

Monthly Bulletin

March 2022

What's Inside



Calendar

US CPI YoY (10-Mar)
US Fed Meeting (15-Mar)
ID 7D Repo (17-Mar)



Global Event

Dalam 1-2 bulan kebelakang, isu RUC (*russian-ukraine conflict*) menjadi perhatian dunia. Hal ini mengakibatkan volatilitas dan peningkatan harga komoditas. Hal ini memicu kekhawatiran investor global akan potensi stagflasi dalam beberapa periode kedepan.



Indonesia

Peningkatan harga komoditas mengakibatkan pemerintah mengantisipasi dampak terhadap inflasi. Salah satunya ialah rencana pemerintah melakukan peningkatan harga BBM, LPG dan tarif listrik. Adapun komoditas lain yang mungkin mengakibatkan korporasi meningkatkan harga produk/jasa.



Equity Market

Kinerja IHSG ditutup sebesar +4.66% YTD atau +3.88% MoM (*cutoff date: 25-Feb-22*). Top 3 *Leaders* 1) SUPR, 2) PANI, 3) BCAP dan Top 3 *Laggards* 1) LPIN, 2) SDMU, 3) KONI. Investor asing melakukan *net buy* sebesar +1,220 mio USD selama bulan Feb'22



Fixed Income Market

Yield 10 tahun obligasi bergerak *rally* dari level 6.44% di Jan'22 ke level 6.52% di Feb'22. Di saat bersamaan, Rupiah bergerak dari 14,383 di Jan'22 ke level 14,367 di Feb'22. Kedua hal ini diakibatkan oleh potensi peningkatan bunga yang diawali oleh pasar US. Kepemilikan investor asing masih dalam tren menurun dari level 19.05% di Dec'21 menjadi 18.8% di Feb'22



Section 01



Macro updates

Why Inflation Rising Globally?

Several factor might affect recent rising inflation

🏠 Inflasi menjadi topik hangat bagi investor global. Mayoritas negara mengalami peningkatan inflasi baik *developed markets* ataupun *emerging markets*. Hal ini diakibatkan oleh beberapa hal yaitu:

- ***Covid-19 Issue***

Lockdown dan stimulus finansial yang terjadi selama 2020 - 2021 mengakibatkan perubahan atas *tighter labor market (less participation)*, *pent-up demand for goods*, dan *supply chain issue i.e bottleneck production, higher logistical cost*.

- ***Fundamentals***

Energy Transition, perubahan sumber energi menjadi lebih *eco-friendly* mengakibatkan penurunan *capex* pada sektor *oil & gas*, dinamika pasar terkait *pricing* atas *carbon footprint (cross-subsidy* untuk menurunkan biaya *renewable energy*).

- ***Geo-political***

Dinamika geopolitik i.e *Russia, China* dan *rest of world* mengakibatkan *commodity shock* dalam beberapa bulan kebelakang.

Global Exposure during Russia Ukraine Conflict

Immediate impact on commodities while banks exposure relatively small

Russia Share in Global Commodity Production

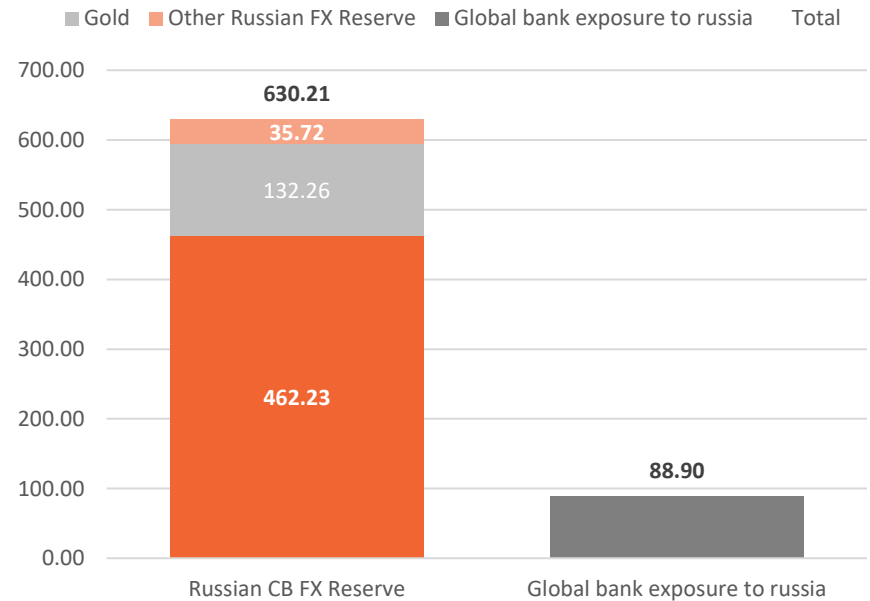
In %

	2018	2019	2020
Oil	12.12	12.13	12.10
Natural gas	17.40	17.10	16.60
Coal	5.60	5.50	5.20
Copper	4.30	4.30	4.30
Aluminum	5.90	6.20	6.10
Nickel	6.80	6.30	6.10
Zinc	1.90	1.50	1.50
Gold	8.10	9.10	9.50
Silver	5.10	5.30	5.40
Platinum	10.80	11.70	14.10
Palladium	39.40	41.00	43.90
Wheat	9.80	9.70	11.00

Source: JPM Research

Russian FX Reserve Sanction vs Global Banks Exposure

In bio USD (FX Reserve : Jan'22, Global bank Exposure : Sep'21)



Source: JPM Research, Bloomberg

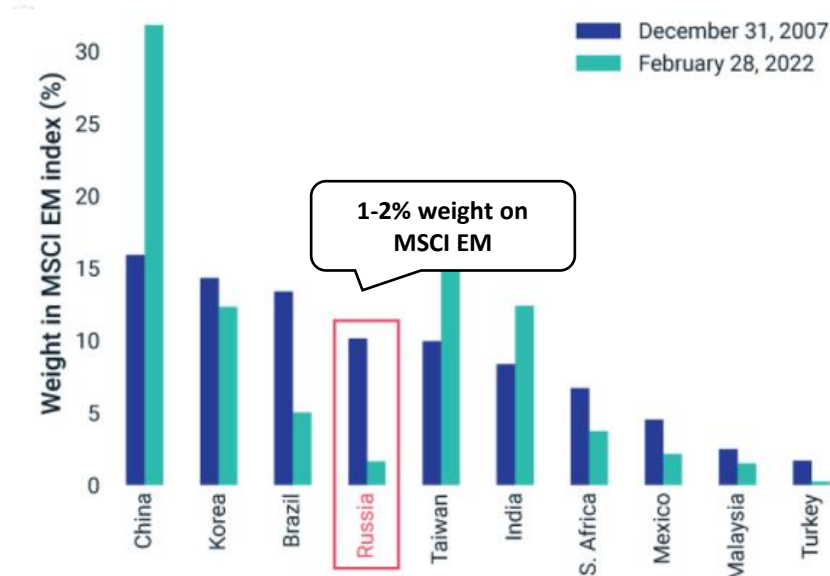
- 🔺 Melihat eksposur yang diakibatkan oleh konflik Russia dan Ukraina terlihat jelas dampak terhadap komoditas. Hal ini telah tercermin dari peningkatan harga komoditas baik energi maupun agrikultur seperti gandum.
- 🔺 Namun, kami melihat transmisi terhadap sistem perbankan internasional relatif minim. Hal ini mempertimbangkan interkoneksi bank Rusia terhadap perbankan global sebesar 88.9bio USD dibandingkan likuiditas yang terkunci atas *sanction FX Reserve* Russia yang berada di luar negeri sebesar 462.2bio USD.

Global Capital Rebalancing is Imminent

From credit rating to index provider already sanction from their services

Russia kicked out from MSCI EM Index

Amounted to 32bio only from MSCI Reclassification



Source: JPM Research

Credit Rating Agencies Drop Russia Investment Grade

Explanation

Agency	Pre-RUC		
	Date	Rating	Outlook
Moody's	2/8/2019	Baa3	Stable
S&P	2/23/2018	BBB-	Stable
Fitch	8/9/2019	BBB	Stable

Agency	Post-RUC		
	Date	Rating	Outlook
Moody's	3/6/2022	Ca	Negative
S&P	3/3/2022	CCC-	Negative
Fitch	3/2/2022	B	Negative

Agency	Description
Barclays Global Aggregate	0.70%
Est. Asset Benchmark to Indexes (Bio USD)	2,000.00
Est. Rebalancing of Capital Flow (Bio USD)	7.00 - 14.00

Source: Bloomberg

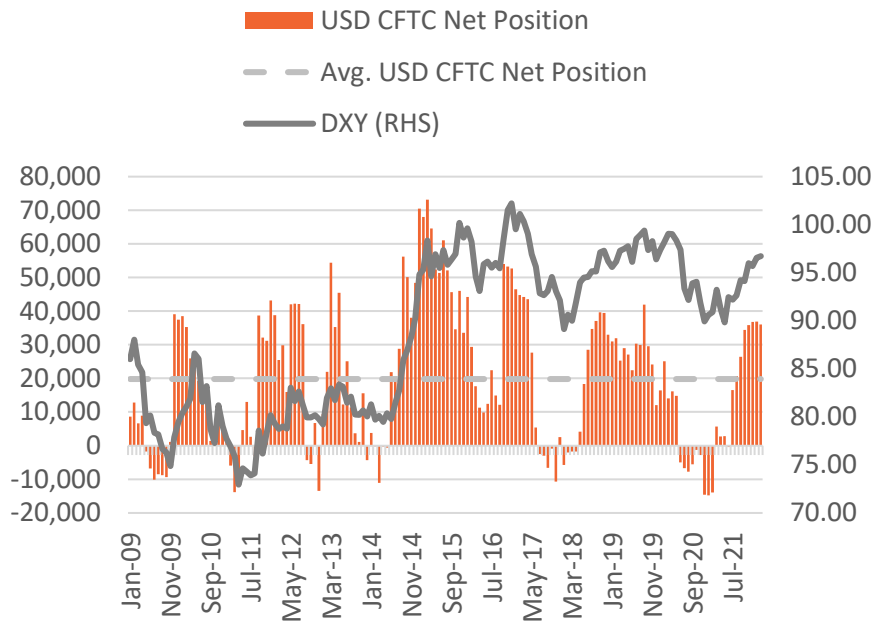
- Adapun perusahaan pemeringkat ataupun *index provider* melakukan penurunan rating atau reklasifikasi akibat konflik yang terjadi di Russia dan Ukraina.
- Berdasarkan estimasi setidaknya baik dari asset kelas saham dan pemerintahan terdapat 30-50bio yang perlu direalokasi oleh global investor, apabila konflik Russia dan Ukraina berkepanjangan.

