

Monthly Bulletin

April 2023

What's Inside



Calendar

US ISM Manufacturing (3-Apr)
World S&P Global PMI (3-Apr)
ID CPI YoY (3-Apr)



Global Event

Kebangkrutan beberapa bank di US mengakibatkan banyak perubahan dari ekspektasi pasar. Hal ini terlihat dari perubahan ekspektasi atas *terminal rate Fed Funds Rate* dan meningkatnya investor *tolerance* secara global.



Indonesia

Sentimen di IHSG terlihat juga menurun hal ini terlihat dari penurunan transaksi dalam 1 bulan terakhir. Di saat yang bersamaan, IDR mengalami penguatan signifikan akibat pelemahan dollar yang terjadi secara global.



Equity Market

Kinerja IHSG ditutup sebesar -0.66% YTD atau -0.75 % MoM (*cutoff date: 31-Mar-23*). Top 3 *Leaders* 1) BYAN, 2) BMRI, 3) BBRI dan Top 3 *Laggards* 1) GOTO, 2) CPIN, 3) SMGR. Investor asing melakukan *net buy* sebesar +272mio USD di bulan Mar'23



Fixed Income Market

Yield 10 tahun obligasi selama di bulan Mar'23 melemah dari level 6.89 menjadi level 6.80. 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 14.9%



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

Narasi Macro yang kami lihat akan mempengaruhi pasar sepanjang 2023 :

🏠 Central Bank sedang berada dalam dilema dalam Stabilisasi Harga vs Stabilisasi pasar finansial.

- Bank sentral dunia, terutama The Fed telah menaikkan suku bunga secara tajam selama 12 bulan terakhir untuk menghadapi inflasi yang masih tinggi.
- Ketatnya likuiditas telah mengakibatkan beberapa perbankan mengalami permasalahan likuiditas. Dalam kurun waktu beberapa pekan. Ada kekhawatiran efek penularan dan sistemik dari kejadian tersebut.
- Intervensi oleh sentral bank telah dilakukan baik di US market dengan meningkatnya *300bio Balance Sheet Federal Reserve* dan *deal* antara UBS and CS yang di inisiasi oleh Bank Sentral Swiss.
- Volatilitas masih amat tinggi, terlihat dari pergerakan ekspektasi investor atas *Fed fund future* yang bergerak drastis selama 3 bulan ini, yang terlihat berbeda dengan arah komunikasi dari the Fed.

🏠 Periode 1H23 sd 1Q24, Indonesia akan melaksanakan pemilu serentak berpotensi memberikan bonus konsumsi

- Memasuki pemilu di perkiraan terdapat IDR170tn dana terkait pemilu yang akan berputar akibat. Hal ini berpotensi memberikan tambahan daya beli bagi konsumen khususnya segmen menengah kebawah.

🏠 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.

What Triggers Market Sell-off ?

Fear of Liquidity Shortage, Banks Failure and More

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Fear of Liquidity Shortage, Banks Failure and More

🏠 **Dalam 1 bulan terakhir, US Mengalami kepailitan atas 3 bank kecil-menengah** yaitu Silvergate, Signature dan Silicon Valley Bank.

- SIVB merupakan bank terbesar ke-16 di US. Hal ini diantisipasi cepat oleh pemerintah dimana pemerintah menjamin seluruh deposit melalui FDIC baik yang dijamin ataupun tidak. Adapun program oleh *Federal Reserve* untuk melakukan pinjaman sementara *Bank Term Funding Program (BTFP)* dengan menjamin atas aset yang dapat diterima oleh *Federal Reserve*.
- Terlepas dari itu, SIVB tidak dikategorikan sebagai D-SIB (*Domestically Systemic Important Bank*).

🏠 **Namun, Liquidity Concern Kembali Menghampiri Credit Suisse.**

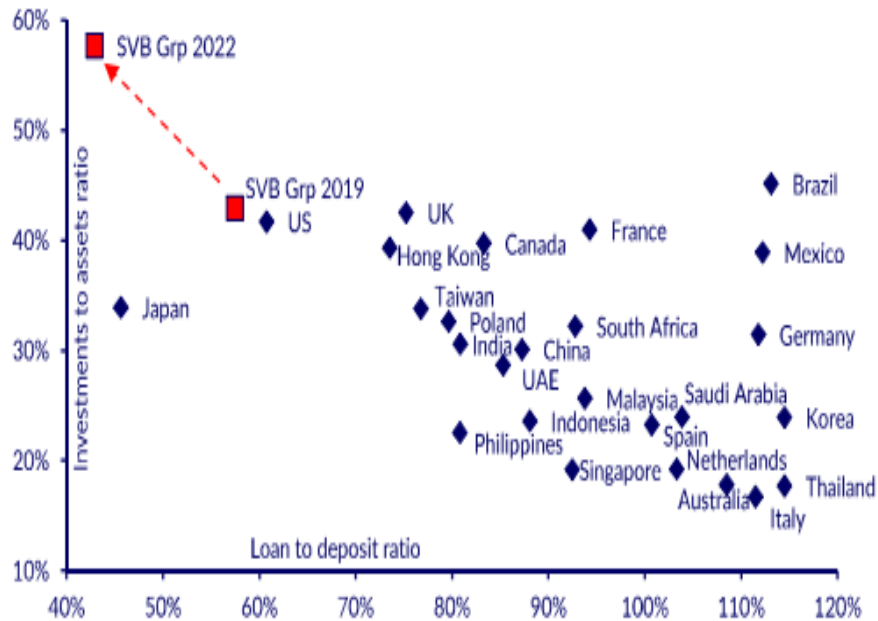
- Saudi National Bank per 15-Mar-23 mengatakan bahwa SNB tidak dapat melakukan penambahan modal (*injection*) ke Credit Suisse hal ini dikarenakan aspek regulator dari sisi SNB.
- Pernyataan ini mengakibatkan panik di pasar dimana harga saham Credit Suisse menurun sebesar -24.24% untuk 1 hari dan 5Y CDS Credit Suisse dari level 373bps menjadi 1047bps
- Per 16-Mar-23, Swiss National Bank (SNB) dan FINMA mengeluarkan *statement* untuk memberikan jaminan bahwa akan menyediakan likuiditas ke Credit Suisse apabila diperlukan. SNB meminjamkan sebesar 54bio sebagai fasilitas tambahan likuiditas ke perbankan.
- Hingga akhirnya SNB mengakomodir UBS untuk melakukan M&A terhadap CS untuk memperkuat modal CS.

Asia EM Banks Had Quite Low Investment Ratio

Compare to US Banking had above 40% investment to asset

EM Banking generally had lower investment ratio

In %



Source: CLSA

US commercial bank had high unrealized losses on investment

In %



Source: CLSA

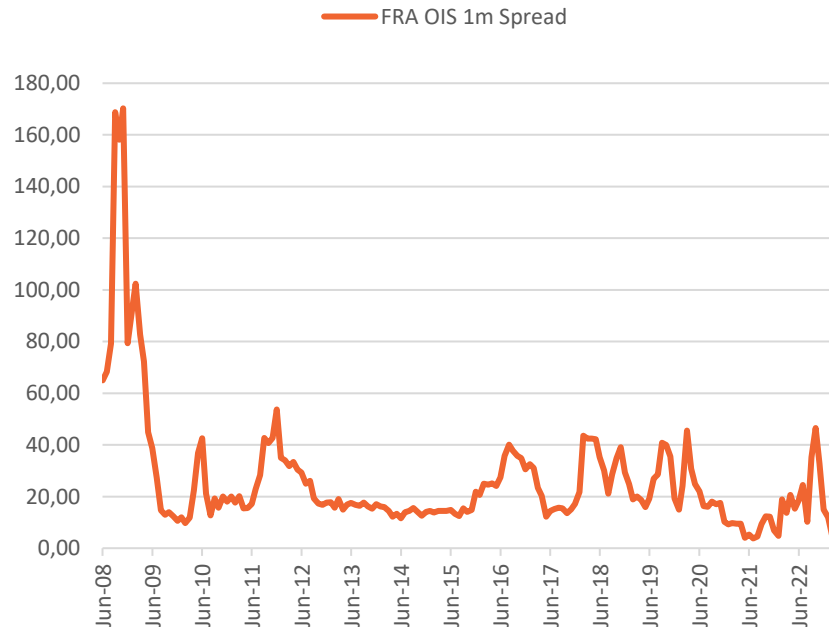
- ⚠️ Meningkatnya FFR (Upper) dari 0.25% menjadi 5.00% dalam periode kisaran 1 tahun. Di saat bersamaan, *US commercial bank* cenderung memiliki posisi tinggi atas UST mengingat *low interest environment*. Hal ini mengakibatkan posisi *unrealized loss US commercial bank* mencatatkan *all-time low*.
- ⚠️ Di sisi lain, *EM Banks* memiliki risiko yang lebih kecil atas *interest rate risk* akibat posisi investment ratio yang lebih rendah dimana Indonesia mencatatkan investment ratio berkisar di level 20%.

There has been No Systemic Risk So Far

Government intervene in regards of SVB failure through few programs

US Interbanks rate still below 2008 level

In %



Source: Bloomberg

US High Yield Spread slightly increase reflect credit concern

In %



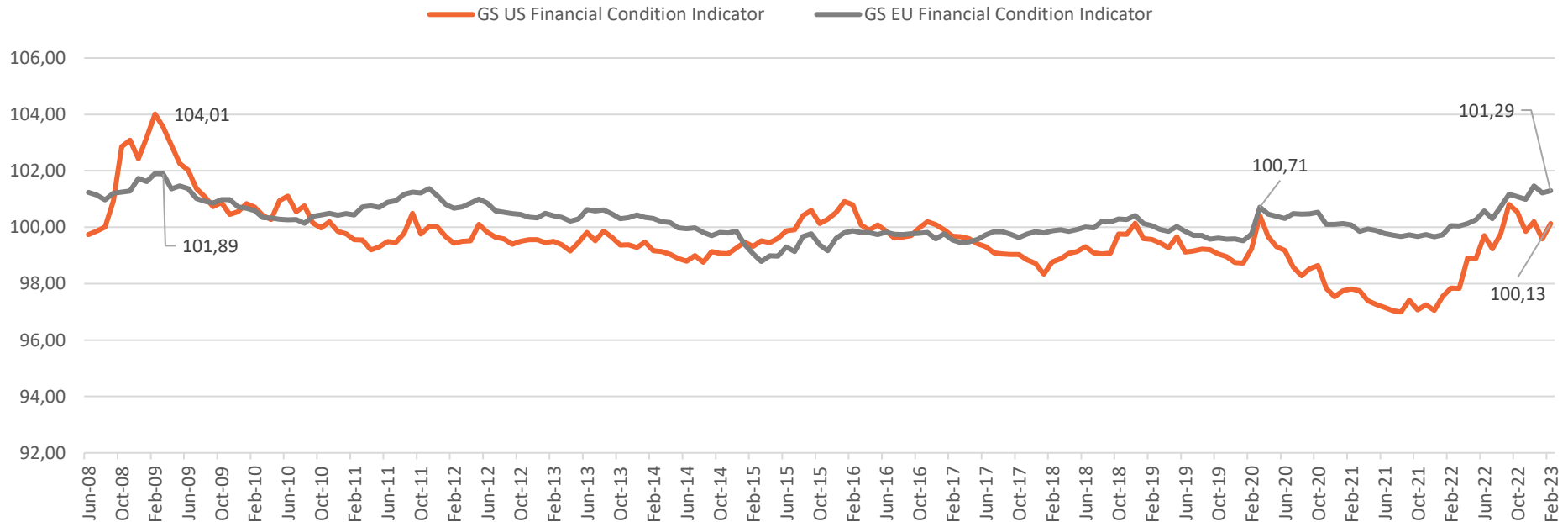
Source: Credit Suisse

- Sejauh ini kejadian terjadi di system perbankan US yang bias dengan cepat ditangani oleh the Fed, berbeda dengan 2008 di mana krisis likuiditas dan default terjadi *off balance sheet* dan di luar system perbankan.
- Berdasarkan data diatas terlihat beberapa indikator likuiditas di perbankan meningkat namun dimana FR-OIS (*interbank rates offering*) masih berada di level 2015 dan 2020 dibandingkan level 2008.
- Ada sedikit kekhawatiran untuk *instrument high yield* hal ini dikarenakan *spread* atas *high yield* meningkat dibandingkan *investment grade* namun *spread* diatas masih di bawah level 2008.

