

# Monthly Bulletin

March 2023

## What's Inside



### Calendar

ID GDP YoY (6-Feb)  
ID Foreign Reserve (7-Feb)  
GE Industrial Production (7-Feb)



### Global Event

*Implied Policy Rate* dalam 1 bulan terakhir mengalami peningkatan hal ini mengakibatkan USD menguat terhadap semua *counterpart FX*. Investor mulai mempertimbangkan untuk potensi *elevated interest rate* dapat berlangsung lebih lama dibandingkan ekspektasi sebelumnya.



### Indonesia

Memasuki bulan Mar'23, BI telah menjalankan lelang terkait DHE. Di saat bersamaan cadangan devisa Indonesia di bulan Feb'23 masih meningkat terlepas plemahan rupiah yang terjadi di bulan Feb. Kedua hal ini seharusnya positif terhadap aset kelas Indonesia.



### Equity Market

Kinerja IHSG ditutup sebesar -0.11% YTD atau +0.06 % MoM (*cutoff date: 28-Feb-23*). Top 3 *Leaders* 1) ASII, 2) UNTR, 3) GOTO dan Top 3 *Laggards* 1) BYAN, 2) BBNI, 3) TLKM. Investor asing melakukan *net buy* sebesar +377mio USD di bulan Feb'23



### Fixed Income Market

Yield 10 tahun obligasi selama di bulan Feb'23 melemah dari level 6.70 menjadi level 6.98. Hal ini selaras dengan pelemahan rupiah dan peningkatan implied rate oleh konsensus Hal ini juga di kontribusi foreign outflow dari sisi SUN. Namun, Kepemilikan investor asing masih meningkat sejak Nov dengan level terendah 13.9% menjadi 14.8%



Section  
**01**



**Macro Updates**

# 2023 Key Macro Narrative

Investors seems to differ on the timing rather than trend

## Macro narrative for 2023

2023 might be year of inflection: peaking interest rates, slowing growth, weakening USD

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**Narasi Macro yang kami lihat akan mempengaruhi pasar sepanjang 2023 :**

- 🏠 **Konsensus memiliki ekspektasi Fed melakukan Pivot di 2H23.** Hal ini disebabkan oleh beberapa hal :
  - **Laju inflasi di US memperlihatkan normalisasi** : hal ini terlihat dengan CPI dan Core-CPI bulanan telah menyentuh level 0.2-0.3% dalam 3 bulan berturut sejak Oktober 2022.
  - **Tone Fed Statement terlihat semakin netral** : Jerome powell menyatakan bahwa faktor-faktor penekan inflasi telah mereda namun masih berada di level yang tinggi dibandingkan rata-rata historis. Sehingga, FOMC memutuskan untuk meningkatkan tingkat *federal funds* rate sebesar 25bps dari pertemuan sebelumnya sebesar 50bps di bulan Dec'22
- 🏠 **Hilirisasi komoditas berpotensi menjadi sumber pertumbuhan struktural baru bagi Indonesia** : Perubahan struktur atas neraca perdagangan dari proses hilirisasi komoditas telah terasa di sepanjang 2020-2022. Hal ini masih berlanjut untuk tahun-tahun berikutnya diikuti oleh turunan dari *supply chain* terkait dengan *EV* ataupun hilirisasi komoditas lainnya seperti *bauxite* dan *copper*.

# 2023 Key Macro Narrative (Continue)

## Investors seems to differ on the timing rather than trend

### Macro narrative for 2023

2023 might be year of inflection: peaking interest rates, slowing growth, weakening USD

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### Hal-hal yang terjadi selama bulan Februari 2023 :

- 🏠 **Inflasi US di bulan Jan'23 sedikit diatas ekspektasi** : Dalam 2 bulan kedepan ekspektasi konsensus terkait inflasi masih relatif tinggi berkisar 0.4%. Hal ini mengakibatkan terjadinya peningkatan ekspektasi atas *FFR* diikuti oleh peningkatan yield di 10Y UST.
- 🏠 **Kekhawatiran harga beras juga sedikit mengkhawatira ekspektasi Inflasi Indonesia** : Harga beras saat ini telah mendekati level 12k per kg dibandingkan akhir tahun 2022 di level 10k per kg. Dalam waktu dekat hal ini dapat mengakibatkan inflasi lebih tinggi dari ekspektasi pasar.
- 🏠 **Bank Indonesia secara resmi telah melakukan lelang TD Valas terkait DHE** : Per 2-Mar-23, BI telah melakukan lelang terkait dengan dana hasil ekspor. Hal ini berpotensi menciptakan sumber *supply* atas USD di dalam negeri.

### Implikasi dari hal-hal yang terjadi selama bulan Februari 2023

- 🏠 Investor baik global ataupun domestik cenderung melakukan *wait and see* apakah disinflasi masih berlanjut dengan laju yang relatif cepat ataupun lambat. Hal ini membuat investor perlu menimbang kebijakan bank sentral kedepan terkait dengan penanganan inflasi.

# Mobility Data Suggest Ongoing China Reopening

## Speculator unwinding USD position while gold position bounce-back

### Subway passenger coming back to high level of 2022

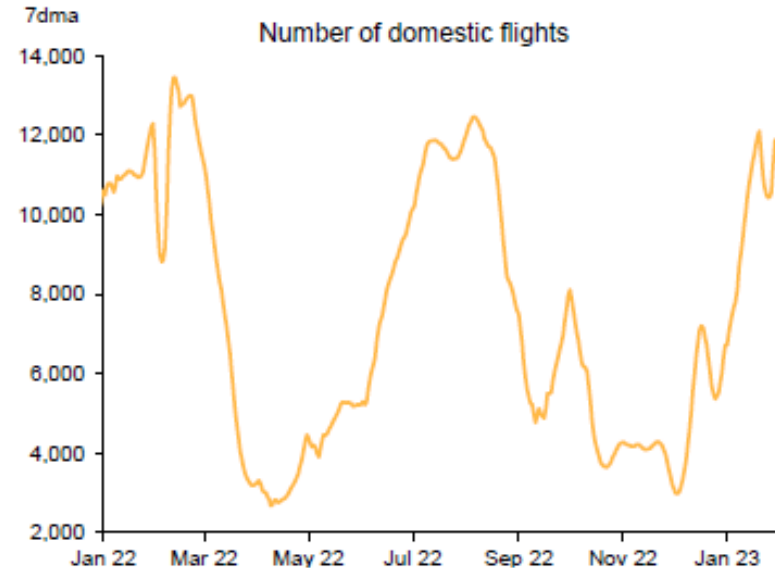
In average 7 days of subway passenger turnover



Source: Macquarie

### No. of China Domestic Flights already near 2022 level

In average 7 days of domestic flights



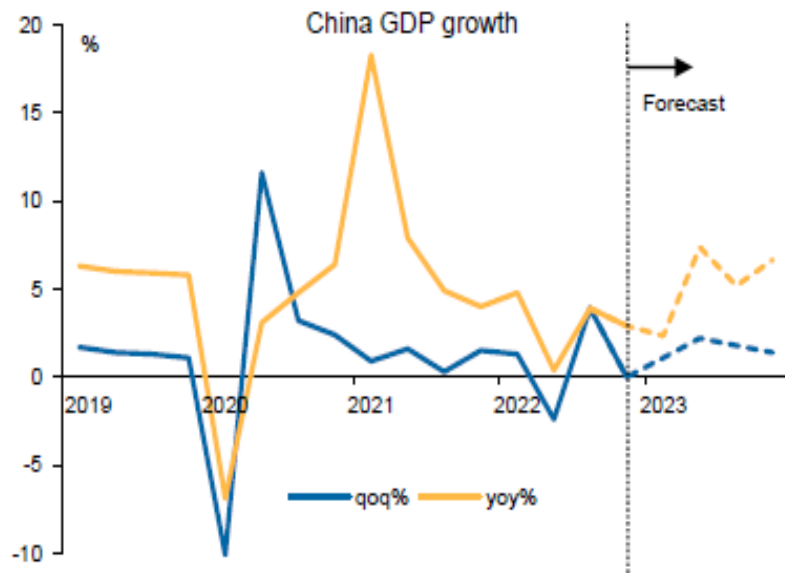
Source: Macquarie

- 📌 Berdasarkan data diatas terlihat tingkat mobilitas masyarakat China sudah mendekati level tertinggi di tahun 2022. Hal ini mengimplikasikan potensi atas peningkatan pertumbuhan ekonomi untuk China di tahun 2023.

# Market Expect Higher Economic Growth in China

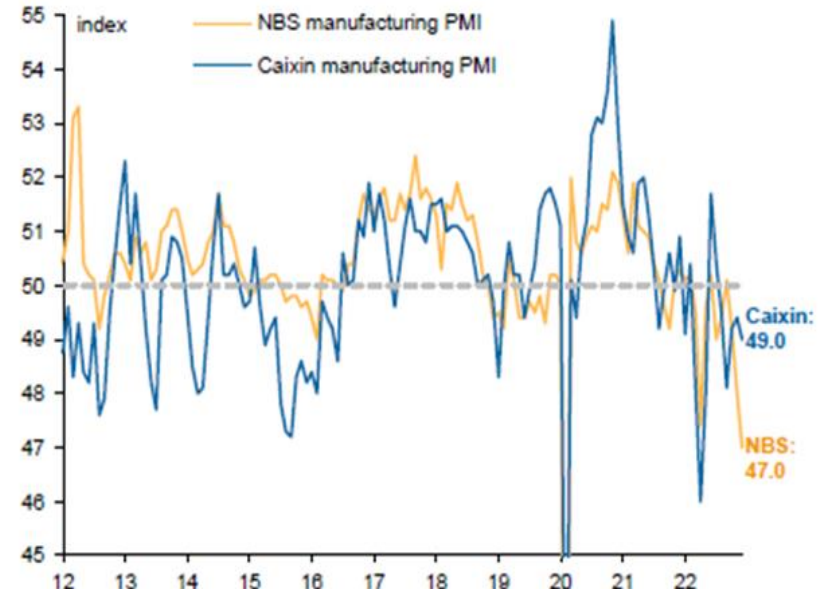
Yet latest PMI survey hasn't reflecting better economic activity

China GDP Growth expected to be higher  
In % qoq and yoy



Source: Macquarie

Despite of PMI hasn't improving since 4Q22  
In unit of index



Source: Macquarie

- Beberapa broker memiliki ekspektasi atas pertumbuhan ekonomi China *bottom* untuk tahun 2022. Namun, hal ini belum terlihat dengan jelas atas peningkatan aktivitas ekonomi khususnya di sektor manufaktur.

# Trajectory of Inflation in 2023

## Jan'23 CPI & Core-PCE above market expectation

### Inflation CPI & PCE and Market Consensus

In %

| Date (Consensus) | Core PCE YoY% | Core PCE MoM% | Core CPI YoY% | Core CPI MoM% | Goods MoM% (Avg. 3M Ann.) | Services ex-Shelter MoM% (Avg. 3M Ann.) | Shelter MoM% (Avg. 3M Ann.) |
|------------------|---------------|---------------|---------------|---------------|---------------------------|---|-----------------------------|
| Jan-22           | 5.21%         | 0.47%         | 6.07%         | 0.56%         | 13.77%                    | 6.14%                                   | 4.92%                       |
| Feb-22           | 5.42%         | 0.37%         | 6.43%         | 0.47%         | 10.63%                    | 6.58%                                   | 5.29%                       |
| Mar-22           | 5.36%         | 0.37%         | 6.45%         | 0.31%         | 3.29%                     | 8.02%                                   | 5.60%                       |
| Apr-22           | 5.03%         | 0.31%         | 6.14%         | 0.47%         | -0.15%                    | 8.58%                                   | 6.24%                       |
| May-22           | 4.88%         | 0.38%         | 6.02%         | 0.63%         | 1.01%                     | 9.83%                                   | 6.47%                       |
| Jun-22           | 5.04%         | 0.63%         | 5.88%         | 0.60%         | 4.96%                     | 10.99%                                  | 6.78%                       |
| Jul-22           | 4.70%         | 0.08%         | 5.89%         | 0.31%         | 5.19%                     | 7.78%                                   | 7.08%                       |
| Aug-22           | 4.93%         | 0.55%         | 6.30%         | 0.58%         | 4.54%                     | 7.40%                                   | 7.28%                       |
| Sep-22           | 5.20%         | 0.46%         | 6.64%         | 0.57%         | 2.46%                     | 6.91%                                   | 7.95%                       |
| Oct-22           | 5.05%         | 0.26%         | 6.30%         | 0.33%         | 1.33%                     | 6.61%                                   | 8.55%                       |
| Nov-22           | 4.68%         | 0.16%         | 5.97%         | 0.31%         | -1.41%                    | 4.42%                                   | 8.42%                       |
| Dec-22           | 4.42%         | 0.30%         | 5.70%         | 0.40%         | -2.06%                    | 3.06%                                   | 8.60%                       |
| Jan-23           | 4.70%         | 0.57%         | 5.55%         | 0.41%         | -1.21%                    | 5.12%                                   | 8.67%                       |
| <b>1Q22F</b>     | <b>4.30%</b>  | <b>0.31%</b>  |               |               |                           |   |                             |
| <b>2Q22F</b>     | <b>3.90%</b>  | <b>0.31%</b>  |               |               |                           |   |                             |
| <b>3Q22F</b>     | <b>3.40%</b>  | <b>0.20%</b>  |               |               |                           |   |                             |
| <b>4Q22F</b>     | <b>3.00%</b>  | <b>0.17%</b>  |               |               |                           |   |                             |