Investor Partially Hedge Their Position

Dollar and Brent positioned reflect investor position over RUC

Investor Position on Dollar Futures already above Avg.

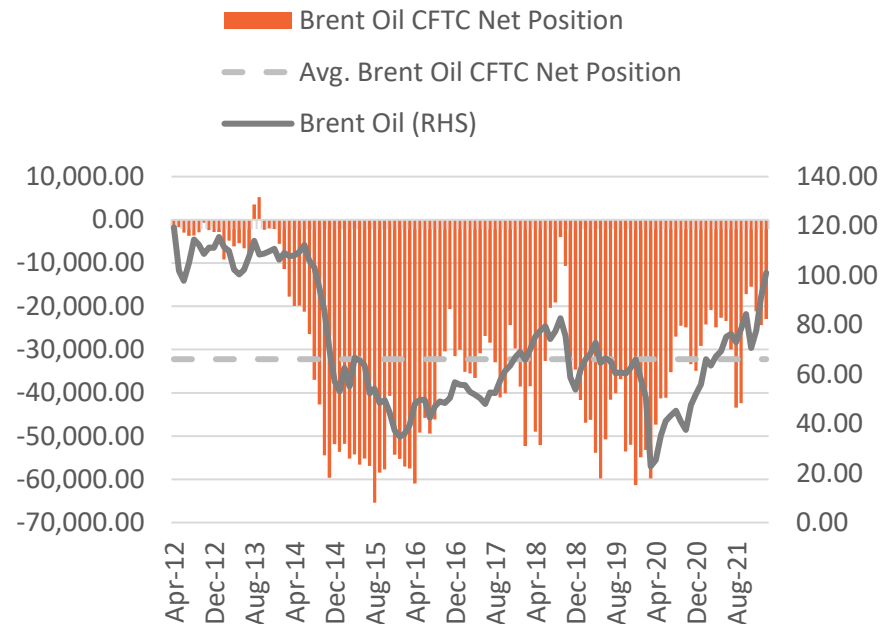
In unit of DXY index, net position of dollar futures



Source: JPM Research

Investor Position on Brent Futures already above Avg.

In USD/Bbl, net position of brent oil futures



Source: Bloomberg

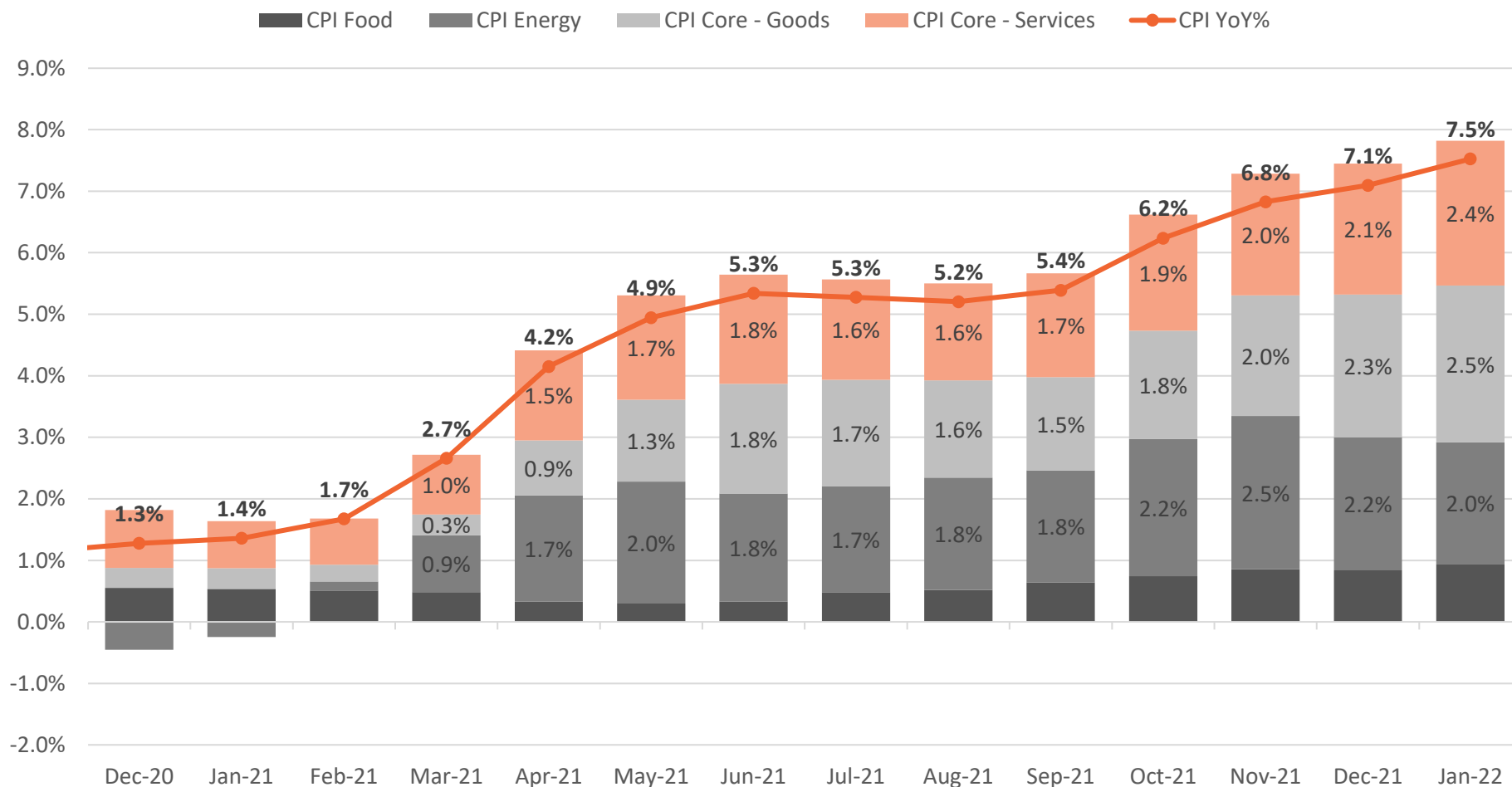
- 🏠 Berdasarkan asset kelas USD dan *Brent Oil*, Investor telah memposisikan diri melakukan *partial hedge yang terefleksi meningkatkan long position* atau menutup *short position* di *brent oil*.

Jan'22 Inflation was Still Worrying

Contribution from goods still increases despite slower stimulus

US CPI Inflation Breakdown

In %



While Some Factor Already Normalized

However, Container cost seems still elevated

PMI Orders to Inventory Already Normalized

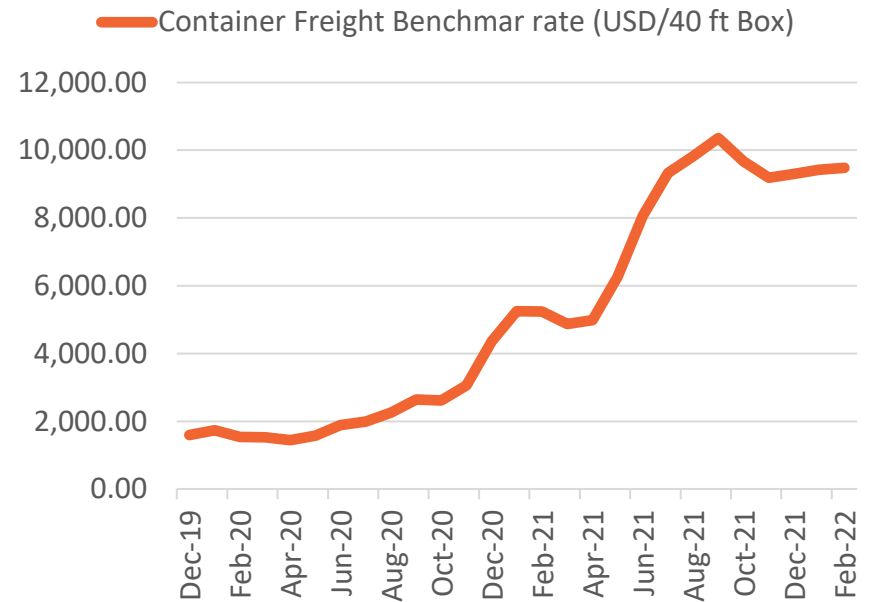
Z-score



Source: JPM Research

Container Freight Benchmark Rate Still Elevated

In USD/40 ft box



Source: Bloomberg

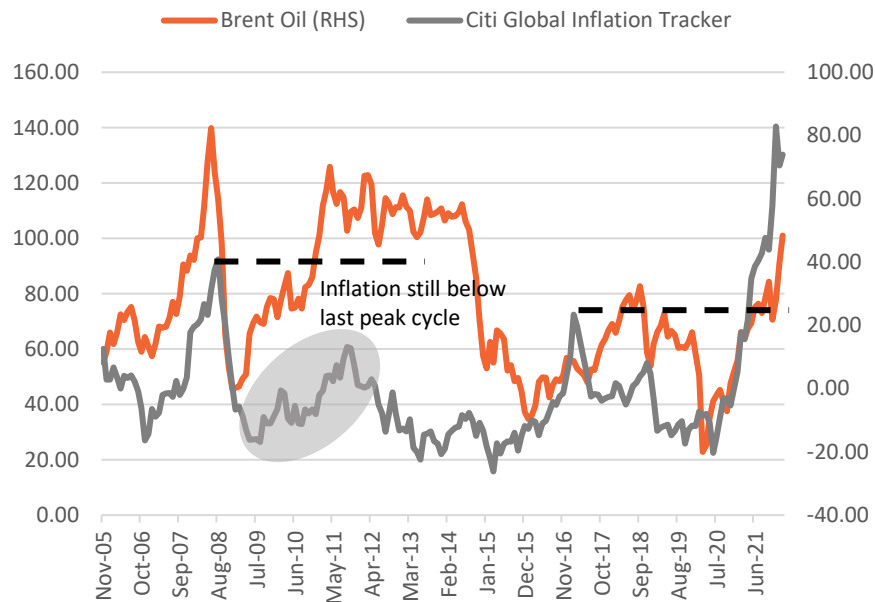
- Sejak dari pertengahan 2021, normalisasi atas *goods demand* sudah menurun ke level normal *pre-covid* dibandingkan sebelumnya akibat *low-base effect* di tahun 2020.
- Namun di saat yang bersamaan biaya-biaya terkait logistik dalam perdagangan masih mengalami *bottleneck*. Hal ini terlihat dari *container freight index* di level 9k – 10k USD per 40 ft box.