EU Financial Condition Already Above 2020 Level

US financial condition still below GFC and 2020 Level

Goldman Sachs Financial Conditions Index In unit of index



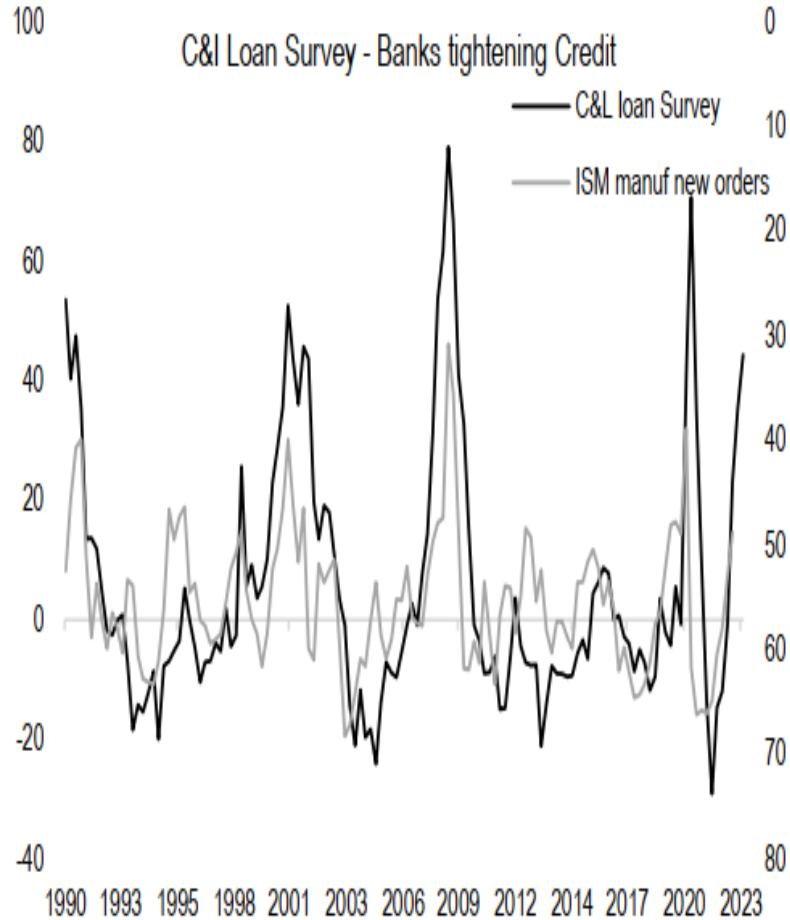
Source: Bloomberg, Credit Suisse

- 📌 Dari sisi kondisi likuiditas menggunakan Indeks *Goldman Sachs* terlihat terjadinya pengetatan likuiditas dari level 97 terendah di Feb-22 saat ini sudah mencapai 100.13. Dibandingkan dengan periode krisis, Kondisi likuiditas di EU mirip dengan kondisi 2008 (2008 : 101.89 vs 2023 : 101.29) namun untuk US masih relatif jauh dibandingkan kondisi 2008 (2008 : 104.01 vs 2023 : 100.13)

Banks Lending Criteria Expected to be Stricter

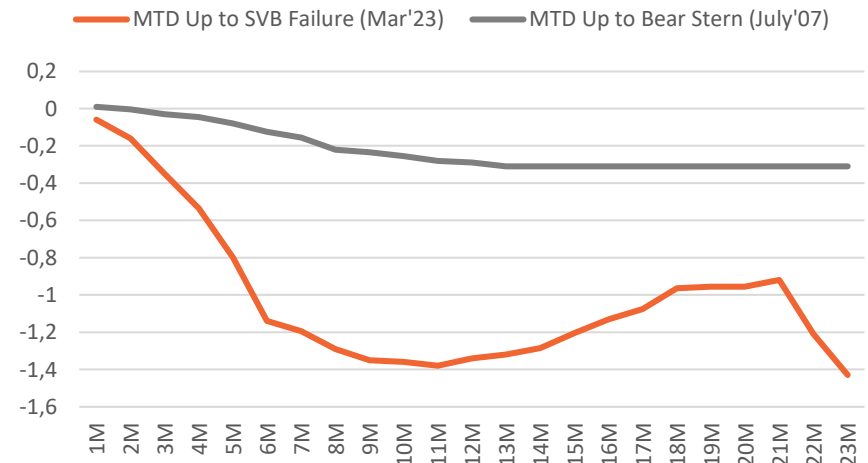
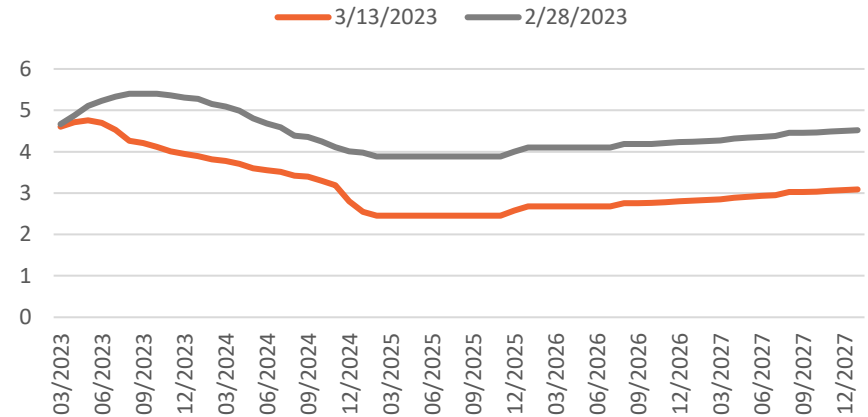
This could accelerate slowdown on US Economy

Most Lending Criteria Expected to Tighten accelerate further slow.
In % of survey and unit of index ISM.



Source: Macquarie

Market was expecting FFR to be cut quite fast
In %



Source: Credit Suisse

Indonesia Has Better Foundation Supporting IDR

Better CPI, CA deficits, FX reserve and much lower ownership in capital market

Macro Economy and Flow Metrics against past crisis

In bio USD and %

Parameter	2001	2008	2H13-1H14	2H15-1H16	2H18-1H19	2020	2023F
	Asia Crisis & Dot Bubble	GFC	Fed Taper Tantrum	Yuan Devaluation	US-China Trade War	Covid-19	Last
USDIDR							
IDR Spike on Sentiment*	24.0%	34.7%	23.3%	18.7%	12.3%	19.0%	0.4%
YoY Chg. *	7.5%	18.4%	19.4%	11.3%	6.1%	0.9%	-3.7%
Price & Flow Stability							
Avg. CPI	12.5%	10.2%	7.6%	6.4%	3.2%	2.0%	3.0%
Avg. CAD (%)	5.2%	1.1%	-3.4%	-2.5%	-2.5%	-1.8%	-0.6%
Budget Balance (% of GDP, yearly)	-1.8%	0.1%	-2.2%	-2.6%	-1.8%	-4.2%	-2.7%
FX Reserve							
In months of Export		5.3	6.6	9.1	7.9	11.2	8.8
in % of GDP		10.0%	11.5%	12.8%	11.8%	12.5%	10.3%
Foreign Ownership on Capital market							
Government Bond							
Cum. USD (Bio USD)		46.00	95.00	106.00	164.00	276.00	366.00
in % Ownership		17.4%	35.8%	37.7%	37.8%	25.0%	14.8%
Equity							
Cum. USD (Bio USD)		11.82	22.29	20.64	15.28	15.53	22.93
% M.Cap	9.4%	13.0%	5.8%	5.9%	3.1%	3.1%	3.6%

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%
Feb-23	4.59%	0.30%	5.53%	0.45%	-0.01%	0.12%	0.76%
1Q22F	4.30%	0.31%					
2Q22F	3.90%	0.31%					
3Q22F	3.40%	0.20%					
4Q22F	3.00%	0.17%					

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

🏠 Konsensus memprediksi Core-PCE akan cenderung stabil memasuki 2023 dengan kisaran *monthly PCE* berkisar di 20-30bps.

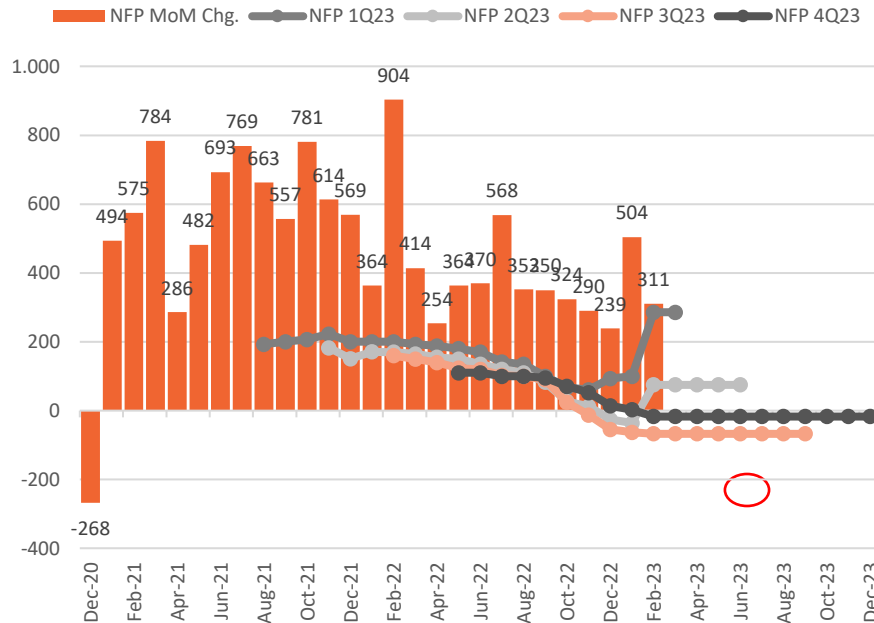
🏠 Namun, komponen *shelter* di *CPI basket* belum mengindikasikan penurunan yang signifikan dibandingkan komponen lainnya.

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

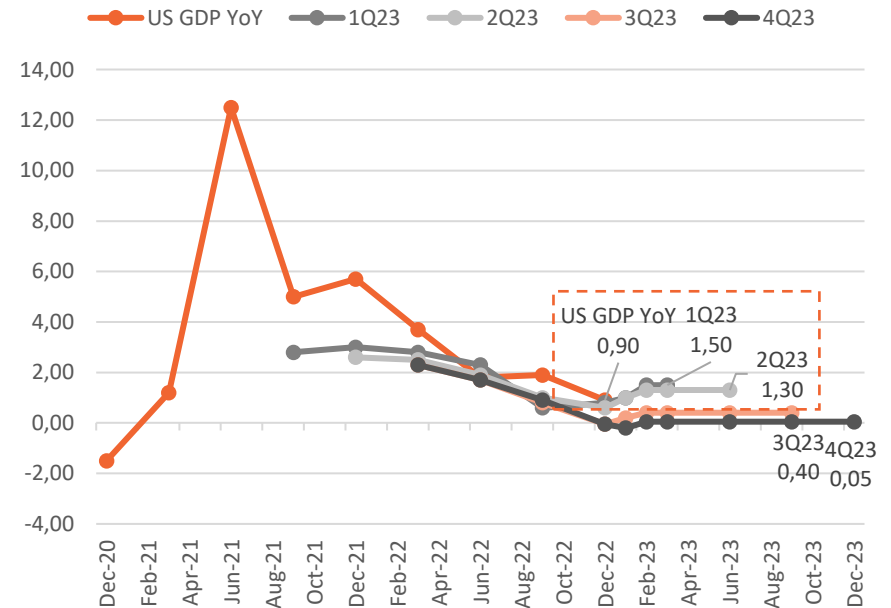
In no. of job



Source: Syailendra Research

US GDP Growth expected to bottom on 4Q23

In % YoY



Source: Syailendra Research

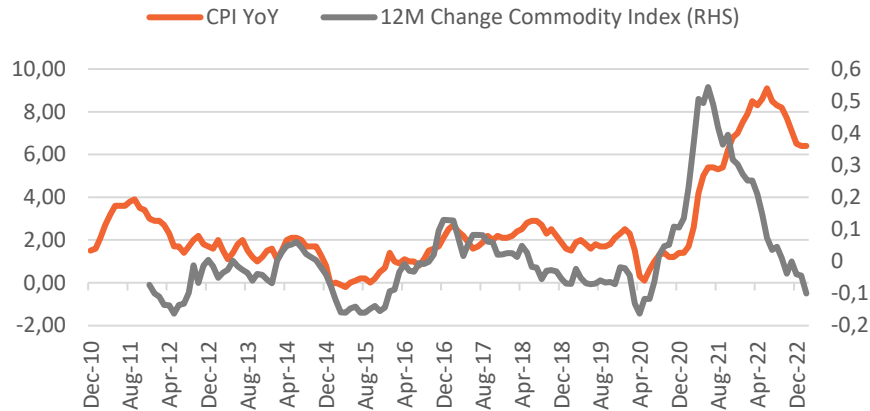
- Terlepas pasar memiliki ekspektasi penurunan pekerjaan di 2Q23. Dalam 2 bulan terakhir, kinerja *Non-Farm Payroll* berada diatas rata-rata. Hal ini sedikit mengimplikasikan posisi saat ini mengekspektasikan *soft-landing* terlihat dari GDP Growth US di 3Q23 dan 4Q23 hanya mencatatkan -0.05% YoY.