Consensus Core-PCE expectation slightly change on the next 6 month but still same on year end around 0.2-0.3%

CPI Shelter index still recording higher uptrend on mom annualized basis

Source: Syailendra Capital

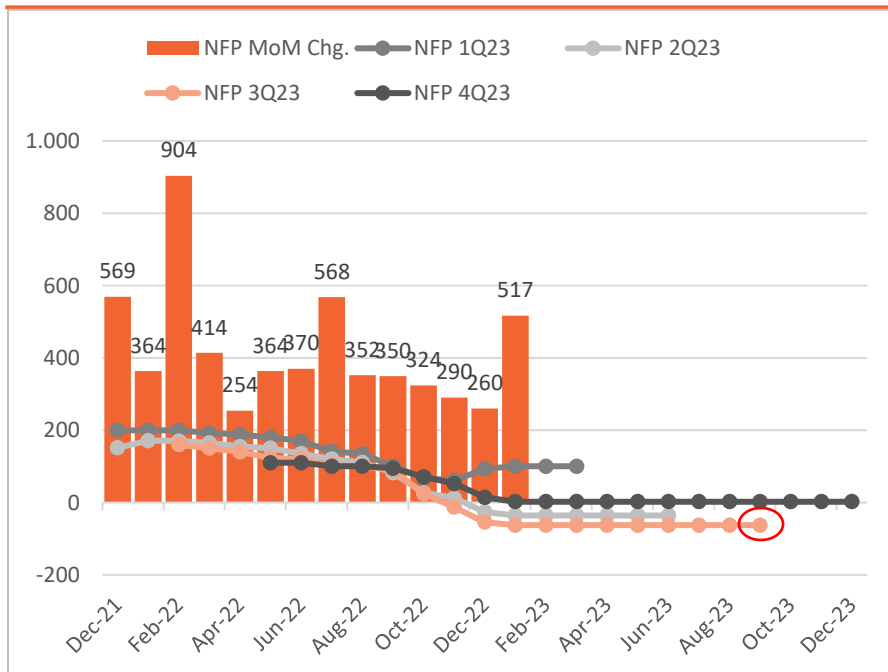
- 🏠 Konsensus memprediksi Core-PCE akan cenderung stabil memasuki 2023 dengan kisaran *monthly PCE* berkisar di 20-30bps.
- 🏠 Namun, komponen *shelter* di *CPI basket* belum mengindikasikan penurunan yang signifikan dibandingkan komponen lainnya.

# Latest Inflation & NFP give doubt to early cut narrative

Last data suggesting for somewhat soft-landing scenario

## Non Farm Payroll expected to bottom on 2Q23

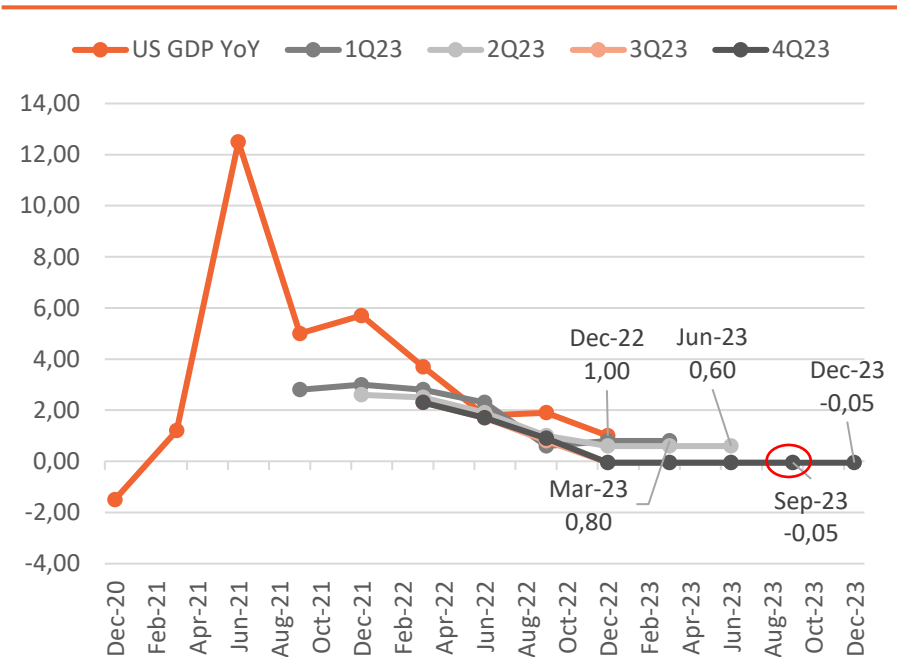
In no. of job



Source: Macquarie

## US GDP Growth expected to bottom on 4Q23

In % YoY



Source: Macquarie

- Terlepas pasar memiliki ekspektasi penurunan pekerjaan di 2Q23. Dalam 2 bulan terakhir, kinerja *Non-Farm Payroll* berada diatas rata-rata. Hal ini sedikit mengimplikasikan posisi saat ini mengekspektasikan *soft-landing* terlihat dari GDP Growth US di 3Q23 dan 4Q23 hanya mencatatkan -0.05% YoY.

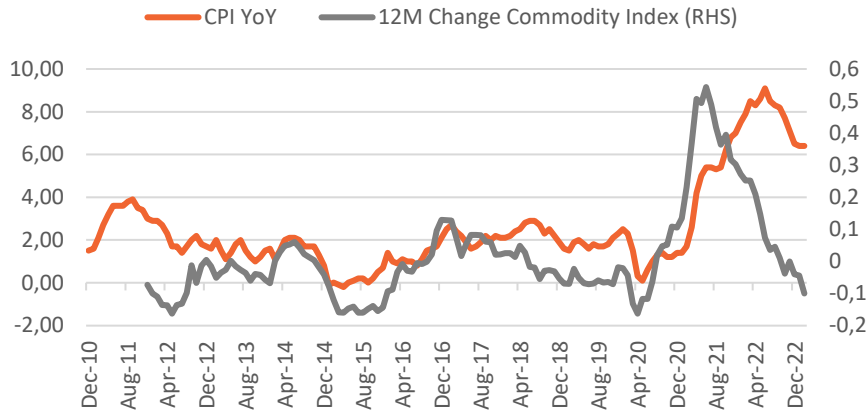


# Monitoring Inflation Factors

Most of concern still on labor market

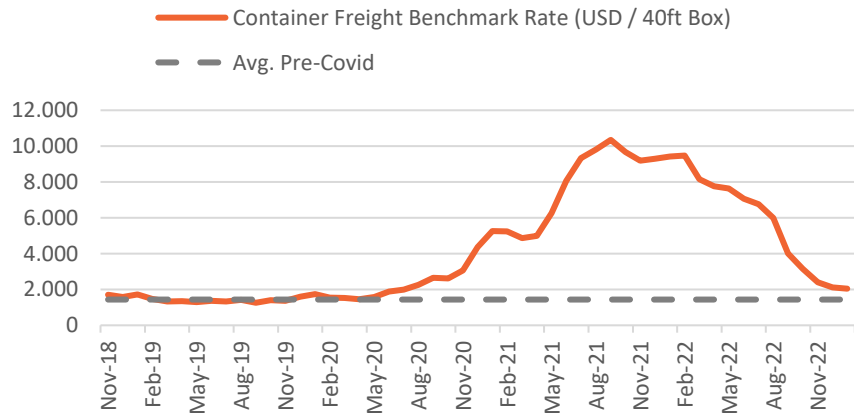
## Overall commodities near pre-covid level

In % YoY



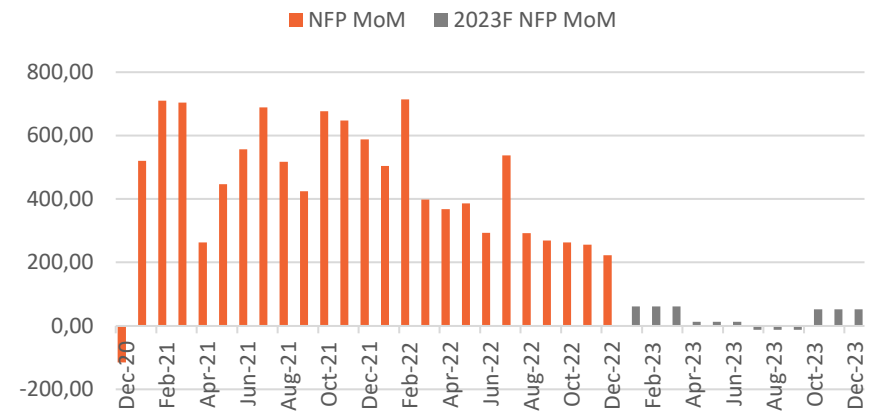
## Spot freight rates already near pre-covid level

In %



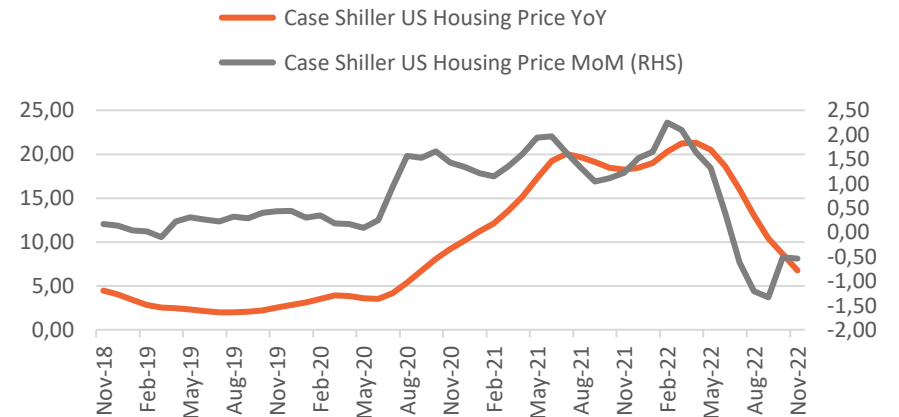
## NPF expected to decrease while still above than expected so far

In chg. No of jobs each month



## US Property still on declining trend

In % YoY



# Consensus on FFR Shifting to Higher Level

FOMC show a concern on the slow pace of disinflation

## FFR Interest Rate Probability

In %

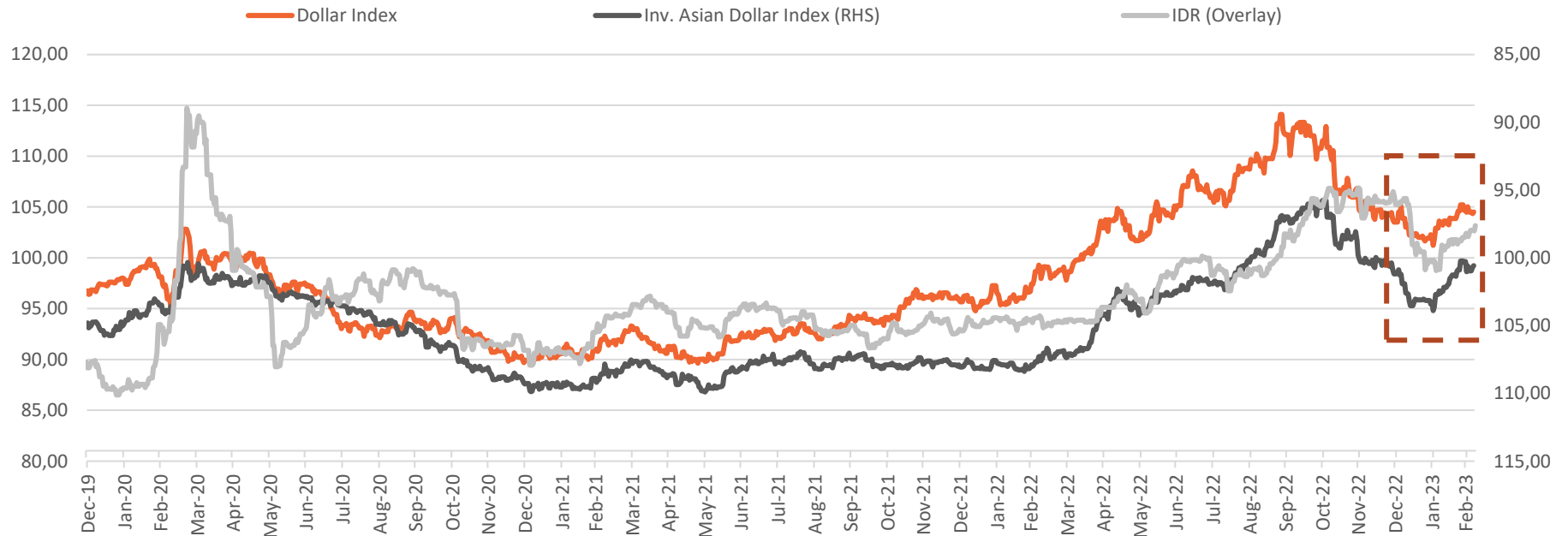
| Dates     | Actual Rate | Implied Rate |           |           | Chg.             |                  |
|-----------|-------------|--------------|-----------|-----------|------------------|------------------|
|           |             | 30-Dec-22    | 31-Jan-23 | 28-Feb-23 | Dec'22 to Feb'23 | Jan'23 to Feb'23 |
| 15-Dec-22 | 4.50        |              |           |           |                  |                  |
| 31-Jan-22 | 4.50        |              |           |           |                  |                  |
| 01-Feb-23 | 4.75        | 4.66         | 4.59      |           | -0.07            |                  |
| 22-Mar-23 |             | 4.86         | 4.79      | 4.88      | -0.06            | 0.09             |
| 03-May-23 |             | 4.97         | 4.90      | 5.14      | -0.07            | 0.24             |
| 14-Jun-23 |             | 4.97         | 4.92      | 5.32      | -0.05            | 0.40             |
| 26-Jul-23 |             | 4.92         | 4.86      | 5.41      | -0.05            | 0.55             |
| 20-Sep-23 |             | 4.84         | 4.77      | 5.41      | -0.07            | 0.64             |
| 01-Nov-23 |             | 4.72         | 4.65      | 5.36      | -0.08            | 0.71             |
| 13-Dec-23 |             | 4.59         | 4.48      | 5.28      | -0.11            | 0.80             |
| 31-Jan-24 |             | 4.42         | 4.27      | 5.17      | -0.15            | 0.90             |