Investor Worrying about Stagflation

Another supply shock post economic recovery from covid-19 pandemic

Inflation tracker suggest upcoming inflation

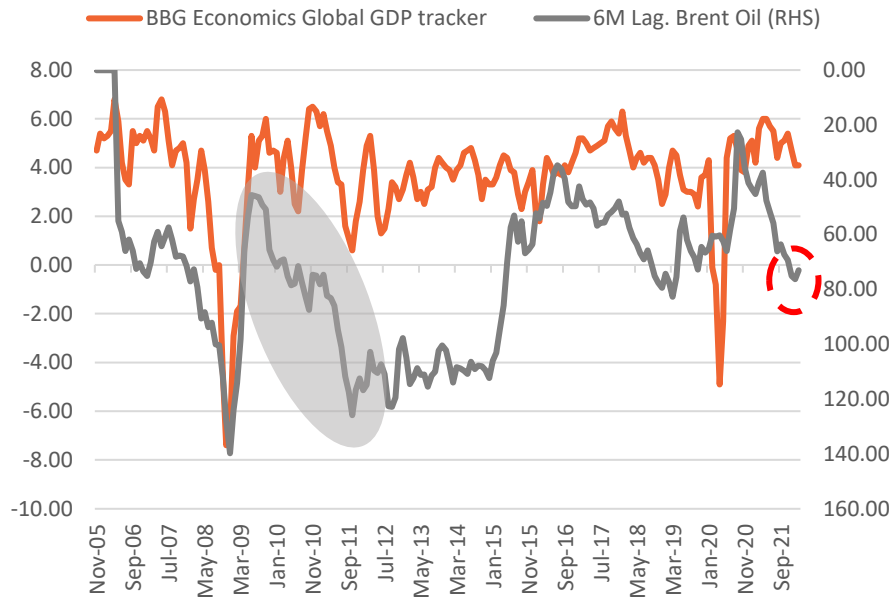
In USD/Bbl, unit of index



Source: JPM Research

Global GDP Tracker hasn't reflect the conflict

In USD/Bbl, PPP weighted Global GDP Growth YoY%



Source: Bloomberg

- ⚠ Meningkatkan harga komoditas khususnya *brent oil* ke level 100-120 USD/Bbl dapat mengakibatkan perlambatan ekonomi dan peningkatan inflasi. Salah satu sensitivitas berdasarkan *UBS*, setiap peningkatan 10 USD/Bbl dapat mengakibatkan 30-50bps tambahan terhadap global inflasi dan 20-30bps penurunan atas pertumbuhan global.
- ⚠ Berdasarkan *leading indicator global tracker*, sejak 2005 setiap peningkatan harga minyak yang diikuti infasi mengakibatkan koreksi signifikan terhadap pertumbuhan global pada *quarter* tsb. Hal ini terkecuali 2016-2018, peningkatan harga minyak tidak diikuti oleh peningkatan inflasi yang signifikan.

Market is Pricing in More Hawkish Fed

Consensus still pricing-in 4-5x rate hike throughout 2022 yet 50bps off the table

Market Already Pricing-In 5x Hike throughout 2022

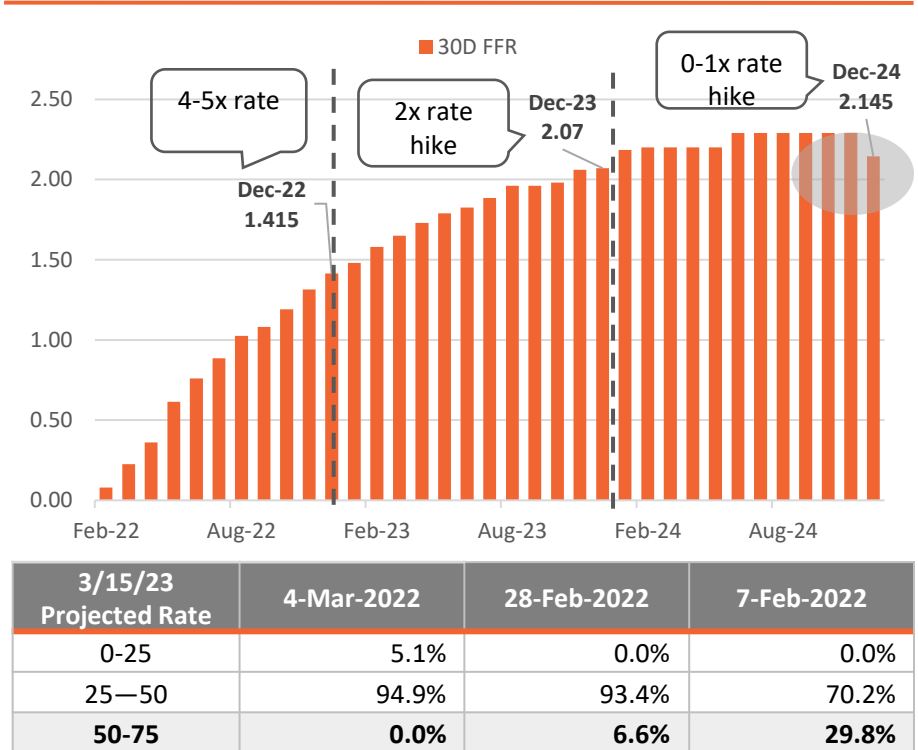
In %

Pricing Date	Feb-22
Target Rate	0.25
Effective Rate	0.08
Cur. Imp. O/N Rate	0.08

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate
03/16/2022	1.2	115.2	0.29	0.37
05/04/2022	2.3	114.5	0.58	0.65
06/15/2022	3.2	87.2	0.79	0.87
07/27/2022	3.8	61.7	0.95	1.03
09/21/2022	4.4	66.3	1.11	1.19
11/02/2022	5.0	55.7	1.25	1.33
12/14/2022	5.6	60.0	1.40	1.48
02/01/2023	6.0	41.5	1.50	1.58

Fed Fund Rate Futures Curve until 2024

In %



Per Januari 2022 Fed meeting, konsensus atas 30D fed fund rates meningkat signifikan dari 0.7-0.8% menjadi 1.3-1.4% selama bulan Januari 2022. Hal ini mencerminkan tone dari Fed dalam mengantisipasi peningkatan inflasi yang terjadi dalam beberapa bulan kebelakang. Adapun Fed memberikan signal atas posibilitas balance sheet reduction di tahun 2022.

Commodity Exposure on Domestic Economy

Slightly negative on Fiscal deficit, Higher on inflation assume adm. Price adj.

Fiscal Deficit Impact Relatively Neutral

In trn IDR

Desc.	Sensitivity very 10% price hike		Fiscal Deficits			
	Current Account (%)	Govt Revenue (tn IDR)	Avg. 2021	YTD Avg. Price	Change (%)	Fiscal Revenue
Brent Oil	-0.10%	20.1	70.9	90.6	27.8%	55.9
Coal	0.13%	3.3	136.3	228.8	67.9%	22.3
CPO	0.10%	1.1	4,461.1	5,842.8	31.0%	3.4
Total						81.6
Exp. Govt Subsidy						-108.0
Net Impact						-26.4

Source: Bloomberg

Administrative Price Adj. Impact On Inflation

In %

Desc	Adm. Price Adj (BBM, etc) impact on inflation		
	Direct Impact	Indirect Impact	Total
Gasoline Fuel Price Adjustment	0.38	0.19	0.57
Electricity	0.40	0.04	0.44
Total	0.78	0.23	1.00

Source: Bloomberg

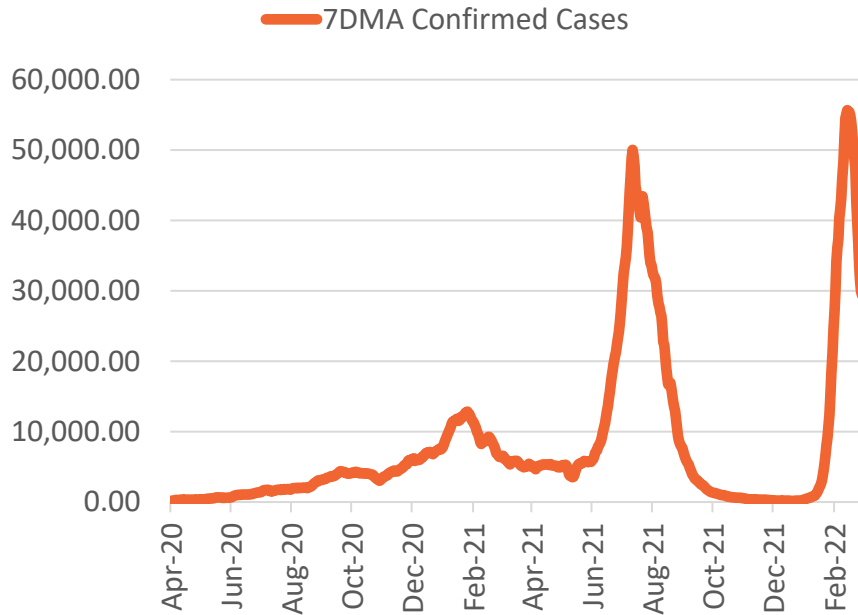
- ⚠ Mempertimbangkan peningkatan harga komoditas, fiskal pemerintah mencatatkan positif namun hal ini dapat berdampak negatif dimana pemerintah meningkatkan subsidi pemerintah terkait BBM, LPG dan tarif listrik.
- ⚠ Apabila harga administratif meningkat, terdapat potensi tambahan inflasi sebesar 1.00%