Monitoring Inflation Factors

Most of concern still on labor market

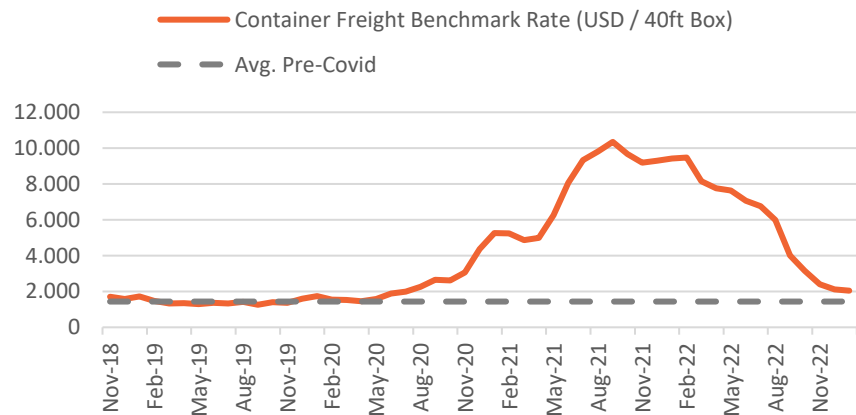
Overall Commodities near pre-covid level

In % YoY



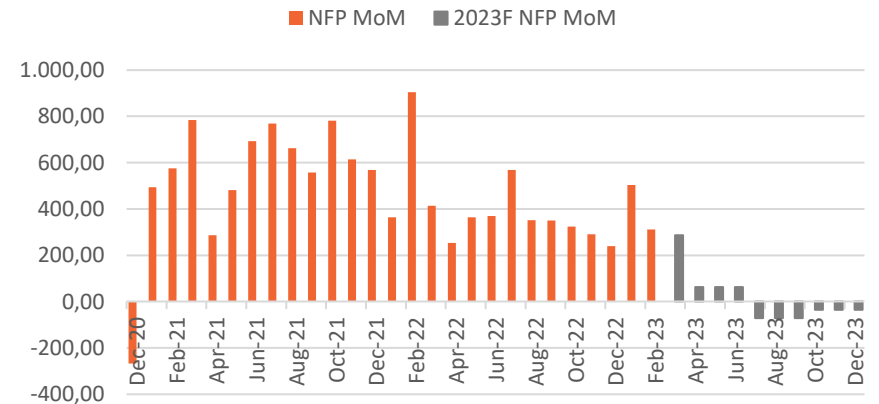
Spot freight rates already near pre-covid level

In %



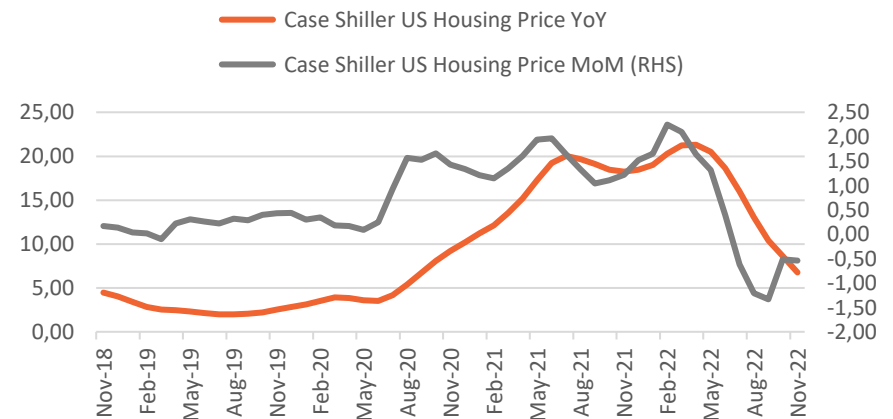
NPF expected to decrease while still above than expected so far

In chg. No of jobs each month



US Property Still on declining trend

In % YoY



Market was Moving Ahead of Feds on Terminal Rate

Consensus already expecting 4 rate cut in Jan'24

FFR Interest Rate Probability

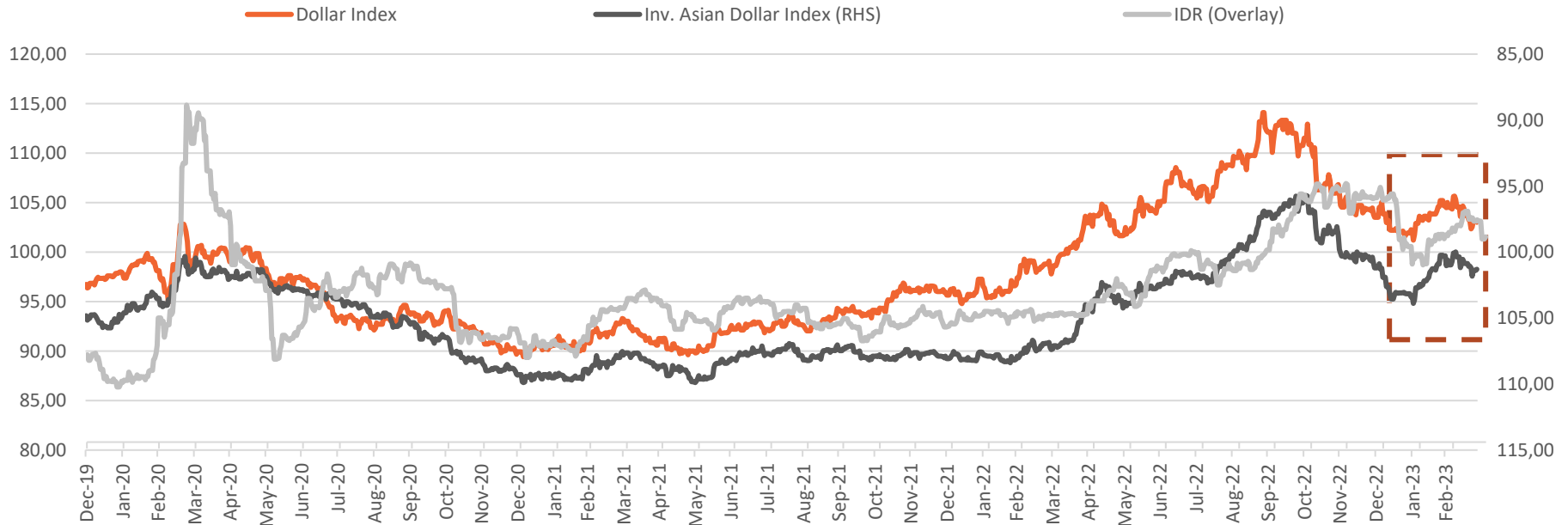
In %

Dates	Actual Rate	Implied Rate				Chg.		
		30-Dec-22	31-Jan-23	28-Feb-23	31-Mar-23	Dec'22 to Jan'23	Jan'23 to Feb'23	Feb'23 to Mar'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	5.00	4.86	4.79	4.88		-0.07	0.09	
03-May-23		4.97	4.90	5.14	4.96	-0.07	0.24	-0.18
14-Jun-23		4.97	4.92	5.32	4.92	-0.05	0.40	-0.40
26-Jul-23		4.92	4.86	5.41	4.83	-0.06	0.55	-0.59
20-Sep-23		4.84	4.77	5.41	4.67	-0.07	0.64	-0.74
01-Nov-23		4.72	4.65	5.36	4.50	-0.07	0.71	-0.86
13-Dec-23		4.59	4.48	5.28	4.35	-0.11	0.80	-0.93
31-Jan-24		4.42	4.27	5.17	4.17	-0.15	0.90	-1.00

Dollar Moving Sideways In The 3 Months

Concern on inflation and financial stability reflected on dollar volatility

USDIDR catching-up with other currency in Jan'23
In %



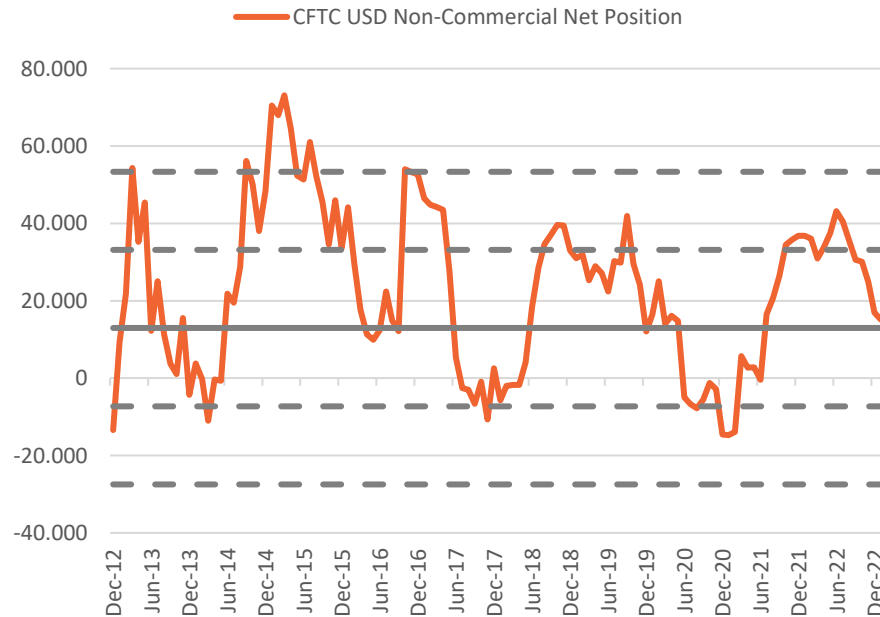
Source: Federal Reserve, Morgan Stanley Research

- 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

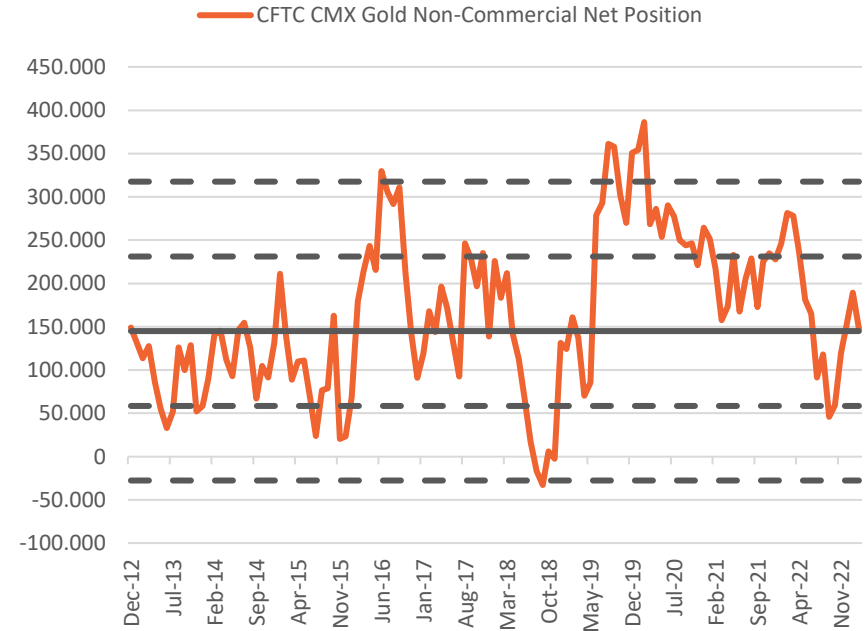
Speculator unwinding USD position while gold position bounce-back

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.