# Dollar Strengthen due Inflation Concern

DXY and Asian DXY moving at the same pace against USD

USDIDR catching-up with other currency in Jan'23

In %



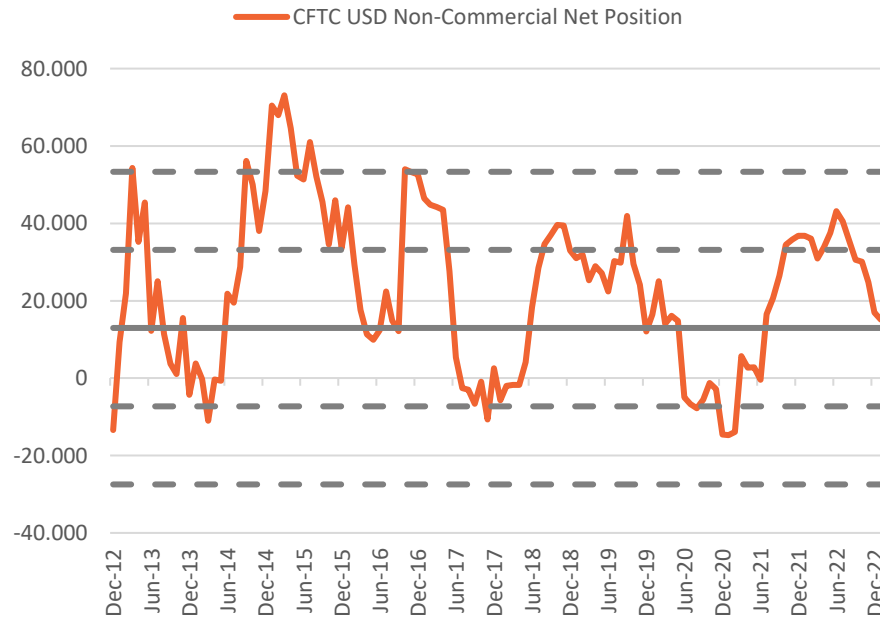
Source: Federal Reserve, Morgan Stanley Research

- Pelemahan USD yang terjadi sejak 4Q22 mengalami sedikit perlambatan hal ini diakibatkan peningkatan ekspektasi atas tingkat suku bunga US oleh pasar akibat *recent inflation result*. Hal seperti ini masih dapat terjadi dalam bulan kedepan sampai mendapatkan gambaran yang jelas terkait laju inflasi secara umum.

# Market further position on interest cut rate

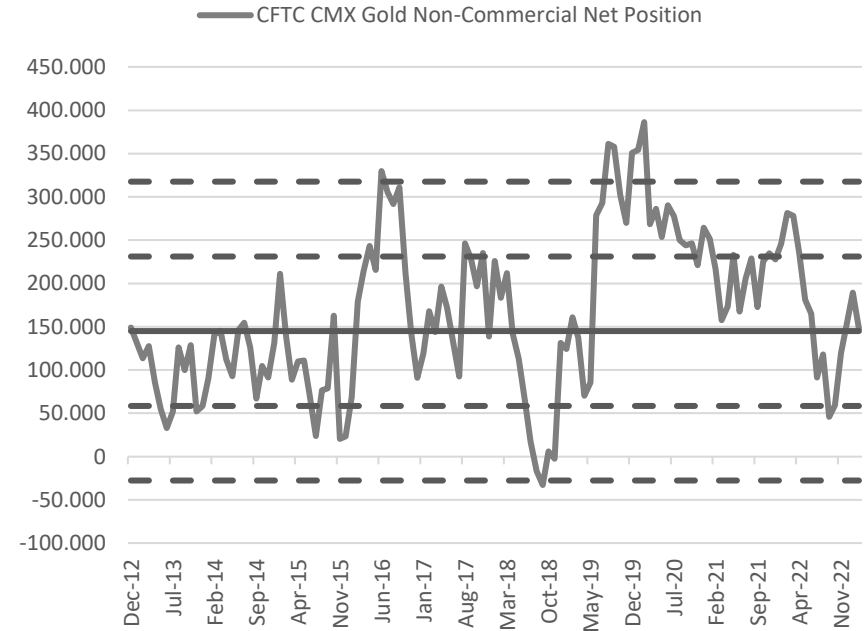
## Speculator unwinding USD position while gold position bounce-back

**Speculator continue to unwind leverage position on USD**  
In no of net-contract



Source: Bloomberg

**Gold leverage position bounced back since Jun'22**  
In no of net-contract



Source: Bloomberg

- 📌 Berdasarkan data diatas, terlihat posisi *speculator* telah menurun posisi atas *long USD* ke level netral di saat bersamaan *gold* kembali ke level rata-rata. Hal ini sesuai dengan narasi penurunan tingkat suku bunga dan inflasi yang mengakibatkan *real yield* menurun.

# Bank Indonesia Start to Offer Competitive USD Rates

Government in the process of forming further regulation on DHE

## Bank Indonesia FX TD offer rates

As of 2 March 2023

| Tier | Nominal (USD)   | Tenor             |                   |                    |
|------|-----------------|-------------------|-------------------|--------------------|
|      |                 | 1 Month (30 Days) | 3 Month (91 Days) | 6 Month (183 Days) |
| 1    | > 10 millions   | 4.64%             | 4.92%             | 5.20%              |
| 2    | 5 – 10 millions | 4.59%             | 4.87%             | 5.15%              |
| 3    | 1 < 5 millions  | 4.54%             | 4.82%             | 5.10%              |

Source: Bloomberg

## UBS estimates on potential demand for BI new FX deposits

In bio USD

|   |            |
|---|------------|
| USDbn   | 2022       |
| Total exports                                       | <b>292</b> |
| non commodities exports                             | <b>101</b> |
| commodities exports                                 | <b>191</b> |
| oil and gas   | 16         |
| chemical  | 21         |
| mining  | 65         |
| palm oil  | 30         |
| base metal  | 41         |
| paper related                                       | 9          |
| other commodities                                   | 9          |
| Commodities excl oil and gas                        | <b>175</b> |
| 30% to be invested domestically in 3-month deposits | 53         |
|   | 13         |

Source: UBS estimates

- Per 2 Maret 2023, Bank Indonesia telah mulai untuk melakukan lelang atas Valas TD untuk dana hasil ekspor (DHE). Berdasarkan *CNN Indonesia*, pemerintah sedang dalam proses formulasi terkait peraturan dimana terdapat potensi eksportir Indonesia diwajibkan untuk melakukan pengendapan sebagian dana hasil ekspor secara temporer. Disebutkan minimal 30% dari hasil DHE akan dijadikan batas minimal.

Section  
**02**



**Fixed Income**

# 2023 Fixed Income Catalysts

## Repositioning to Rate Cut Cycle Timing, Reasonable Bond Supply

### Key Fixed Income narrative for 2023 going forward

In each argument

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#### Narasi *Fixed Income* yang kami lihat akan mempengaruhi pasar sepanjang 2023 :

- 🏰 ***Peaking Rates & Timing of Cut Rates*** : Setidaknya konsensus memprediksi FFR peningkatan suku bunga terakhir sekitar bulan Mar-May'23 dengan penurunan suku bunga selambat-lambatnya di Dec'23. Hal yang sama dapat terjadi untuk 7D BI Repo Rate, namun kebijakan penurunan suku bunga akan sangat berpengaruh terhadap kinerja IDR untuk tahun 2023. Hal ini mengingat CAD Indonesia dieskspektasi akan melebar dibandingkan tahun 2022.
- 🏰 ***Reasonable Bond Supply despite lack of burden sharing*** : Bank Indonesia telah menjalankan mandate *burden sharing* untuk di tahun 2022 dan 2023. Berdasarkan informasi terakhir, tahun 2023 tidak akan ada penambahan *burden sharing* ke Bank Indonesia. Hal positifnya ialah tingkat *gross-supply* tambahan ternyata tak berbeda jauh dengan tahun 2022. Di saat bersamaan, berhentinya *burden sharing* oleh Bank Indonesia dapat meningkatkan kredibilitas dari persepsi *foreign investor*.
- 🏰 ***INDOGB might had tailwind later than expected due outperformance in 2022*** : INDOGB merupakan salah satu instrumen *sovereign bond* yang memiliki kinerja baik. Hal ini diakibatkan laju inflasi yang relatif terjaga dibandingkan negara *emerging* lainnya. Namun, hal ini mengakibatkan beberapa negara yang telah terkoreksi secara signifikan mengimplikasikan imbal hasil yang tinggi dibandingkan Indonesia.

# 2023 Fixed Income Catalysts (Continue)

## Repositioning to Rate Cut Cycle Timing, Reasonable Bond Supply

### Key Fixed Income narrative for 2023 going forward

In each argument

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#### Hal-hal yang terjadi selama bulan Februari 2023 :

- 🏠 **Implied Interest Rate untuk FFR meningkat di bulan Feb'23** : *Implied rate* tertinggi per Jan'23 tercatat 4.9% meningkat menjadi 5.4% sepanjang tahun 2023. Peningkatan ini diakibatkan karena *inflation result* dibulan Januari yang relatif tinggi dibandingkan ekspektasi.
- 🏠 **Penguatan USD mengakibatkan IDR melemah -1.7% di bulan Feb'23** : DXY menguat sebanyak 2.3% ke level 104.5 di saat bersamaan IDR melemah sebanyak 1.7% ke level 15,250
- 🏠 **Foreign Reserve bertahan di 140bio USD** : Pelemahan IDR kali ini tidak diikuti oleh penurunan *foreign reserve dimana FX reserve* mencatatkan peningkatan dari 139bio di Jan'23 menjadi 140bio di Feb'23

#### Implikasi dari hal-hal yang terjadi selama bulan Februari 2023 :

- 🏠 Ekspektasi investor untuk mulainya periode atas siklus *interest cut* mungkin dapat mundur diakibatkan karena angka inflasi yang muncul sedikit diatas rata-rata khususnya sedikit meningkatnya sektor jasa di US.
- 🏠 Umumnya pelamahan IDR cenderung diikuti oleh penurunan FX reserve. Hal ini tidak terjadi di bulan Feb'23. Hal ini dimungkinkan terdapat inflow dari sisi non-portfolio yang mengalami perbaikan.