Indonesia Covid-19 Gradually Slowing Down

At the same time, 1st Dose Vaccine already reach more than 70%

Daily Covid Already Peaking

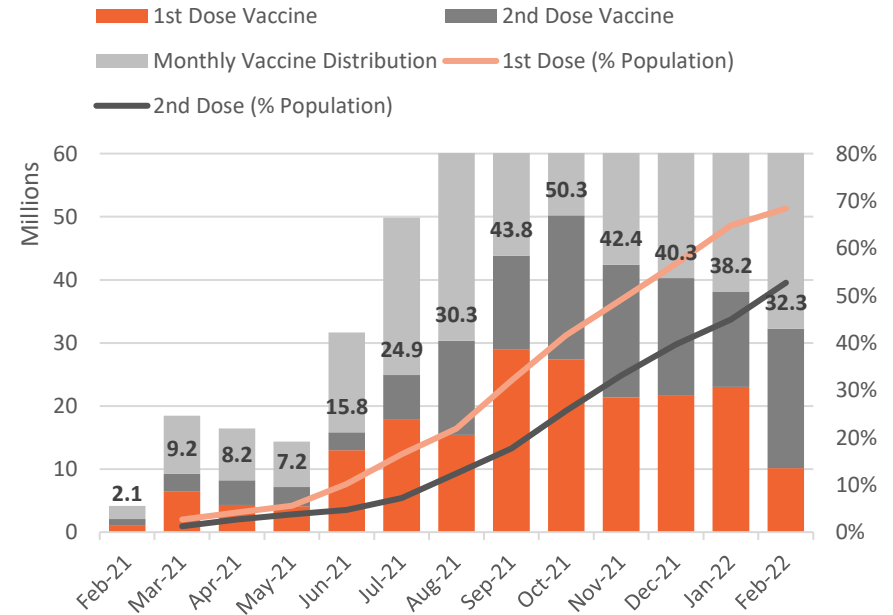
In daily confirmed case



Source: Bloomberg, Syailendra Research

1st Vaccine Dose Already Reach More Than 70%

In dose, % population



Source: Bloomberg, Syailendra Research

- Sejak varian omicron, kasus harian covid-19 meningkat mencapai level 50k per hari. Kasus harian telah menurun >30% ke level 30k per hari. Di saat bersamaan kapasitas testing masih tinggi dengan infection rate berada di level 0.78% dan reproduction rate berada di level 0.7 (<1.0).

Section
02



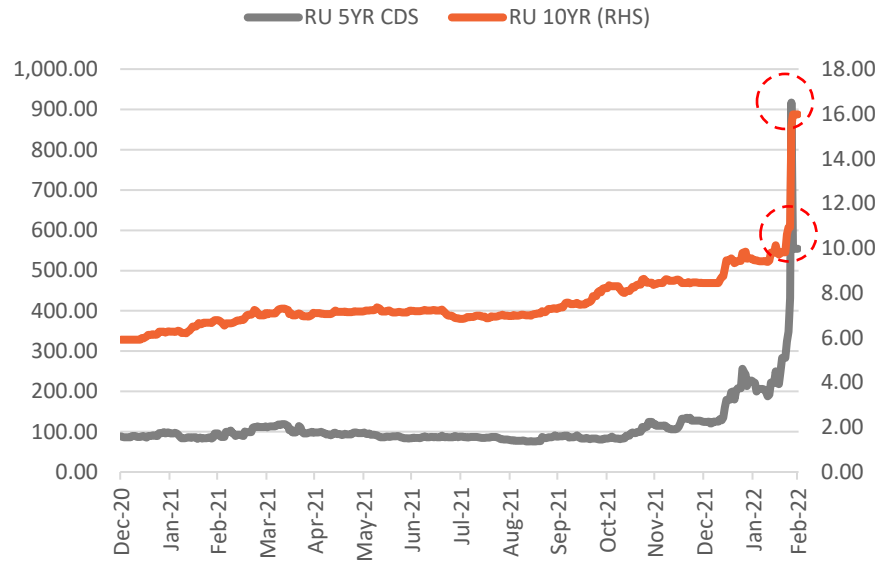
Fixed Income

Market already Reflect Volatility Both on CDS and FX

While FX volatility still increase, credit spread already down

RU 10YR vs RU 5Y CDS

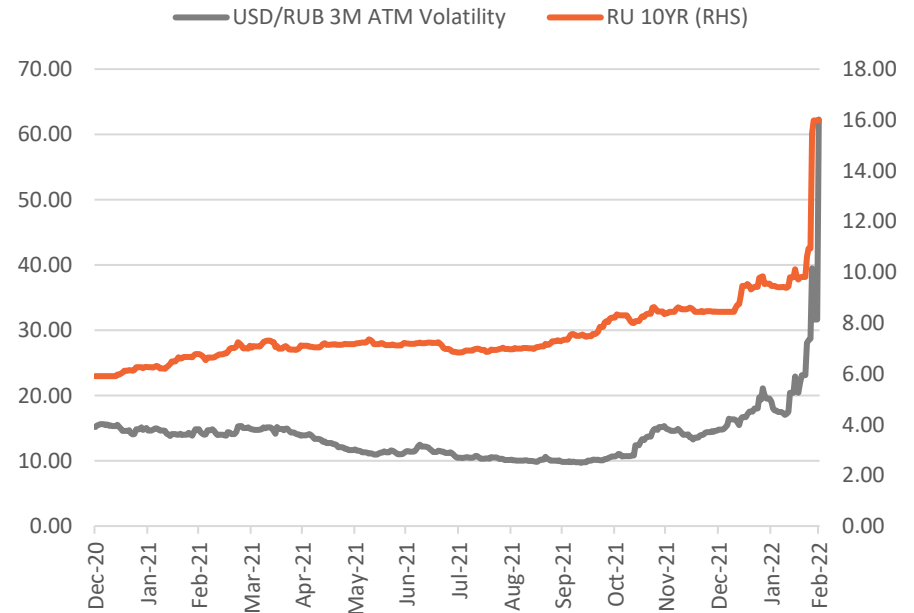
In %, bps



Source: Syailendra research, Bloomberg

RU 10YR vs USD/RUB 3M ATM Volatility

In %



Source: Syailendra research, Bloomberg

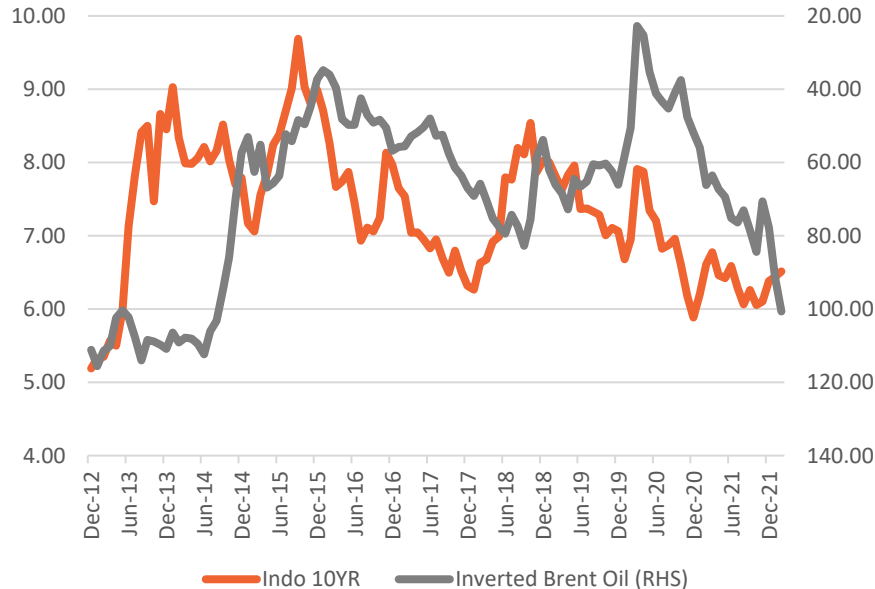
- Sejak invasi oleh Russia ke wilayah Ukraina, Pasar telah mencerminkan efek yang diakibatkan oleh *sanction* dari beberapa negara di Eropa dan Amerika Serikat. Hal ini terlihat dari pergerakan antara CDS, *volatility* 3M Rubble ATM *option* selaras dengan 10Y Russia Govies.

