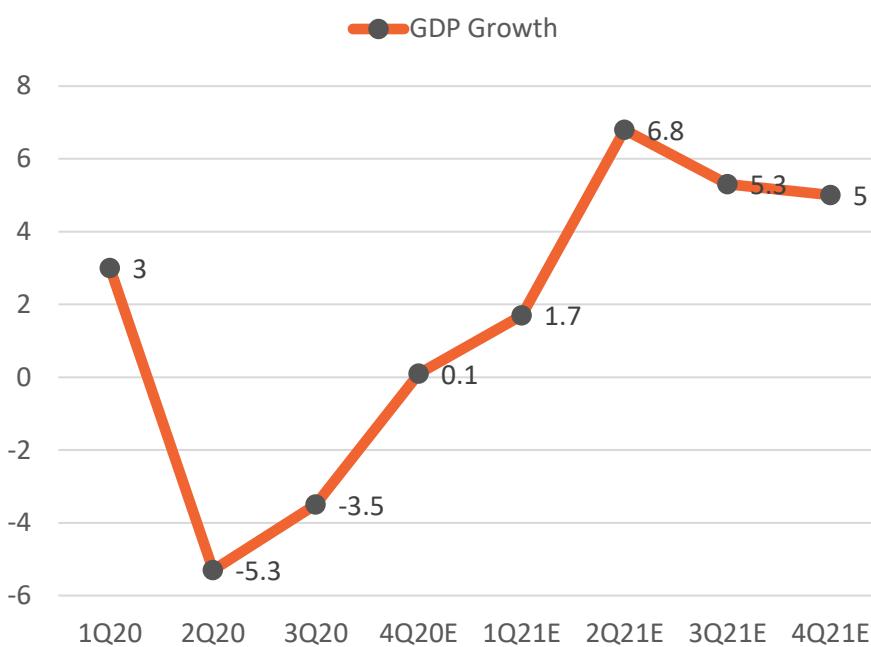
Joe Biden : Economic Plans		Potential Impact to US	Potential Impact to EM
Job and Wages	1) Increase the federal minimum wage to \$ 15 from \$ 7.25 2) Increase employment-based green cards from 140K each year 3) Create jobs through infrastructure plan	Higher cost of business in US	Neutral
Healthcare	1) Protect and build Affordable Care Act (ACA) 2) Lowering the Medicare Eligibility to 60 from 65 3) Expand Obamacare, to ensure 97% of Americans are insured		
Infrastructure and Trade	1) A 10Y, \$ 1.3tn infrastructure plan 2) Building renewable energy infrastructure 3) Forming a coalition with allies and partners (not through unilateral tariffs) to confront China on intellectual property and technology transfers	Higher fiscal deficits	Positive : Potential of weak dollar, softer US-China Trade War
Student Debt	1) Forgiving student debt for low-income and middle class individuals (earnings up to \$ 125k) 2) Cancelling a minimum of \$ 10k of student debt per person 3) Make public college and university fees for families whose income is below \$ 125k free	Higher fiscal deficits	Positive : Potential of weak dollar
Taxes	1) Applying social security payroll tax for those earning over \$ 400k a year 2) Raise top corporate income tax rate from 21% to 28% 3) Raise the top income tax rate back from 37% to 39.6%	Higher Tax Rate	Positive : Potential of flow to EM
Climate Changes	1) Rejoin the Paris climate agreement 2) A carbon pollution-free power sector by 2035 and net-zero emissions no later than 2050 3) 500k new EV public charging outlets 4) \$ 400bn investment in climate innovation and research	Higher fiscal deficits	

Source: BCAS, Syailendra Research

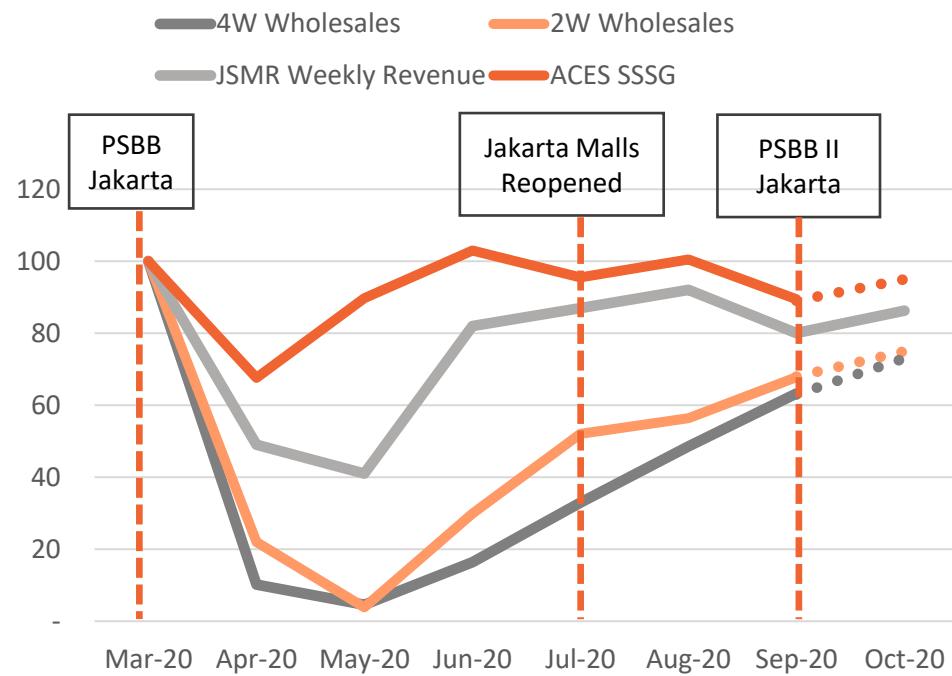
3Q20 GDP Growth Still in Negative Territory

GDP growth improved from 2Q20 bottom

3Q20 Growth Improved Despite Renewed PSBB in September
YoY Change in % (Assuming no renewed strict PSBB)



Activities Slightly Impacted by PSBB in September
Indonesia activity indicators index (100 = pre PSBB)



Source: Bloomberg, Syailendra research

- Pertumbuhan GDP kuartal III 2020 di -3.5% sebagai dampak masih lemahnya konsumsi dan investasi dalam negeri. PSBB II Jakarta juga sedikit memberikan dampak bagi pada aktivitas ekonomi, meskipun tidak sedalam kuartal II.
- Indikator aktivitas perekonomian Indonesia kembali melanjutkan perbaikan dari *bottom* pada bulan Mei 2020. Dampak dari PSBB II tampak tidak terlalu signifikan jika dibanding PSBB pertama.