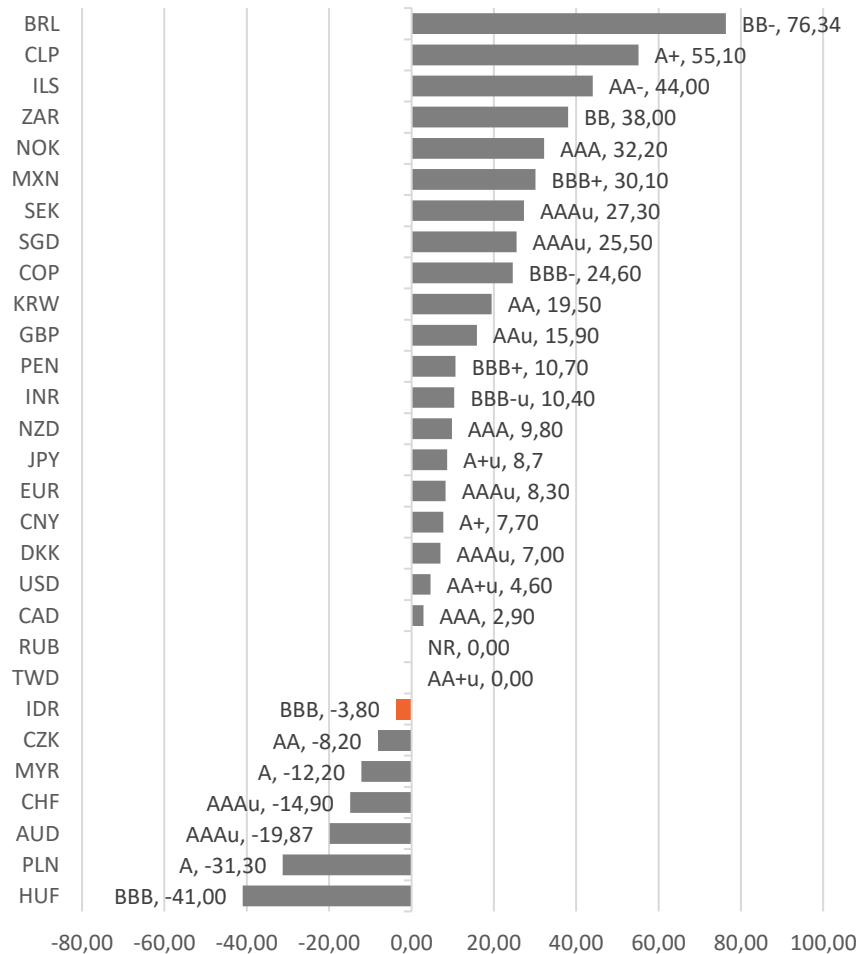


# Government Treasury Yield Movement Feb'23

INDOGB yield pull-up above 2022 year end level nearing 7.0

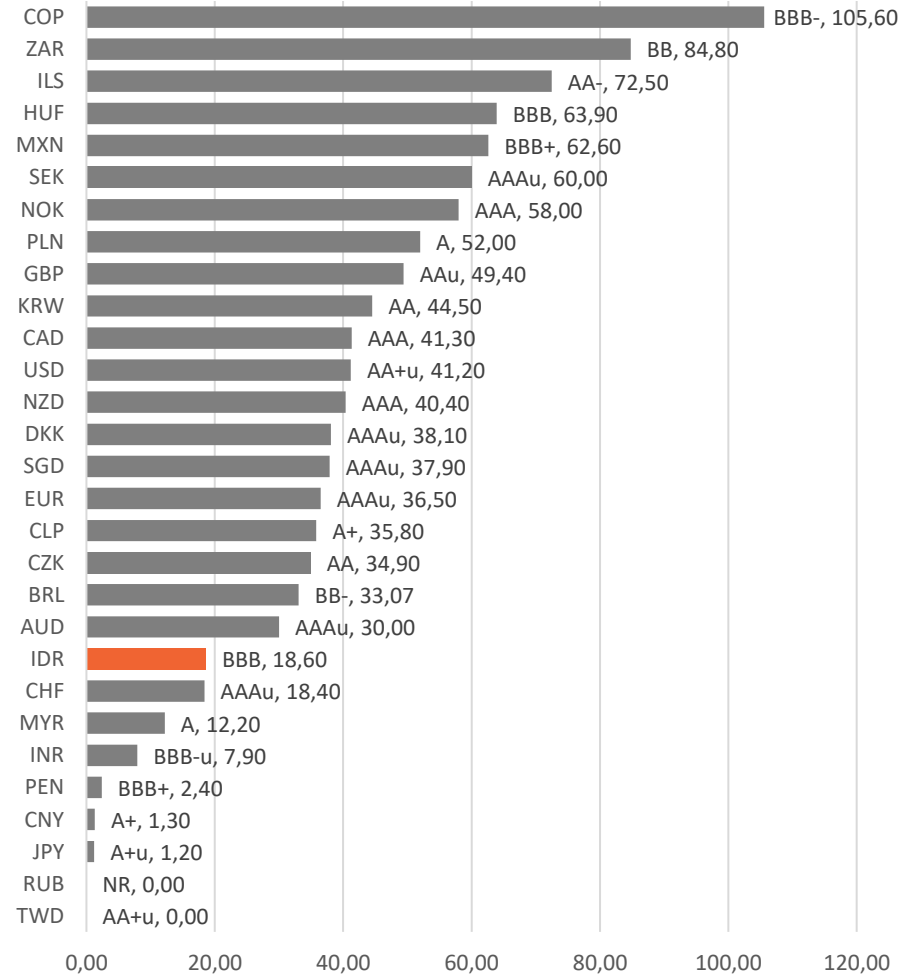
## YTD 10Y Govt Changes

In bps



## MTD 10Y Govt Changes

In bps

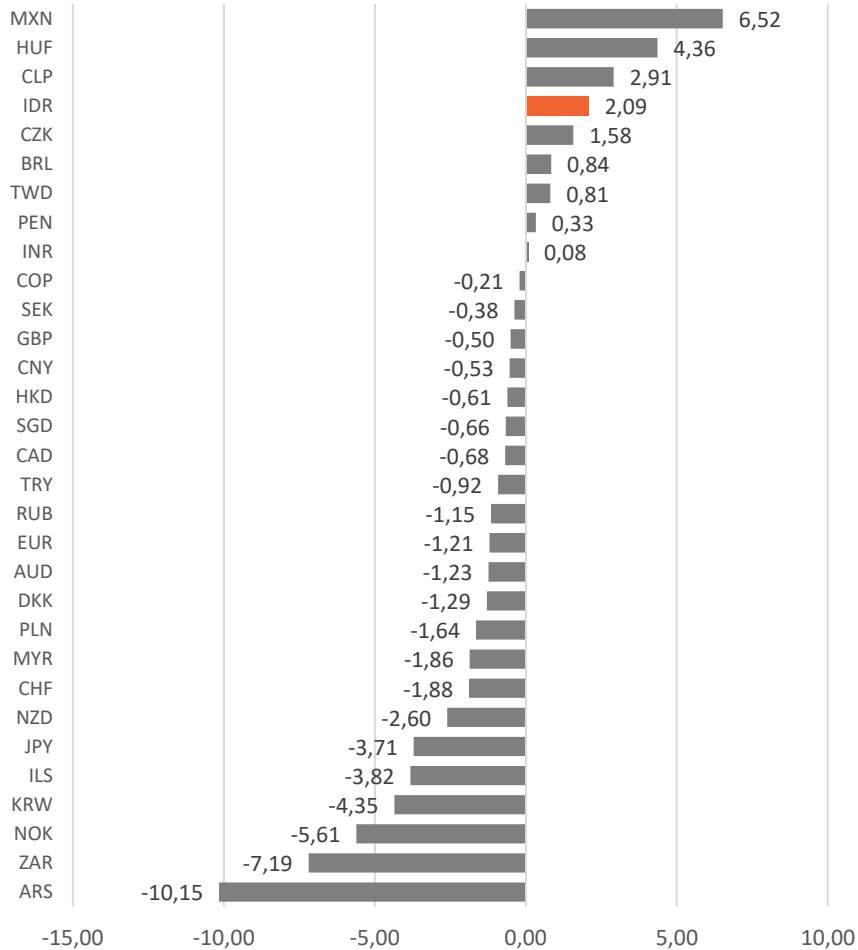


# Currency Price Movement Feb'23

IDR slightly depreciated in February as implied policy rate increased

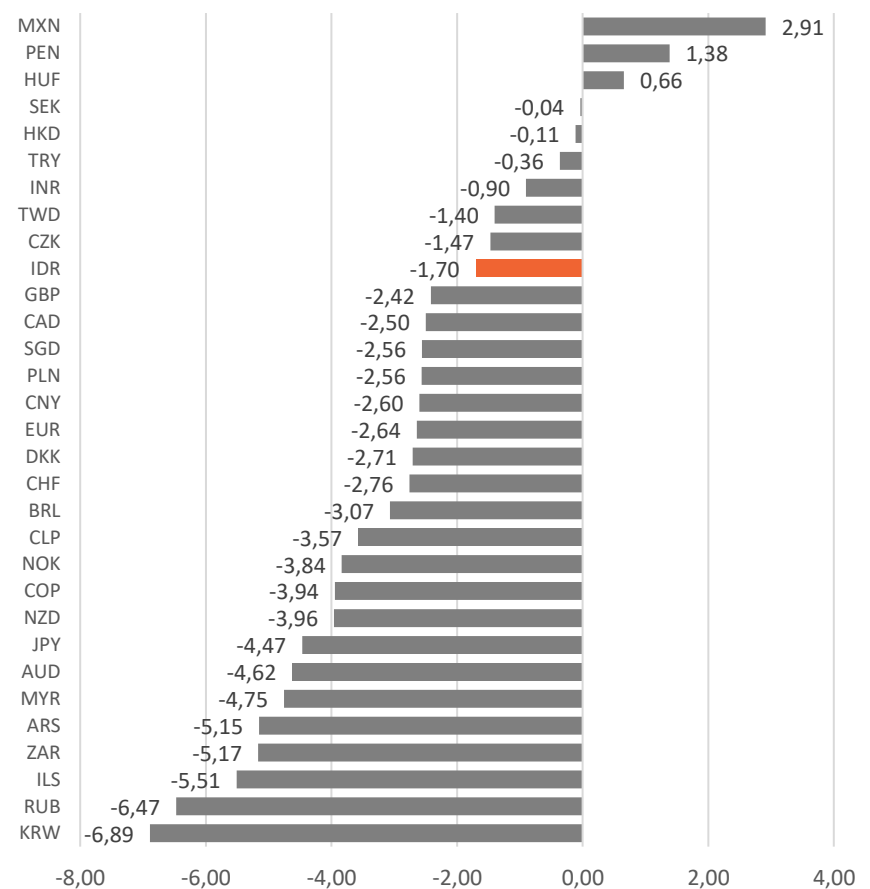
YTD Currency Chg. (USD as Base Currency)

In bps



MTD Currency Chg. (USD as Base Currency)