Correlation between Indo 10YR and Oil

Past years correlation had been weak

Inverted Brent Oil vs 10YR Yield

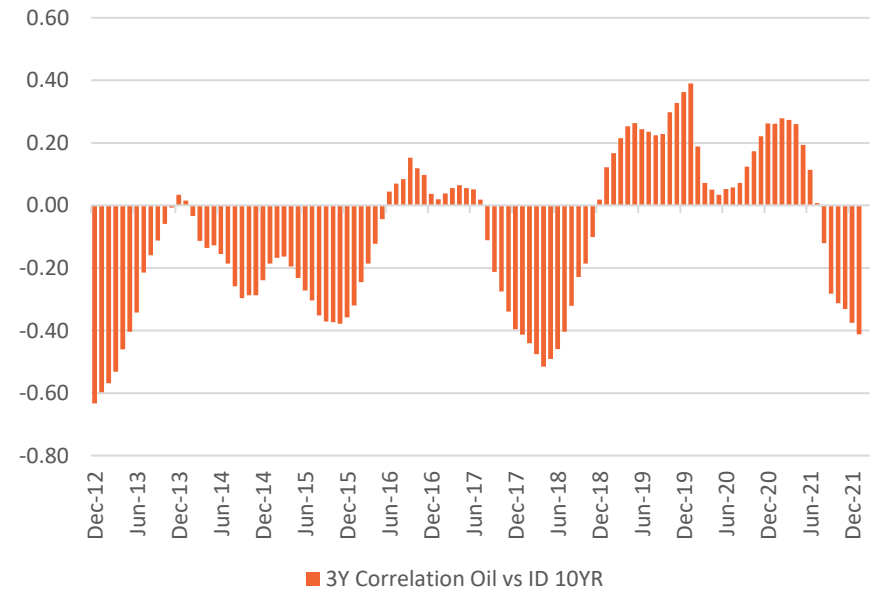
In USD Bbl, %



Source: Syailendra research, Bloomberg

3Y Correlation between Oil vs 10YR Yield

In unit of correlation



Source: Syailendra research, Bloomberg

- ⚠ Peningkatan harga komoditas telah meningkat signifikan dalam 2 bulan kebelakang. Hal ini di perparah dari krisis Ukraina-Russia *brent oil* berkisar di level 100 USD/Bbl.
- ⚠ Dari sisi INDOGB, korelasi antara *brent oil* dan level 10Y Yield cenderung lemah. Hal ini mempertimbangkan pergerakan harga minyak tidak langsung terefleksi dalam harga inflasi di Indonesia selama beberapa tahun terakhir.

INDOGB Long-Term Valuation Still Attractive

INDOGB carry yield catch-up with similar other country sovereign bonds

10Y Emerging Market Comparison, Grey Highlights on Countries with Similar Rating

In %, ppt and bps, data as per Nov-21

Country	10Y Yield (%)		Currency		Carry Yield	Inflation		Real Yield (%)		CAD	Fiscal Deficit	Credit	
	Current	YTD Chg. (bps)	YTD Chg (in ppt)	Current vs Forecast	2022F	Current	2022F	Current Inflation	2022F Inflation	2022F	2022F	Rating	Outlook
Russia	15.99	754.00	-23.85	27.49	43.47	8.73	6.50	7.26	9.49	6.00	0.70	BBB- *-	NA
South Africa	9.83	3.30	3.23	-3.51	6.33	5.70	4.90	4.13	4.93	0.48	-5.70	BB	Stable
Brazil	11.56	72.01	8.22	-7.50	4.06	10.38	7.50	1.18	4.06	-1.25	-7.30	BB-	Stable
Colombia	9.47	128.00	3.97	0.63	10.10	6.94	5.80	2.53	3.67	-4.75	-6.40	BBB-	Stable
Indonesia	6.50	14.30	-0.79	1.89	8.40	2.18	3.00	4.32	3.50	-1.20	-4.20	BBB	Neg
Mexico	7.91	35.70	0.26	-2.49	5.42	7.07	5.25	0.84	2.66	-0.46	-3.23	BBB+	Neg
Peru	6.12	21.40	6.08	-0.21	5.91	2.77	4.30	3.35	1.82	-1.30	-3.45	A-	Neg
Malaysia	3.67	7.60	-0.79	1.68	5.34	2.30	2.25	1.37	1.42	3.20	-6.00	A	Neg
India	6.77	31.20	-1.33	1.00	7.76	6.01	5.40	0.76	1.37	-1.60	-6.80	BBB-u	Stable
China	2.79	1.60	0.74	-2.64	0.15	0.90	2.10	1.89	0.69	1.50	-4.70	A+	Stable
Thailand	2.15	25.40	2.23	2.11	4.26	3.23	2.00	-1.08	0.15	0.70	-4.60	A-	Stable
South Korea	2.55	32.20	-1.13	2.43	4.98	3.60	2.50	-1.05	0.05	4.20	-2.75	AA	Stable
Romania	5.94	79.70	-1.43	-1.65	4.30	8.35	6.30	-2.41	-0.36	-6.15	-6.10	BBB-	Stable
Hungary	5.35	87.10	-2.18	5.13	10.48	7.90	5.80	-2.55	-0.45	-1.30	-5.05	BBB	Stable
Vietnam	2.30	0.00	0.03	0.97	3.27	1.94	3.40	0.36	-1.10	2.25	-4.00	BB	Pos

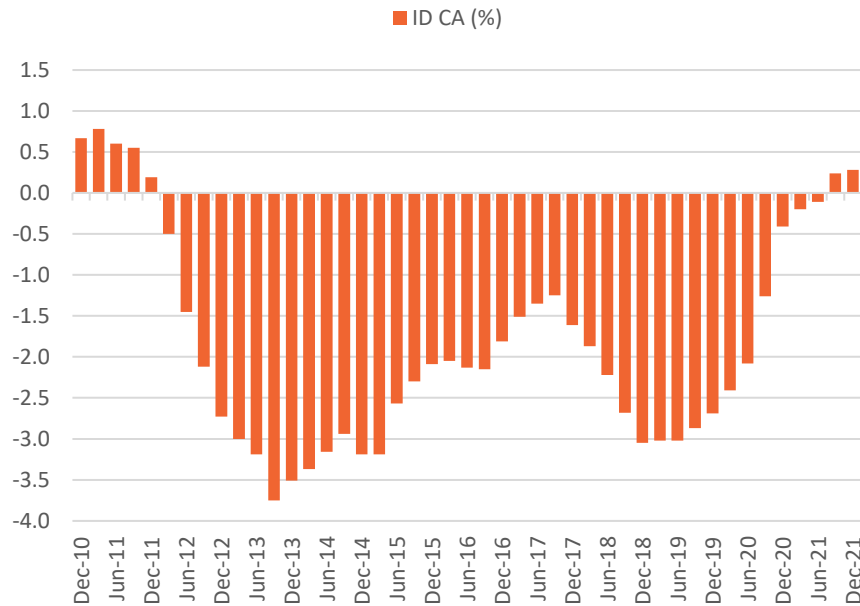
Source: Syailendra research, Bloomberg

Reason why INDOGB Relatively Resilient

INDOGB seems to be beneficiary at the moment

Indonesia Current Account

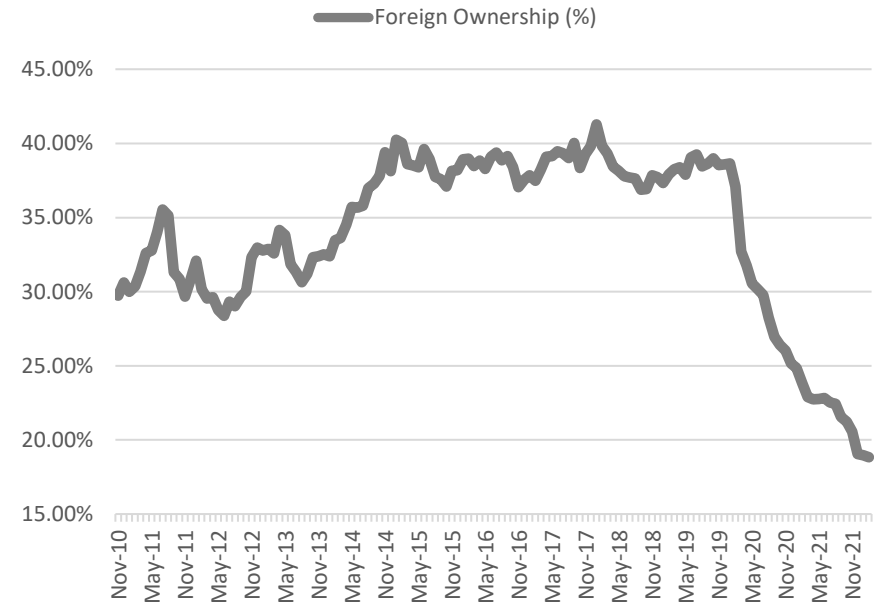
In %



Source: Syailendra research, Bloomberg

INDOGB Foreign Ownership

In %



Source: Syailendra research, Bloomberg

Kami melihat INDOGB akan cukup *resilient* mempertimbangkan beberapa hal dibawah:

- ▲ *Benefactor* dari komoditas
- ▲ Mekanisme burden sharing: supportif di saat kenaikan GWM
- ▲ Kepemilikan investor asing tidak besar
- ▲ Debt/GDP yang kecil, Current account yang baik, dan inflasi yang masih rendah
- ▲ Demand ritel dan institusi non bank yang terus naik
- ▲ Kenaikan credit yang masih belum agresif

Government Bond Outlook

Short-term: Neutral, tactical buy; Long-term: Long recommendation

Our View on Bonds and Rates Strategy

Explanation

Catalyst & Key Thesis	2020	2021	2022F	Notes
<i>Valuation</i>	<i>Cheap</i>	<i>Neutral</i>	<i>Neutral</i>	<i>Tactically fair, still cheap on LT-valuation</i>
<i>Liquidity</i>	<i>Positive</i>	<i>Positive</i>	<i>Neutral</i>	<i>No dollar shortage based on current observation</i>
<i>Supply outlook</i>	<i>Positive</i>	<i>Positive</i>	<i>Neutral</i>	<i>Dynamic between banks, central bank and credit growth a bit concerning</i>
<i>Foreign position</i>	<i>Neutral</i>	<i>Positive</i>	<i>Positive</i>	<i>All-time low positioning</i>
<i>Credit Rating</i>	<i>Negative</i>	<i>Neutral</i>	<i>Neutral</i>	<i>Some concerns during 2020-2021</i>
<i>IDR Outlook</i>	<i>Neutral</i>	<i>Positive</i>	<i>Positive</i>	<i>Strong trade balance and CAD, depreciating IDR might attract short-term investors looking at IDR carry yield</i>

Source: Syailendra research, Bloomberg

- 🔺 Target 10Y yield *base case* berada di *range* 6.50–7.00% dengan mempertimbangkan *interest upcycle*. Mempertimbangkan level *yield* saat ini berkisar di 6.75%. Kami melihat saat ini merupakan *buying opportunity* untuk mengakumulasi secara gradual seiring dengan peningkatan *benchmark rate* oleh FOMC.
- 🔺 Untuk *timing*, likuiditas pada 1H21 tetap akan tinggi dan dapat memberikan *support* di pasar obligasi. Kami akan cenderung lebih *cautious* jika *loan growth* mulai meningkat terutama pada periode 2H21.