Looking Further Into 3Q20 GDP Results

Depressed sector in 2Q20 showing some improvement

Indonesia Real GDP by Expenditure

% YoY

Category by Expenditure (%YoY)	1Q20	2Q20	3Q20
Real GDP	3.0	-5.3	-3.5
Domestic Demand	2.4	-6.7	-3.8
Household Consumption	2.8	-5.5	-4.0
F&B, ex-Restaurant	5.0	-0.7	-0.7
Apparel, Footwear & Maintenance	-3.3	-5.1	-4.3
Equipments	4.3	2.4	1.8
Health & Education	7.9	2.0	2.1
Transportation & Communication	-1.7	-15.3	-11.6
Restaurant & Hotel	2.4	-16.5	-10.9
Others	3.7	-3.2	-2.0
Non-Profit Consumption	-5.1	-7.8	-2.1
Government Consumption	3.7	-6.9	9.8
Gross FCF	1.7	-8.6	-6.5
Change in Stocks			
Net Exports			
Exports	0.2	-11.7	-10.8
Imports	-2.2	-17.0	-21.9

Source: CIMB, Syailendra Research

Indonesia Real GDP by Economic Activity

% YoY

Category by Economic Act. (%YoY)	1Q20	2Q20	3Q20
Real GDP	3.0	-5.3	-3.5
Agriculture	0.0	2.2	2.1
Mining	0.4	-2.7	-4.3
Manufacturing	2.1	-6.2	-4.3
Electricity & gas supply	3.9	-5.6	-2.3
Water supply	4.6	4.6	7.8
Construction	2.9	-5.4	-4.5
Wholesale & Retail trade	1.6	-7.6	-5.0
Transportation & Storage	1.3	-30.8	-16.7
Accommodation & Food beverages	1.9	-22.1	-11.9
Information & Communication	9.8	10.8	10.6
Finance & Insurance	10.6	1.1	-1.1
Real Estate	3.8	2.3	2.0
Business Services	5.4	-12.0	-7.6
Public Admin, Defense & Social Security	3.2	-3.2	1.8
Education	5.9	1.2	2.4
Human health & Social work	10.4	3.7	15.4
Other services	7.1	-12.6	-5.5
Taxes minus subsidies	3.2	-19.6	-23.4

Source: CIMB, Syailendra Research

- Pertumbuhan ekonomi Indonesia mengalami resesi. Indonesia mengalami pertumbuhan negatif di 3Q20 sebesar -3.5%. Namun, apabila kita lihat secara seksama sektor-sektor yang mengalami penurunan lebih dari -10% telah memperlihatkan perbaikan secara QoQ seperti : Accomodation & Food Beverages, Transportation & Storage.

Section Fixed Income Update

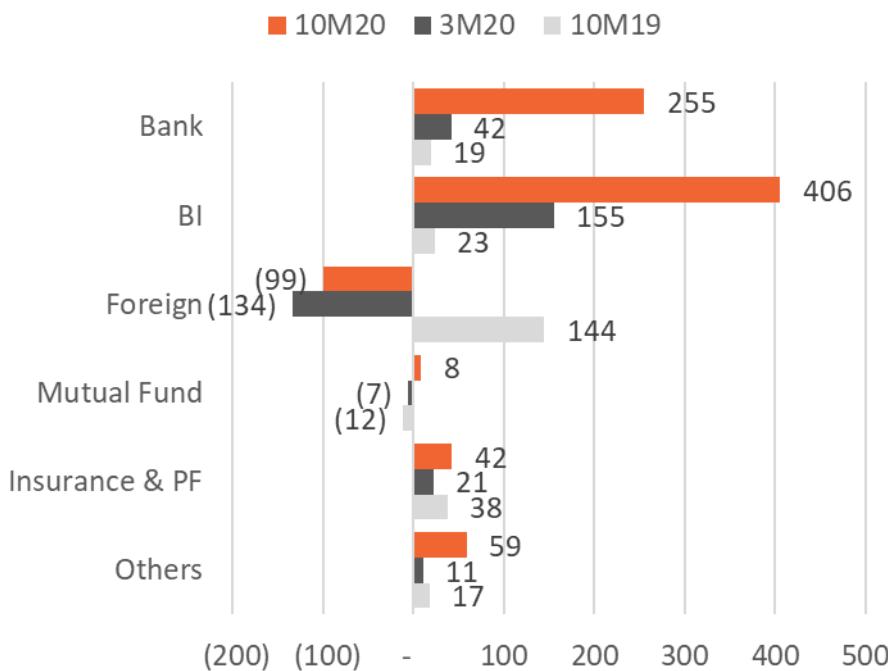
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SBN Ownership

Banks and BI continue the purchase

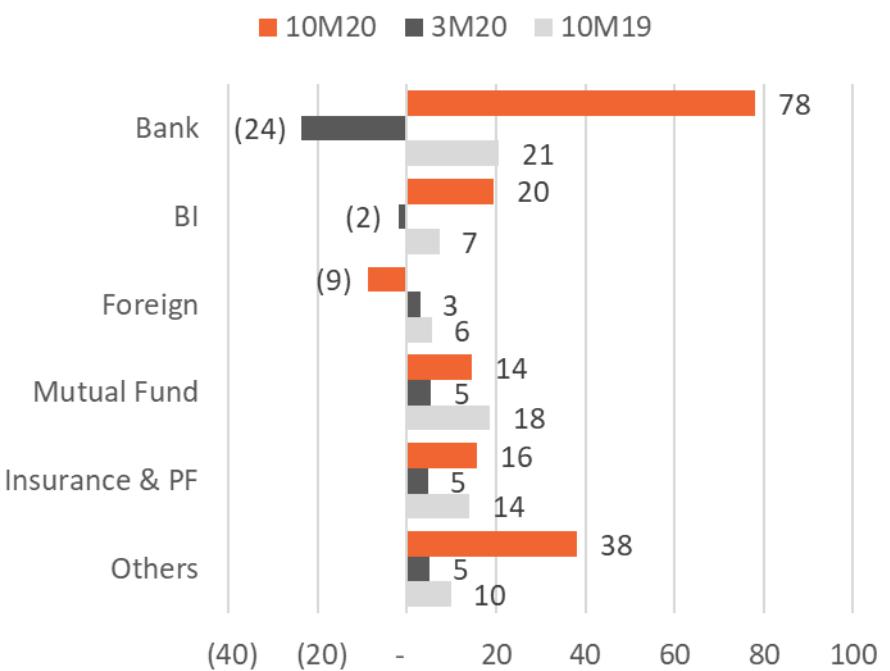
Net New Ownership of SUN

Based on ownership change YTD, in IDR tr



Net New Ownership of SBSN

Based on ownership change YTD, in IDR tr



Source: DJPPR, Syailendra Research

Source: DJPPR, Syailendra Research

- ⚠ Investor domestik pada SBN melanjutkan peningkatan diikuti oleh investor asing dengan pembelian IDR19tn pada bulan Okt-20.
- ⚠ Dalam beberapa pekan terakhir, beredar berita bahwa BI dan Pemerintah akan memperpanjang skema *Burden Sharing* sampai dengan 2022. Hal ini belum terkonfirmasi terkait peraturan teknis. Namun, Bank Indonesia akan menjadi faktor penting, yaitu sebagai pembeli SBN utama dalam beberapa tahun ke depan.

Real Rate Comparison among EMs

Indonesia still has attractive real yield compared to peers

Real 10Y YTM – Indonesia vs. Peers

Sorted by real yield (%), data as of 2-Nov for YTM and currency while 30-Oct for others and 30-Sept for quarterly benchmark

Country	10Y YTM		Currency	Inflation (%)	Real Yield (%)	Current Account (% of GDP)	Fiscal Balance (% of GDP)	S&P Rating
	1-Oct (%)	3Q20 (ppt)						
Ghana	21.78	(0.3)	(0.3)	2.7	8.68	13.1	(2.73)	(4.85)
South Africa	9.30	0.1	0.3	16.0	3.00	6.3	(0.80)	(15.95)
Indonesia	6.61	0.4	(0.5)	5.5	1.42	5.2	(1.80)	(6.05)
Brazil	7.90	(0.3)	1.1	42.5	3.14	4.8	(0.70)	(16.20)
Malaysia	2.62	0.0	(0.7)	1.6	(1.40)	4.0	1.60	(6.50)
Russia	6.15	0.1	(0.2)	28.3	3.70	2.5	1.80	(4.40)
Mexico	6.28	(0.2)	(0.6)	11.9	4.01	2.3	0.47	(4.85)
Colombia	5.77	0.3	(0.6)	18.1	3.52	2.3	(4.00)	(8.35)
Vietnam	2.60	0.2	(1.0)	0.0	0.63	2.0	3.99	(4.15)
Egypt	14.73	(0.1)	1.0	(2.2)	13.88	0.9	(3.60)	(7.00)
Philippines	2.82	-	(1.5)	(4.4)	2.30	0.5	0.70	(8.30)
Ukraine	7.96	0.3	1.5	19.6	7.93	0.0	(3.00)	(1.95)
Romania	3.34	0.3	(1.1)	(2.2)	3.83	(0.5)	(4.69)	(4.40)
India	5.88	0.1	(0.7)	3.8	7.34	(1.5)	(0.90)	(4.05)

