

Monthly Bulletin

May 2023

What's Inside



Calendar

ID FX Reserve (8-May)
US CPI (11-May)
US Home Sales (23-May)



Global Event

Hasil FOMC meeting May'23 merupakan meningkatkan FFR menjadi 5.25%. Konsensus memiliki ekspektasi level ini akan menjadi level tertinggi sebelum *Federal Reserve* akan menurunkan tingkat suku bunga baik akibat resesi ataupun inflasi yang sudah lebih baik dibandingkan level saat ini.



Indonesia

IHSG dalam 1 bulan terakhir terlihat bergerak *flattish* dibandingkan dengan peers. Hal ini juga diakibatkan faktor penurunan harga komoditas sejak awal tahun.



Equity Market

Kinerja IHSG ditutup sebesar +0.95% YTD atau +1.57 % MoM (*cutoff date: 28-Apr-23*). Top 3 *Leaders* 1) ASII, 2) BBRI, 3) BYAN dan Top 3 *Laggards* 1) GOTO, 2) CPIN, 3) ESSA. Investor asing melakukan *net buy* sebesar +828mio USD di bulan May'23



Fixed Income Market

Yield 10 tahun obligasi selama di bulan May'23 menguat secara signifikan dari level 6.79 menjadi level 6.53. Hal ini selaras dengan penguatan rupiah dan *peak rates* untuk FFR dan 7D BI Repo. Kepemilikan investor asing masih meningkat sejak Nov dengan level terendah 13.9% menjadi 14.9%.



Section
01



Macro Updates

2023 Key Macro Narrative

What to expect next from macro point of view

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.
- Hal ini mengakibatkan dampak tidak langsung atas pengetatan likuiditas telah mengakibatkan beberapa perbankan mengalami permasalahan likuiditas yang berujung atas bangkrutnya beberapa bank akibat *bank rush* dari sisi deposit.
- Ekspektasi investor memiliki kesamaan dimana May'23 merupakan *last hike* dari FFR namun investor terpecah atas ekspektasi *cut rate*. *Cut rate* juga akan sangat bergantung dengan tingkat resesi yang akan terjadi dalam 2H23F ini.

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

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

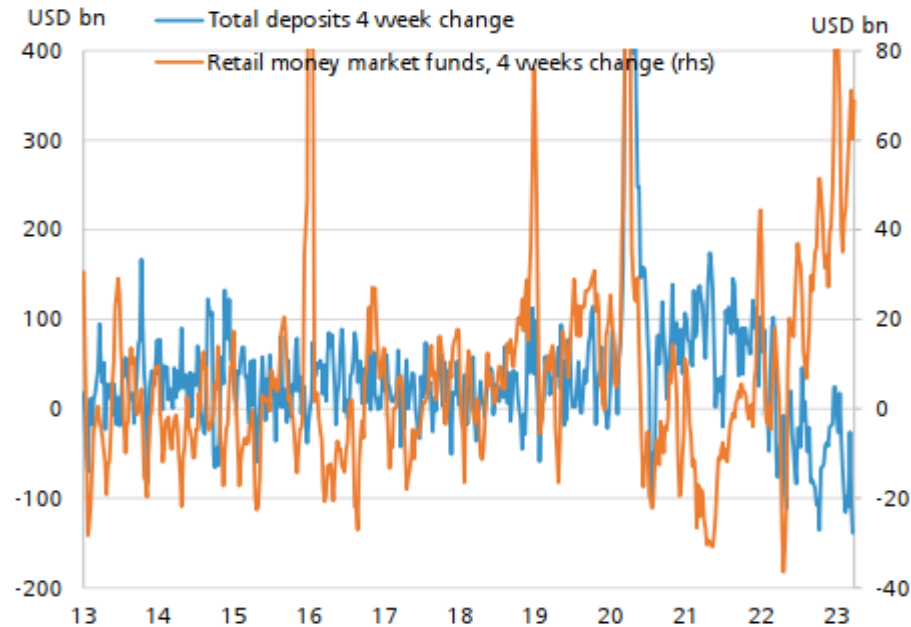
🏠 Hilirisasi Komoditas berpotensi menjadi sumber pertumbuhan struktural baru bagi Indonesia

- 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. Salah satu *benefit* langsung ialah *risk premium* atas volatilitas IDR apabila Indonesia dapat mempertahankan *terms of trade* dan *trade balance* dalam jangka panjang dengan hilirisasi.

US (Regional) Banking Crisis

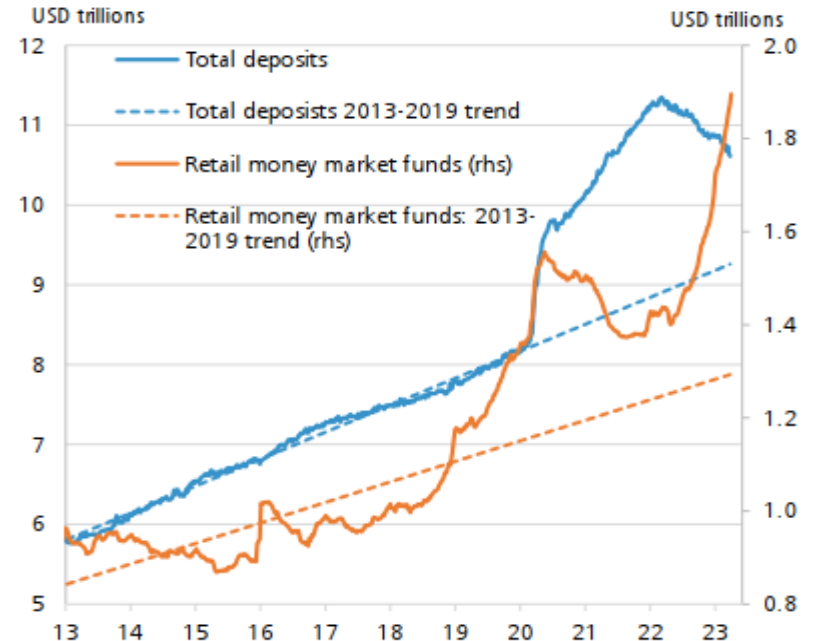
Elevated rates moving bank deposit into money market funds

US Commercial bank total deposit and money market fund weekly
In bio USD



Source: CLSA

US commercial banks total deposits and retail money market funds
In trn USD



Source: CLSA

- ⚠️ Dalam 5 bulan terakhir setidaknya sudah terjadi 5 bank yang mengalami kesulitan dengan mayoritas merupakan bank regional dengan fokus pada segmen-segmen tertentu. Namun, kesamaan yang dialami ialah terjadinya penarikan deposit. Di saat bersamaan peningkatan signifikan terjadi di *money market funds* yang memberikan yield 4-5% dibandingkan deposit dengan yield 4-5% namun terdapat kekhawatiran permasalahan *balance sheet* untuk bank-bank *mid size regional*.