In bps

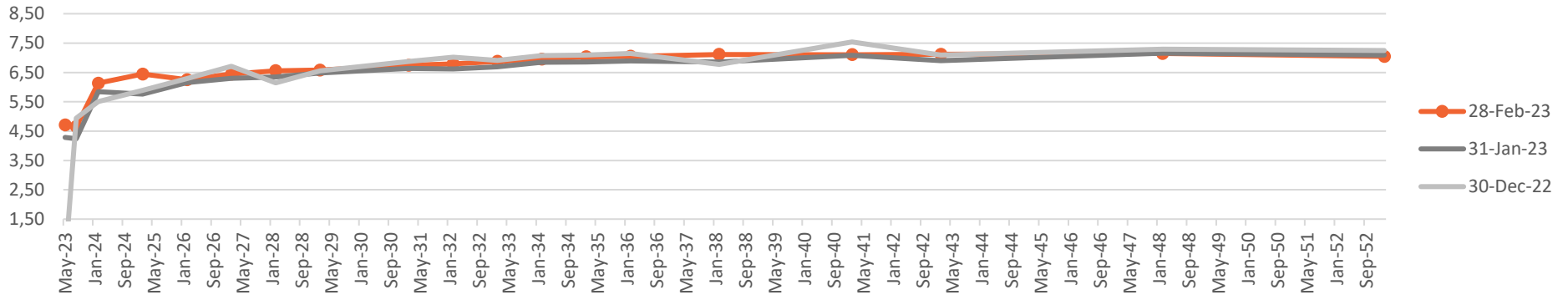


# Yield Curve Continued to Flatten

Market implying slower economic growth with long duration getting richer

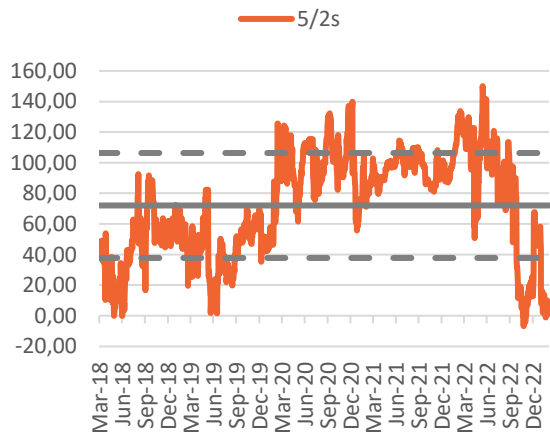
## INDOGB Yield Curve

In ppt



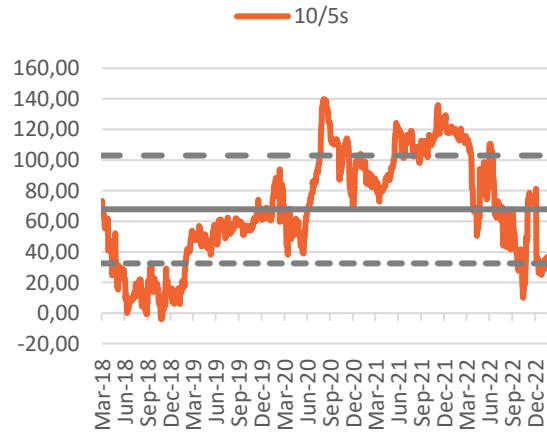
## 5/2s 5Y Historical Spread

In bps



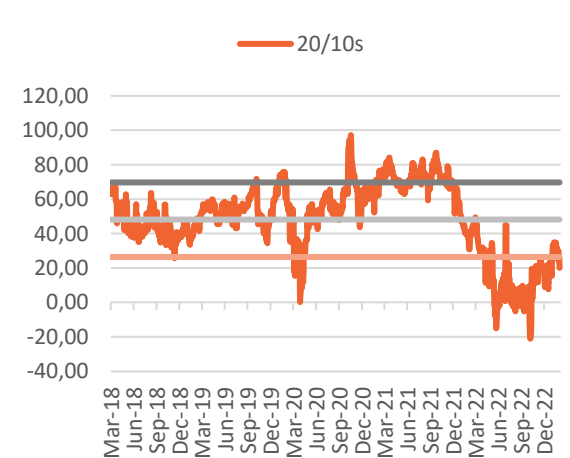
## 10/5s 5Y Historical Spread

In bps



## 20/10s 5Y Historical Spread

In bps



# Indonesian Bonds Ownership

Foreign inflow had been 2 months adding position from its lowest ownership

## Ownership on Tradeable Indonesia Government Bonds

In trn IDR

### Ownership Level

| Year            | Bank  | Central Bank | Mutual Fund | Insurance & PF | Foreign | Retail | Others | Total  |
|-----------------|-------|--------------|-------------|----------------|---------|--------|--------|--------|
| <b>Yearly</b>   |       |              |             |                |         |        |        |        |
| 2016            | 21.2% | 8.9%         | 4.8%        | 18.4%          | 37.5%   | 3.3%   | 5.9%   | 100.0% |
| 2017            | 21.6% | 8.6%         | 5.0%        | 16.6%          | 39.8%   | 2.9%   | 5.6%   | 100.0% |
| 2018            | 21.8% | 9.2%         | 5.0%        | 17.5%          | 37.7%   | 3.1%   | 5.7%   | 100.0% |
| 2019            | 20.7% | 9.9%         | 4.8%        | 17.1%          | 38.6%   | 2.9%   | 5.9%   | 100.0% |
| 2020            | 24.7% | 22.6%        | 4.2%        | 14.0%          | 25.2%   | 3.4%   | 6.0%   | 100.0% |
| 2021            | 25.0% | 26.1%        | 3.4%        | 14.0%          | 19.0%   | 4.7%   | 7.7%   | 100.0% |
| 2022            | 23.8% | 27.4%        | 2.7%        | 16.4%          | 14.4%   | 6.5%   | 8.8%   | 100.0% |
| YTD             | 24.4% | 26.3%        | 2.9%        | 16.5%          | 14.8%   | 6.3%   | 8.7%   | 100.0% |
| <b>Net flow</b> |       |              |             |                |         |        |        |        |
| Year            | Bank  | Central Bank | Mutual Fund | Insurance & PF | Foreign | Retail | Others | Total  |
| <b>Yearly</b>   |       |              |             |                |         |        |        |        |
| 2016            | 27    | 8            | 24          | 104            | 107     | 15     | 26     | 311    |
| 2017            | 78    | 22           | 18          | 23             | 170     | 2      | 13     | 326    |
| 2018            | 64    | 38           | 15          | 66             | 57      | 13     | 17     | 269    |
| 2019            | 53    | 56           | 12          | 57             | 169     | 8      | 29     | 384    |
| 2020            | 384   | 602          | 30          | 71             | -88     | 50     | 68     | 1,118  |
| 2021            | 217   | 346          | -3          | 112            | -83     | 90     | 129    | 808    |
| 2022            | 92    | 233          | -12         | 218            | -129    | 123    | 106    | 630    |
| YTD             | 65    | -25          | 14          | 22             | 42      | 1      | 9      | 127    |
| <b>Interim</b>  |       |              |             |                |         |        |        |        |
| QTD             | 137   | 198          | 6           | 159            | -44     | 74     | 78     | 608    |

# Government Bond Market Comparison

INDOGB real yield relatively comparable while spread narrowing compare to peers

## Government Bond Market Comparison

In %

| Country                               | 10Y Yield (%) |                | Spread to US 10Y |             |              | Inflation   |             | Real Yield (%)    |                 | CAD          | Fiscal Deficit | Credit Rating |
|---------------------------------------|---------------|----------------|------------------|-------------|--------------|-------------|-------------|-------------------|-----------------|--------------|----------------|---------------|
|                                       | Current       | YTD Chg. (bps) | 2022             | Current     | Chg.         | Current     | 2023F       | Current Inflation | 2023F Inflation | 2023F        | 2023F          |               |
| Vietnam                               | 4.54          | -54            | 1.20             | 0.62        | -0.59        | 4.89        | 3.90        | -0.35             | 0.64            | 0.90         | -4.00          | BB+           |
| Brazil                                | 13.45         | 76             | 8.81             | 9.53        | 0.72         | 5.77        | 5.20        | 7.68              | 8.25            | -2.40        | -7.75          | BB-           |
| South Africa                          | 11.17         | 38             | 6.91             | 7.25        | 0.33         | 6.90        | 5.60        | 4.27              | 5.57            | -1.20        | -4.90          | BB            |
| India                                 | 7.43          | 10             | 3.45             | 3.51        | 0.06         | 6.52        | 6.60        | 0.91              | 0.83            | -3.00        | -6.40          | BBB-u         |
| Italy                                 | 4.47          | -23            | 0.82             | 0.55        | -0.27        | 10.00       | 6.50        | -5.53             | -2.03           | -0.50        | -4.80          | BBBu          |
| Portugal                              | 3.51          | -7             | -0.30            | -0.42       | -0.12        | 8.36        | 5.50        | -4.86             | -2.00           | -1.70        | -1.30          | BBB+u         |
| Mexico                                | 9.32          | 30             | 5.15             | 5.40        | 0.26         | 7.91        | 5.80        | 1.41              | 3.52            | -1.00        | -3.85          | BBB+          |
| Romania                               | 7.82          | -47            | 4.41             | 3.89        | -0.51        | 15.07       | 10.35       | -7.25             | -2.53           | -7.90        | -5.00          | BBB-          |
| Hungary                               | 8.64          | -41            | 5.17             | 4.72        | -0.46        | 25.70       | 17.60       | -17.06            | -8.96           | -4.50        | -4.10          | BBB-          |
| Colombia                              | 13.26         | 25             | 9.14             | 9.34        | 0.20         | 13.25       | 9.50        | 0.01              | 3.76            | -4.45        | -4.30          | BBB-          |
| <b>Indonesia</b>                      | <b>6.88</b>   | <b>-4</b>      | <b>3.04</b>      | <b>2.95</b> | <b>-0.08</b> | <b>5.28</b> | <b>4.00</b> | <b>1.60</b>       | <b>2.88</b>     | <b>-0.10</b> | <b>-2.90</b>   | <b>BBB</b>    |
| <b>Average Peers in BBB &amp; BB*</b> |               |                | <b>4.34</b>      | <b>4.30</b> |              |             |             | <b>2.22</b>       | <b>3.64</b>     |              |                |               |
| Spain                                 | 3.60          | -5             | -0.23            | -0.33       | -0.10        | 5.90        | 3.35        | -2.30             | 0.25            | 0.60         | -4.40          | Au            |
| South Korea                           | 3.75          | 20             | -0.32            | -0.17       | 0.15         | 5.20        | 2.35        | -1.45             | 1.40            | 1.70         | -0.70          | AA            |
| China                                 | 2.91          | 8              | -1.04            | -1.01       | 0.03         | 2.10        | 8.00        | 0.81              | -5.09           | 1.30         | -5.00          | A+            |
| Chile                                 | 5.76          | 55             | 1.33             | 1.84        | 0.50         | 12.30       | 2.80        | -6.54             | 2.96            | -4.00        | -2.80          | A+            |
| Thailand                              | 2.59          | -5             | -1.24            | -1.34       | -0.10        | 5.02        | 3.00        | -2.43             | -0.41           | 1.90         | -3.20          | A-            |
| Malaysia                              | 3.92          | -12            | 0.16             | 0.00        | -0.17        | 3.70        | 13.00       | 0.22              | -9.08           | 2.65         | -5.10          | A             |
| Poland                                | 6.53          | -31            | 2.97             | 2.61        | -0.36        | 17.20       | 4.00        | -10.67            | 2.53            | -2.70        | -5.30          | A             |
| <b>Average Peers in A Credit</b>      |               |                | <b>0.23</b>      | <b>0.23</b> |              |             |             | <b>-3.19</b>      | <b>-1.06</b>    |              |                |               |
| United States                         | 3.92          | 5              |                  |             |              | 6.40        | 4.00        | -2.48             | -0.08           | -3.15        | -4.9           | AA+u          |

# Government Bond Outlook

Short-term: Neutral to Long ; Long-term ; Long Recommendation

Indonesia 10Y IDR Yield  
In %



Source Syailendra Research, Bloomberg

Indonesia 10Y USD Yield  
In %



Source Syailendra Research, Bloomberg

- ▶ Stabilitas IDR menjadi kunci untuk Bank Indonesia menentukan melakukan kebijakan penurunan suku bunga lebih awal. Dalam hal ini, konsensus memprediksi penurunan suku bunga dapat terjadi mendekati akhir tahun 2023.
- ▶ Faktor likuiditas telah menurun dibandingkan 2020 dan 2021. Hal ini menjadi salah satu kekhawatiran bagi investor, namun dari sisi lain. Penambahan *govt. bond supply* tahun 2023 relative sama dengan tahun 2022.
- ▶ Target 10Y *yield base case* berada di *range* 7.25 – 7.50 % dengan mempertimbangkan *interest upcycle*. Mempertimbangkan level *yield* saat ini kami sedikit netral mempertimbangkan meningkatnya *interest differential* antara US dan Indonesia dan transmisi pelamahan IDR yang sedang terjadi.

# Section 03



Equity

# 2023 Equity Catalysts

## Structurally Attractive, Tactically Less So...

### Key Equity narrative for 2023 going forward

In each argument

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#### Narasi Ekuitas yang kami lihat akan mempengaruhi pasar sepanjang 2023 :

- 🏠 **Peaking Rates & Timing of Cut Rates** : Konsensus memprediksi puncak kenaikan FFR pada bulan Mar-May'23 dengan potensi penurunan di Dec'23. Berakhirnya *interest rate hike cycle* dan potensi *rate cuts* dapat membuat valuasi aset keuangan meningkat, memberikan kesempatan investasi di aset-aset berisiko.
- 🏠 **Foreign Flows could reverse, Possibility rotation to other region** Indonesia juga telah mendapatkan *foreign flow* yang cukup besar selama 2022, *positioning investor global* cukup tinggi sehingga alokasi mungkin berkurang memasuki 2023.
- 🏠 **Earnings Upside Less Attractive**: Perlambatan ekonomi dunia mengakibatkan pertumbuhan laba menurun signifikan. Hal ini pun terjadi di Indonesia, terutama di beberapa sektor seperti komoditas dan teknologi.
- 🏠 **Secara long-term Indonesian equities masih menarik, namun secara taktikal kurang**. Hal ini disebabkan karena *relative outperformance, reversal fund flows dan growth potential*. Namun dalam jangka menengah panjang potensi pertumbuhan Indonesian *equities* masih solid mempertimbangkan *structural story* dari hilirisasi komoditas.



# Global Indices Performance

## Indonesia underperform Asia and Global market

### Global Indices Historical Performance

In % of return

| No                      | Country           | YTD    | 1M      | 3M     | 6M      | 1Y      | P/E   | P/BV | ROE   |
|-------------------------|-------------------|--------|---------|--------|---------|---------|-------|------|-------|
| <b>Global Market</b>    |                   |        |         |        |         |         |       |      |       |
| 1                       | Dow Jones (US)    | -1.48% | -3.89%  | -3.52% | 1.16%   | -4.12%  | 16.82 | 4.04 | 22.72 |
| 2                       | S&P 500 (US)      | 3.40%  | -2.47%  | 0.16%  | -2.16%  | -9.45%  | 18.14 | 3.57 | 18.19 |
| 3                       | Nasdaq (US)       | 9.45%  | -1.43%  | 3.67%  | -5.65%  | -16.35% | 25.54 | 4.36 | 14.60 |
| 4                       | London (UK)       | 4.31%  | -2.38%  | 0.00%  | 1.75%   | -4.19%  | 12.78 | 1.86 | 12.42 |
| 5                       | DAX (GR)          | 10.35% | 1.42%   | 6.83%  | 18.45%  | 5.48%   | 13.09 | 1.65 | 11.32 |
| 6                       | CAC (FP)          | 12.27% | 2.41%   | 9.04%  | 15.84%  | 7.63%   | 12.74 | 1.72 | 13.20 |
| <b>Asia Market</b>      |                   |        |         |        |         |         |       |      |       |
| 1                       | Nikkei (JP)       | 5.18%  | 0.23%   | -2.55% | -4.18%  | 3.66%   | 16.40 | 1.57 | 9.52  |
| 2                       | Hang Seng (HK)    | 0.02%  | -12.79% | 14.38% | -1.90%  | -13.09% | 11.21 | 1.14 | 9.44  |
| 3                       | Shanghai (CN)     | 6.16%  | -       | 6.53%  | 1.34%   | -4.98%  | 12.44 | 1.37 | 10.98 |
| 4                       | Shenzhen (CN)     | 5.11%  | -       | 9.01%  | -0.93%  | -11.02% | 14.25 | 1.76 | 12.36 |
| <b>ASEAN Market</b>     |                   |        |         |        |         |         |       |      |       |
| 1                       | Singapore (SG)    | 0.35%  | -3.88%  | 0.70%  | 0.40%   | -0.97%  | 10.84 | 1.02 | 9.44  |
| 2                       | Kuala Lumpur (MK) | -2.76% | -2.90%  | -1.54% | -3.07%  | -8.64%  | 12.90 | 1.30 | 10.09 |
| 3                       | Thailand (TH)     | -2.78% | -3.51%  | 0.34%  | -1.36%  | -3.43%  | 15.55 | 1.54 | 9.85  |
| 4                       | Vietnam (VN)      | 1.75%  | -8.27%  | 1.89%  | -20.11% | -31.64% | 9.47  | 1.49 | 15.82 |
| 5                       | Philippines (PH)  | -0.16% | -7.03%  | -1.87% | -2.91%  | -10.32% | 13.87 | 1.61 | 11.36 |
| <b>Indonesia Market</b> |                   |        |         |        |         |         |       |      |       |
| 1                       | JCI / IHSG (ID)   | -0.11% | -0.81%  | -2.48% | -4.09%  | -0.65%  | 14.10 | 1.27 | 9.18  |
| 2                       | JII / ISSI (ID)   | -2.51% | -0.73%  | 2.40%  | 2.06%   | 10.37%  | 11.15 | 1.05 | 9.22  |
| 3                       | IDX30 (ID)        | 0.48%  | -0.99%  | -6.18% | -9.02%  | -7.05%  | 14.05 | 2.06 | 14.61 |
| 4                       | LQ45 (ID)         | 0.62%  | -0.71%  | -5.40% | -7.03%  | -4.32%  | 14.24 | 2.06 | 14.67 |