2024 Election might Help Boost Economy

Historically there's boost on consumption 2 quarter before an election

Speculator continue to unwind leverage position on USD

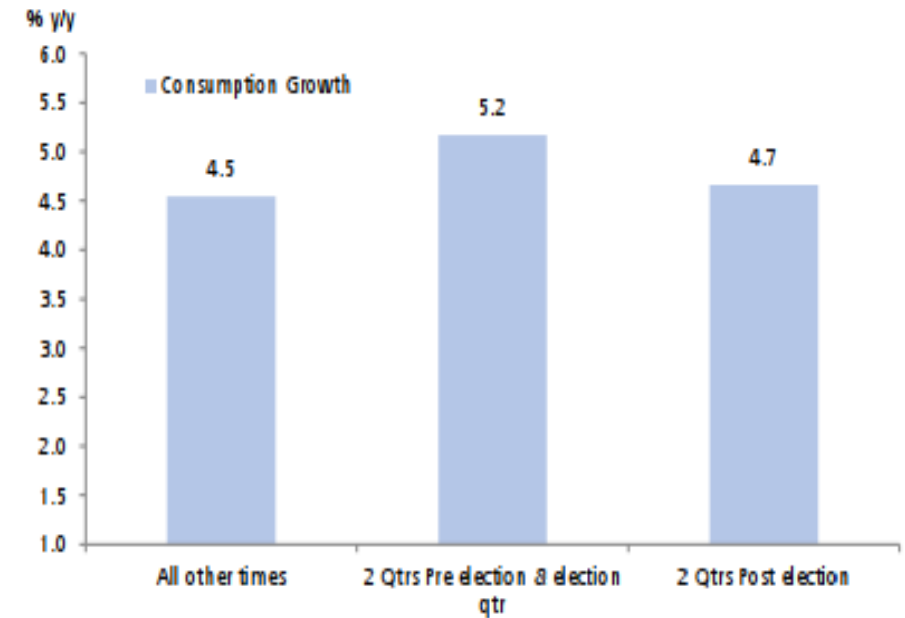
In no of net-contract

	Institution	No. of Contests	Spending per candidate (Bio IDR)	Estimated Spending (trn IDR)	% of GDP 23F
1	National Parliament	8,000	2.0	16	0.15%
2	Local Parliaments	240,000	0.2	48	0.45%
3	Governorship	34 x 3	100.0	10	0.09%
4	Mayor/Regent Campaign	514 x 3	10.0	15	0.14%
5	Presidential Election	1 x 3	800.0	2	0.02%
Total Campaign Spending				91	0.43%
Government Budget (for logistics)				77	0.36%
Total Election Spending				170	0.79%

Source: UBS

Gold leverage position bounced back since Jun'22

In no of net-contract



Source: UBS

- 📌 Berdasarkan estimasi UBS, terdapat potensi perputaran dana berkisar 170trn atau ekuivalen 0.79% mempertimbangkan pemilu yang berlangsung. Hal ini selaras dengan lebih tingginya tingkat pertumbuhan konsumsi 2 kuartar sebelum pemilu berlangsung

2022 Belt Road Initiatives was around Resources

Despite of elevated price, China still acquire some strategic resources

Top 15 Chinese Belt Road Initiative Investment in 2022 in ASEAN

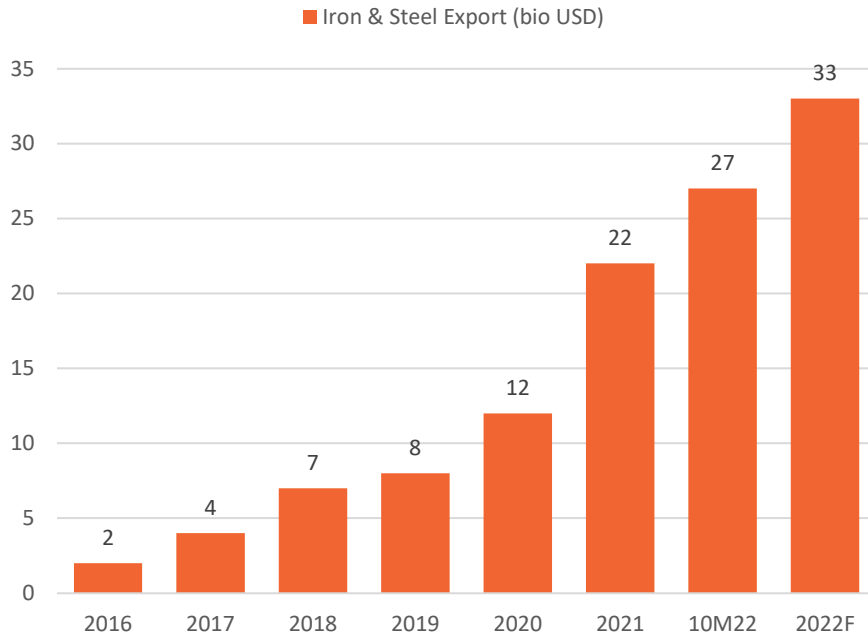
In %

	Month	Investor	USD mn	Transaction Party	Sector	Subsector	Country
1	Feb	State Administration of Foreign Exchange (SAFE), China Merchants	4,650	Aramco	Energy (Gas)	Gas	Saudi Arabia
2	Sep	Contemporary Amperex Tech	3,750		Transport (Autos)	Autos	Hungary
3	Jul	State Administration of Foreign Exchange (SAFE)	2,950	Indonesia Investment Authority	Finance		Indonesia
4	Jul	Jiangxi Ganfeng	960	LSC	Metals		Argentina
5	Dec	Nine Dragons	940		Timber		Malaysia
6	Oct	Tsingshan	750		Metal (Steel)	Steel	Zimbabwe
7	Dec	Power Construction Corp. (PowerChina)	750	Bangchak	Energy (Alternative)	Alternative	Laos
8	Jul	Shandong Bright Ruby	720		Real estate	Property	Singapore
9	May	Sinosteel	680		Metals (Steel)	Steel	Cameron
10	Jan	United Energy	610		Energy (Oil)	Oil	Iraq
11	Aug	Alibaba	610	Lazada	Consumer	Consumer	Singapore
12	Mar	Minmetals	550		Metals		Congo
13	Apr	China National Off-shore Oil (CNOOC)	530		Energy (Oil)	Oil	Guyana
14	Sep	BYD	490		Transport (Autos)	Autos	Thailand
15	Jun	Tibet Summit	480		Metals		Tajikistan

Indonesia Structural Story : EV Value Chain

The growth effect from commodity value chain should still expand going forward

Iron & Steel Export was Growing Exponentially In bio USD



Source: Syailendra Capital

- Adapun perbaikan signifikan yang terjadi dalam hilirisasi komoditas *nickel* dimana terlihat ekspor besi dan baja meningkat lebih dari 15x sejak 2016.
- Hilirisasi mineral masih berlangsung terutama untuk *nickel project*, salah satu komponen yang digunakan dalam manufaktur *cell battery* dalam pembuatan *electric vehicle*.
- Ini menjadi mesin pertumbuhan baru untuk Indonesia dan memberikan support untuk stabilitas IDR ke depannya.

List of Upcoming HPAL projects in Indonesia In no of contract

Name	Location	Principal partners	Process	Product	Capacity (kt Ni/a)	Capex (USDmn)	Capita intensity (\$/kt)	Possible start date	Status
PT Halmahera Persada Lygend - Ph 1	Obi Island	Ningbo Lygend, Harita	HPAL	MHP/Sulphate	37	1,063	28,529	2021	Production
PT Halmahera Persada Lygend - Ph 2	Obi Island	Ningbo Lygend, Harita	HPAL	MHP/Sulphate	17	437	25,706	2022	Probable
PT Halmahera Persada Lygend - Ph 3	Obi Island	Ningbo Lygend, Harita	HPAL	MHP/Sulphate	60			2023	Possible
PT OMB New Energy	Morowali	GEM	HPAL	Sulphate	50	1,600	32,000	2022	Base Case
Huayue Nickel & Cobalt	Morowali	Huayou	HPAL	MHP	60	1,600	26,667	2021	Production
PT Huafei	Weda Bay	Tsingshan, EVE, Huayou	HPAL	MHP	120	2,080	17,333	2025	Base Case
PT ZhongTsing New Energy - Ph 1	Morowali	CNGR, Rigqueza International	Smelting	Matte	30	243	8,100	2022	Base Case
PT ZhongTsing New Energy - Ph 2	Morowali	CNGR, Rigqueza International	Smelting	Matte	30	330	11,000	2022	Base Case
Tsingshan	Morowali	Tsingshan	Smelting	Matte	75			2022	Production
PT Youshan Nickel Indonesia	Weda Bay	Huayou Cobalt, Tsingshan	Smelting	Matte	34			2022	Production
Hengjaya Ranger	Morowali	Nickel Industries Limited	Smelting	Matte	20				Probable
Batang	Java	LG Energy, Antam	HPAL	Sulphate	30	3,500	116,667	2025	Base Case
PT Huake Nickel	Weda Bay	Huayou Cobalt, Tsingshan	Smelting	Matte	45			2023	Probable
PT ChengMach Nickel	Weda Bay	Chengtun, Extension Investment	Smelting	Matte	40	350	8,750	2023	Possible
Weiming/Indigo		Weiming/Indigo	Smelting	Matte	40	400	10,000	2023	Possible
Pomalaa	Pomalaa	Huayou Cobalt, PT Vale	HPAL	MHP	120			2026	Possible
BASF/Eramet	Weda Bay	BASF/Eramet	HPAL	MHP	42			2030	Possible
PT Ceria Nugraha Indotama	Obi Island	PT Ceria	HPAL	MHP	40			2030	Possible
Jinchuan	Obi Island	Jinchuan	HPAL	MHP	20			2030	Possible
PT Antam	East Halmahera	PT Antam	HPAL	Sulphate	75	6,400	85,333	2030	Possible
INCO Sorowako	Sorowako		HPAL	MHP	120				Possible
MDKA Konawe	IKIP		HPAL	MHP	240			2025	Possible
MDKA Konawe	IKIP		HPAL	MHP	240			2030	Possible

Source: Verdhana Nomura

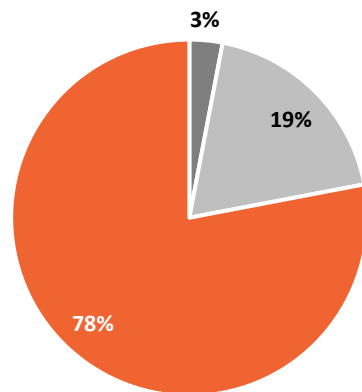
Flow of FDI might Still Continue Going Forward

Reasons of expansion mostly related to cost efficiency and market demand

Corporate Survey on Capacity Expansion - CLSA

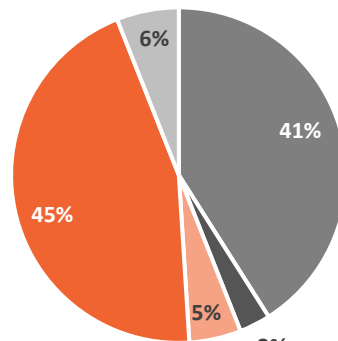
In %

Respondent expansion plans



■ No reply ■ No ■ Yes

Expansion plans by location



■ No reply ■ Reshore ■ Nearshore
■ Off-Shore ■ All

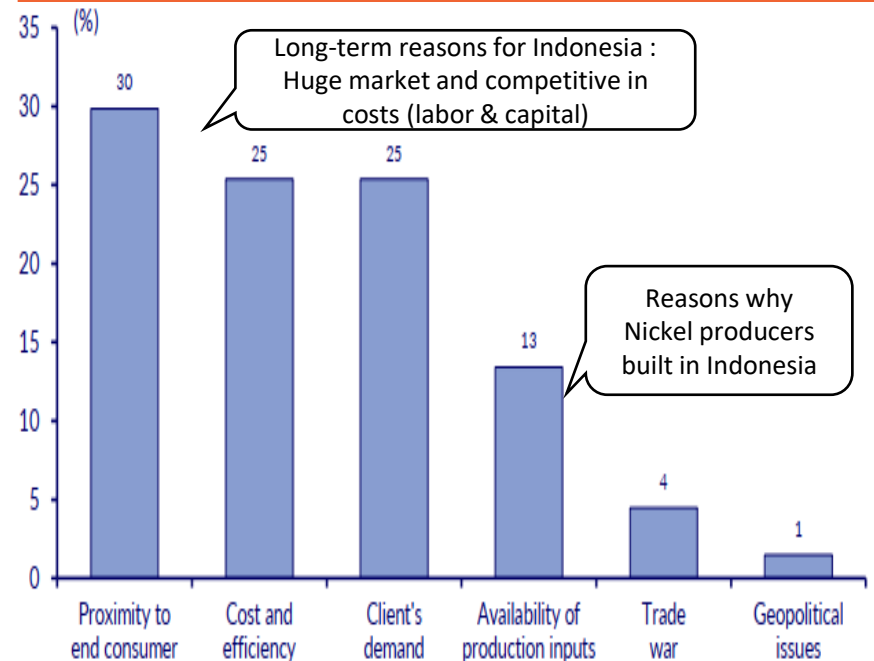
Source: CLSA

78% dari korporasi diperkirakan akan melakukan rencana ekspansi dalam beberapa tahun kedepan, namun yang baru terlihat dengan jelas di Indonesia ialah hilirsasi komoditas yang merupakan alasan ke-4 untuk sebuah perusahaan melakukan ekspansi atau relokasi produksi.

Meningkatnya FDI di Indonesia dalam 3 tahun terakhir baru bagian awal dari arus FDI. Indonesia memiliki dua kriteria untuk diminati oleh investor yaitu pasar konsumen yang luas dan struktur biaya yang kompetitif dalam produksi barang & jasa yang merupakan alasan utama untuk melakukan ekspansi ataupun relokasi.