Source: Bloomberg, Syailendra Research

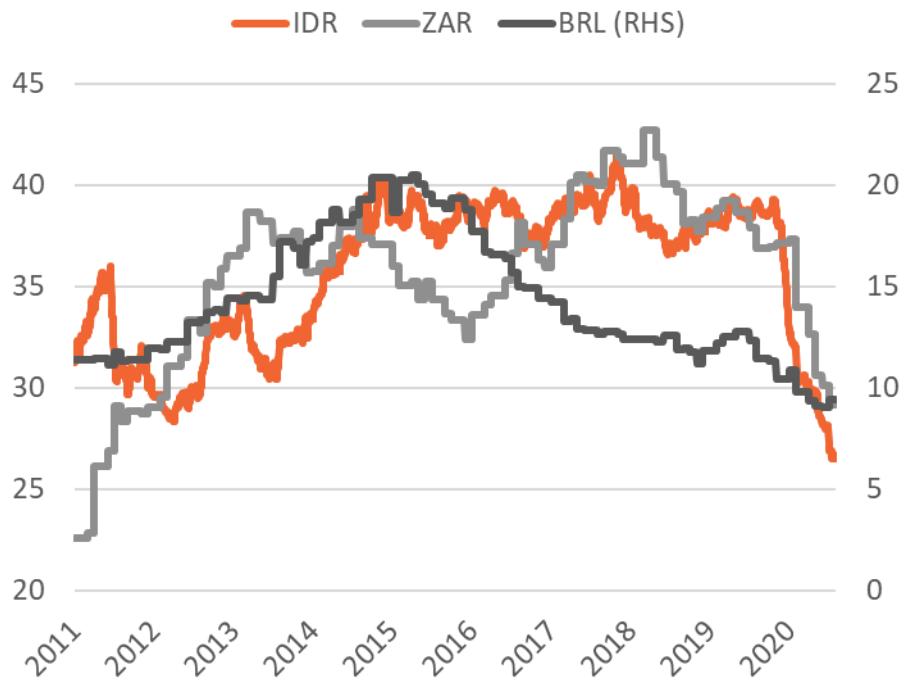
- Real 10yr Yield Indonesia masih menarik dibandingkan negara berkembang lainnya terutama di Asia Tenggara, yaitu sebesar 5.2%. Sebagai perbandingan, negara lain dengan *real yield* yang relatif tinggi adalah Ghana (13.1%), Afrika Selatan (6.3%), Brasil (4.8%) dan Malaysia (4.0%).

Outflow in Emerging Markets

Risk appetite seems to start returning but not to Indonesia

Foreign Ownership of Selected EM Countries

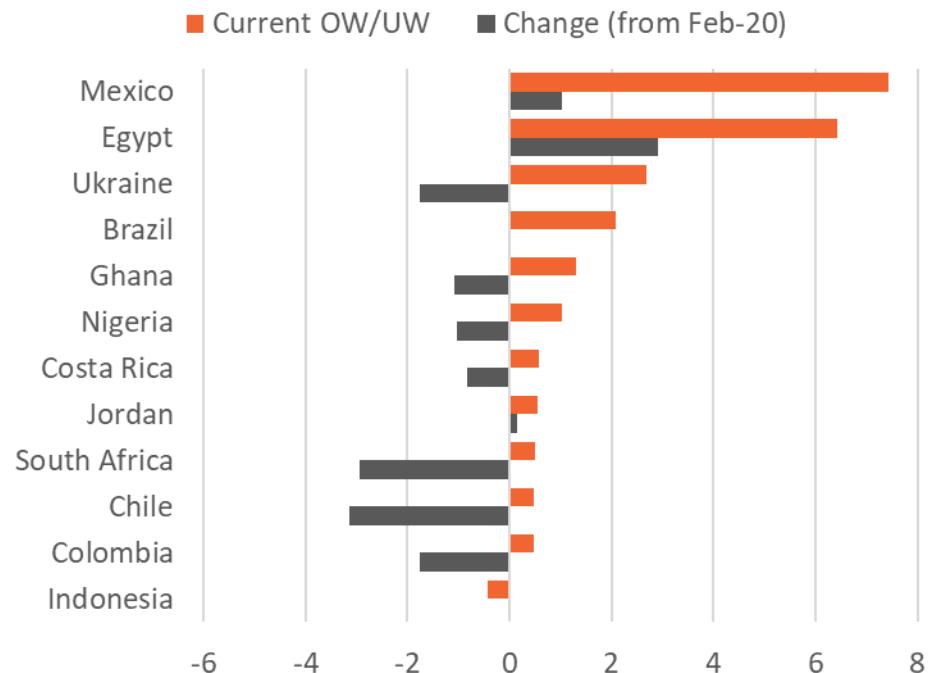
Indonesia (IDR), South Africa (ZAR) and Brazil (BRL)



Source: Bloomberg, Syailendra Research

Blackrock EM Bonds Fund

Top 10 holdings & Indonesia; data as per 30-Sept



Source: Blackrock, Syailendra Research

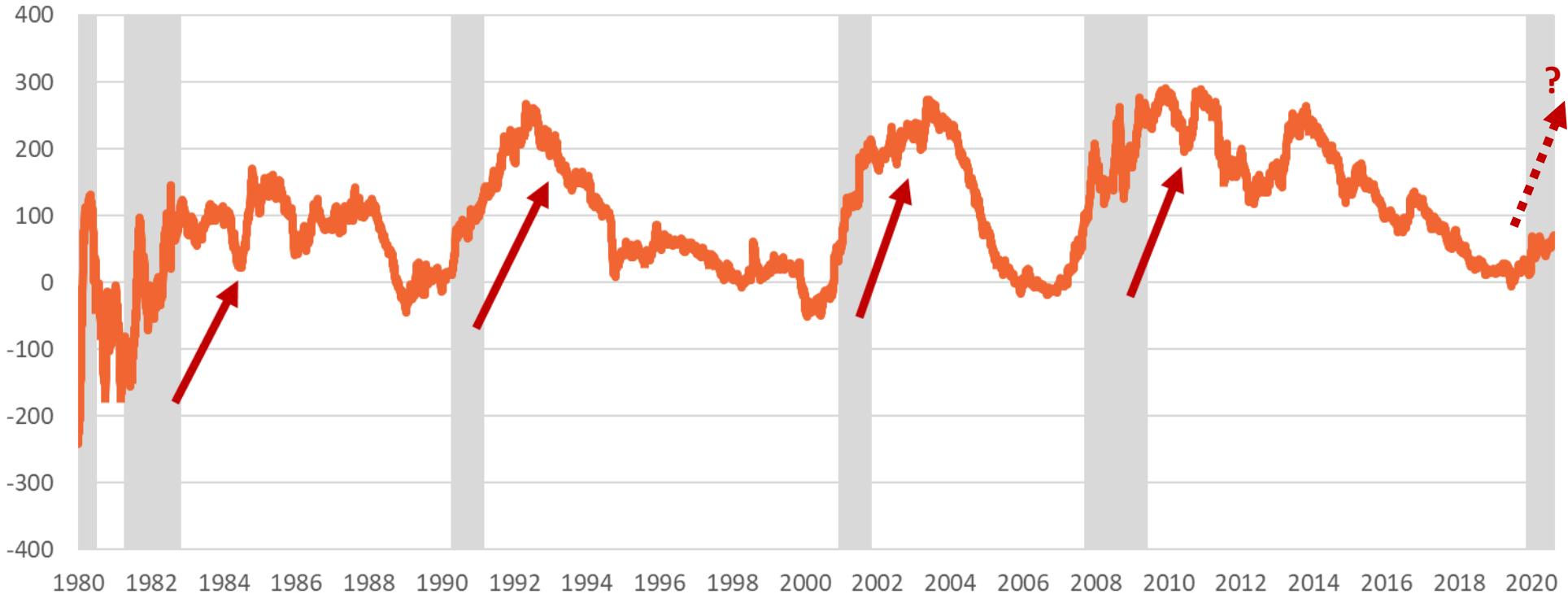
- Membandingkan dengan negara-negara EM lain seperti Brasil dan Afrika Selatan, kepemilikan investor asing pada obligasi pemerintah masih dalam tren penurunan.
- Namun, melihat *top 10 holdings* salah satu ETF milik Blackrock, minat investor global terhadap Indonesia belum menunjukkan perbaikan yang signifikan.