Reasons Why Bank Crisis Is Not Yet a Crisis

Majority of Financial Stress Indicator not signaling trouble

Multiple Market Stress Indicator

In bps

	Unit	Latest	GFC	Peripheral Europe Crisis	Avg. Since 2011
US Corporate HY spread	bps	465	1395	615	455
30Y MBS spread proxy	bps	164	260	123	108
USD 3M FRA OIS (Overnight Rates)	bps	32	166	25	22
TED Spread (3M UST vs Libor)	bps	23	464	35	29
VIX	bps	19	70	20	18
Skew Index (Tail Risk)	bps	124	107	119	128

Source: Bloomberg, Macrobond, UBS

- 🏠 Dikarenakan likuiditas hanyalah berpindah dari sisi perbankan ke instrument pasar uang. Hal ini sepertinya memiliki dampak yang relatif kecil terhadap kestabilan pasar modal US ataupun *interbank*.
- 🏠 Walaupun skala dari penurunan dana pihak ke-3 untuk beberapa *commercial bank* di US sudah sangat mengkhawatirkan.

Investor Views Divided on Cut Rates Timing

We believe early cut rates depend on severity of US recession on 2H23F

FFR Interest Rate Probability

In %

Dates	Actual Rate	Implied Rate				Chg.		
		30-Dec-22	31-Jan-23	31-Mar-23	3-May-23	Dec'22 to Jan'23	Jan'23 to Mar'23	Feb'23 to May'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			-0.07		
03-May-23	5.25	4.97	4.90	4.96		-0.07	0.06	
14-Jun-23		4.97	4.92	4.92	5.04	-0.05	0.00	0.12
26-Jul-23		4.92	4.86	4.83	4.92	-0.06	-0.03	0.09
20-Sep-23		4.84	4.77	4.67	4.73	-0.07	-0.10	0.06
01-Nov-23		4.72	4.65	4.50	4.50	-0.07	-0.15	0.00
13-Dec-23		4.59	4.48	4.35	4.26	-0.11	-0.13	-0.09
31-Jan-24		4.42	4.27	4.17	4.00	-0.15	-0.10	-0.17

Trajectory of Inflation in 2023

Consensus moving the 3% upper target into 1Q24F

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.)
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	5.10%	0.31%	6.30%	0.33%	1.33%	6.61%	8.55%
Nov-22	4.80%	0.22%	5.97%	0.31%	-1.41%	4.42%	8.42%
Dec-22	4.62%	0.37%	5.70%	0.40%	-2.06%	3.06%	8.60%
Jan-23	4.71%	0.56%	5.55%	0.41%	-1.21%	5.12%	8.67%
Feb-23	4.69%	0.35%	5.53%	0.45%	-0.29%	5.19%	9.14%
Mar-23	4.60%	0.28%	5.60%	0.38%	0.96%	2.63%	8.21%
1Q23	4.67%	0.40%	5.56%	0.42%			
2Q23F	4.30%	0.31%	4.20%	0.14%			
3Q23F	3.90%	0.20%	3.60%	0.30%			
4Q23F	3.40%	0.14%	3.20%	0.20%			
1Q24F	3.00%	0.27%	2.80%	0.29%			

Consensus upgrade CPI 2x this year, Upside surprise on 1Q23. Market expect despite inflation above 3%, FOMC will still cut rate.

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

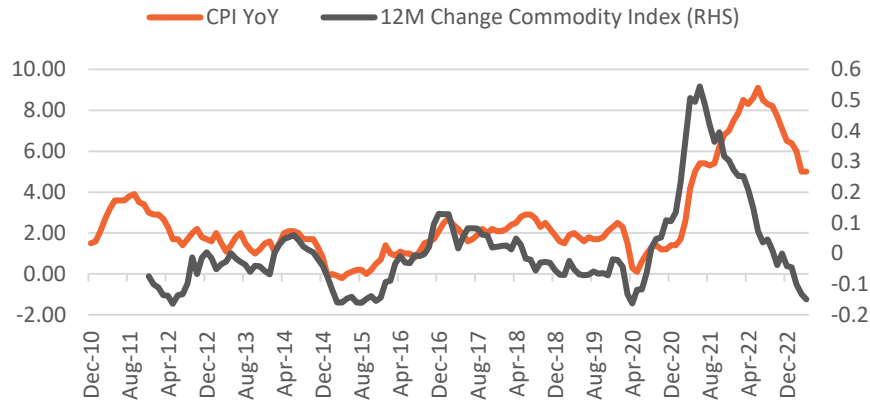
🏠 Namun, komponen *shelter* di *CPI basket* belum mengindikasikan penurunan yang signifikan dibandingkan komponen lainnya.

Monitoring Inflation Factors

April numbers give concern on labor and property

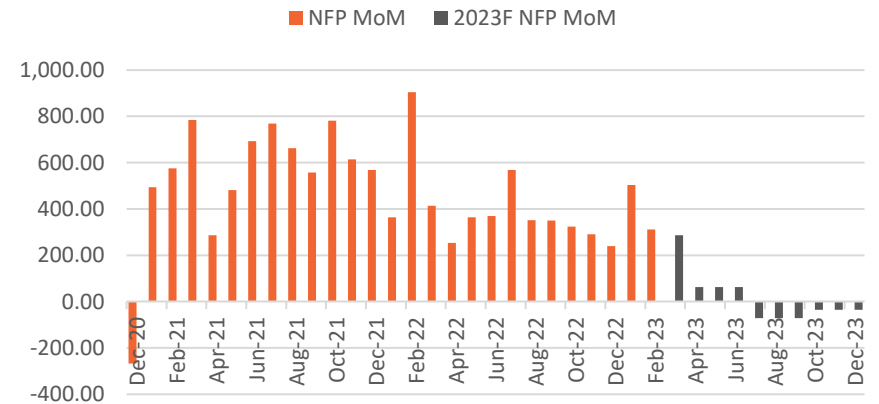
Overall Commodities near pre-covid level

In % YoY



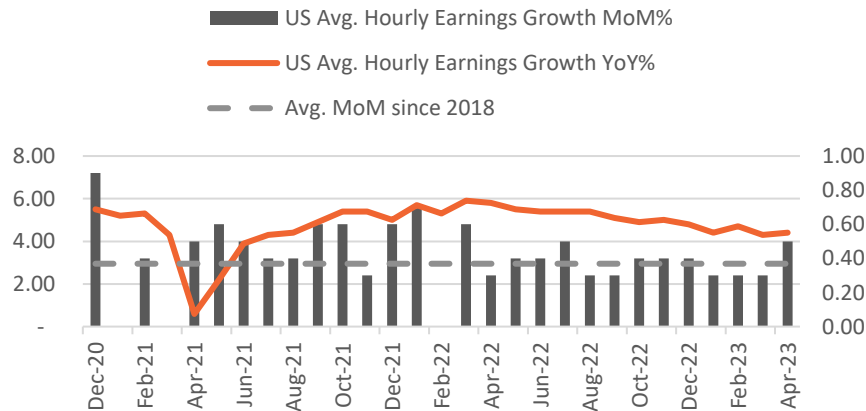
NPF expected to decrease while still above than expected so far

In chg. No of jobs each month



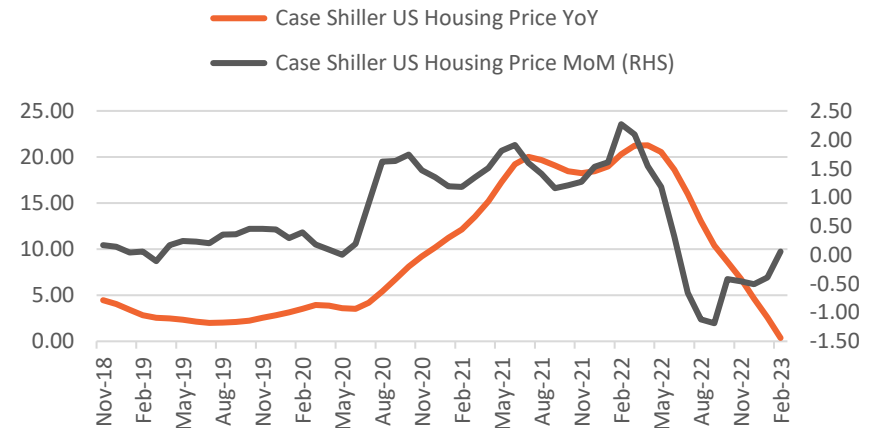
April Hourly Earnings Growth Slightly Above Avg.