Corporate Survey on Reason to Move Production - CLSA

In %



Source: Syailendra Research

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

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

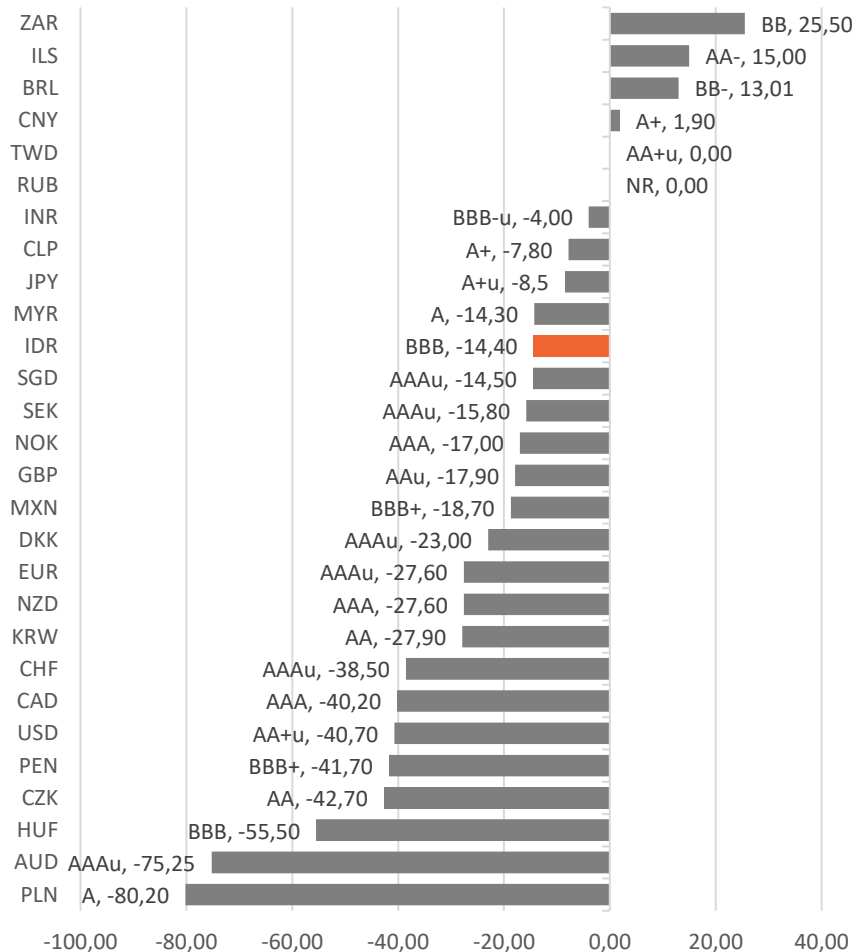
- 🏰 ***Two Possibility of Terminal Rates*** : Dalam 3 bulan terakhir, pasar telah melakukan dua ekspektasi yang berbeda atas *terminal rate FFR*. Hal ini disebabkan atas dinamika antara tingkat inflasi yang belum menunjukkan penurunan yang signifikan dan ketidakstabilan dari sisi likuiditas di perbankan. Ini mengakibatkan *terminal rate di Dec'23* bergerak dari 5.17 di Feb'23 menjadi 4.00 di Mar'23. Apabila tingkat inflasi relatif bergerak menurun lebih lambat dari ekspektasi kami melihat *terminal rate* masih dari bergerak keatas namun berada di level Feb'23 mengingat ruang gerak Fed terbatas atas ketatnya likuiditas di global. Sehingga, penting untuk bersikap fleksibel dalam menentukan asumsi *short-term base rate*.
- 🏰 ***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.

Government Treasury Yield Movement Mar'23

All of sovereign had re-pricing as UST rallying on the back of liquidity concern

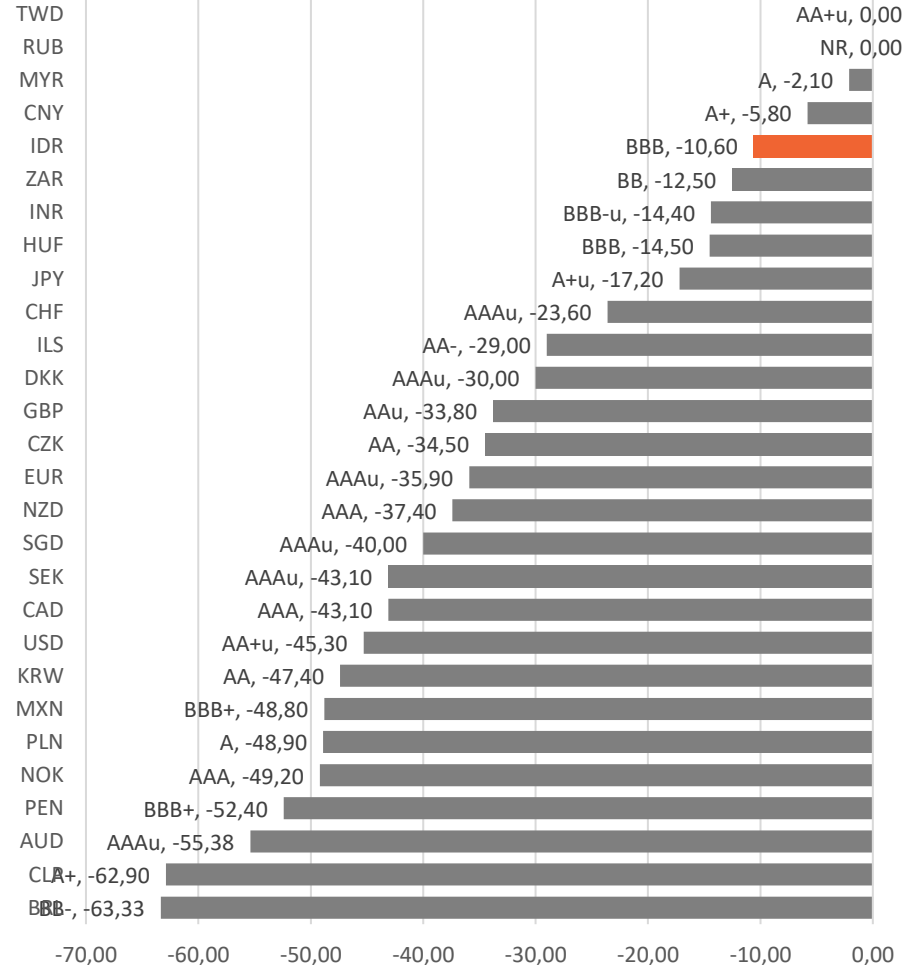
YTD 10Y Govt Changes

In bps



MTD 10Y Govt Changes

In bps

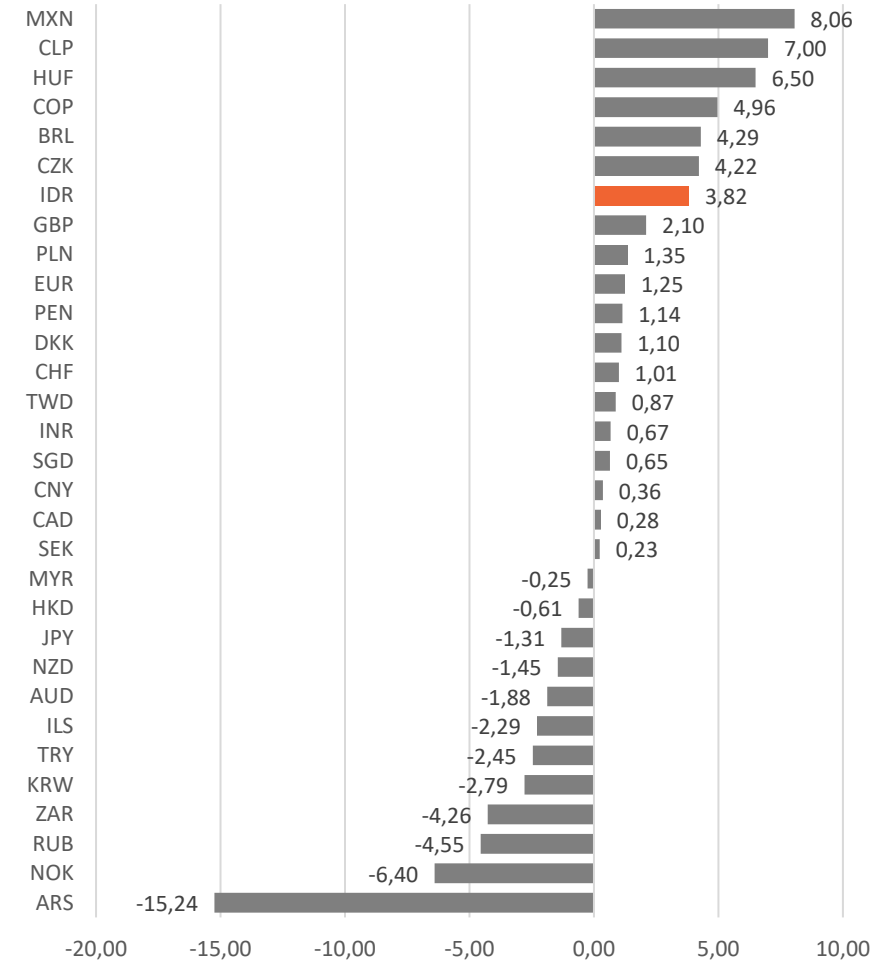


Currency Price Movement Mar'23

Dollar weakened against most of counterpart currency

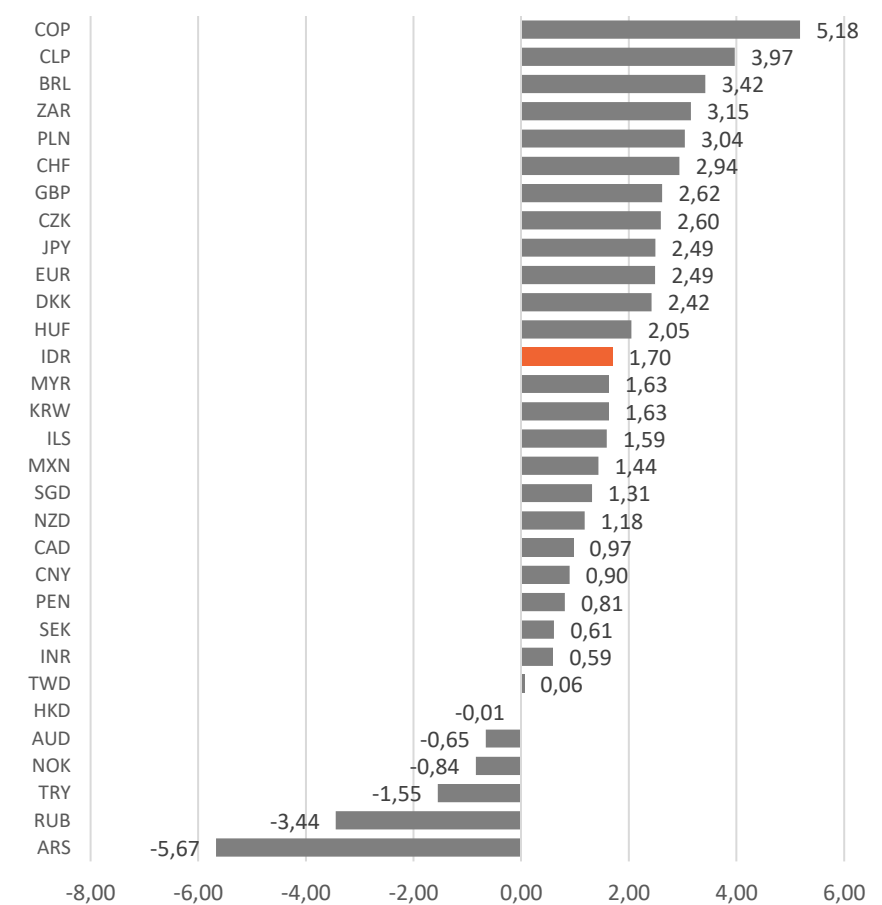
YTD Currency Chg. (USD as Base Currency)

In bps



MTD Currency Chg. (USD as Base Currency)