# Global Peers Valuation Comparison

Indonesia valuation in-line with growth expectation

## Global Indices Historical Performance

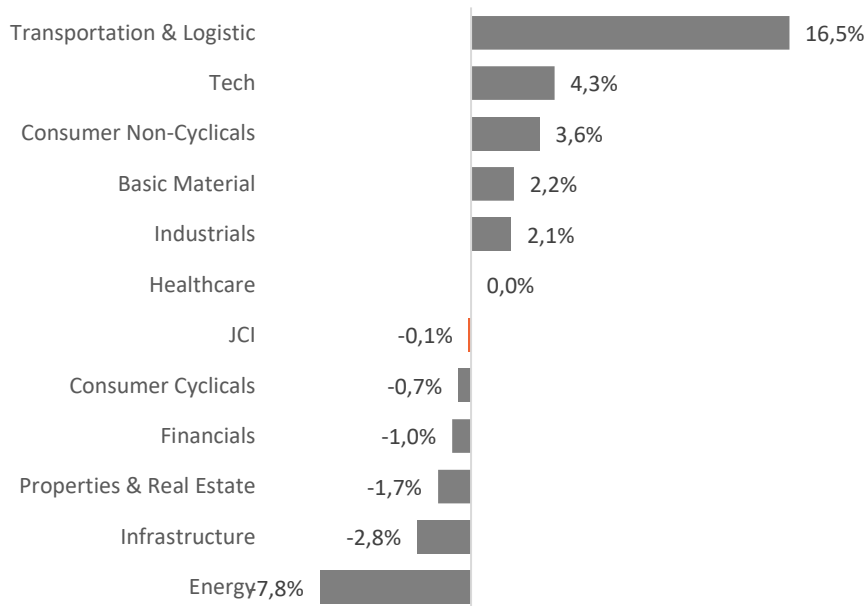
In times of earnings, times of BPS, % and YoY%

| Desc.             | P/E         |             | EPS Growth   |              | P/B        |            | ROE         |             | EPS Revision |              |
|-------------------|-------------|-------------|--------------|--------------|------------|------------|-------------|-------------|--------------|--------------|
|                   | 2023        | 2024        | 2023         | 2024         | 2023       | 2024       | 2023        | 2024        | 2023         | 2024         |
| <b>MSCI SEA</b>   | <b>13.9</b> | <b>12.7</b> | <b>13.9%</b> | <b>9.1%</b>  | <b>1.5</b> | <b>1.5</b> | <b>11.2</b> | <b>11.4</b> | <b>14.3%</b> | <b>-5.1%</b> |
| <b>Indonesia</b>  | <b>13.2</b> | <b>12.8</b> | <b>2.4%</b>  | <b>3.1%</b>  | <b>2.5</b> | <b>2.2</b> | <b>18.6</b> | <b>17.4</b> | <b>2.4%</b>  | <b>-1.6%</b> |
| Malaysia          | 13.3        | 12.5        | 8.4%         | 6.8%         | 1.3        | 1.2        | 9.8         | 9.9         | 10.0%        | -5.3%        |
| Phillipines       | 14.9        | 13.4        | 9.5%         | 11.4%        | 1.7        | 1.6        | 11.3        | 11.6        | 9.5%         | -9.4%        |
| Singapore         | 13.1        | 11.9        | 22.3%        | 10.2%        | 1.3        | 1.3        | 10.1        | 10.4        | 23.9%        | -11.8%       |
| Thailand          | 18.0        | 16.1        | 6.9%         | 11.7%        | 1.9        | 1.7        | 10.3        | 10.8        | 9.0%         | -0.8%        |
| <b>MSCI AxJ</b>   | <b>12.0</b> | <b>12.3</b> | <b>5.2%</b>  | <b>-2.2%</b> | <b>1.1</b> | <b>1.3</b> | <b>8.8</b>  | <b>10.0</b> | <b>0.2%</b>  | <b>-6.1%</b> |
| Hong Kong         | 19.7        | 14.0        | -3.8%        | 41.2%        | 1.1        | 1.0        | 5.4         | 7.5         | -3.8%        | 6.8%         |
| India             | 20.0        | 16.8        | 14.6%        | 19.3%        | 3.0        | 2.6        | 14.7        | 15.7        | 14.4%        | 0.5%         |
| Korea             | 9.8         | 6.6         | -31.2%       | 47.5%        | 0.6        | 0.6        | 6.6         | 9.2         | -31.3%       | 51.0%        |
| Taiwan            | 14.7        | 12.4        | -17.9%       | 18.6%        | 2.1        | 1.9        | 14.3        | 15.3        | -17.9%       | 27.7%        |
| <b>MSCI EMEA</b>  | <b>10.0</b> | <b>10.1</b> | <b>-1.4%</b> | <b>-1.2%</b> | <b>1.5</b> | <b>1.4</b> | <b>15.7</b> | <b>14.1</b> | <b>-1.4%</b> | <b>-0.2%</b> |
| South Africa      | 10.6        | 9.5         | 0.4%         | 0.4%         | 1.7        | 1.7        | 16.5        | 4.3         | 0.4%         | -0.1%        |
| Turkey            | 3.2         | 3.8         | 8.6%         | 8.6%         | 1.1        | 1.1        | 35.4        | 2.5         | 8.6%         | -5.3%        |
| <b>MSCI LATAM</b> | <b>7.0</b>  | <b>8.2</b>  | <b>-1.6%</b> | <b>-1.6%</b> | <b>1.6</b> | <b>1.6</b> | <b>24.0</b> | <b>9.4</b>  | <b>-1.6%</b> | <b>2.7%</b>  |
| Brazil            | 5.6         | 7.0         | -2.7%        | -2.7%        | 1.5        | 1.5        | 26.7        | 12.5        | -2.7%        | 3.3%         |
| Mexico            | 12.9        | 11.6        | 12.2%        | 12.2%        | 1.9        | 1.9        | 14.6        | 3.9         | 12.1%        | 4.4%         |
| <b>MSCI EMEA</b>  | <b>10.0</b> | <b>10.1</b> | <b>-1.4%</b> | <b>-1.4%</b> | <b>1.5</b> | <b>1.5</b> | <b>15.7</b> | <b>3.9</b>  | <b>-1.4%</b> | <b>-0.2%</b> |
| <b>MSCI World</b> | <b>16.3</b> | <b>15.0</b> | <b>1.3%</b>  | <b>1.3%</b>  | <b>2.6</b> | <b>2.6</b> | <b>14.7</b> | <b>2.3</b>  | <b>1.1%</b>  | <b>4.7%</b>  |
| Australia         | 14.0        | 14.3        | 0.7%         | 0.7%         | 2.1        | 2.1        | 14.7        | 4.5         | 0.6%         | -3.5%        |
| Europe            | 13.2        | 12.4        | -2.1%        | -2.1%        | 1.8        | 1.8        | 12.9        | 3.5         | -2.1%        | 7.2%         |
| Japan             | 13.2        | 12.5        | 11.4%        | 11.4%        | 1.2        | 1.2        | 8.9         | 2.6         | 11.5%        | -6.0%        |
| USA               | 18.4        | 16.7        | 1.1%         | 1.1%         | 3.6        | 3.6        | 17.9        | 1.7         | 0.9%         | 5.4%         |

# Market is still in a mixed trend

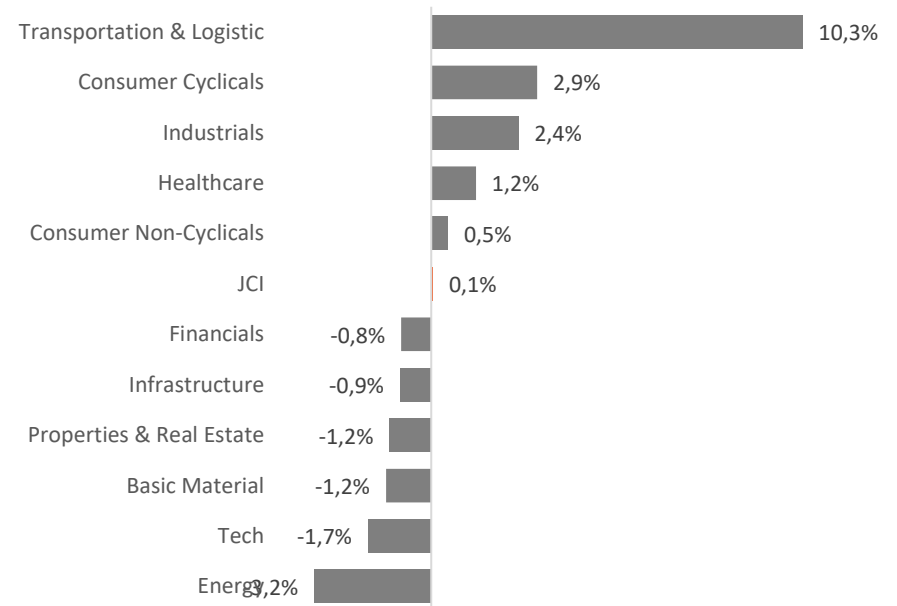
Losers Sector : Energy; Winner Sectors : Tech and Transportation

JCI Sectoral Movement YTD  
As of 28 Feb 2023



Source: Syailendra Research, Bloomberg

JCI Sectoral Movement MTD  
As of 28 Feb 2023



Source: Syailendra Research, Bloomberg

- 🏠 Melihat kinerja indeks selama periode YTD, sektor energi mencatatkan penurunan dimana hal ini terjadi seiring dengan harga komoditas yang mengalami normalisasi dan ekspektasi kinerja keuangan yang melemah di tahun ini. Sektor transportasi didukung oleh ekspektasi pertumbuhan kinerja yang lebih signifikan seiring dengan meningkatnya aktivitas masyarakat pasca relaksasi kebijakan Covid-19.

# Foreign Equity Flows

Foreign is back to domestic market

| In US\$ Million | India         | Indonesia  | Korea        | Philippines | Taiwan       | Thailand      | Malaysia    | EM Asia ex. China | EM Asia ex-China ex-Malaysia | Japan        |
|-----------------|---------------|------------|--------------|-------------|--------------|---------------|-------------|-------------------|------------------------------|--------------|
| Jan-22          | -4,817        | 425        | -3,275       | -56         | -1,950       | 432           | 80          | -9,161            | -9,241                       | 5,769        |
| Feb-22          | -5,018        | 1,220      | 418          | 141         | -5,922       | 1,931         | 679         | -6,552            | -7,231                       | -8,050       |
| Mar-22          | -3,693        | 584        | -3,640       | -204        | -9,428       | 1,006         | 783         | -14,592           | -15,375                      | -15,202      |
| Apr-22          | -3,816        | 2,783      | -4,963       | -99         | -9,102       | 321           | 193         | -14,683           | -14,876                      | 29,604       |
| May-22          | -4,871        | -243       | 170          | -350        | 57           | 592           | 18          | -4,627            | -4,645                       | -1,993       |
| Jun-22          | -6,342        | -501       | -4,796       | -207        | -7,724       | -841          | -291        | -20,702           | -20,411                      | -9,556       |
| Jul-22          | 836           | -150       | 1,363        | -80         | -626         | 128           | 28          | 1,499             | 1,471                        | 4,963        |
| Aug-22          | 6,791         | 508        | 3,012        | -153        | -4,124       | 1,603         | 460         | 8,098             | 7,638                        | -2,895       |
| Sep-22          | -1,624        | 209        | -1,805       | -216        | -5,748       | -655          | -355        | -10,194           | -9,839                       | -20,995      |
| Oct-22          | 1,026         | 730        | 2,129        | -12         | -3,031       | 227           | -128        | 941               | 1,069                        | 12,213       |
| Nov-22          | 4,679         | 45         | 3,028        | 99          | 6,476        | 847           | -61         | 15,113            | 15,175                       | 9,544        |
| Dec-22          | -167          | -1,344     | -1,305       | -109        | -2,885       | 369           | -309        | -5,750            | -5,441                       | -1,053       |
| Jan-23          | -3,660        | -204       | 5,240        | 122         | 7,241        | 545           | -82         | 9,202             | 9,284                        | 2,226        |
| <b>Feb-23</b>   | <b>-639</b>   | <b>377</b> | <b>919</b>   | <b>-142</b> | <b>1,107</b> | <b>-1,273</b> | <b>-40</b>  | <b>309</b>        | <b>349</b>                   | <b>-821</b>  |
| <b>Yearly</b>   |               |            |              |             |              |               |             |                   |                              |              |
| <b>YTD</b>      | <b>-4,298</b> | <b>173</b> | <b>6,158</b> | <b>-20</b>  | <b>8,348</b> | <b>-728</b>   | <b>-122</b> | <b>9,511</b>      | <b>9,633</b>                 | <b>1,405</b> |
| 2022            | -17,016       | 4,267      | -9,665       | -1,245      | -44,007      | 5,960         | 1,096       | -60,610           | -61,706                      | 2,350        |
| 2021            | 3,761         | 3,674      | -23,010      | -5          | -15,604      | -1,632        | -767        | -33,582           | -32,815                      | 29,827       |
| 2020            | 23,373        | -4,320     | -20,082      | -2,513      | -15,257      | -8,287        | -5,782      | -32,867           | -27,085                      | -65,727      |
| 2019            | 14,234        | -1,306     | 924          | -240        | 9,377        | -1,496        | -2,683      | 18,811            | 21,493                       | -28          |
| 2018            | -4,617        | -3,656     | -5,676       | -1,080      | -12,196      | -8,913        | -2,885      | -39,024           | -36,138                      | -50,284      |