UST Yield Curve Post-Recession

Curve steepening bound to happen

Spread of UST 2yr and UST 10yr during multiple periods of US recession (grey area)

Numbers in bps



Source: Bloomberg, Syailendra Research

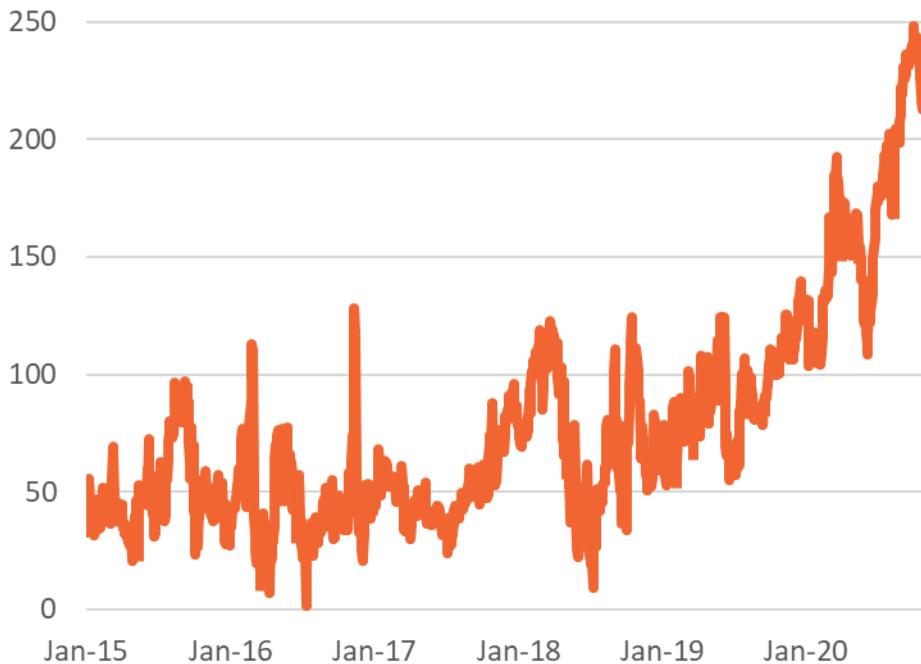
- ⚠ Berdasarkan data historis, 2-10 spread obligasi pemerintah AS mengalami kenaikan selama dan sesudah terjadinya resesi, i.e. *yield curve steepening*.
- ⚠ Yang terjadi pada periode-periode sebelumnya adalah imbal hasil obligasi tenor rendah mengalami penurunan atau cenderung lebih stabil dibandingkan obligasi tenor panjang.