In bps

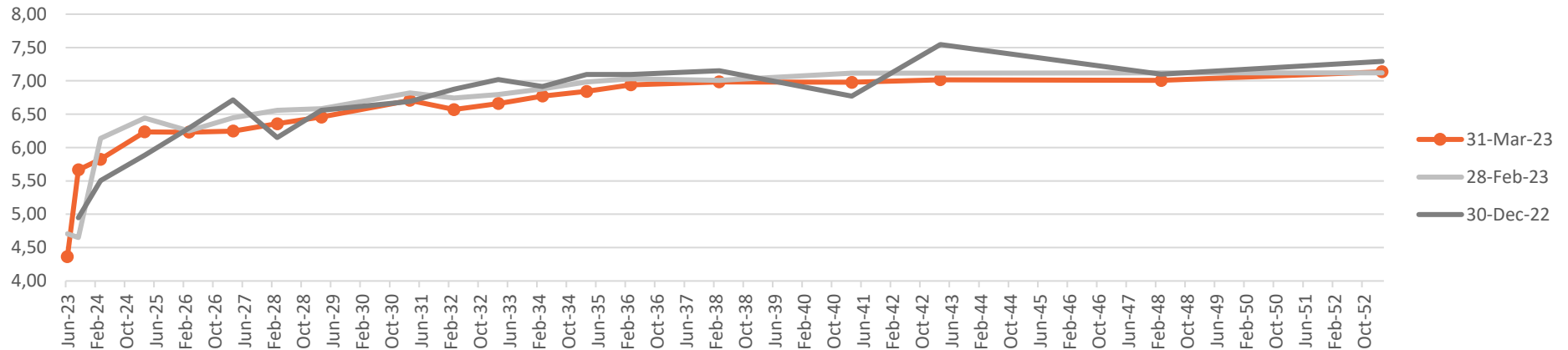


Yield Curve Continued to Flatten

Market implying slower economic growth with long duration getting richer

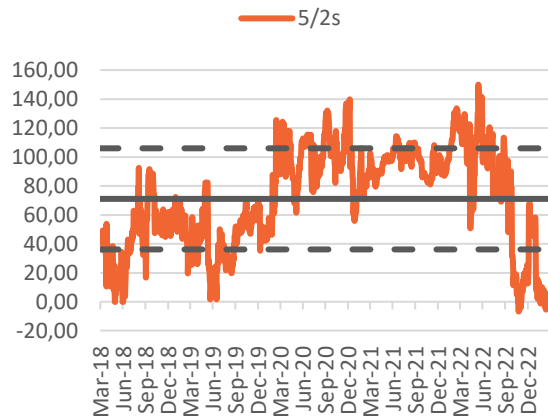
INDOGB Yield Curve

In ppt



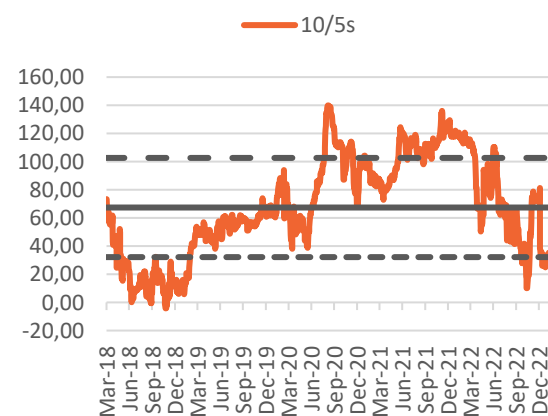
5/2s 5Y Historical Spread

In bps



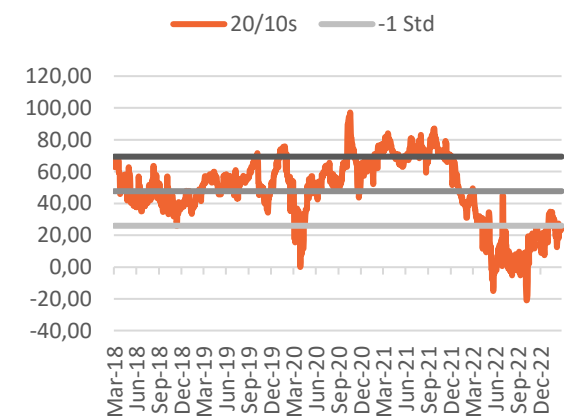
10/5s 5Y Historical Spread

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
Yearly								
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	24.3%	26.0%	3.0%	16.9%	14.9%	6.3%	8.7%	100.0%
Net flow								
Year	Bank	Central Bank	Mutual Fund	Insurance & PF	Foreign	Retail	Others	Total
Yearly								
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	72	-27	19	53	54	1	14	187
Interim								
Jan	29	-15	2	0	49	-2	4	67
Feb	36	-10	12	22	-7	2	5	61
Mar	7	-2	5	32	12	1	5	59

Government Bond Market Comparison

INDOGB real yield relatively comparable while spread narrowing compare to peers

Government Bond Market Comparison

In %

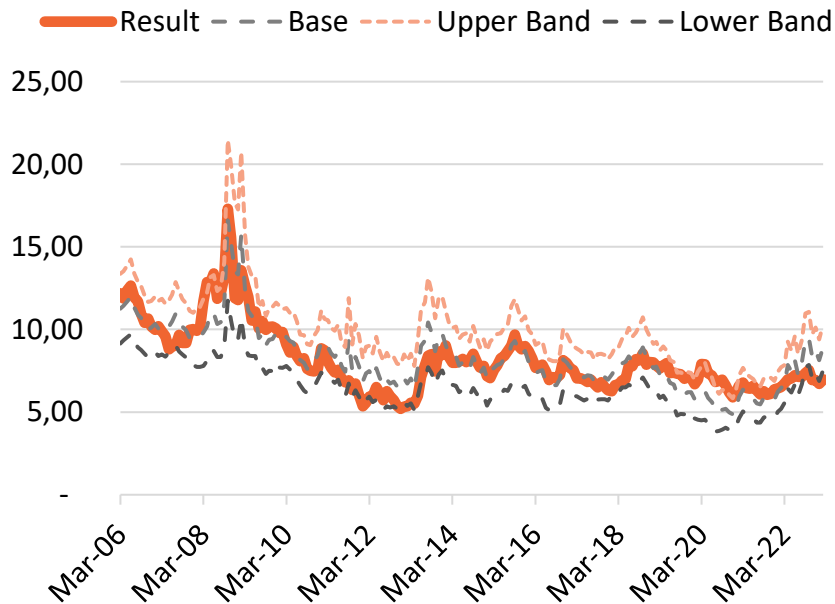
Country	10Y Yield (%)		Spread to US 10Y			Inflation		Real Yield (%)		CAD	Fiscal Deficit	Credit Rating
	Current	YTD Chg. (bps)	2022	Current	Chg.	Current	2023F	Current Inflation	2023F Inflation	2023F	2023F	
Brazil	12.77	8	8.81	9.34	0.53	5.60	5.30	7.17	7.47	-2.40	-7.80	BB-
South Africa	11.09	30	6.91	7.66	0.75	7.00	5.70	4.09	5.39	-1.73	-4.70	BB
India	7.31	-2	3.45	3.88	0.43	6.44	6.66	0.87	0.65	-2.55	-6.40	BBB-u
Italy	4.10	-60	0.82	0.68	-0.14	9.10	6.60	-5.00	-2.50	-0.45	-4.80	BBBu
Portugal	3.08	-50	-0.30	-0.34	-0.04	8.20	5.50	-5.12	-2.42	-1.00	-1.20	BBB+u
Mexico	8.87	-16	5.15	5.44	0.30	7.62	5.90	1.25	2.97	-0.90	-4.05	BBB+
Romania	7.36	-92	4.41	3.94	-0.47	15.52	10.30	-8.16	-2.94	-7.80	-4.80	BBB-
Hungary	8.53	-52	5.17	5.11	-0.06	25.40	17.80	-16.87	-9.27	-4.50	-4.10	BBB-
Colombia	11.67	-134	9.14	8.25	-0.89	13.28	11.10	-1.61	0.57	-4.40	-3.90	BBB-
Indonesia	6.76	-16	3.04	3.33	0.29	5.47	4.00	1.29	2.76	-0.20	-2.80	BBB
Average Peers in BBB & BB*												
			4.34	4.73				2.17	3.30			
Spain	3.27	-37	-0.23	-0.15	0.08	6.00	3.30	-2.73	-0.03	0.80	-4.40	Au
South Korea	3.39	-17	-0.32	-0.04	0.28	4.80	2.30	-1.42	1.09	1.70	-1.20	AA
China	2.86	3	-1.04	-0.56	0.48	1.00	8.00	1.86	-5.14	1.30	-5.00	A+
Chile	5.13	-8	1.33	1.71	0.38	11.90	2.80	-6.77	2.33	-4.00	-2.80	A+
Thailand	2.46	-18	-1.24	-0.97	0.27	3.79	3.00	-1.33	-0.54	1.90	-3.20	A-
Malaysia	3.92	-12	0.16	0.49	0.33	3.70	12.50	0.22	-8.58	2.65	-5.10	A
Poland	6.03	-81	2.97	2.61	-0.36	18.40	4.30	-12.37	1.73	-2.50	-4.90	A
Average Peers in A Credit												
			0.23	0.44				-3.22	-1.31			
United States	3.42	-45				6.00	4.30	-2.58	-0.88	-3.2	-5.2	AA+u

Revisiting 10Y INDOGB Fair Yield

Fair yield wasn't far from current level around 7.00-7.25

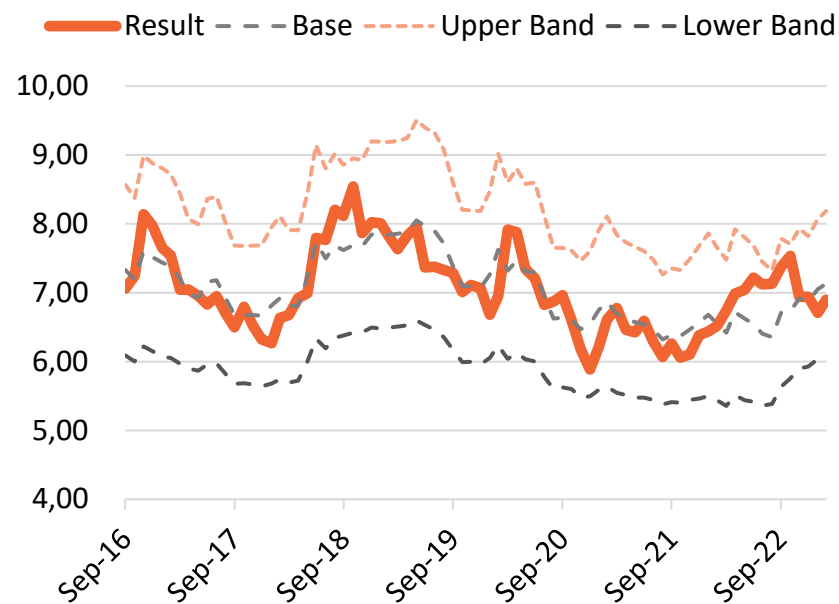
YTD Currency Chg. (USD as Base Currency)

In bps



Domestic Interest Rate Model

In bps



Base Scenario	Base Case	Commentary
R Square	77.44%	
USGG10YR	3.2500	Assumption US 10YR at 3.25
CDS10YR	0.8000	Slightly above average during BBB rating
6M Hedge Cost	0.5000	IDR stay around 15.2-15.4k
10Y	7.0000	Target base case for 10y

Base Scenario	Base Case	Commentary
R Square	64.53%	
7D BI Rate	6.00	Our assumption on 7D BI Repo Rate
Forecast CPI	(1.00)	Inflation Indo slowdown from 5.5-5.7 to 4.25%
Hedge Spread	0.5000	IDR stay around 15.2-15.4k
10Y	7.2500	Target base case for 10y

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 dalam melakukan kebijakan Moneter. Kami melihat posisi Indonesia saat ini *relative* lebih kuat dibandingkan krisis-krisis sebelumnya.
- 🏠 Volatilitas *terminal rate* dan *global liquidity* akan menjadi kunci dalam menentukan level *fair yield* 10Y. Dengan asumsi *short-term base rate* yang relatif *flat* dan *further inversion* di US. Kami melihat target 10Y yield base case berada di range 7.00 – 7.25%
- 🏠 Risiko atas 10Y yield akan sangat bergantung terhadap risiko eksternal seperti : *terminal rate*, *global liquidity condition* dan risiko domestik : *higher fiscal deficit*, *lower auction from domestic bondholder*.

Section 03



Equity

2023 Equity Catalysts

Structurally Attractive, Tactically Less So...

Key Equity narrative for 2023 going forward

In each argument

Narasi Ekuitas yang kami lihat akan mempengaruhi pasar sepanjang 2023 :

- 🏰 **Expectation of New Terminal Rate:** Dalam 3 bulan terakhir, pasar telah melakukan dua ekspektasi yang berbeda atas *terminal rate FFR*. Hal ini disebabkan atas dinamika antara tingkat inflasi yang belum menunjukkan penurunan yang signifikan dan ketidakstabilan dari sisi likuiditas di perbankan. Ini mengakibatkan *terminal rate di Dec'23* bergerak dari 5.17 di Feb'23 menjadi 4.00 di Mar'23
- 🏰 **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.
- 🏰 **Indonesian Structural Story Remains:** Neraca perdagangan Indonesia telah mengalami perbaikan dibandingkan periode 2019-2020 akibat hilirisasi sektor komoditas. Apabila hal ini berlanjut, sejalan dengan perkembangan *EV ecosystem global*, Indonesia dapat mengalami **re-rating** dari sisi risiko kredit dalam berinvestasi di negara Indonesia.