In % YoY, MoM



US Property Sales Price Stop Declining on MoM basis

In % YoY, MoM



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

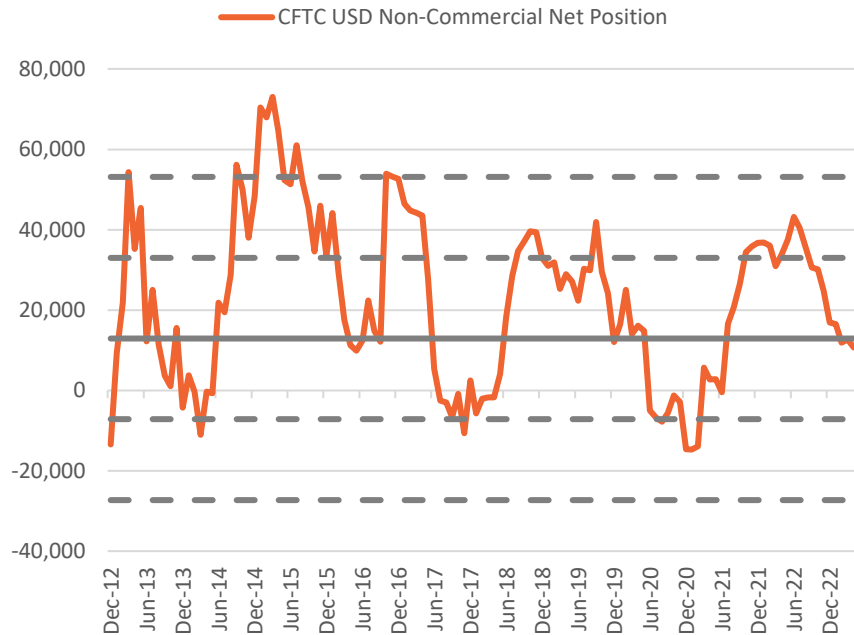
In bio USD and %

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%

Market further position on interest cut rate

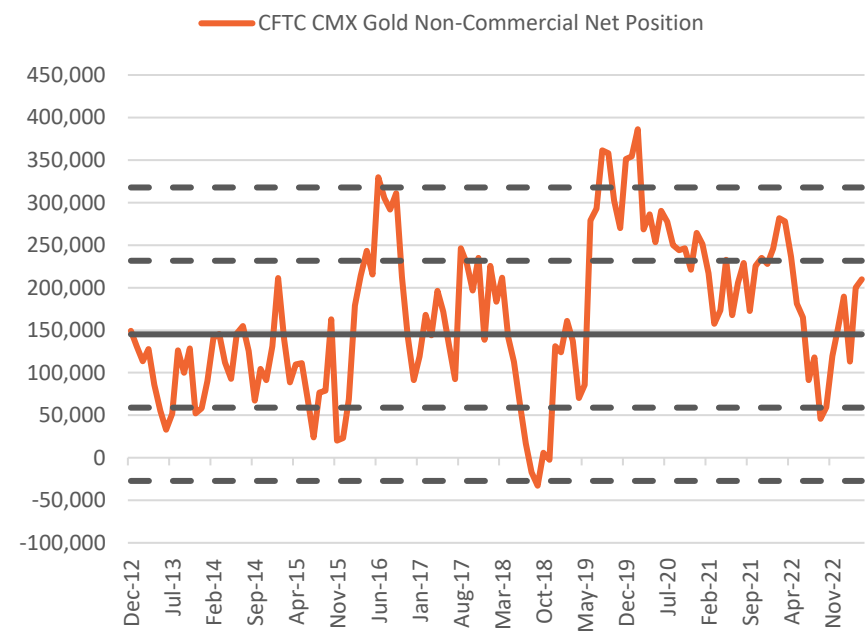
Gold position increase for the past 2 month, increase concern on recession

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

Estimate of Election Spending in 2024

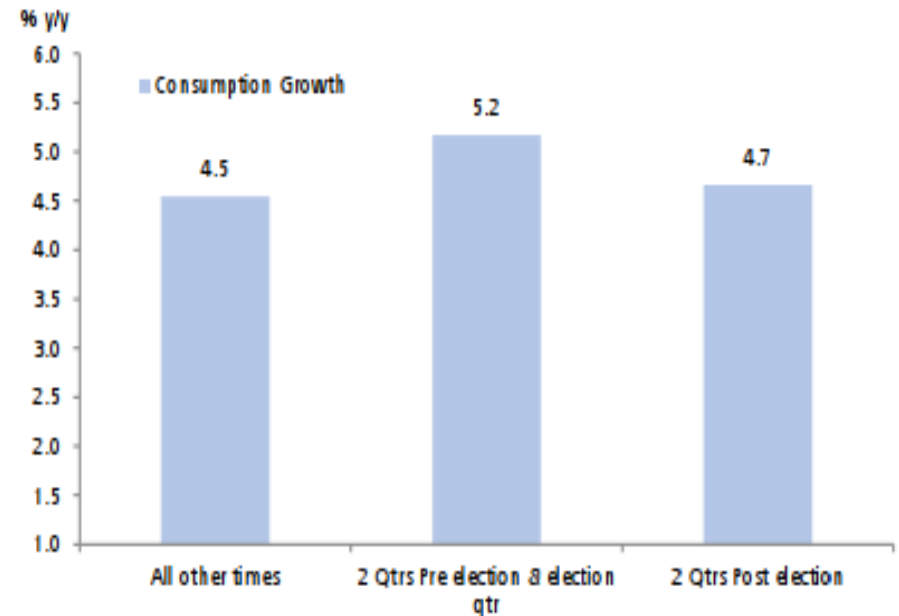
In trn IDR, % of GDP

	Institution	No. of Contestans	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

Consumer GDP tend to outperform 2 quarter before election

In % Yoy



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 kuartal sebelum pemilu berlangsung

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 :