Section 03



Equity

Global Indices Performance

ASEAN and Indonesia market outperform global amid high commodity prices

Global Indices Historical Performance

In % of return

No	Country	YTD	1M	3M	6M	1Y	P/E	P/BV	ROE
Global Market									
1	Dow Jones (US)	-6.43%	-0.70%	-2.41%	-3.80%	8.46%	17.93	4.28	30.48
2	S&P 500 (US)	-8.39%	0.65%	-4.57%	-2.48%	14.50%	19.62	4.03	22.65
3	Nasdaq (US)	-13.22%	1.15%	-11.60%	-8.96%	4.38%	27.71	5.39	35.40
4	London (UK)	NA	2.50%	-0.09%	2.52%	15.82%	14.30	1.84	14.07
5	DAX (GR)	-8.75%	-3.68%	-4.52%	-8.15%	4.96%	12.97	1.65	12.85
6	CAC (FP)	-5.97%	-1.25%	0.19%	1.14%	16.75%	13.34	1.72	13.33
Asia Market									
1	Nikkei (JP)	-8.92%	-2.41%	-7.91%	-4.50%	-12.24%	16.19	1.71	10.61
2	Hang Seng (HK)	-2.21%	-6.09%	-5.45%	-11.39%	-24.30%	10.70	1.11	11.05
3	Shanghai (CN)	-4.92%	0.53%	-3.16%	-2.51%	-3.73%	11.19	1.38	10.77
4	Shenzhen (CN)	-7.72%	-2.24%	-5.90%	-6.63%	-16.38%	13.59	1.88	11.34
5	NFT (IN)	-3.34%	-3.59%	-2.16%	0.14%	10.34%	22.34	3.27	14.56
6	Kospi (KR)	-11.37%	-1.60%	-8.84%	-14.94%	-13.64%	10.63	1.03	7.70
7	Kosdaq (KR)	-15.03%	-1.85%	-13.21%	-14.23%	-6.75%	NA	NA	NA
ASEAN Market									
1	Singapore (SG)	5.31%	1.44%	4.05%	6.02%	10.79%	13.42	1.09	8.41
2	Kuala Lumpur (MK)	3.37%	5.49%	5.26%	1.40%	0.64%	15.05	1.52	10.21
3	Thailand (TH)	2.34%	2.49%	4.30%	4.96%	12.23%	18.00	1.72	8.17
4	Vietnam (VN)	0.30%	1.31%	0.39%	14.46%	28.61%	14.45	2.40	18.96
5	Philippines (PH)						NA	NA	8.73
Indonesia Market									
1	JCI / IHSG (ID)	4.39%	4.87%	4.98%	12.68%	9.52%	16.41	2.19	14.31
2	JII / ISSI (ID)	1.64%	3.15%	2.54%	10.23%	4.14%	15.68	2.06	13.20
3	IDX30 (ID)	5.43%	4.99%	4.95%	15.64%	4.02%	15.49	2.16	14.51
4	LQ45 (ID)	5.17%	4.92%	4.72%	14.84%	3.46%	15.41	2.14	14.57

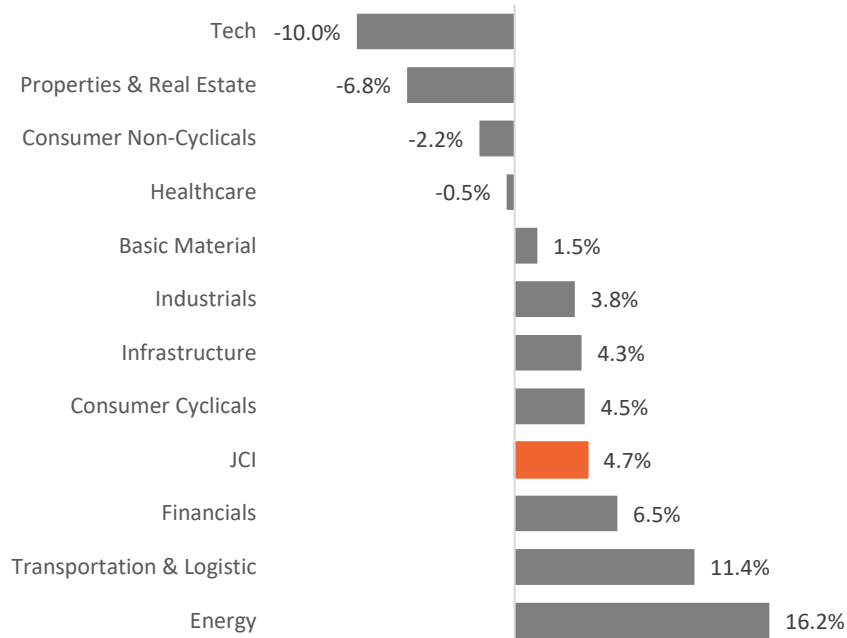
Source: Syailendra Research, Bloomberg

Inflation and Rates Beneficiary Appreciated by Market

Energy and Financials lead JCI to positive return

JCI Sectoral Movement QTD

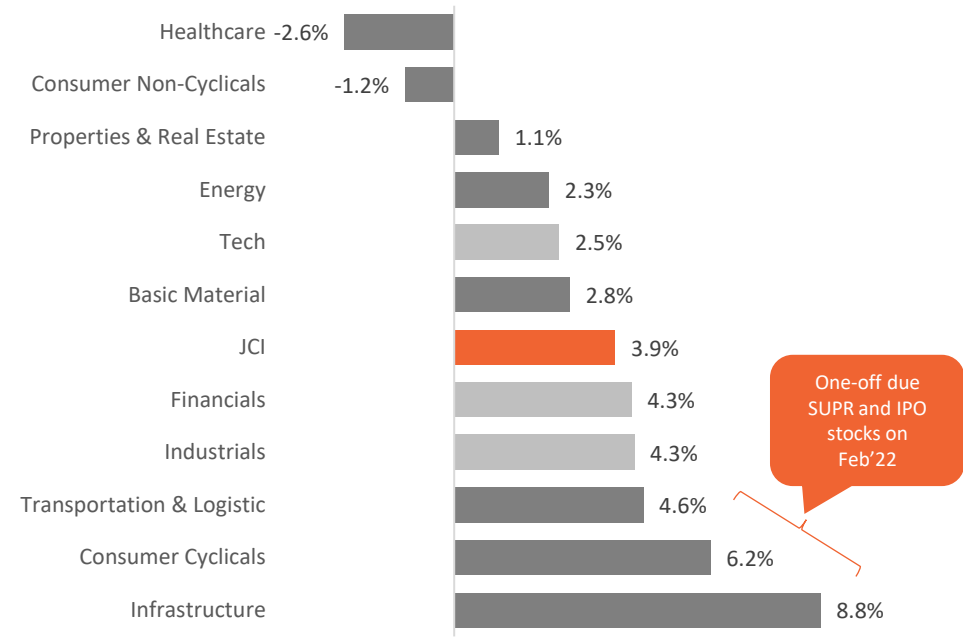
As of 25 Feb 2022



Source: Syailendra Research, Bloomberg

JCI Sectoral Movement MTD

As of 25 Feb 2022



Source: Syailendra Research, Bloomberg

- 📌 Selama 2M22, IHSG rally sebanyak 4.7%. Hal ini dikontribusi oleh sektor transportasi dan logistik, finansial, energi. Kinerja sektor teknologi masih melambat, hal ini selaras dengan situasi investasi saat ini yaitu peningkatan inflasi dan tingkat suku bunga.

Foreign Equity Flow

Significant outflow recorded by India and Taiwan market

(in US\$ mn.)	India	Indonesia*	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China
Jan-21	1,978	775	-5,254	-273	-3,389	-365	-208	-6,735
Feb-21	3,016	258	-1,781	-191	-3,224	-621	-214	-2,759
Mar-21	2,333	-186	-1,312	-483	-5,523	-1	-7	-5,179
Apr-21	-1,489	-244	68	-278	2,758	-107	-276	431
May-21	749	247	-7,964	-239	-1,911	-1,061	-40	-10,220
Jun-21	1,498	342	-792	-79	-1,814	-314	-283	-1,442
Jul-21	-1,706	67	-4,222	-183	-4,210	-522	-318	-11,094
Aug-21	1,012	312	-5,089	33	1,074	175	251	-2,232
Sep-21	1,139	728	884	-47	-440	338	179	2,781
Oct-21	-2,271	1,771	-3,228	8	-2,289	474	378	-5,158
Nov-21	-756	-214	3,043	5	586	-324	41	2,380
Dec-21	-1,741	-181	2,639	1,724	2,780	695	-270	5,645
Jan-22	-4,817	425	-3,275	-56	-1,950	432	80	-9,161
Feb-22	-5,018	1,220	418	141	-5,922	1,931	679	-6,552

Yearly								
YTD	-9,835	1,645	-2,857	85	-7,873	2,363	759	-15,713
2021	3,761	3,674	-23,010	-5	-15,604	-1,632	-767	-33,582
2020	23,373	-4,320	-20,082	-2,513	-15,257	-8,287	-5,782	-32,867
2019	14,234	-1,306	924	-240	9,377	-1,496	-2,683	18,811
2018	-4,617	-3,656	-5,676	-1,080	-12,196	-8,913	-2,885	-39,024
2017	7,951	-2,960	8,267	1,095	7,054	-796	2,456	23,068