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
Global Market									
1	Dow Jones (US)	0.38%	1.89%	0.38%	15.83%	-4.05%	17.11	4.13	22.72
2	S&P 500 (US)	7.03%	3.51%	7.03%	14.61%	-9.29%	18.78	3.68	18.08
3	Nasdaq (US)	16.77%	6.69%	16.77%	15.57%	-14.05%	27.28	4.41	13.68
4	London (UK)	3.69%	-0.60%	3.69%	8.98%	-8.18%	13.26	1.77	12.59
5	DAX (GR)	12.25%	1.72%	12.25%	29.01%	8.42%	12.03	1.46	10.73
6	CAC (FP)	13.11%	0.75%	13.11%	27.07%	9.95%	12.88	1.74	13.20
Asia Market									
1	Nikkei (JP)	7.46%	2.17%	7.46%	8.11%	0.79%	17.04	1.55	9.03
2	Hang Seng (HK)	3.13%	3.10%	3.13%	18.45%	-7.26%	9.69	1.06	10.79
3	Shanghai (CN)	5.94%	-0.21%	5.94%	8.22%	0.64%	12.82	1.40	10.52
4	Shenzhen (CN)	4.63%	-0.46%	4.63%	6.47%	-4.07%	14.26	1.78	11.99
5	NFT (IN)	-4.12%	0.32%	-4.12%	1.55%	-0.60%	18.32	2.81	15.35
6	Kospi (KR)	10.75%	3.09%	10.75%	14.09%	-9.83%	13.86	0.90	6.46
ASEAN Market									
1	Singapore (SG)	0.23%	-0.11%	0.23%	4.11%	-4.39%	10.73	1.05	9.69
2	Kuala Lumpur (MK)	-4.87%	-2.17%	-4.87%	2.00%	-10.38%	13.01	1.28	9.79
3	Thailand (TH)	-3.57%	-0.81%	-3.57%	1.24%	-5.08%	15.59	1.48	9.45
4	Vietnam (VN)	5.71%	3.90%	5.71%	-5.96%	-28.65%	10.08	1.53	15.33
5	Philippines (PH)	-1.02%	-1.51%	-1.02%	9.53%	-9.31%	12.39	1.52	12.33
Indonesia Market									
1	JCI / IHSG (ID)	-0.66%	-0.55%	-0.66%	-3.35%	-3.76%	13.41	1.23	9.10
2	JII / ISSI (ID)	-2.97%	-0.47%	-2.97%	3.51%	5.68%	10.95	1.74	15.39
3	IDX30 (ID)	0.03%	-0.45%	0.03%	-8.66%	-10.59%	13.78	2.01	14.52
4	LQ45 (ID)	0.05%	-0.56%	0.05%	-7.30%	-8.34%	13.59	1.95	14.28

Global Peers Valuation Comparison

Indonesia valuation in-line with growth expectation

Global Indices Historical Performance

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

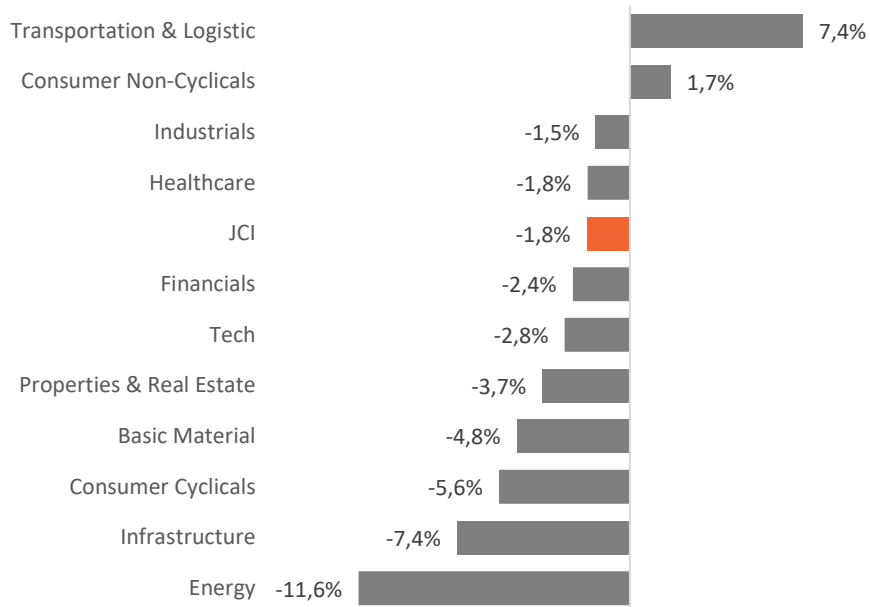
Desc.	P/E		EPS Growth		P/B		ROE		EPS Revisoin	
	2023	2024	2023	2024	2023	2024	2023	2024	2022	2023
MSCI SEA	13.6	12.8	19.6%	6.9%	1.6	1.5	11.4	11.6	14.3%	-5.1%
Indonesia	12.8	12.3	6.2%	4.5%	2.3	2.1	18.1	17.4	2.4%	-1.6%
Malaysia	13.2	12.3	8.4%	7.5%	1.3	1.2	9.7	10.0	10.4%	-5.3%
Phillipines	13.7	12.1	18.1%	13.6%	1.7	1.5	12.0	12.3	10.8%	-10.6%
Singapore	12.8	12.0	29.8%	6.5%	1.3	1.3	10.4	10.4	23.9%	-11.8%
Thailand	16.6	15.5	16.5%	7.5%	1.7	1.7	10.2	11.0	8.9%	-0.7%
MSCI AxJ	13.6	11.4	5.2%	19.7%	1.4	1.3	10.3	11.4	-0.6%	-5.4%
Hong Kong	14.7	12.9	30.3%	13.4%	1.0	1.0	7.2	7.8	-4.8%	7.7%
India	20.2	16.9	14.4%	19.7%	3.0	2.6	14.6	15.7	14.4%	0.6%
Korea	15.8	10.0	-56.1%	57.7%	0.9	0.9	5.8	8.8	-31.3%	51.0%
Taiwan	15.5	12.8	-20.8%	20.7%	2.1	2.0	13.9	15.2	-17.9%	27.8%
MSCI EMEA	10.1	9.3	-2.7%	8.7%	1.5	1.3	14.6	14.0	-2.2%	1.0%
South Africa	10.7	9.8	-1.6%	-1.6%	1.8	1.8	16.2	4.0	-1.2%	1.6%
Turkey	3.2	2.8	0.8%	0.8%	1.0	1.0	29.6	8.0	8.6%	-2.5%
MSCI LATAM	8.3	7.9	-16.4%	-16.4%	1.3	1.3	16.0	6.0	-1.6%	3.5%
Brazil	6.8	6.6	-19.9%	-19.9%	1.1	1.1	16.3	6.8	-2.7%	4.6%
Mexico	13.3	12.1	12.1%	12.1%	1.9	1.9	14.2	4.0	11.2%	3.6%
MSCI EMEA	10.1	9.3	-2.7%	-2.7%	1.5	1.5	14.6	4.4	-2.2%	1.0%
MSCI World	16.8	15.4	0.8%	0.8%	2.6	2.6	14.6	2.2	1.0%	4.7%
Australia	14.1	14.5	-0.9%	-0.9%	2.1	2.1	14.5	4.5	0.6%	-3.4%
Europe	13.2	12.5	-2.8%	-2.8%	1.8	1.8	12.9	3.5	-2.1%	7.1%
Japan	13.5	12.6	9.3%	9.3%	1.2	1.2	8.6	2.7	11.5%	-5.6%
USA	19.1	17.2	0.2%	0.2%	3.7	3.7	17.7	1.7	0.9%	5.5%
Local Index										
JCI	13.5	12.4	13.6%	8.9%	1.2	1.2	9.1	4.0	-	-

Market was Hit significantly during Mar'23

Cyclical sector had bigger hit to stock price

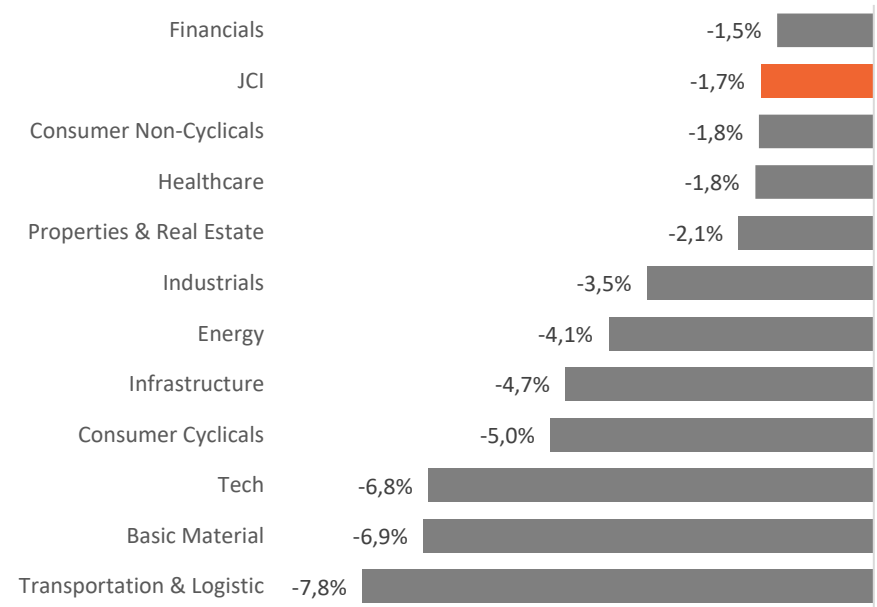
JCI Sectoral Movement YTD

As of 31 Mar 2023



JCI Sectoral Movement MTD

As of 31 Mar 2023



Source: Syailendra Research, Bloomberg

Source: Syailendra Research, Bloomberg

- ⚠️ Kekhawatiran investor global memberikan dampak ke investor domestik hal ini terlihat dari kinerja IHSG di bulan Mar'23. Seluruh sektor mengalami penurunan kinerja tanpa terkecuali hanya satu sektor yang mengalami kinerja diatas IHSG yaitu finansial.

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
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
Feb-23	-639	377	919	-142	1,107	-1,273	-40	309	349	-821
Mar-23	1,816	272	-689	-498	-30	-917	-301	-347	-46	-22,414
Yearly										
YTD	-2,483	445	5,470	-518	8,318	-1,646	-423	9,164	9,587	-21,009
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%
Coverage Aggregate	87,587	82,011	-6.4%	65,261	82,011	25.7%	210,347	337,652	60.5%	60.5%	42.4%
Ex-Financial & Tech	39,792	37,355	-6.1%	29,373	37,355	27.2%	92,237	159,405	72.8%		
Ex-Commodity & Tech	65,669	64,673	-1.5%	51,828	64,673	24.8%	181,679	264,853	45.8%		
Coverage Ratio		42.44%			42.44%			42.44%			42.4%

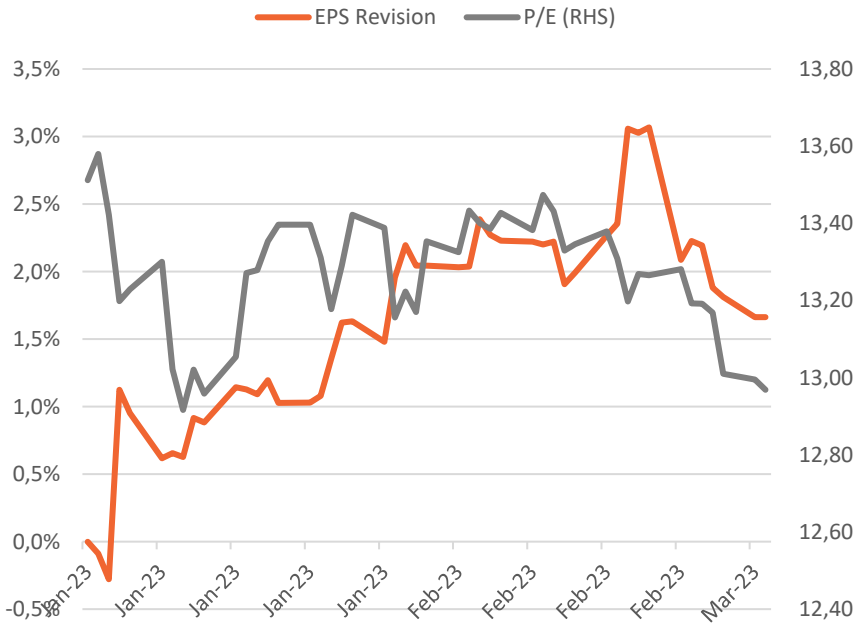
Source: Syailendra Research, Bloomberg

- 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

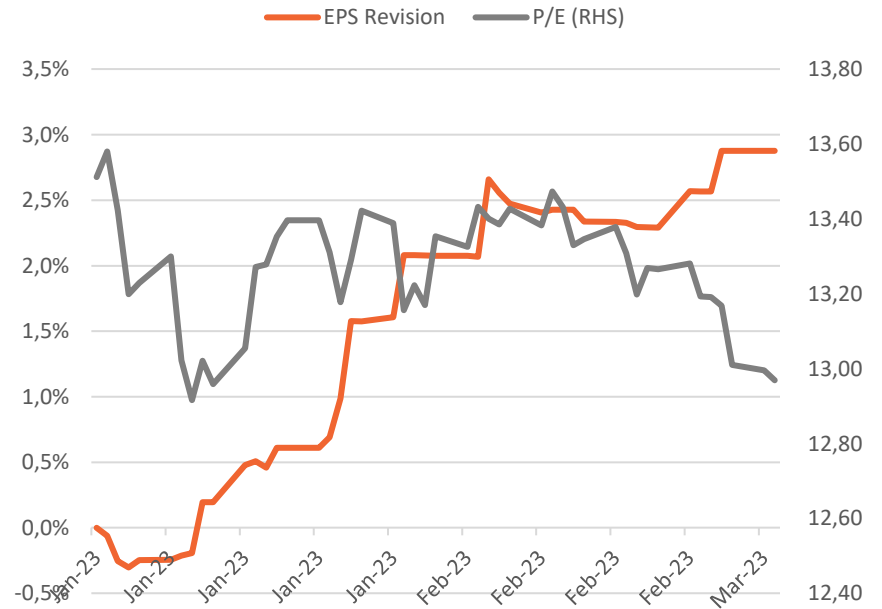
However, market hasn't been appreciated in term of valuation

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 menjelaskan *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.