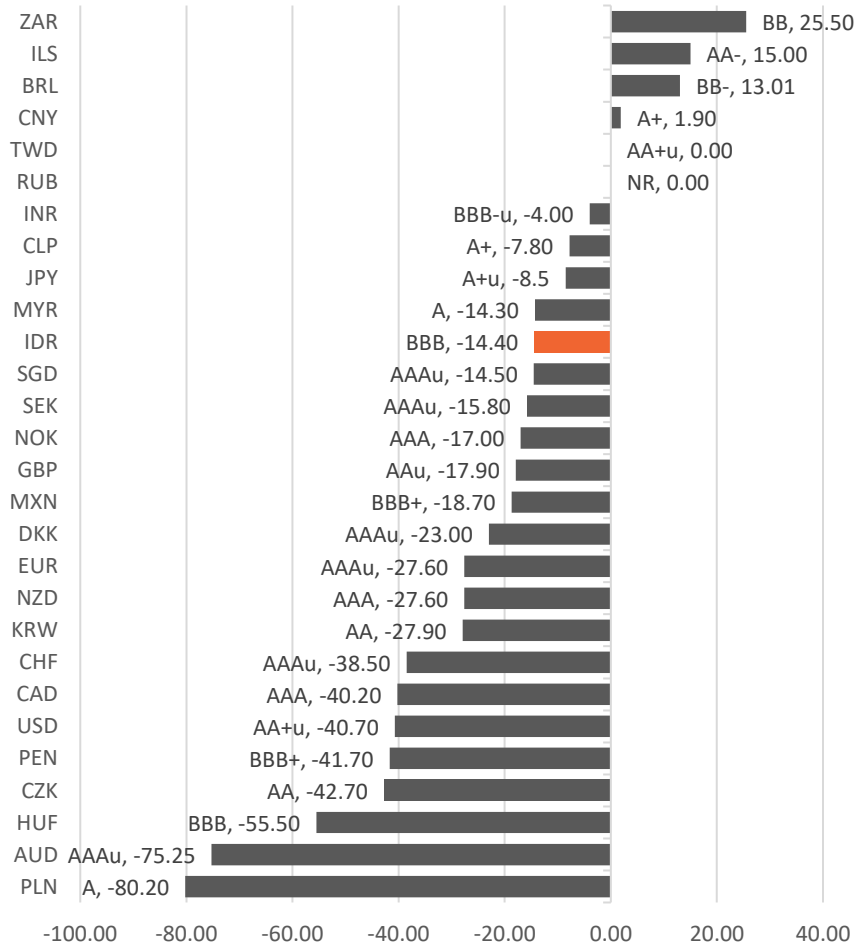
- 🏠 **Rates Peak, When to Cut ?**: Konsensus saat ini telah memiliki ekspektasi yang sama atas *terminal rates* FFR di level 5.25 pada bulan ini. Namun, ekspektasi investor sangat berbeda atas timing penurunan tingkat suku bunga. Hal ini terlihat dari melebarnya *inverted yield curve*. FOMC saat ini memberikan *guidance* tak ada penurunan tingkat suku bunga di tahun 2023. Tingkat *interest* yang relatif tinggi mungkin dapat mengakibatkan pengetatan likuiditas yang lebih lanjut (termasuk kejadian *first republic bank US*).
- 🏠 **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 Apr'23