# 2022 Earnings Result So Far

## 4Q22 quarter earnings show some slowdown

### Key Equity narrative for 2023 going forward

In each argument

| Headline Earnings              | 3Q22   | 4Q22          | QoQ%   | 4Q21   | 4Q22          | YoY%         | 12M21   | 12M22         | YoY%    | Cont. % YoY | Coverage Ratio |
|--------------------------------|--------|---------------|--------|--------|---------------|--------------|---------|---------------|---------|-------------|----------------|
| Basic Material                 | 1,468  | 1,596         | 8.7%   | 956    | 1,596         | 66.9%        | 4,014   | 7,246         | 80.5%   | 1.5%        | 1.5%           |
| Consumer Cyclical              | 535    | 824           | 54.0%  | 639    | 824           | 28.9%        | 1,524   | 2,710         | 77.8%   | 0.6%        | 0.2%           |
| Energy                         | 21,918 | 17,338        | -20.9% | 13,433 | 17,338        | 29.1%        | 28,668  | 72,799        | 153.9%  | 21.0%       | 3.1%           |
| Financial                      | 47,796 | 44,656        | -6.6%  | 35,888 | 44,656        | 24.4%        | 118,110 | 178,247       | 50.9%   | 28.6%       | 29.2%          |
| Healthcare                     | 275    | 384           | 39.8%  | 395    | 384           | -2.8%        | 1,261   | 1,105         | -12.4%  | -0.1%       | 0.2%           |
| Industrial                     | 11,045 | 11,102        | 0.5%   | 7,875  | 11,102        | 41.0%        | 31,319  | 51,315        | 63.8%   | 9.5%        | 3.7%           |
| Infrastructure                 | 1,234  | 2,960         | 139.9% | 2,163  | 2,960         | 36.9%        | 10,308  | 9,284         | -9.9%   | -0.5%       | 1.2%           |
| Consumer Non-Cyclical          | 3,209  | 2,701         | -15.8% | 3,832  | 2,701         | -29.5%       | 14,428  | 13,729        | -4.8%   | -0.3%       | 3.2%           |
| Property                       | 108    | 450           | 318.1% | 80     | 450           | 461.4%       | 715     | 1,217         | 70.3%   | 0.2%        | 0.1%           |
| Tech                           | 0      | 0             | NA     | 0      | 0             | NA           | 0       | 0             | #DIV/0! | 0.0%        | 0.0%           |
| Transportation                 | 0      | 0             | 0.0%   | 0      | 0             | 0.0%         | 0       | 0             | #DIV/0! | 0.0%        | 0.0%           |
| <b>Coverage Aggregate</b>      | 87,587 | 82,011        | -6.4%  | 65,261 | 82,011        | <b>25.7%</b> | 210,347 | 337,652       | 60.5%   | 60.5%       | 42.4%          |
| <b>Ex-Financial &amp; Tech</b> | 39,792 | 37,355        | -6.1%  | 29,373 | 37,355        | 27.2%        | 92,237  | 159,405       | 72.8%   |             |                |
| <b>Ex-Commodity &amp; Tech</b> | 65,669 | 64,673        | -1.5%  | 51,828 | 64,673        | <b>24.8%</b> | 181,679 | 264,853       | 45.8%   |             |                |
| <b>Coverage Ratio</b>          |        | <b>42.44%</b> |        |        | <b>42.44%</b> |              |         | <b>42.44%</b> |         |             | <b>42.4%</b>   |

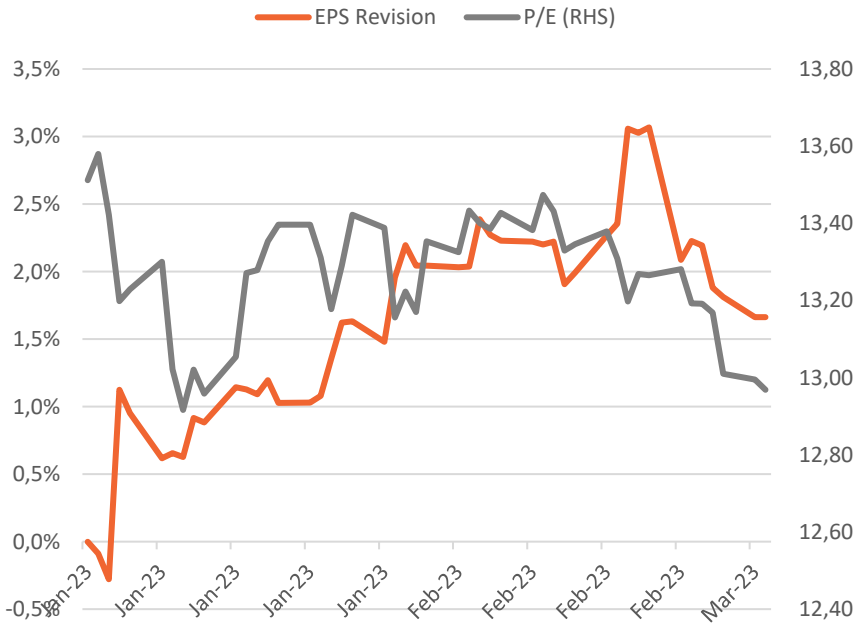
Source: Syailendra Research, Bloomberg

- Per 28 Feb 2023, 42.4% emiten di IHSG telah melaporkan hasil kinerja laba di tahun 2022. Pertumbuhan laba 2022 sesuai dengan ekspektasi dikisaran 20-30%. Namun, pertumbuhan laba *quarterly* dapat memberikan gambaran terkait ekspektasi laba dengan -6.4% qoq. Ekspektasi konsensus untuk IHSG memasuki 2023 berkisar di 2-5% yoy.

# Consensus Slightly Upgrading Overall EPS

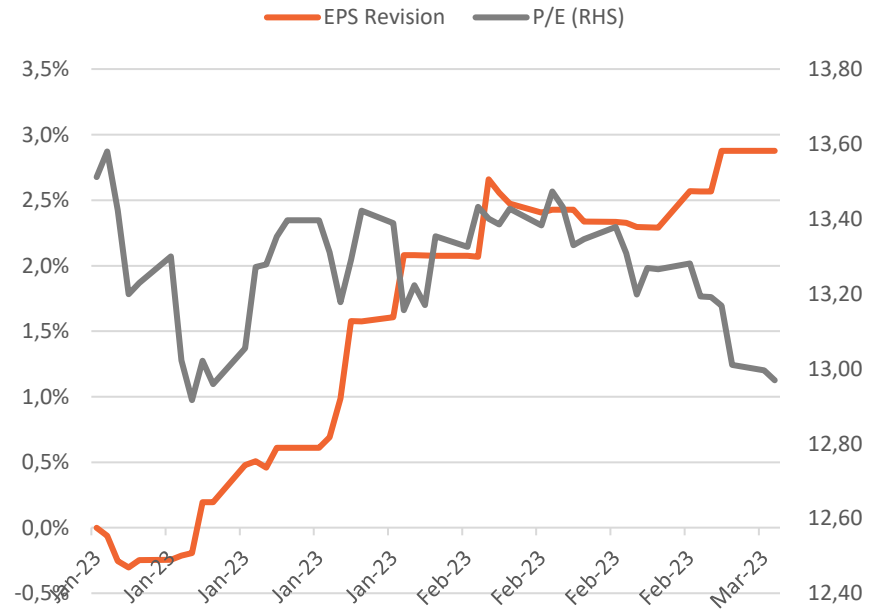
However, market hasn't been appreciated in term of valuation

**JCI EPS Revision and P/E 2023F**  
In % and times of 2023F earnings



Source: UBS

**MSCI Indonesia EPS Revision and P/E 2023F**  
In % and times of 2023F earnings



Source: UBS

- Sejak awal tahun konsensus telah melakukan upgrade atas EPS 2023 berkisar 2-3%. Hal ini menandakan optimisme pasar menjelang *earnings guidance* dari masing-masing emiten. Namun, di saat yang bersamaan valuasi atas IHSG tidak terlalu bergerak dari level awal tahun. Hal ini merefleksikan kehati-hatian investor secara umum.

# January Industry Sector Positioning

Local mutual funds adding position while other still wait and see

## Monthly Changes of Investor Position

MoM of est. weight changes of investor portfolio

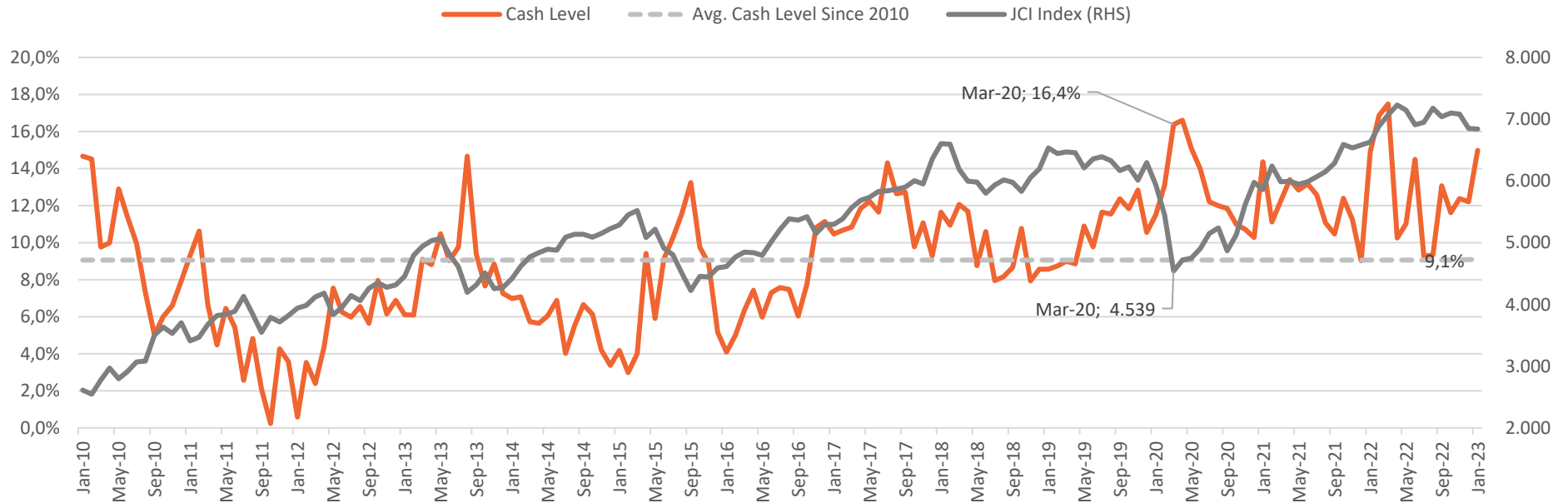
| Sector                | Local MoM (%) of est. ownership |        |        |              |        |        |            |        |        |             |        |        |
|-----------------------|---------------------------------|--------|--------|--------------|--------|--------|------------|--------|--------|-------------|--------|--------|
|                       | Insurance                       |        |        | Pension Fund |        |        | Individual |        |        | Mutual Fund |        |        |
|                       | Dec-22                          | Jan-23 | Feb-23 | Dec-22       | Jan-23 | Feb-23 | Dec-22     | Jan-23 | Feb-23 | Dec-22      | Jan-23 | Feb-23 |
| Basic Industry        | -1.4%                           | 1.0%   | -0.4%  | -0.7%        | 0.4%   | -0.2%  | 2.2%       | 0.4%   | 0.7%   | -0.6%       | 1.2%   | -0.5%  |
| Consumer Non-Cyclical | -0.2%                           | 0.1%   | 0.3%   | -0.3%        | -0.1%  | 0.2%   | -0.5%      | -0.1%  | 0.0%   | -0.4%       | 0.0%   | 0.2%   |
| Consumer Cyclical     | -0.7%                           | 0.4%   | -0.1%  | -1.3%        | 0.1%   | 0.1%   | -1.1%      | 0.1%   | 0.1%   | -0.7%       | 0.2%   | 0.4%   |
| Energy                | -0.1%                           | -0.8%  | -0.2%  | -0.5%        | -0.2%  | -0.1%  | 26.7%      | -1.7%  | -2.0%  | -0.4%       | -0.9%  | -1.0%  |
| Infrastructure        | -1.1%                           | 0.7%   | 0.0%   | -1.0%        | 0.6%   | -0.2%  | -0.2%      | -0.2%  | -0.1%  | 0.0%        | 0.7%   | 0.1%   |
| Healthcare            | 0.0%                            | 0.0%   | 0.2%   | -0.2%        | -0.1%  | 0.3%   | -0.2%      | 0.0%   | 0.0%   | 0.1%        | -0.1%  | 0.1%   |
| Financial             | -2.6%                           | 0.1%   | -0.6%  | -4.6%        | 1.0%   | -0.1%  | -1.3%      | 0.2%   | 0.0%   | -1.7%       | 0.5%   | -0.7%  |
| Industrial            | -1.2%                           | 0.4%   | 0.4%   | -0.5%        | 0.3%   | 0.2%   | -0.1%      | 0.1%   | 0.1%   | -0.4%       | 0.2%   | 0.1%   |
| Property              | -0.2%                           | 0.1%   | 0.1%   | -0.3%        | 0.1%   | 0.1%   | -0.2%      | 0.1%   | 0.0%   | -0.2%       | 0.0%   | 0.0%   |
| Technology            | 0.2%                            | 0.3%   | 0.1%   | 0.5%         | 0.0%   | -0.1%  | -1.0%      | -0.1%  | 0.0%   | -0.2%       | 0.5%   | 0.0%   |
| Trans. And Logistics  | 0.0%                            | 0.0%   | 0.0%   | -0.1%        | 0.1%   | 0.0%   | -0.1%      | 0.1%   | 0.1%   | 0.0%        | 0.1%   | 0.0%   |