March Industry Sector Positioning

Most investor still wait ansee except foreign still adding financials

Monthly Changes of Investor Position

MoM of est. weight changes of investor portfolio

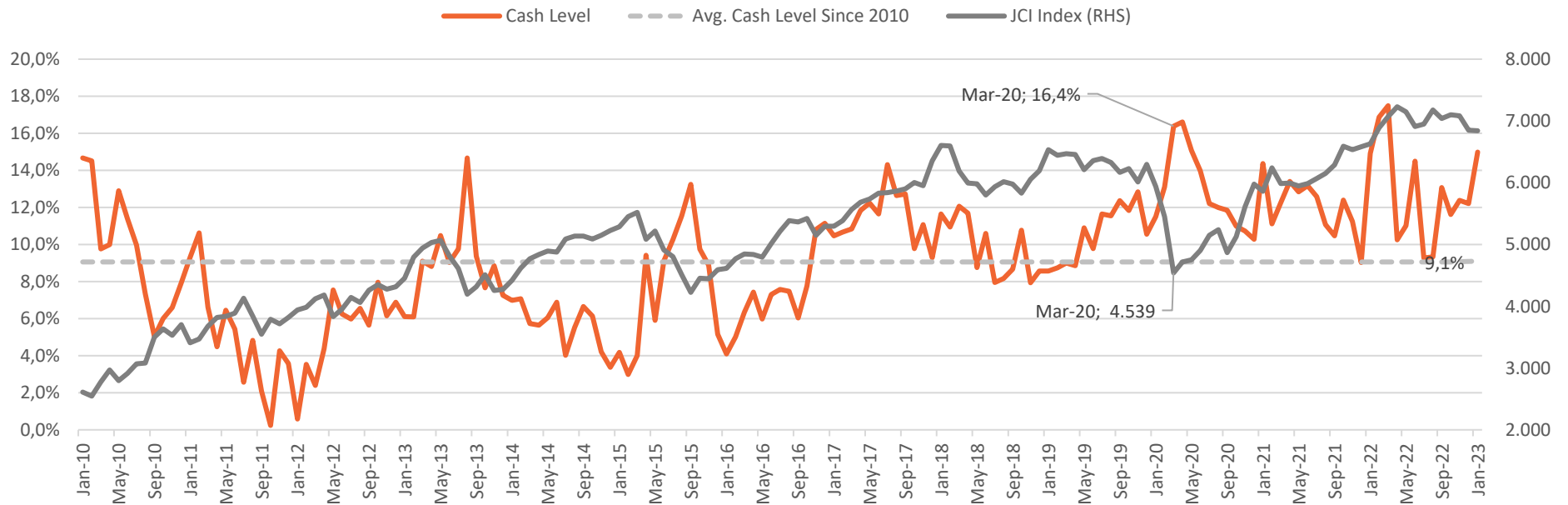
Sector	Local MoM (%) of est. ownership											
	Insurance			Pension Fund			Individual			Mutual Fund		
	Jan-23	Feb-23	Mar-23	Jan-23	Feb-23	Mar-23	Jan-23	Feb-23	Mar-23	Jan-23	Feb-23	Mar-23
Basic Industry	1.0%	-0.4%	-0.7%	0.4%	-0.2%	-0.7%	0.4%	0.7%	-0.7%	1.2%	-0.5%	-1.3%
Consumer Non-Cyclical	0.1%	0.3%	0.0%	-0.1%	0.2%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.2%	-0.2%
Consumer Cyclical	0.4%	-0.1%	-0.1%	0.1%	0.1%	-0.3%	0.1%	0.1%	0.0%	0.2%	0.4%	-0.1%
Energy	-0.8%	-0.2%	-0.1%	-0.2%	-0.1%	0.2%	-1.7%	-2.0%	3.4%	-0.9%	-1.0%	-0.1%
Infrastructure	0.7%	0.0%	0.8%	0.6%	-0.2%	0.7%	-0.2%	-0.1%	0.1%	0.7%	0.1%	0.0%
Healthcare	0.0%	0.2%	-0.1%	-0.1%	0.3%	0.0%	0.0%	0.0%	-0.1%	-0.1%	0.1%	-0.1%
Financial	0.1%	-0.6%	0.2%	1.0%	-0.1%	-0.2%	0.2%	0.0%	0.1%	0.5%	-0.7%	-0.2%
Industrial	0.4%	0.4%	0.2%	0.3%	0.2%	0.1%	0.1%	0.1%	0.0%	0.2%	0.1%	0.3%
Property	0.1%	0.1%	-0.1%	0.1%	0.1%	-0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	-0.1%
Technology	0.3%	0.1%	-0.3%	0.0%	-0.1%	0.0%	-0.1%	0.0%	-0.6%	0.5%	0.0%	-0.3%
Trans. And Logistics	0.0%	0.0%	0.0%	0.1%	0.0%	-0.1%	0.1%	0.1%	-0.1%	0.1%	0.0%	-0.1%

Sector	Foreign MoM (%) of est. ownership											
	Insurance			Pension Fund			Individual			Mutual Fund		
	Jan-23	Feb-23	Mar-23	Jan-23	Feb-23	Mar-23	Jan-23	Feb-23	Mar-23	Jan-23	Feb-23	Mar-23
Basic Industry	0.6%	0.1%	0.4%	0.5%	-0.1%	0.2%	-0.4%	-0.2%	-0.9%	0.5%	-0.2%	-0.2%
Consumer Non-Cyclical	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.2%	0.0%	-0.1%	-0.1%	0.2%	-0.2%
Consumer Cyclical	0.2%	-0.2%	0.1%	0.3%	-0.1%	0.0%	0.6%	0.0%	-0.4%	0.3%	-0.1%	0.0%
Energy	0.0%	0.0%	-0.1%	-0.5%	0.1%	-0.1%	-2.5%	-1.1%	2.7%	-0.3%	0.0%	0.0%
Infrastructure	0.4%	0.3%	0.5%	0.9%	0.2%	0.5%	0.1%	0.0%	0.0%	0.3%	0.2%	0.5%
Healthcare	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Financial	2.7%	-1.4%	2.2%	-0.3%	1.3%	1.5%	0.2%	0.3%	-2.0%	-1.4%	1.9%	1.5%
Industrial	-0.1%	0.2%	-0.1%	0.4%	0.5%	0.1%	0.0%	0.0%	0.2%	0.4%	0.4%	-0.1%
Property	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
Technology	0.1%	0.0%	0.3%	0.1%	0.0%	0.3%	39.2%	-24.6%	0.1%	0.2%	0.0%	0.1%
Trans. And Logistics	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%	-0.1%	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

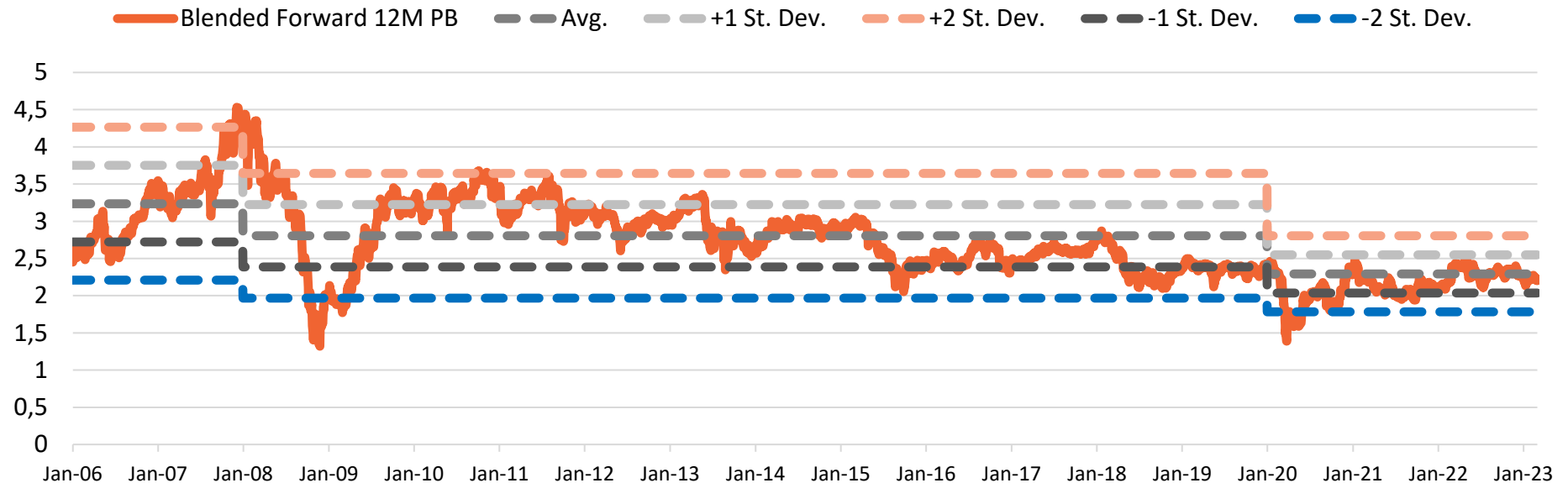
- Reksadana lokal yang dikelola oleh *fund manager* telah mengembalikan posisi kas dari portfolio menjadi sedikit diatas rata-rata 15.2% dibandingkan rata-rata sejak 10 tahun berada dikisaran 9.1%.

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

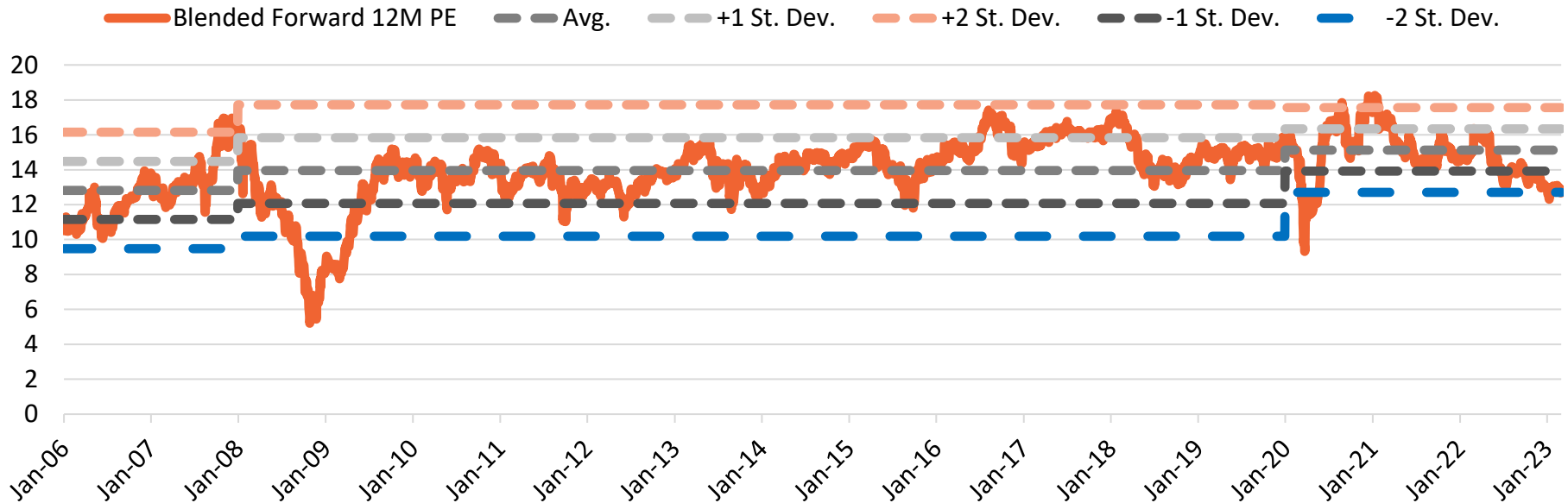
- ▲ Valuasi MSCI Indonesia saat ini telah kembali berada di rata-rata 5 tahun PB di level 2.2x mengindikasikan *potential upside* yang lebih terbatas. Secara historis sejak 2016, P/B MSCI Indonesia berkisar diantara level 2.0x-2.3x atau bergerak di rentang -1x SD dan juga *mean level* rata-rata 5 tahun 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	Negative	Liquidity in the market is decreasing each month expectin low level until uncertainty subside
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 (Last)	23F			24F		
			Bear	Base	Bull	Bear	Base	Bull
Macro Indicator								
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	15,400	15,200	15,000	15,800	15,500	15,200
Rates								
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	7.00	6.75	7.00	6.50	6.25
Equities								
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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