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

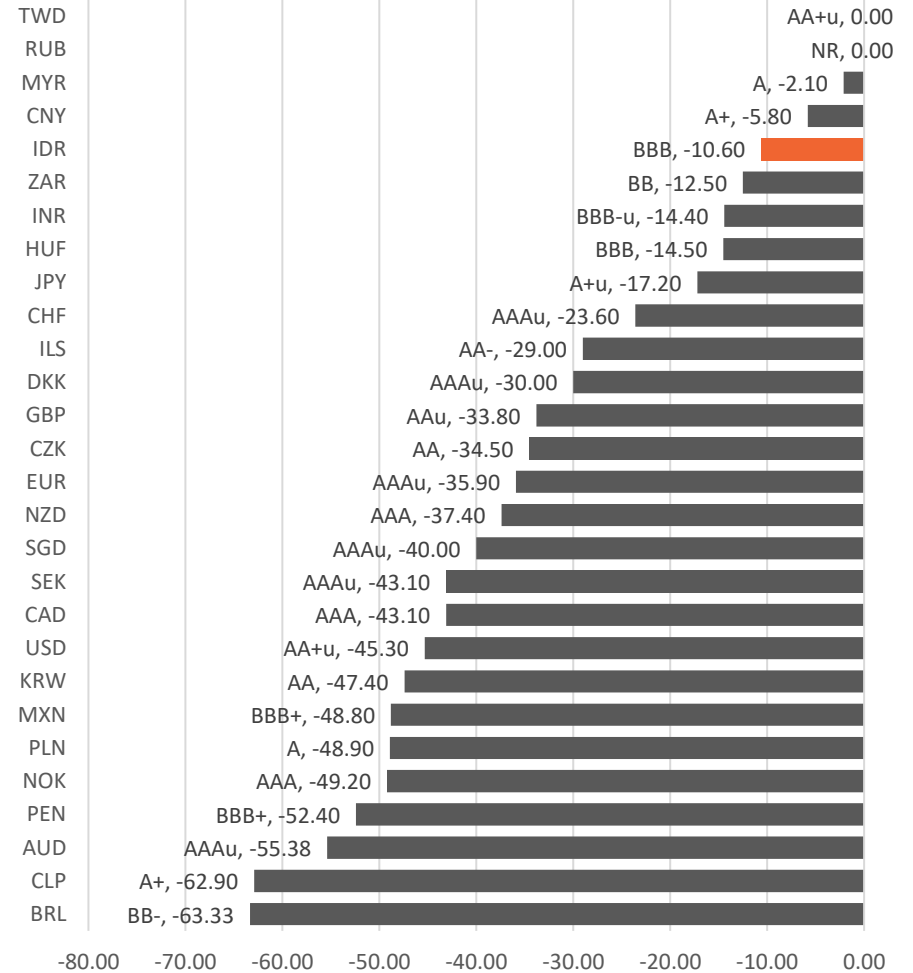
YTD 10Y Govt Changes

In bps



MTD 10Y Govt Changes

In bps

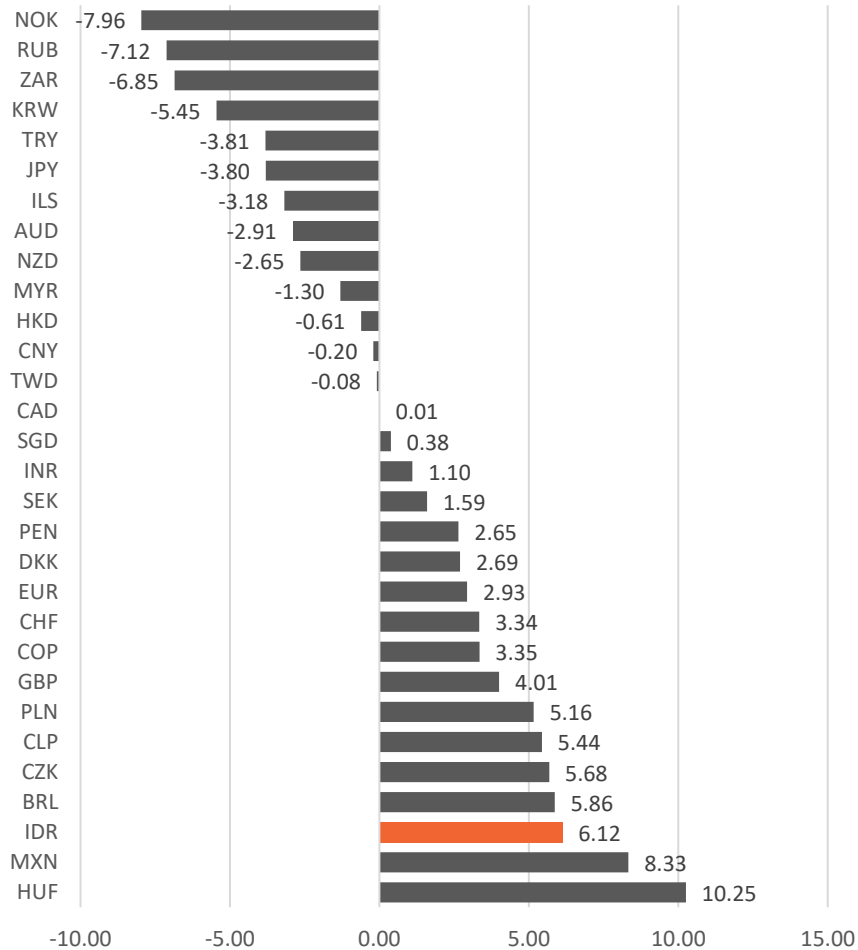


Currency Price Movement Apr'23

Dollar weakened against most of counterpart currency

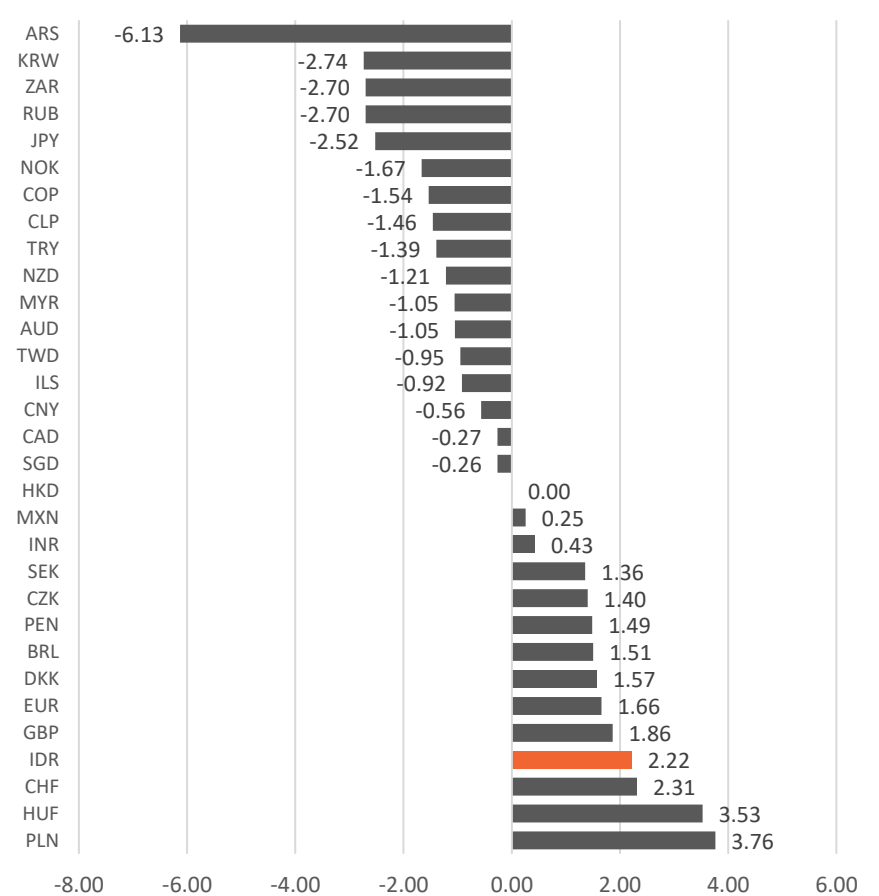
YTD Currency Chg. (USD as Base Currency)

In bps



MTD Currency Chg. (USD as Base Currency)