| Sector                | Foreign MoM (%) of est. ownership |        |        |              |        |        |            |        |        |             |        |        |
|-----------------------|-----------------------------------|--------|--------|--------------|--------|--------|------------|--------|--------|-------------|--------|--------|
|                       | Insurance                         |        |        | Pension Fund |        |        | Individual |        |        | Mutual Fund |        |        |
|                       | Dec-22                            | Jan-23 | Feb-23 | Dec-22       | Jan-23 | Feb-23 | Dec-22     | Jan-23 | Feb-23 | Dec-22      | Jan-23 | Feb-23 |
| Basic Industry        | -0.3%                             | 0.6%   | 0.1%   | -0.4%        | 0.5%   | -0.1%  | -1.7%      | -0.4%  | -0.2%  | -0.5%       | 0.5%   | -0.2%  |
| Consumer Non-Cyclical | -0.1%                             | 0.0%   | 0.0%   | -0.2%        | 0.0%   | 0.1%   | -2.9%      | 0.2%   | 0.0%   | -0.2%       | -0.1%  | 0.2%   |
| Consumer Cyclical     | -0.5%                             | 0.2%   | -0.2%  | -0.5%        | 0.3%   | -0.1%  | -0.7%      | 0.6%   | 0.0%   | -0.6%       | 0.3%   | -0.1%  |
| Energy                | -0.1%                             | 0.0%   | 0.0%   | -0.4%        | -0.5%  | 0.1%   | 14.6%      | -2.5%  | -1.1%  | -0.2%       | -0.3%  | 0.0%   |
| Infrastructure        | -0.2%                             | 0.4%   | 0.3%   | -1.5%        | 0.9%   | 0.2%   | -0.3%      | 0.1%   | 0.0%   | -1.3%       | 0.3%   | 0.2%   |
| Healthcare            | 0.0%                              | 0.0%   | 0.0%   | -0.1%        | 0.0%   | 0.1%   | -0.5%      | 0.0%   | 0.0%   | -0.1%       | 0.0%   | 0.1%   |
| Financial             | -10.4%                            | 2.7%   | -1.4%  | -5.5%        | -0.3%  | 1.3%   | -13.7%     | 0.2%   | 0.3%   | -6.9%       | -1.4%  | 1.9%   |
| Industrial            | -0.9%                             | -0.1%  | 0.2%   | -0.9%        | 0.4%   | 0.5%   | 0.0%       | 0.0%   | 0.0%   | -1.3%       | 0.4%   | 0.4%   |
| Property              | 0.0%                              | 0.0%   | 0.0%   | -0.1%        | 0.0%   | 0.0%   | -0.5%      | 0.1%   | 0.1%   | -0.1%       | 0.0%   | 0.0%   |
| Technology            | -0.1%                             | 0.1%   | 0.0%   | 0.0%         | 0.1%   | 0.0%   | 2.9%       | 39.2%  | -24.6% | 0.4%        | 0.2%   | 0.0%   |
| Trans. And Logistics  | 0.0%                              | 0.0%   | 0.0%   | 0.0%         | 0.0%   | 0.0%   | -0.8%      | 0.2%   | 0.2%   | 0.0%        | 0.0%   | 0.0%   |

# Local Mutual Fund Cash Level Neutral

Cash level have come back to average historical level

## Est. Cash Level of Equity Mutual Fund in Indonesia In % of Asset Under Management



Source Syailendra research, Bloomberg

- Reksa dana lokal yang dikelola oleh *fund manager* telah mengembalikan posisi kas dari portfolio menjadi sedikit diatas rata-rata 14.9% dibandingkan rata-rata sejak 10 tahun berada dikisaran 9.1%.

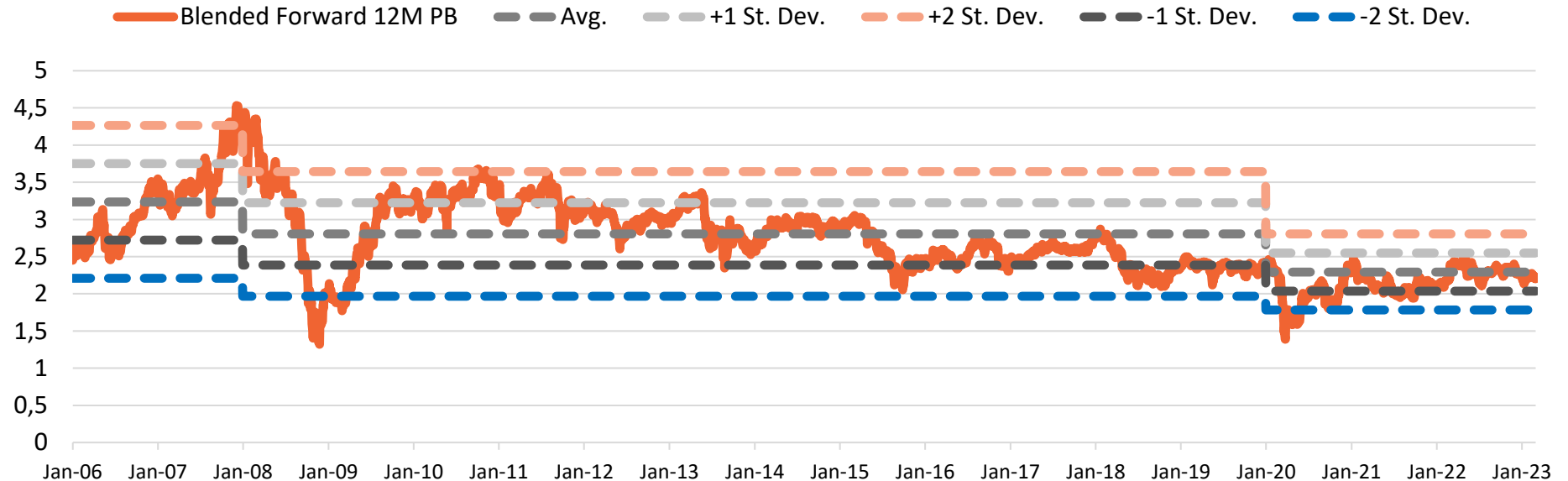


# MSCI Indonesia Historical Valuation

MSCI Indonesia price to book had been sideways since 1Q21

## MSCI Indonesia Blended 12M Forward P/B

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



Source Syailendra research, Bloomberg

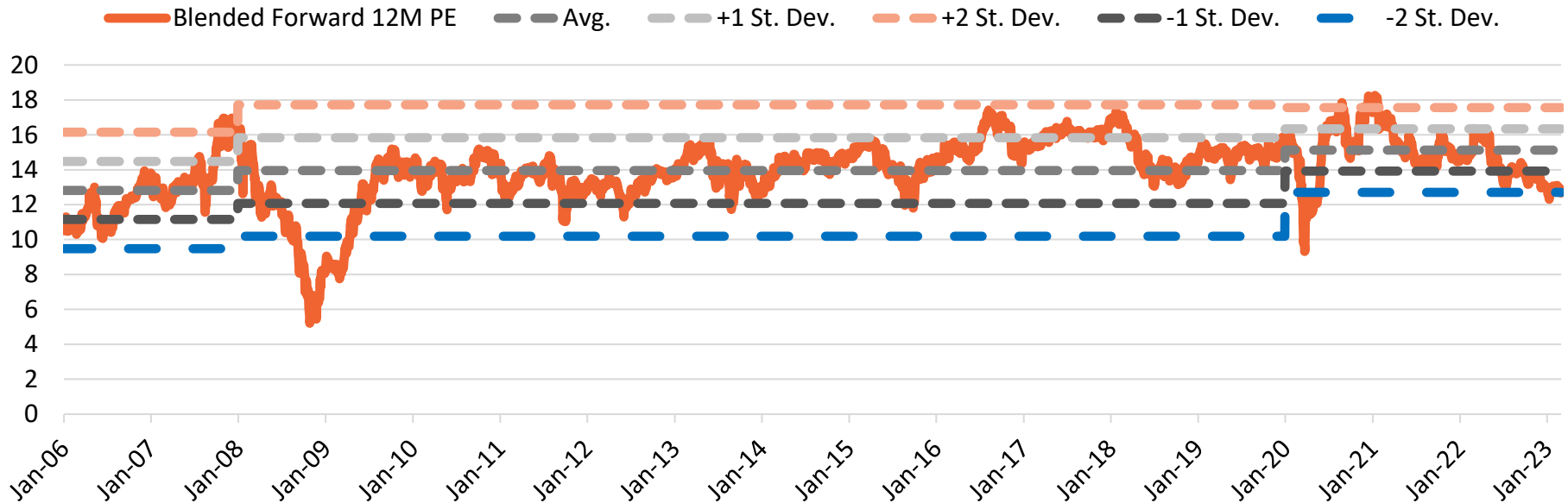
- ▲ Valuasi MSCI Indonesia saat ini telah kembali berada di rata-rata 5 tahun PB di level 2.2x mengindikasikan *potential upside* yang lebih terbatas. Secara historis sejak 2016, P/B MSCI Indonesia berkisar diantara level 2.0x-2.3x atau bergerak di rentang -1x SD dan juga *mean level* rata-rata 5 tahun terakhir.

# MSCI Indonesia Historical Valuation

Market valuation has been lower compared to 4Q21

## MSCI Indonesia Blended 12M Forward P/E

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



Source Syailendra research, Bloomberg

- Seiring dengan estimasi pertumbuhan laba yang tinggi, valuasi PE MSCI Indonesia saat ini tercatat rendah dibanding historis ditengah potensi terjadinya krisis ekonomi global. Saat ini Valuasi MSCI Indonesia berada di 12.7x atau berada di antara -2SD dan -1SD rata-rata 5 tahun terakhir. Hal ini mengindikasikan ekspektasi pertumbuhan laba kedepan yang masih tinggi atau lebih baik dibanding pasar global secara umum.

# Equity Outlook

Short-Term : Neutral (Buy on Weakness), Long-Term : Bullish

## Our View on Bonds and Rates Strategy

### Explanation

| Catalyst & Key Thesis | 2021     | 2022     | 2023F    | Notes  |
|-----------------------|----------|----------|----------|--|
| Valuation             | Rich     | Neutral  | Cheap    | Valuation historically had been cheap while slightly rich compare to peers |
| Earnings Growth       | Positive | Positive | Neutral  | JCI deliver was still higher than majority of EM market for 2022F          |
| Liquidity             | Positive | Negative | Neutral  |  |
| Foreign position      | Positive | Positive | Neutral  | High base might affect foreign to investment less to JCI                   |
| IDR Outlook           | Positive | Neutral  | Positive | Peak rates and USD should help IDR outlook                                 |

Source Syailendra research, Bloomberg

- 🔺 Untuk strategi *equity* kami melihat beberapa pemilihan saham yang menjadi *beneficiary* berdasarkan tema-tema dibawah ini :
  1. *Focus on Thematic Play (Stock Picking) rather than sector rotation*
  2. *Interest Rate Cut Beneficiary – Banking and Property*
- 🔺 Target IHS *base case* berada di 7,200 – 7,400. Hal ini didasarkan pada 2022 *earnings growth* 5% dan P/E bergerak sedikit meningkat dari level 14.6 (posisi IHS di 6,800)

Section  
**04**



**Appendix**

# Syailendra Benchmark View

Update on our Macro and Benchmark Number for 2023F and 2024F

## Syailendra Macro Indicator and Benchmark

In each unit

| Desc                          | Unit              | Syailendra      |        |        |        |        |        |        |
|-------------------------------|-------------------|-----------------|--------|--------|--------|--------|--------|--------|
|                               |                   | 2022F<br>(Last) | 23F    |        |        | 24F    |        |        |
|                               |                   |                 | Bear   | Base   | Bull   | Bear   | Base   | Bull   |
| <b>Macro Indicator</b>        |                   |                 |        |        |        |        |        |        |
| GDP Growth YoY                | Average full year | 5.40            | 4.40   | 4.80   | 5.00   | 4.80   | 5.00   | 5.20   |
| Inflation YoY                 | Average full year | 5.95            | 4.80   | 4.30   | 3.80   | 3.30   | 3.00   | 2.70   |
| Fiscal Deficit (% of GDP)     | End of year       | -3.20           | -3.20  | -2.90  | -2.70  | -3.00  | -2.70  | -2.50  |
| Current Account (% of GDP)    | Average full year | 0.80            | -1.00  | -0.60  | -0.40  | -1.80  | -1.30  | -1.00  |
| USDIDR                        | End of year       | 15,621          | 15,600 | 15,300 | 15,000 | 15,800 | 15,500 | 15,200 |
| <b>Rates</b>                  |                   |                 |        |        |        |        |        |        |
| Central Bank Rates Indonesia* | End of year       | 5.50            | 6.25   | 6.00   | 5.50   | 5.50   | 5.00   | 4.75   |
| 10 YR Govt Bond Yield IDR     | Average full year | 6.97            | 7.50   | 7.25   | 6.75   | 7.00   | 6.75   | 6.25   |
| <b>Equities</b>               |                   |                 |        |        |        |        |        |        |
| JCI                           | End of year       | 6,804           | 6,500  | 7,300  | 7,700  | 7,500  | 7,800  | 8,100  |
| Earnings Growth*              | End of year       | 32%             | -5.0%  | 5.0%   | 10.0%  | 5.0%   | 7.5%   | 10.0%  |
| P/E*                          | End of year       | 14.6            | 14.60  | 15.00  | 15.00  | 15.00  | 15.00  | 15.00  |

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