Indonesia Long and Short Curve is Diverging

Steepening only occurred on the short tail

Indonesia Short Tail Curve is Steepening

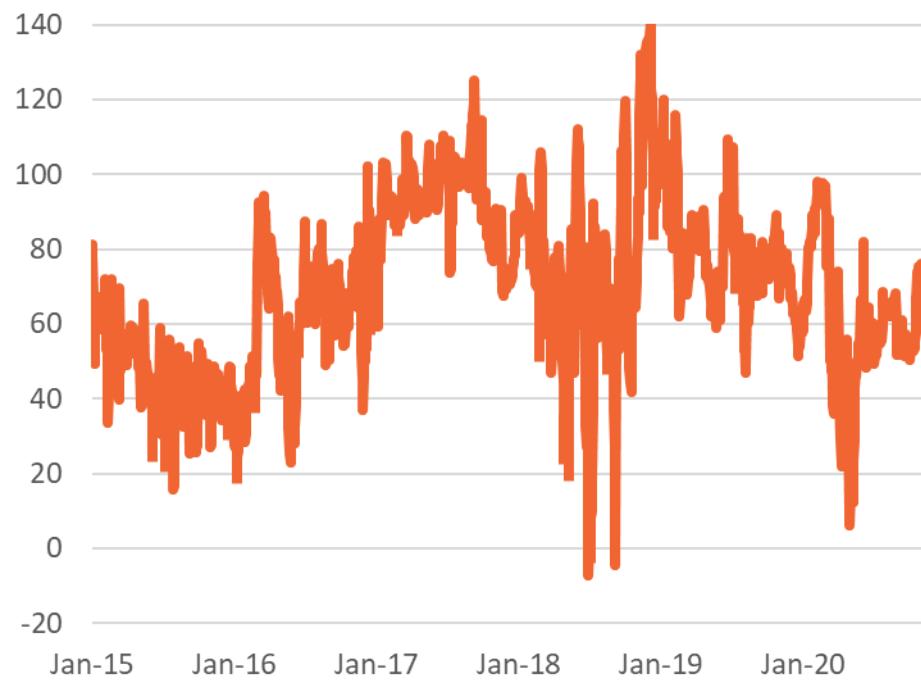
In spread 10v2 Indonesia Gov't Bonds



Source: Bloomberg, Syailendra Research

Indonesia Long Tail Curve Relatively Going Nowhere

In spread 30v10 Indonesia Gov't Bonds



Source: Blackrock, Syailendra Research

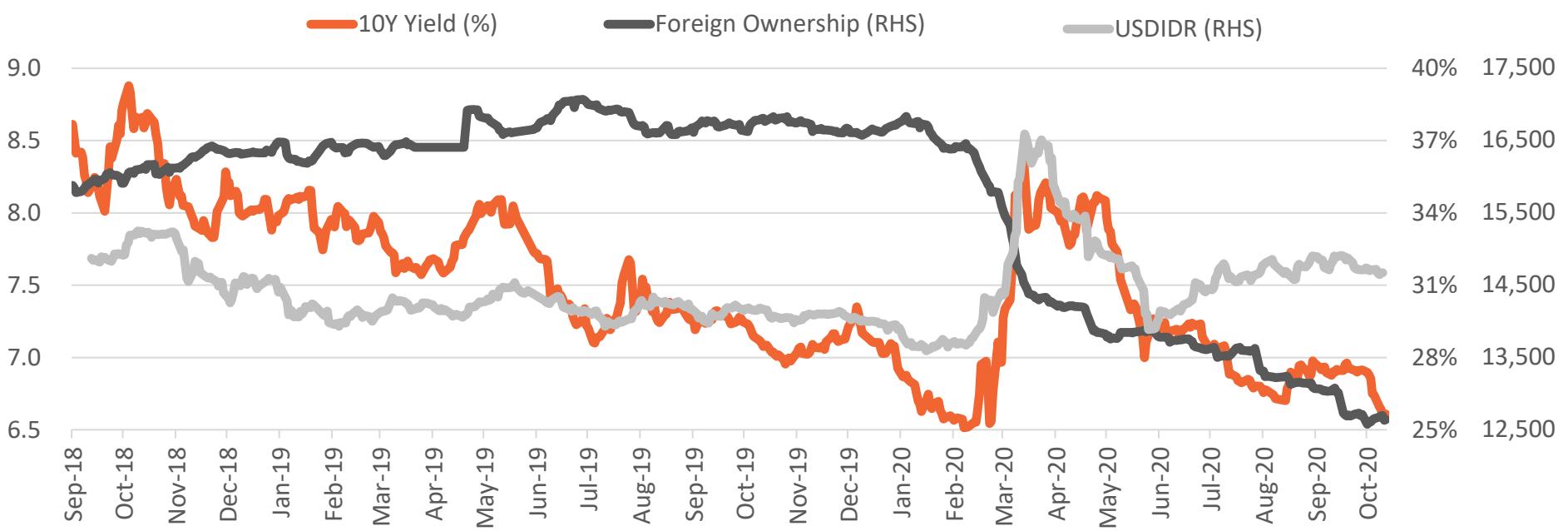
- Melihat rata-rata lima tahun kebelakang terlihat *steepening* terjadi di tenor pendek, hal ini kami perkirakan akibat meningkatnya demand dari Bank Indonesia dan Perbankan. Respon pasar terhadap tenor panjang relative tidak berubah signifikan.
- Steeping curve* pada *lower tail* tidak serta merta menandakan ekspektasi pasar atas pertumbuhan ekonomi yang lebih tinggi namun diakibatkan lebih minat pembelian di jangka pendek akibat kelebihan likuiditas.

Government Bond Outlook

Risk of supply-demand imbalance

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

Foreign ownership keeps declining



Source: Bloomberg, Syailendra Research

- ⚠️ Permintaan signifikan dari investor asing belum terlihat, i.e. level kepemilikan masih dalam tren penurunan dan saat ini berada di bawah 27%, bahkan ketika USDIDR sudah menyentuh level 14,800 dan imbal hasil 10y di 6.9%.
- ⚠️ Kami melihat ada risiko *supply-demand imbalance* pada obligasi pemerintah hingga tahun depan. Hal ini berpotensi menyebabkan kenaikan level imbal hasil dalam jangka waktu pendek-menengah.
- ⚠️ Kami merekomendasikan menjaga portofolio pada tenor menengah dengan kisaran 5 – 10 tahun.

Section Equity Update

5

Global Indices Performance

Most major indices recorded positive performance in October

No	Country	YTD	1M	3M	6M	1Y	P/E	P/BV	ROE
Global Market									
1	Dow Jones (US)	-3.51%	0.04%	4.37%	11.49%	1.02%	22.79	4.14	26.56
2	S&P 500 (US)	5.26%	1.66%	4.45%	15.35%	11.29%	24.88	3.59	23.30
3	Nasdaq (US)	27.78%	3.12%	7.97%	28.23%	37.66%	38.04	5.68	53.51
4	London (UK)	-6.30%	-1.18%	-1.71%	5.21%	-2.91%	22.94	1.48	8.02
5	DAX (GR)	-8.95%	-5.94%	-2.55%	8.61%	-6.56%	18.33	1.42	6.38
6	CAC (FP)	-20.92%	-2.10%	-2.52%	1.27%	-17.95%	24.26	1.43	5.41
Asia Market									
1	Nikkei (JP)	-0.72%	-0.23%	5.13%	NA	2.81%	23.42	1.75	8.40
2	Hang Seng (HK)	-12.47%	6.49%	0.31%	0.58%	-7.05%	13.03	1.04	9.69
3	Shanghai (CN)	7.05%	0.93%	-0.99%	15.30%	10.72%	14.66	1.45	9.45
4	Shenzhen (CN)	15.13%	2.34%	0.93%	21.52%	20.77%	16.11	1.95	10.09
5	NFT (IN)	-2.99%	5.94%	7.09%	24.45%	0.38%	25.19	2.67	10.72
6	Kospi (KR)	6.06%	0.13%	2.82%	19.68%	12.05%	16.79	0.97	5.12
7	Kosdaq (KR)	17.00%	-7.60%	-3.74%	21.47%	19.65%	21.89	NA	NA
ASEAN Market									
1	Singapore (SG)	-22.02%	1.67%	-0.67%	-2.40%	-21.67%	16.98	0.89	6.56
2	Kuala Lumpur (MK)	-7.14%	-0.24%	-6.45%	8.70%	-5.04%	17.60	1.45	8.06
3	Thailand (TH)	-23.48%	-3.85%	-8.12%	-5.75%	-24.53%	21.33	1.35	5.27
4	Philippines (PH)	NA	9.82%	8.21%	13.66%	-20.01%	23.00	1.57	6.33
4	Vietnam (VN)	-1.92%	4.70%	18.14%	23.06%	-5.44%	17.08	2.19	15.04
Indonesia Market									
1	JCI / IHSG (ID)	-18.59%	5.11%	-0.42%	12.28%	-18.54%	19.02	1.80	11.55
2	JII / ISSI (ID)	-19.85%	4.81%	0.23%	6.28%	-21.60%	19.69	1.85	12.32
3	IDX30 (ID)	-22.59%	5.98%	-2.18%	14.84%	-21.29%	17.50	1.87	12.01
4	LQ45 (ID)	-22.08%	6.48%	-1.56%	16.17%	-20.87%	18.03	1.86	11.87

Source: Syailendra Research, Bloomberg

Foreign Equity Flow

Foreign outflows continue in October

Mon.) thly Data (in US\$ mn)	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China
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
Jul-20	1,153	-264	725	-124	269	-323	-601	835
Aug-20	6,096	-581	-2,295	-261	-2,183	-887	-356	-468
Sep-20	-767	-1,049	-990	-306	-1,425	-738	-476	-5,751
Oct-20	2,696	-252	-439	-156	-609	-701	-161	378