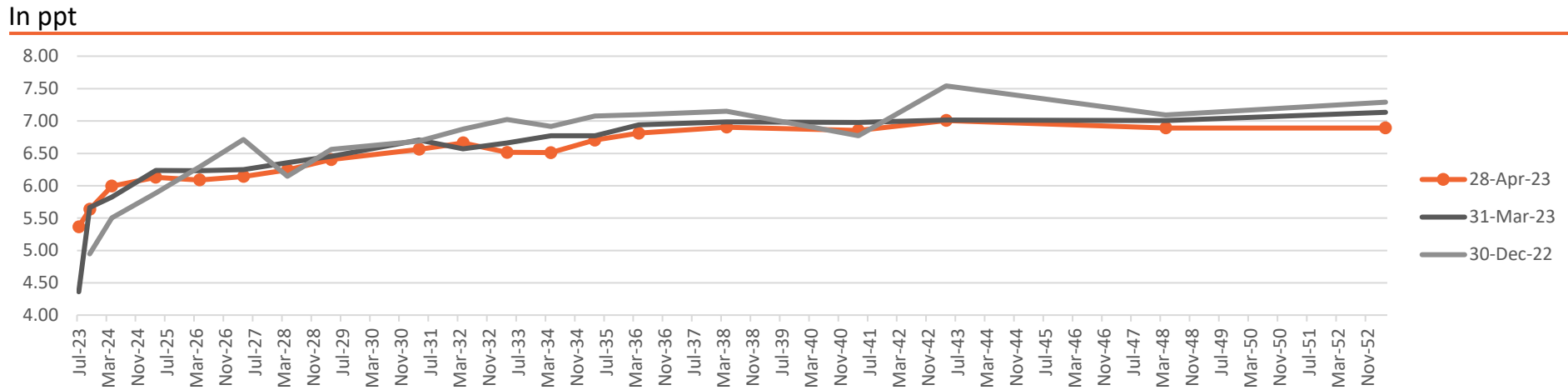
In bps



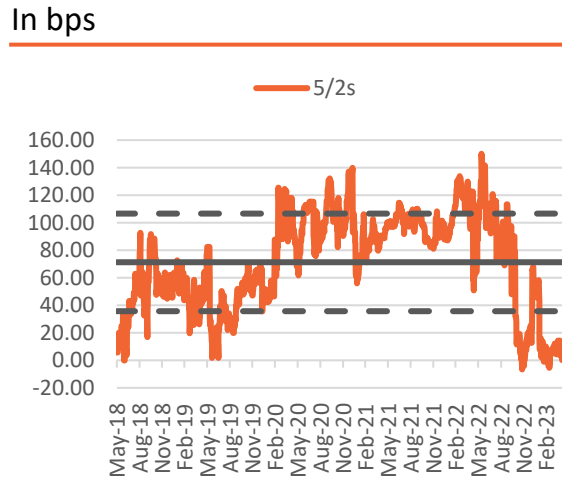
Yield Curve Continued to Flatten

Market implying slower economic growth with long duration getting richer

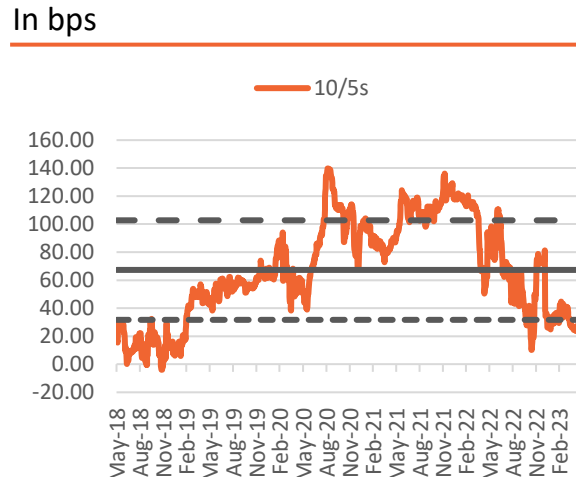
INDOGB Yield Curve



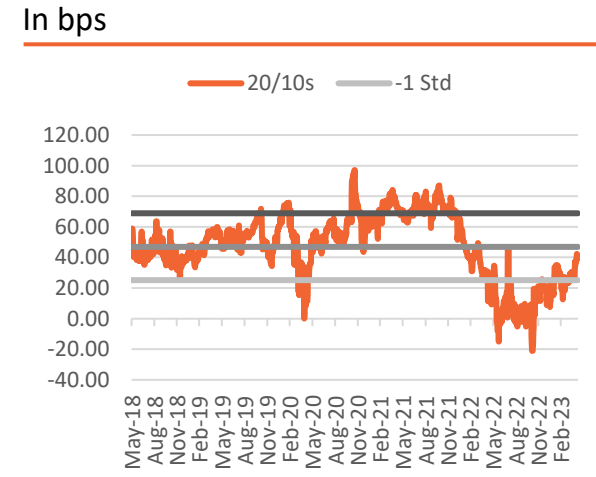
5/2s 5Y Historical Spread



10/5s 5Y Historical Spread



20/10s 5Y Historical Spread



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%	25.6%	3.0%	16.8%	14.9%	6.7%	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	81	-34	21	57	61	26	17	227
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
Apr	8	-7	2	4	6	24	3	41

Government Bond Market Comparison

INDOGB real yield relatively comparable while spread narrowing compare to peers

Government Bond Market Comparison

In %

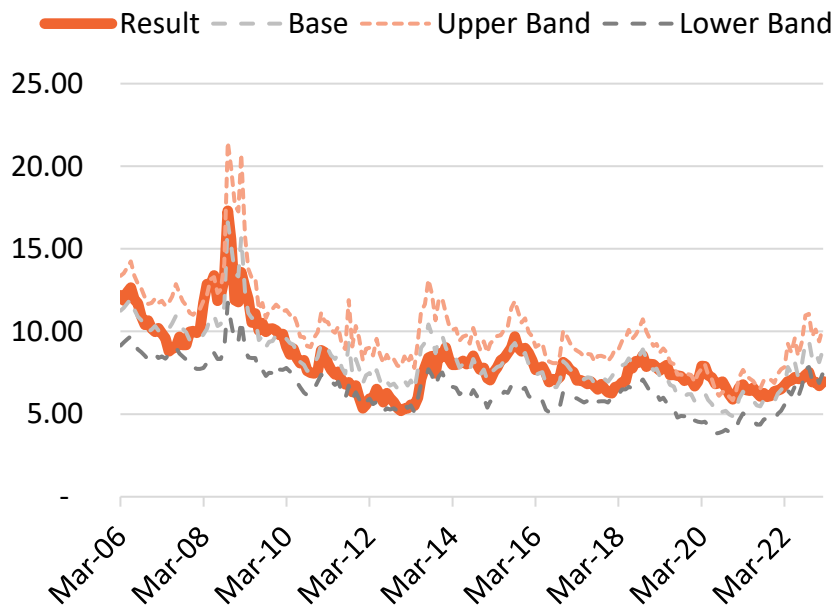
Country	10Y Yield (%)		Spread to US 10Y			Inflation		Real Yield (%)		CAD	Fiscal Deficit	Credit Rating
	Current	YTD Chg. (bps)	2022	Current	Chg.	Current	2023F	Current Inflation	2023F Inflation	2023F	2023F	
Brazil	12.12	-57	8.81	8.67	-0.14	4.65	5.30	7.47	6.82	-2.34	-7.50	BB-
South Africa	11.42	63	6.91	7.98	1.06	7.10	5.80	4.32	5.62	-1.90	-4.68	BB
India	7.04	-29	3.45	3.59	0.14	5.66	6.60	1.38	0.44	-2.20	-6.40	BBB-u
Italy	4.21	-49	0.82	0.76	-0.06	7.60	6.45	-3.39	-2.24	0.05	-4.80	BBBu
Portugal	3.14	-44	-0.30	-0.30	-0.01	7.43	5.50	-4.29	-2.36	-1.00	-1.20	BBB+u
Mexico	8.76	-27	5.15	5.31	0.17	6.85	5.90	1.91	2.86	-0.90	-3.95	BBB+
Romania	7.25	-103	4.41	3.81	-0.60	14.53	10.30	-7.28	-3.05	-7.80	-4.80	BBB-
Hungary	7.75	-130	5.17	4.31	-0.86	25.20	18.00	-17.45	-10.25	-4.25	-4.10	BBB-
Colombia	11.56	-145	9.14	8.12	-1.01	13.34	11.40	-1.78	0.16	-4.50	-3.90	BBB-
Indonesia	6.47	-45	3.04	3.02	-0.02	4.97	4.00	1.50	2.47	-0.10	-2.80	BBB
Average Peers in BBB & BB*												
			4.34	4.53				2.46	3.06			
Spain	3.39	-26	-0.23	-0.06	0.17	3.30	3.30	0.09	0.09	0.90	-4.40	Au
South Korea	3.28	-28	-0.32	-0.17	0.15	4.20	2.08	-0.92	1.20	1.90	-1.30	AA
China	2.74	-9	-1.04	-0.70	0.34	0.70	8.11	2.04	-5.37	1.45	-4.90	A+
Chile	5.38	17	1.33	1.94	0.61	11.10	2.80	-5.72	2.58	-3.85	-2.59	A+
Thailand	2.44	-20	-1.24	-1.00	0.24	2.83	3.00	-0.39	-0.56	1.90	-3.20	A-
Malaysia	3.72	-32	0.16	0.27	0.11	3.40	12.80	0.32	-9.08	2.70	-5.15	A
Poland	5.82	-103	2.97	2.37	-0.60	16.10	4.20	-10.28	1.62	-1.85	-4.95	A
Average Peers in A Credit												
			0.23	0.38				-2.12	-1.36			
United States	3.44	-43				5.00	4.20	-1.56	-0.76	-3.1	-5.3	AA+u

Currency Price Movement Apr'23

We change our assumption slightly on IDR and BI Rate, No change on Fair Yield

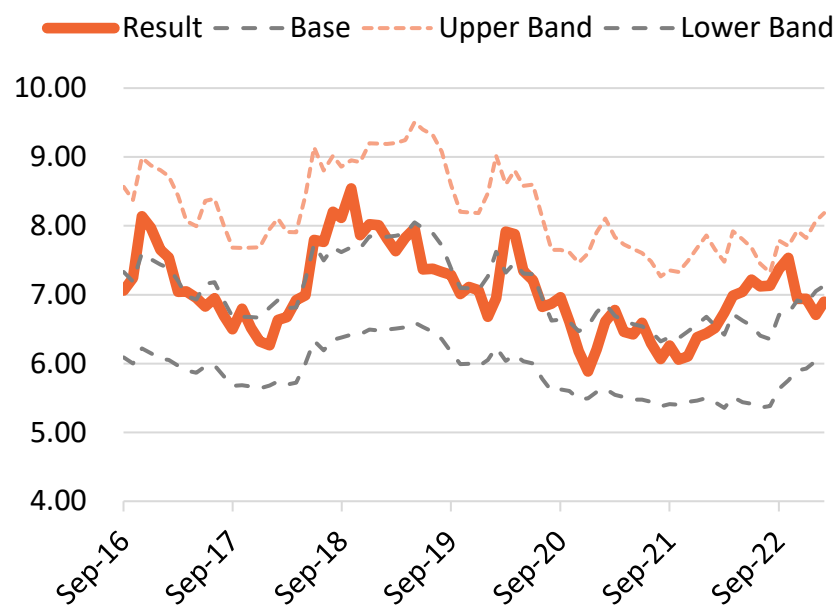
YTD Currency Chg. (USD as Base Currency)