Source: Syailendra Research, Bloomberg

February Industry Sector Positioning

Local: Mixed, Foreign: Inflow to financial sector in Feb'22

Monthly Changes of Investor Position

MoM of est. weight changes of investor portfolio

Sector	Local MoM (%) of est. ownership											
	Insurance			Pension Fund			Individual			Mutual Fund		
	Dec-21	Jan-22	Feb-22	Dec-21	Jan-22	Feb-22	Dec-21	Jan-22	Feb-22	Dec-21	Jan-22	Feb-22
Basic Industry	-0.5%	-0.8%	0.5%	-0.2%	-0.6%	0.5%	0.0%	0.9%	-0.1%	0.3%	0.3%	0.3%
Consumer Non-Cyclical	-0.3%	-0.2%	-0.2%	-0.1%	0.0%	-0.1%	-0.4%	-0.1%	0.1%	-0.2%	0.0%	-0.1%
Consumer Cyclical	-0.6%	-0.1%	-0.9%	-0.5%	-0.1%	-0.8%	-0.3%	-0.2%	-0.1%	-0.3%	0.1%	1.3%
Energy	-0.2%	-0.1%	0.3%	-0.4%	0.1%	0.4%	-0.5%	3.2%	-0.3%	1.3%	-0.1%	0.4%
Infrastructure	-0.9%	-0.1%	-0.6%	-1.0%	0.1%	-0.8%	-0.4%	0.0%	-0.1%	-0.1%	1.5%	-0.6%
Healthcare	-0.5%	0.2%	-0.1%	-0.1%	0.2%	-0.2%	-0.2%	0.0%	-0.2%	0.1%	0.0%	0.0%
Financial	-0.9%	-0.2%	-0.9%	-2.3%	-0.9%	0.3%	0.3%	0.0%	-0.6%	1.2%	2.7%	-0.4%
Industrial	0.0%	-0.3%	0.0%	-0.1%	0.1%	0.4%	0.0%	0.0%	0.0%	0.3%	-0.4%	0.1%
Property	-0.2%	-0.5%	-0.2%	-0.3%	-0.3%	0.0%	-0.1%	0.1%	-0.1%	-0.4%	0.9%	0.4%
Technology	0.0%	-0.5%	-0.1%	-0.2%	-0.2%	0.0%	1.1%	-3.1%	0.7%	-0.3%	0.6%	0.1%
Trans. And Logistics	0.0%	0.0%	0.0%	0.0%	-0.1%	0.1%	-0.1%	0.0%	0.0%	0.0%	0.5%	-0.4%

Sector	Foreign MoM (%) of est. ownership											
	Insurance			Pension Fund			Individual			Mutual Fund		
	Dec-21	Jan-22	Feb-22	Dec-21	Jan-22	Feb-22	Dec-21	Jan-22	Feb-22	Dec-21	Jan-22	Feb-22
Basic Industry	0.0%	-0.1%	0.0%	-0.1%	-0.4%	0.2%	3.3%	0.3%	1.9%	-0.5%	-0.3%	0.1%
Consumer Non-Cyclical	0.0%	-0.5%	-0.5%	-0.2%	0.0%	-0.2%	0.9%	-0.4%	-0.2%	-0.2%	-0.1%	-0.1%
Consumer Cyclical	-0.2%	0.0%	-0.3%	-0.3%	0.0%	-0.4%	0.5%	-0.6%	0.8%	-0.1%	-0.1%	-0.2%
Energy	0.1%	0.1%	0.0%	0.2%	0.2%	0.3%	5.0%	-0.4%	0.2%	0.1%	0.0%	0.1%
Infrastructure	-0.2%	0.1%	-0.8%	-0.2%	0.3%	0.4%	-0.2%	-0.6%	-0.2%	-0.2%	0.2%	0.2%
Healthcare	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	0.7%	0.0%	-0.1%	0.0%	0.0%	-0.1%
Financial	-0.8%	0.1%	1.4%	-1.9%	1.8%	1.7%	13.2%	0.1%	1.3%	-1.7%	0.1%	2.6%
Industrial	-0.3%	-0.2%	-0.2%	-0.3%	-0.1%	0.2%	-0.4%	0.4%	-0.6%	-0.3%	-0.3%	0.1%
Property	0.0%	0.0%	0.0%	-0.2%	-0.1%	0.1%	1.0%	-13.9%	-0.2%	-0.1%	-0.1%	0.0%
Technology	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.1%	-0.2%	-0.2%	-0.1%	-0.1%	-0.2%	0.0%
Trans. And Logistics	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.8%	-0.7%	-0.3%	0.0%	0.0%	0.0%

Source: Syailendra Research (Internal methodology), threshold is 0.5% for material movement between sector

2021 Earnings Result So Far

39.2% stock covered earnings growth inline yet some sector show some sluggish

2021 Earnings Result So far – some sector show some sluggish on earnings

In % YoY, contribution YoY,

Headline Earnings	3Q21	4Q21	QoQ%	4Q20	4Q21	YoY%	12M20	12M21	YoY%	Cont. % YoY
Basic Material	1,746	1,539	-11.8%	1,208	1,539	27.5%	4,969	5,247	5.6%	0.2%
Consumer Cyclical	86	639	646.6%	-11	639	NA	-871	1,524	NA	2.0%
Energy	8,811	13,360	51.6%	1,191	13,360	1022.1%	5,084	28,068	452.1%	19.2%
Financial	29,223	36,427	24.6%	15,030	36,427	142.4%	76,893	119,389	55.3%	35.5%
Healthcare	363	395	8.8%	293	395	34.9%	934	1,261	35.0%	0.3%
Industrial	9,708	7,875	-18.9%	2,963	7,875	165.8%	23,034	31,319	36.0%	6.9%
Infrastructure	270	912	237.9%	-2,532	912	NA	-1,668	7,343	NA	7.5%
Consumer Non-Cyclical	3,386	3,901	15.2%	4,153	3,901	-6.1%	11,392	14,302	25.5%	2.4%
Property	0	0	NA	0	0	NA	0	0	NA	0.0%
Tech	0	0	0.0%	0	0	0.0%	0	0	NA	0.0%
Transportation	0	0	0.0%	0	0	NA	0	0	NA	0.0%
Coverage Aggregate	53,593	65,049	21.4%	22,294	65,049	191.8%	119,767	208,452	74.0%	74.0%
Ex-Financial	24,370	28,622	17.4%	7,264	28,622	294.0%	42,874	89,064	107.7%	
Ex-Commodity	44,783	51,688	15.4%	21,103	51,688	144.9%	114,683	180,385	57.3%	
Coverage Ratio		39.18%			39.18%			39.18%		

1Q22 Sector View (1)

Investment thesis for each sector

Sector	1Q22	Reason to Invest	
		Pros	Cons
Energy	Overweight	<ul style="list-style-type: none"> Coal: Market price already reflected current price however some company already diversified its portfolio to other commodities outside coal 	<ul style="list-style-type: none"> Coal: coal price seems still elevated on current market consensus, this inline with rising inflation and gradually normalization
Basic Industry	Underweight	<ul style="list-style-type: none"> Industrial Metal: price had been in structural uptrend due limited supply 	<ul style="list-style-type: none"> Industrial Metal: as china market slowing down, stainless steel usage might be lower give pressure to nickel price
Industrial	Underweight	<ul style="list-style-type: none"> Auto: Sales recovery as economy returns to growth and purchasing power improved Building Material: Robust presales potentially still give boost to sales volume 	<ul style="list-style-type: none"> Auto: Tax incentive in 2020 creates a high base for auto sales in 2021. Building Material: Margin due cost pressure from high energy commodity prices.
Consumer Non-Cyclical	Underweight	<ul style="list-style-type: none"> Poultry: Peaking commodity prices and improved poultry demand post covid 	<ul style="list-style-type: none"> FMCG: Margin pressure from commodity if stay elevated Cigarette: Risk on higher duties Poultry: Oversupply condition still hampers industry's margin
Consumer Cyclical	Marketweight	<ul style="list-style-type: none"> Retail: Retail might surprise on revenue if mobility restriction getting less and less Media: Consumer cos ad spending recovery should provide revenue growth 	<ul style="list-style-type: none"> Retail: market seems doesn't price-in, If there's mobility restriction more than 3-4 weeks. Media: Still weak purchasing power could impact advertising spending

1Q22 Sector View (2)