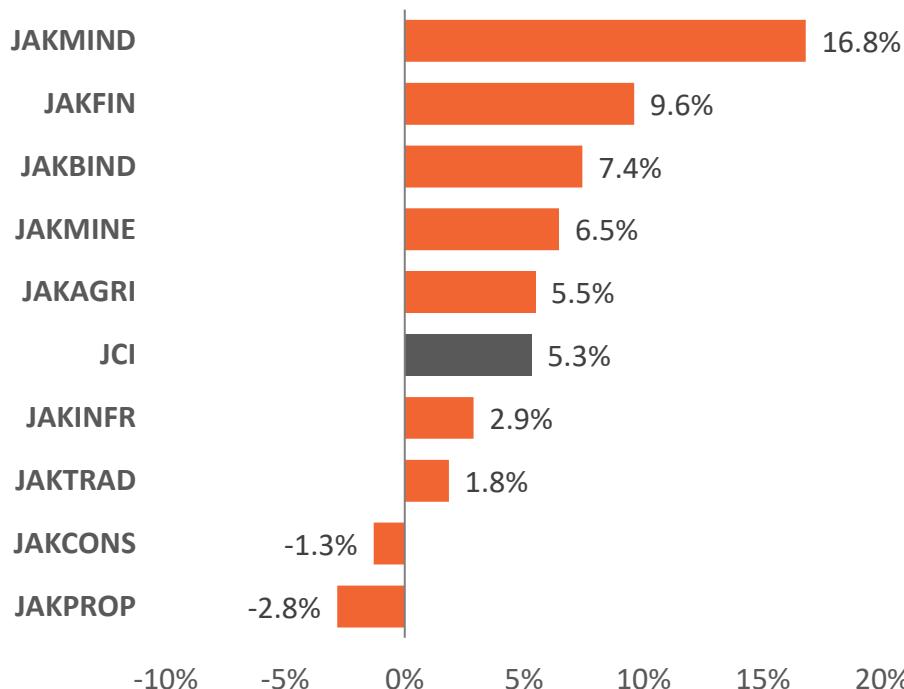
Yearly	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China
YTD	6,737	-4,285	-24,679	-2,173	-22,789	-9,449	-5,384	-62,023
2019	14,234	-1,306	924	-240	9,377	-1,496	-2,683	18,811
2018	-4,557	-3,656	-5,676	-1,080	-12,231	-8,913	-2,885	-38,999
2017	8,014	-2,960	8,267	1,095	6,587	-796	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

Source: Syailendra Research, Bloomberg

Monthly Sector Performance

Almost all sectors recorded positive performance in October

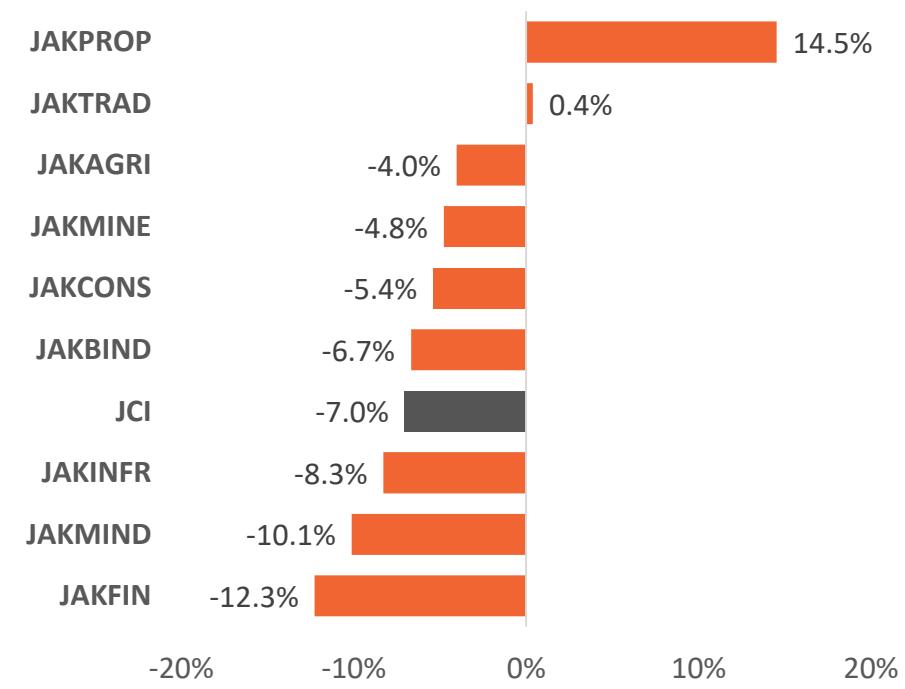
JCI Performance By Sector
In October



Source: Syailendra Research

- ▲ Pada bulan Oktober, IHSG tumbuh positif sebesar +5,3%.
- ▲ Sektor Aneka Industri berhasil mencatatkan kinerja positif sebesar +16.8%.
- ▲ Sektor Properti dan Konsumen terkontraksi sebesar -2.8% dan -1.3%.

JCI Performance By Sector
In September



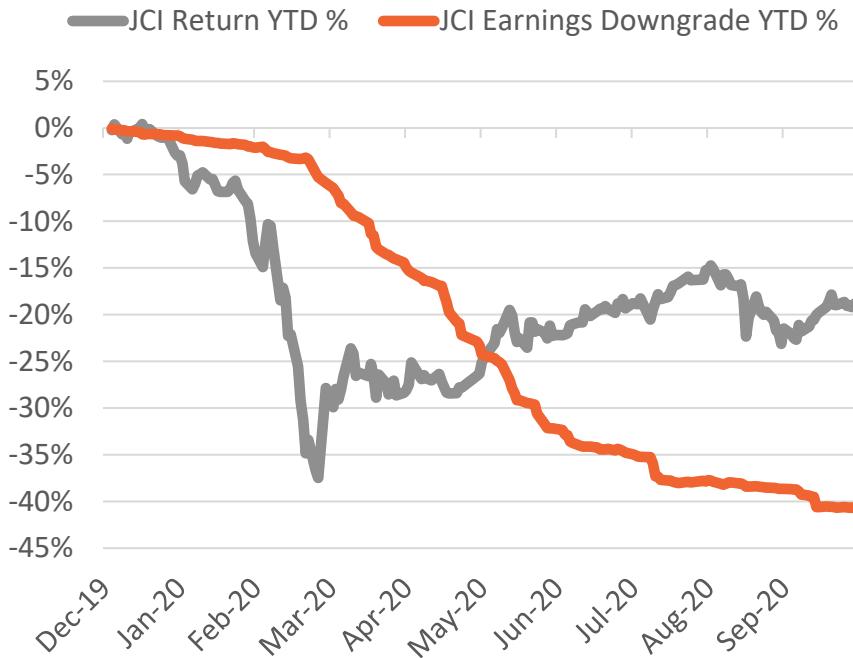
Source: Syailendra Research

Decelerating Earnings Downgrade

As downgrade decelerates, market is getting more confident about the future

Earnings Downgrade Converging with Index Return

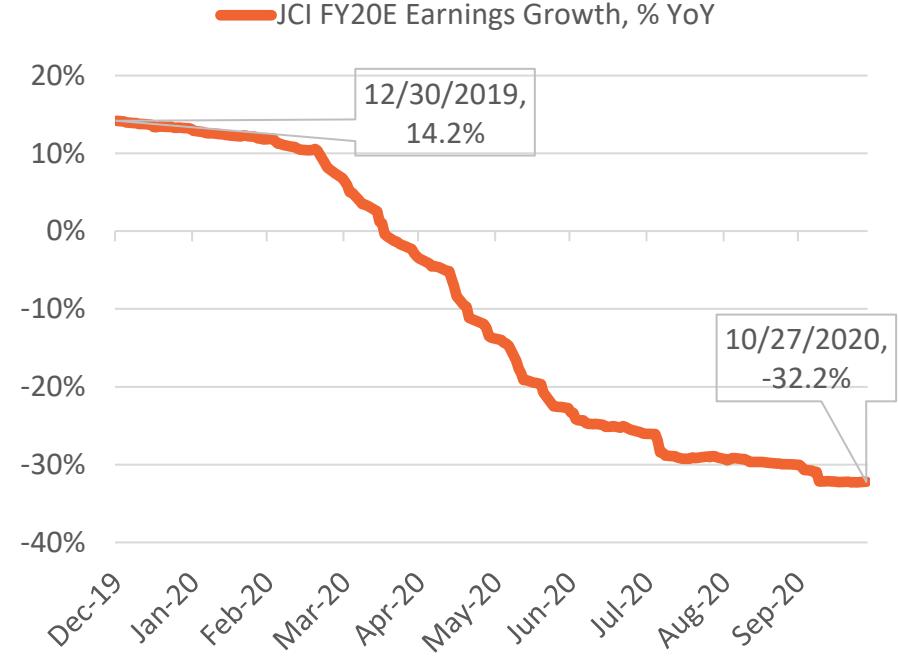
JCI return vs JCI earnings downgrade YTD %



Source: Bloomberg

Earnings Downgrade Continue is Decelerating

JCI FY20E earnings growth in % YoY



Source: Bloomberg

- Penurunan ekspektasi pasar atas pertumbuhan laba FY20 IHSG kian berlanjut. Konsensus pasar masih memperkirakan seberapa besar sebenarnya dampak penyebaran virus COVID-19 terhadap pertumbuhan laba FY20.
- Ekspektasi pertumbuhan laba IHSG FY20 bergerak dari +14.2% YoY pada awal tahun menjadi -32.2% YoY, setelah berubah negatif pada bulan April.