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	0.2000	IDR stay below 15k
10Y	7.0000	Target base case for 10y

Base Scenario	Base Case	Commentary
R Square	64.53%	
7D BI Rate	5.75	Our assumption on 7D BI Repo Rate
Forecast CPI	(1.25)	Inflation Indo slowdown from 5.5-5.7 to 4.00%
Hedge Spread	0.2000	IDR stay below 15k
10Y	7.0000	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 dalam Bank Indonesia 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 domestic : *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 :

- 🔺 **Peak Rates, Whats Next ?** : Konsensus sepertinya memiliki ekspektasi yang sama bahwa FFR di bulan May'23 merupakan FFR tertinggi dalam siklus moneter kali ini. Namun, di saat bersamaan pasar memiliki ekspektasi yang sangat berbeda terkait dengan timing dari *cut-rate* yang akan dilakukan oleh *Federal Reserve*. Hal ini terlihat dari melebarnya *yield curve inversion*, salah satu yang dapat dijustifikasi ialah ekspektasi pasar atas resesi yang lebih dalam dibandingkan *guidance* yang diberikan oleh FOMC.
- 🔺 **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)	2.87%	5.26%	0.35%	3.76%	0.54%	17.50	4.22	22.59
2	S&P 500 (US)	8.59%	4.99%	2.43%	6.88%	-2.75%	19.07	3.76	18.12
3	Nasdaq (US)	16.82%	4.36%	5.20%	10.13%	-5.01%	26.92	4.71	14.17
4	London (UK)	6.46%	4.98%	-0.38%	5.98%	-2.29%	13.75	1.83	12.71
5	DAX (GR)	14.36%	5.15%	5.10%	20.23%	13.90%	11.95	1.47	10.98
6	CAC (FP)	15.72%	5.69%	5.56%	19.42%	15.11%	13.36	1.83	13.43
Asia Market									
1	Nikkei (JP)	10.58%	4.86%	5.38%	6.46%	7.48%	17.22	1.67	9.52
2	Hang Seng (HK)	0.57%	0.56%	-12.32%	33.85%	-1.88%	9.57	1.04	10.73
3	Shanghai (CN)	7.58%	2.40%	-2.87%	13.97%	11.69%	11.39	1.31	11.52
4	Shenzhen (CN)	4.07%	0.74%	-8.36%	13.77%	2.75%	12.29	1.58	12.88
5	NFT (IN)	-0.22%	6.57%	2.62%	1.56%	4.75%	19.34	2.94	15.15
6	Kospi (KR)	11.86%	3.83%	1.33%	9.30%	-5.21%	14.38	0.94	6.44
ASEAN Market									
1	Singapore (SG)	0.59%	0.46%	-3.64%	6.91%	-1.94%	10.78	1.06	9.81
2	Kuala Lumpur (MK)	-5.32%	0.49%	-5.45%	-2.17%	-11.35%	13.00	1.26	9.74
3	Thailand (TH)	-8.36%	-4.84%	-9.05%	-4.79%	-8.31%	15.02	1.41	9.40
4	Vietnam (VN)	4.17%	-0.49%	-6.09%	2.12%	-22.34%	10.13	1.51	15.01
5	Philippines (PH)	0.89%	0.46%	-5.93%	6.33%	-3.48%	12.54	1.46	11.72
Indonesia Market									
1	JCI / IHSG (ID)	0.95%	2.30%	0.24%	-1.99%	-4.33%	14.02	1.70	12.00
2	JII / ISSI (ID)	-1.88%	2.10%	-0.08%	3.30%	2.62%	11.95	1.79	14.84
3	IDX30 (ID)	2.63%	2.92%	1.14%	-5.60%	-14.08%	14.03	2.06	14.60
4	LQ45 (ID)	2.62%	2.83%	1.27%	-4.75%	-11.40%	14.06	2.01	14.30

Global Peers Valuation Comparison

Indonesia valuation in-line with growth expectation

Global Indices Historical Performance

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

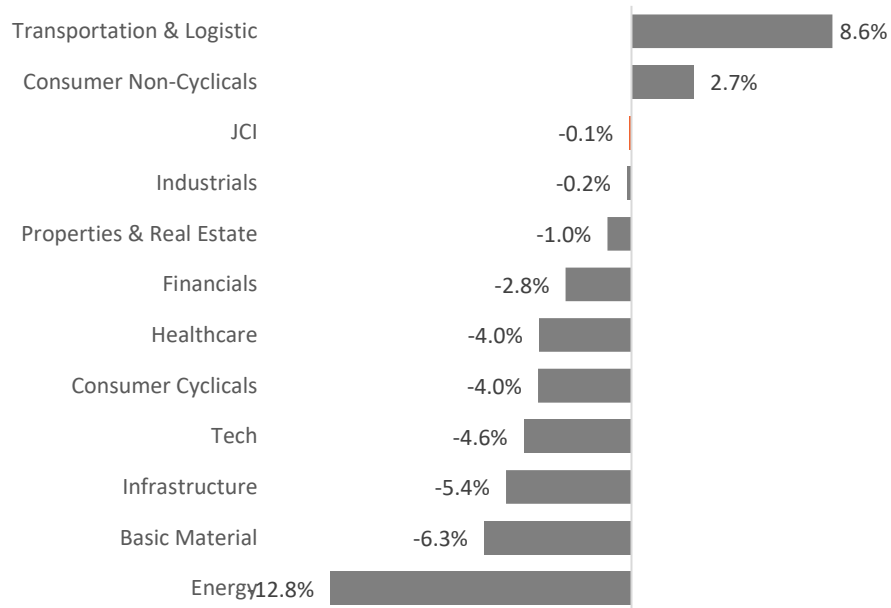
Desc.	P/E		EPS Growth		P/B		ROE		EPS Revisoin	
	2023	2024	2023	2024	2023	2024	2023	2024	2022	2023
MSCI SEA	13.6	12.7	19.1%	6.8%	1.6	1.5	11.4	11.6	19.4%	-7.0%
Indonesia	13.4	12.6	4.0%	6.2%	2.4	2.1	17.5	16.8	4.2%	4.5%
Malaysia	13.4	12.5	7.6%	7.4%	1.3	1.2	9.6	9.9	8.1%	-4.6%
Phillipines	13.7	12.2	21.2%	12.6%	1.7	1.5	12.3	12.5	20.7%	-4.9%
Singapore	12.4	11.8	31.0%	5.2%	1.3	1.3	10.6	10.7	31.4%	-17.4%
Thailand	16.5	15.3	13.2%	8.3%	1.6	1.6	10.1	10.9	13.5%	-4.3%
MSCI AxJ	13.6	11.3	5.2%	20.5%	1.4	1.3	10.1	11.2	-2.4%	13.3%
Hong Kong	14.7	13.1	30.3%	12.7%	1.0	1.0	7.1	7.7	30.6%	-19.9%
India	21.4	18.0	9.5%	18.7%	3.1	2.8	14.6	15.4	9.8%	2.2%
Korea	16.4	10.1	-36.6%	62.6%	1.0	0.9	5.8	8.9	-36.3%	56.8%
Taiwan	15.7	12.9	-24.9%	21.6%	2.1	1.9	13.3	14.9	-24.6%	29.8%
MSCI EMEA	10.4	9.5	-2.3%	8.6%	1.5	1.4	14.7	14.7	-2.2%	8.8%
South Africa	9.9	8.9	9.0%	10.4%	1.7	1.5	16.5	4.0	8.4%	-0.1%
Turkey	3.9	3.3	-22.0%	18.0%	1.0	0.8	25.5	8.0	-22.1%	25.8%
MSCI LATAM	8.1	8.0	-15.0%	2.3%	1.5	1.3	19.0	6.0	-14.5%	19.0%
Brazil	6.8	6.7	-21.1%	1.4%	1.4	1.1	21.1	6.8	-20.5%	22.6%
Mexico	13.2	12.0	15.7%	9.8%	2.0	1.8	15.0	4.0	15.7%	2.8%
MSCI EMEA	10.4	9.5	-2.3%	8.6%	1.5	1.4	14.7	4.4	-2.2%	8.8%
MSCI World	16.8	15.4	1.2%	8.5%	2.6	2.5	14.7	2.2	1.2%	4.7%
Australia	13.9	14.3	0.4%	-2.8%	2.1	2.0	14.6	4.5	0.4%	-3.7%
Europe	13.4	12.6	-2.8%	5.9%	1.8	1.7	13.0	3.5	-2.9%	6.5%
Japan	13.9	13.1	10.5%	5.9%	1.2	1.2	8.9	2.7	10.4%	-5.7%
USA	19.0	17.2	0.3%	10.4%	3.7	3.4	17.8	1.7	0.2%	5.5%
Local Index										
JCI	13.9	12.4	11.3%	11.5%	1.7	1.6	12.0	4.0	-	-