Investment thesis for each sector

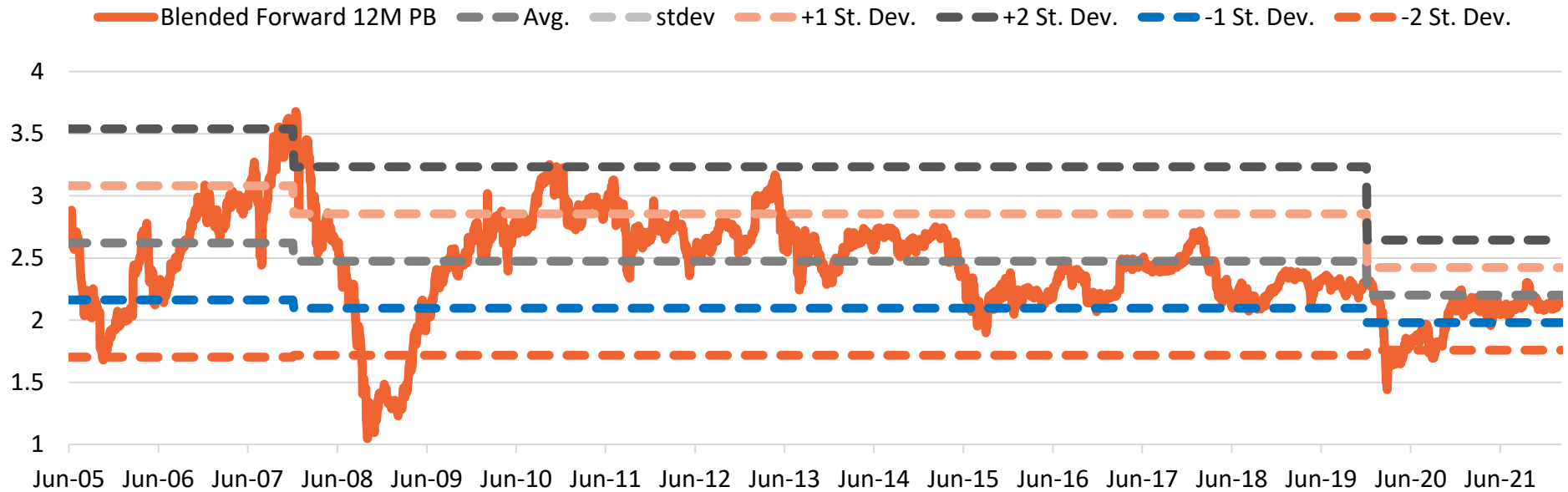
Sector	1Q22	Reason to Invest	
		Pros	Cons
Healthcare	Marketweight	<ul style="list-style-type: none"> Pharma: Consumer product was one of laggards in 2021 as economy recovery might become a surprise Hospital: revenue still could be growing as non-covid volume gradually recover 	<ul style="list-style-type: none"> Pharma: Revenue seems to be high-base as supported due <i>covid-19</i> situation Hospital: Earnings seems to be high-base
Financial	Overweight	<ul style="list-style-type: none"> Banks: Beneficiary of rising interest 	<ul style="list-style-type: none"> Banks: Coc might slightly reverse if economy recovery were halted due external factor
Property	Overweight	<ul style="list-style-type: none"> Residential: Presales had been robust since 1Q21 Industrial: potential FDI coming back due trade regionalization 	<ul style="list-style-type: none"> Residential: Rising interest might halt presales growth
Tech	Underweight	<ul style="list-style-type: none"> O2O: as economy recover catch-up, Mitra TPV potentially could be higher than expected 	<ul style="list-style-type: none"> O2O: Marketplace had been struggling since 2Q21. one of factor is competition as GOTO will IPO in 2022
Infrastructure	Overweight	<ul style="list-style-type: none"> Telco: Industry consolidation should create healthier competition Tower: Operator capex to still support growth Construction: Better budget balance and reopening should allow infra projects to continue 	<ul style="list-style-type: none"> Telco: Plateauing subscribers and data growth Tower: Operators consolidation to hamper tower leasing revenue growth Construction: Leveraged balance sheet hamper profitability return
Transportation	Marketweight	<ul style="list-style-type: none"> Logistic: Still strong ecommerce growth to drive the industry volume Transportation: Reopening to improve traffic 	<ul style="list-style-type: none"> Logistic: Increased competition to slow growth Transportation: Risk of new wave of COVID to cause tightening

JCI Historical Valuation

JCI price to book had been sideways since 1Q21

JCI Blended 12M Forward P/B

Since 2005 For Year >2019 using 5 Year BEst 12M BF P/B, since Dec' 2016



Source: Bloomberg, Syailendra Research

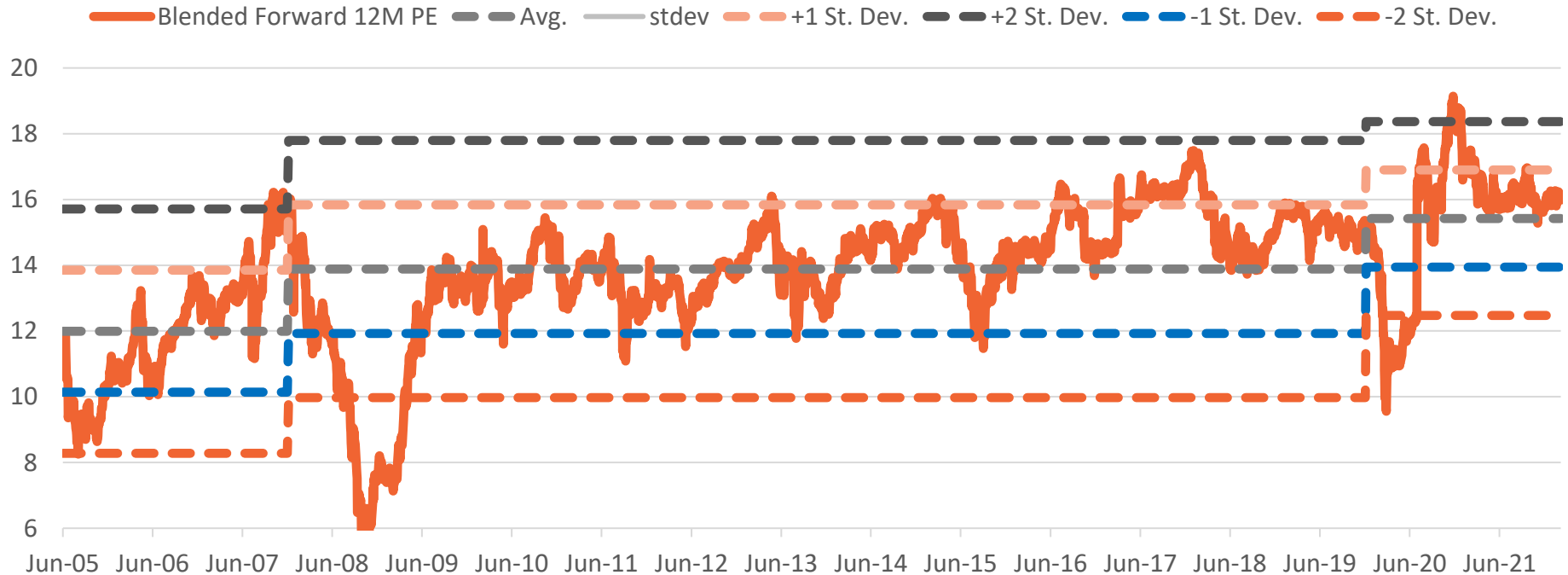
- Di saat yang bersamaan valuasi JCI menggunakan *price to book* masih dapat dikatakan memiliki potensi *upside*. Secara historis sejak 2016, P/B JCI berkisar di antara 2.2x – 2.4x dibandingkan level saat ini masih berada di 2.16x diantara level -1 S.D. dan 5Y *average*.

JCI Historical Valuation

Market valuation has been sideways since 4Q21

JCI Blended 12M Forward P/E

Since 2005 For Year >2019 using 5 Year BEst 12M BF P/E, since Dec' 2016



Source: Bloomberg, Syailendra Research

- Sejak akhir 2020, Valuasi IHSG cenderung menurun sesuai dengan normalisasi laba. IHSG cenderung bergerak di 5Y average sd +1 Std. Dev (15.4x – 16.9x). Saat ini valuasi IHSG berada di 16.1x. Pergerakan *sideways* ini sesuai dengan ketidakpastian yang diakibatkan dari pasar global.

Equity Outlook

Our View, Bullish on recovery

Our View on Equities

Explanation

Catalyst & Key Thesis	2020	2021	2022F	Notes
Valuation	Rich	Rich	Neutral	Earnings catch-up with valuation become near mean 5Y P/E
Earnings Growth	Negative	Positive	Positive	JCI deliver 17-20% was still higher than majority of EM market
Liquidity	Positive	Positive	Neutral	No dollar shortage based on current observation
Foreign position	Neutral	Positive	Positive	All time low position
IDR Outlook	Neutral	Positive	Positive	Strong trade balance and CAD, if IDR depreciate might attract short-term investor looking its carry yield

🏠 Untuk strategi *equity* kami melihat beberapa sektor yang berpotensi menjadi *beneficiary* dengan kondisi 1) *high commodity price & inflation*, 2) *rising interest*, 3) *domestic economy recovery*, 4) *Foreign flow beneficiary*:

- *Banks*
- *Commodity related*
- *Telco, Auto and few domestic big caps*

🏠 Target IHS *base case* berada di 7,400-7,500. Hal ini didasarkan pada 2022 *earnings growth* 17 dan P/E bergerak relatif *flat*.

Section
04



Appendix

Syailendra Internal Macro and Benchmark View

Internal Target for 2022F and 2023F

Syailendra Macro Indicator and Benchmark

In each unit

Desc	Unit	Syailendra						
		21	22E		23E			
		Base	Bear	Base	Bull	Bear	Base	Bull
Macro Indicator								
GDP Growth YoY	Average full year	3.50	3.50	4.80	6.00	4.80	5.20	5.60
Inflation YoY	Average full year	2.20	4.00	3.00	2.50	4.00	3.00	2.50
Fiscal Deficit (% of GDP)	End of year	-5.80	-5.35	-4.85	-4.35	-3.50	-3.00	-2.75
Current Account (% of GDP)	Average full year	-0.2 sd +0.2	-1.20	-0.60	-0.20	-1.80	-1.40	-1.00
USDIDR	End of year	14,200	15,000	14,500	14,000	15,200	14,800	14,400
Rates								
Central Bank Rates Indonesia	End of year	3.50	4.50	4.00	3.75	4.75	4.25	4.00
10 YR Govt Bond Yield IDR	End of year	6.25	7.00	6.50	6.25	7.25	6.75	6.50
Equities								
JCI	End of year	6,500	7,100	7,500	7,800	7,600	8,000	8,200
Earnings Growth	End of year	30.0%	15.0%	17.5%	22.5%	5.0%	7.5%	10.0%
P/E 1FY	End of Year	17.60	17.30	17.80	17.80	17.30	17.80	17.80
P/E Band	End of Year	+0.75 Mean	+0.25 Mean	+0.50 Mean	+0.50 Mean	+0.25 Mean	+0.50 Mean	+0.50 Mean

Source: Syailendra Research, Bloomberg

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SYAILENDRA 

PT Syailendra Capital

District 8 Treasury Tower
39th Fl Unit 39A, SCBD Lot 28
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190

P. : +62 21 51400888

F. : +62 21 51400967

www.syailendracapital.com