JCI Valuation Compared to Peers

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

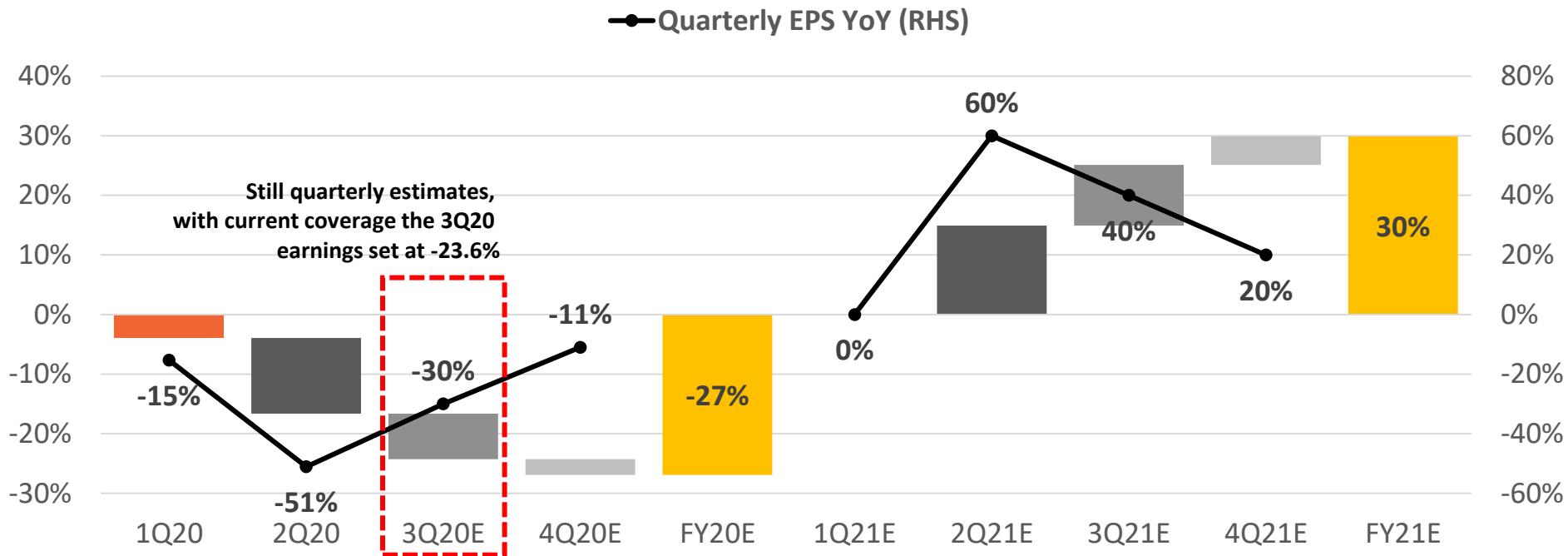
Desc.	P/E		EPS Growth		P/B		Dividend Yield		ROE	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
South East Asia	19.35	14.59	-31.8%	32.9%	1.39	1.32	2.86	3.11	7.53	9.25
Indonesia	18.93	13.44	-28.5%	40.9%	1.79	1.67	2.36	2.27	11.55	14.24
Malaysia	17.07	15.45	-10.5%	10.5%	1.41	1.36	3.52	3.75	8.08	8.39
Phillipines	22.73	16.53	-40.2%	37.5%	1.55	1.45	1.80	1.69	6.30	8.72
Singapore	16.51	12.45	-39.5%	32.7%	0.87	0.84	3.86	4.62	6.52	8.32
Thailand	21.53	15.07	-40.5%	42.8%	1.35	1.30	2.76	3.24	5.21	6.56
Vietnam	16.75	12.76	-7.0%	31.3%	2.14	1.89	1.53	1.86	15.01	15.68
Asia										
China	14.49	12.43	-12.2%	16.5%	1.44	1.33	2.20	2.45	9.53	9.54
Hong Kong	12.77	10.69	-23.9%	19.5%	1.03	0.97	2.98	3.64	9.72	9.76
India	24.85	18.02	-14.9%	37.9%	2.82	2.55	1.38	1.66	10.73	13.66
Korea	16.57	11.57	-0.3%	43.2%	0.95	0.90	1.89	2.10	5.18	11.42
Japan	23.05	18.27	-21.3%	26.2%	1.74	1.65	1.74	1.95	8.49	9.10
Europe										
German	17.21	13.04	-21.0%	31.9%	1.36	1.31	3.08	3.45	6.54	8.87
France	23.67	14.92	-46.7%	58.6%	1.39	1.33	3.00	3.51	5.43	7.65
Spain	26.21	14.24	-65.9%	84.0%	1.00	0.98	3.98	4.63	1.11	5.68
Italy	19.78	11.85	-53.4%	67.0%	0.92	0.89	3.80	4.50	5.64	6.63
Switzerland	18.46	15.60	-10.4%	18.4%	2.43	2.33	3.25	3.43	15.88	14.53
Russia	9.88	6.75	-40.0%	46.4%	0.76	0.71	5.93	7.55	4.98	7.68
Latin Ameria										
Mexico	22.14	13.03	-40.1%	69.9%	1.66	1.55	2.61	3.45	12.14	17.86
Argentina	21.31	7.06	-75.7%	202.0%	0.77	0.76	1.22	1.52	8.98	12.21
Brazil	39.09	10.79	-66.8%	262.4%	1.65	1.51	2.81	3.96	3.31	14.51
North America										
Canada	22.14	15.16	-33.7%	46.0%	1.43	1.44	3.41	3.51	8.01	10.40
United States	23.78	19.34	-16.0%	22.9%	3.47	3.25	1.82	1.89	22.68	24.54

What to Expect for 2021 Earnings

2Q21 growth becomes a major point to achieve at least 30% growth in 2021

2020 and 2021 Earnings Breakdown per Quarter

In % of quarter earnings contribution to full year, in % YoY of quarterly earnings



Source: Syailendra research

- ⚠️ Konsensus menargetkan pertumbuhan laba di tahun 2021 berkisar dari 30-35%. Berdasarkan *trajectory* yang telah terjadi sampai dengan 2Q20. Kami melihat 2Q21 menjadi poin penting dan setidaknya harus mencatatkan kisaran 60% untuk EPS 2021 mencapai pertumbuhan sebesar 30%. Laba per kuartal untuk 1Q21 dan 2Q21 masih berada di level 2019, namun 3Q21 dan 4Q21 sudah berkisar di atas level 2019.

9M20 Sectoral Earnings Results

Most of Sector except Cons., Prop. and Mining already achieved >70% FY Earnings

Real 10Y YTM – Indonesia vs. Peers

Sorted by real yield (%), data as of 2-Nov for YTM and currency while 30-Oct for others and 30-Sept for quarterly benchmark

Sector	9M19	9M20	Chg.	YoY%	Cons. 9M20 Realization	Commentary
Banks	63,268	46,529	-16,739	-26.5%	83.5%	
Telco	19,655	21,651	1,997	10.2%	83.1%	
Auto	15,868	14,039	-1,829	-11.5%	93.1%	One-off gain from BNLI Divestment
Consumer	8,677	8,106	-571	-6.6%	70.7%	
Cigarettes	7,243	5,647	-1,596	-22.0%	66.2%	
Heavy Equipment	8,726	5,338	-3,387	-38.8%	74.4%	
Mining	6,383	3,536	-2,846	-44.6%	59.4%	
Poultry	3,608	2,538	-1,070	-29.6%	70.4%	
Healthcare	2,490	2,504	14	0.6%	75.5%	
Building Materials	1,295	1,542	247	19.1%	75.5%	
Oil & Gas	746	1,257	510	68.4%	68.4%	
Media	1,007	914	-94	-9.3%	82.1%	
Utilities	1,118	723	-395	-35.3%	65.5%	
Plantation	111	583	471	424.0%	70.3%	
Financials Non-Bank						
	1,090	521	-570	-52.2%	72.0%	
Construction	2,978	363	-2,614	-87.8%	24.0%	
Industrial Estate	970	195	-775	-79.9%	23.3%	Lagged revenue recognition and Negative contribution from BEST
Transportation	229	-156	-385	-168.0%	66.3%	
Petrochemical	446	-285	-732	-163.9%	-88.0%	
Retail	1,965	-417	-2,381	-121.2%	220.0%	Negative 2020 Earnings
Property	1,326	-1,169	-2,495	-188.2%	-85.8%	
Total	149,199	149,199	-35,240	-23.6%		

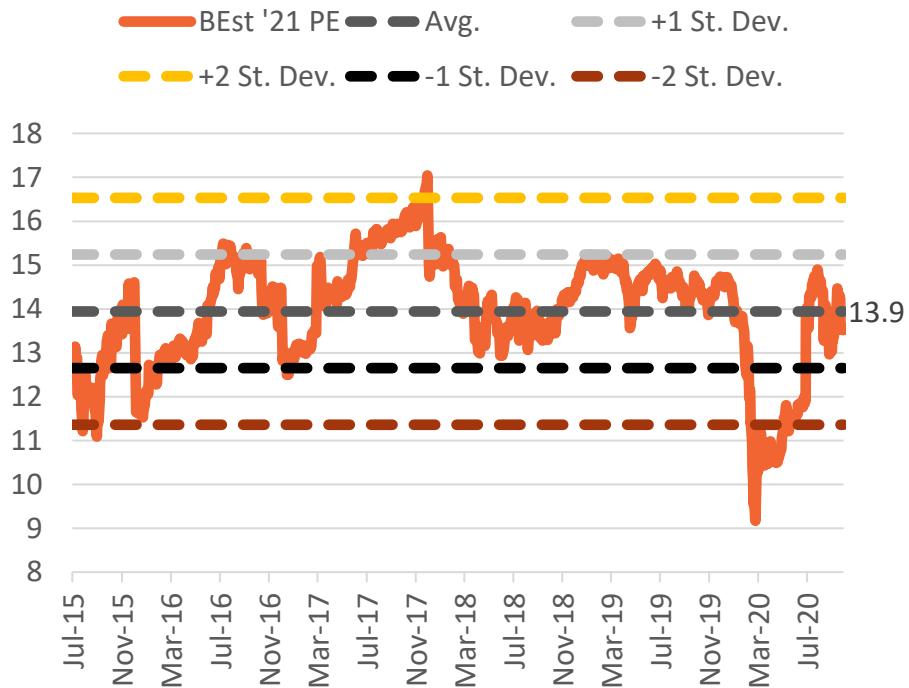
Source: Bloomberg, Syailendra Research

JCI Historical Valuation

Price to book value still at -2 standard deviation

JCI PE Valuation Expecting Earnings Recovery in FY21

5 Years JCI T12M BEst PE

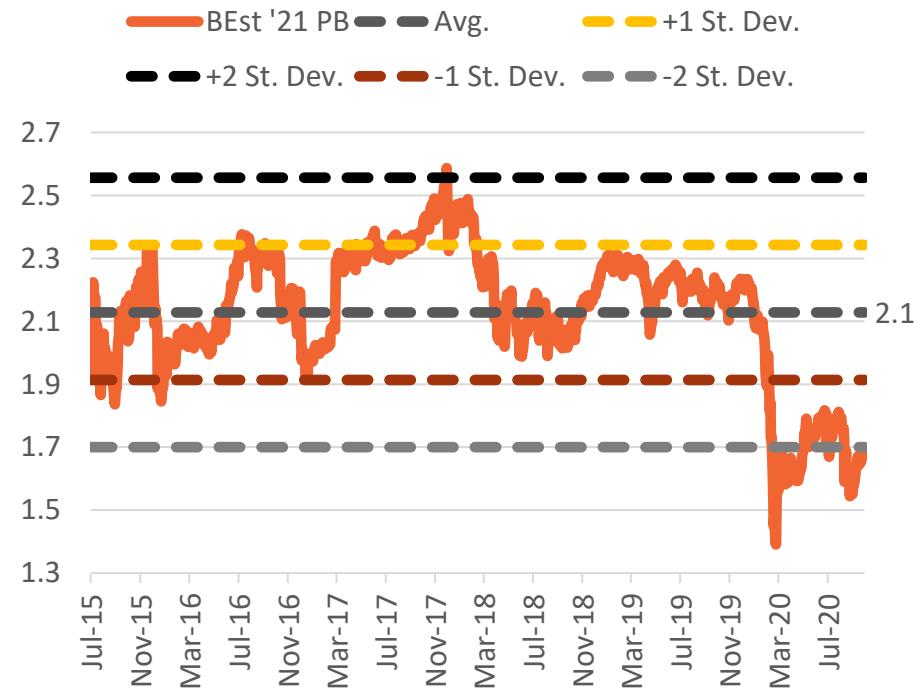


Source: Bloomberg, Syailendra Research

- ⚠ Secara PB valuasi IHSG masih berada di level 1.7x atau masih pada -2x standar deviasi selama 5 tahun.
- ⚠ Sementara itu valuasi PE berada di bawah level rata-rata 5 tahun yaitu 13.4x.

JCI PB Still at below -2 Standard Deviation

5 Years JCI T12M BEst PB



Source: Bloomberg, Syailendra Research

Equity Strategy

Expecting positive improvement ahead

Arguments for Equity Market

Penurunan pasar yang cukup dalam akibat kekhawatiran investor terhadap dampak Covid-19 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. Pada saat yang bersamaan, Pemerintah 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 dan valuasi yang 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 Covid-19 terhadap pertumbuhan ekonomi dunia dan domestik masih belum bisa dipastikan besarnya, namun pastinya akan 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. Namun, *trade-off* yang dilakukan mengakibatkan tingkat hutang Indonesia meningkat. Hal ini dapat menjadi *overhang* setelah beberapa periode ke depan i.e. *crowding-out* sistem perbankan, meningkatnya instrumen cukai/pajak, dll. Sehingga, *recovery* pada beberapa sektor dapat menjadi di bawah 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 2020F di kisaran : -30% sd -20% dengan P/E dikisaran 13-15x. Target JCI 2020F berkisar pada 5,300 – 5,700

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