JCI recorded positive performance in Apr'23

Properties & real estate sector supporting the growth

JCI Sectoral Movement YTD

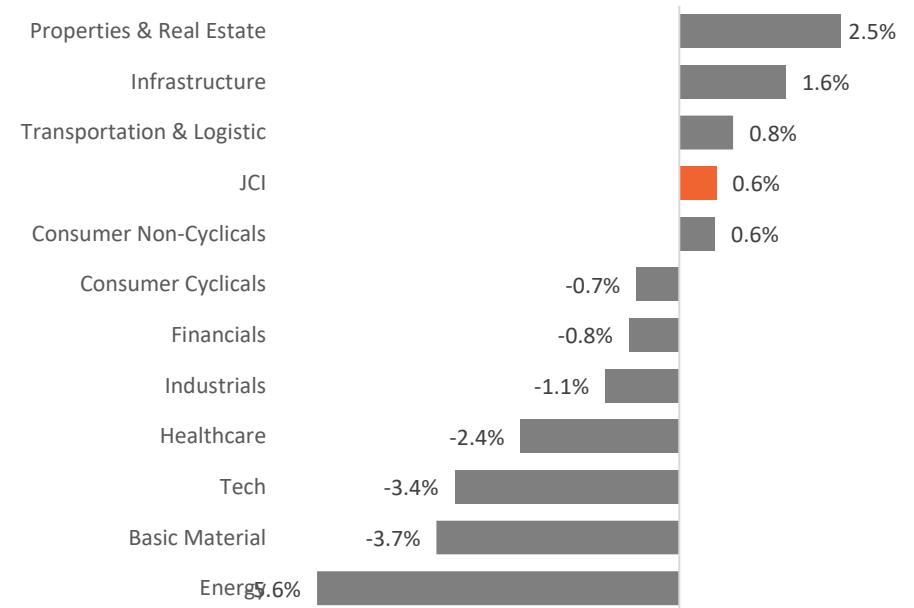
As of 30 Apr 2023



Source: Syailendra Research, Bloomberg

JCI Sectoral Movement MTD

As of 30 Apr 2023



Source: Syailendra Research, Bloomberg

- 🏠 Sektor energi kembali mencatatkan pelemahan seiring dengan penurunan dari harga komoditas yang masih berlangsung hingga Apr-23, namun sektor properti mencatatkan kinerja positif didukung oleh pertumbuhan *marketing sales* yang masih berlanjut di 1Q23

Foreign Equity Flows

Foreign inflows keep coming in

In US\$ Million	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia	Japan
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	-21,946
Apr-23	1,923	828	616	34	-2,553	-231	-56	562	618	34,505
Yearly										
YTD	-560	1,274	6,086	-484	5,765	-1,876	-479	9,725	10,204	13,964
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

1Q23 Result: 5-10% Growth Could be Attainable

Potential Upgrades : Staples & Cigarette, Downgrade : Infra & Poultry

1Q23 Earnings Result :

In each argument

Sectors	EBIT				PATMI			
	Actual Data		Consensus		Actual Data		Consensus	
	1Q23 (Rp bn)	YoY	1Q23/FY Realization	Apr-Dec'23F Implied YoY	1Q23 (Rp bn)	YoY	1Q23/FY Realization	Apr-Dec'23F Implied YoY
Banking	n.a.	n.a.	n.a.	n.a.	48,847	29.9%	25.9%	10.2%
Building Materials	2,040	27.7%	26%	5.3%	1,350	25.8%	26.6%	-3.7%
Infrastructures	2,196	-1.1%	16%	52.9%	(345)	-49.1%	-20.0%	-16.9%
Consumer staples	19,848	15.1%	29%	14.2%	15,716	43.5%	35.7%	24.1%
Hospital	883	22.0%	24%	24.2%	590	23.2%	24.4%	20.3%
Consumer discretionary	13,429	13.7%	26%	-9.1%	10,595	16.8%	26.9%	-2.3%
Mining	22,350	15.8%	27%	-37.1%	16,617	12.3%	28.1%	-31.9%
Property	2,542	-0.6%	23%	6.6%	3,567	210.2%	32.2%	94.4%
Telco	15,498	3.5%	24%	9.0%	8,606	13.8%	24.9%	19.1%
Oil and Gas	2,913	9.0%	27%	-13.5%	1,916	-10.3%	26.5%	5.2%
Transportation	115	228.3%	#DIV/0!	-129.9%	123	162.3%	#DIV/0!	-139.6%
Poultry	340	-86.7%	5%	55.9%	(182)	-110.1%	-3.8%	91.1%
Internet	(4,340)	304.1%	-3063%	-411.2%	(4,868)	-133.5%	2601.5%	-137.2%
Total	77,814	4.3%	24%	-6.7%	102,533	2.0%	25.8%	9.1%
Total ex-banks	77,814	4.3%	24%	-6.7%	53,686	-14.7%	25.6%	8.2%
Total ex-tech	82,154	8.5%	25%	-8.9%	107,401	24.9%	27.0%	2.6%
Total ex-banks, ex-tech	82,154	8.5%	25.5%	-8.9%	58,554	21.0%	27.9%	-3.5%
Total ex-commodity	52,551	-0.2%	23%	12.4%	58,554	21.0%	27.9%	-3.5%
Total ex-commodity, ex-tech	56,891	5.9%	25%	8.6%	84,000	0.5%	25.3%	21.9%

April Industry Sector Positioning

Local fund raising cash, foreign fund keep building position

Monthly Changes of Investor Position

MoM of est. weight changes of investor portfolio

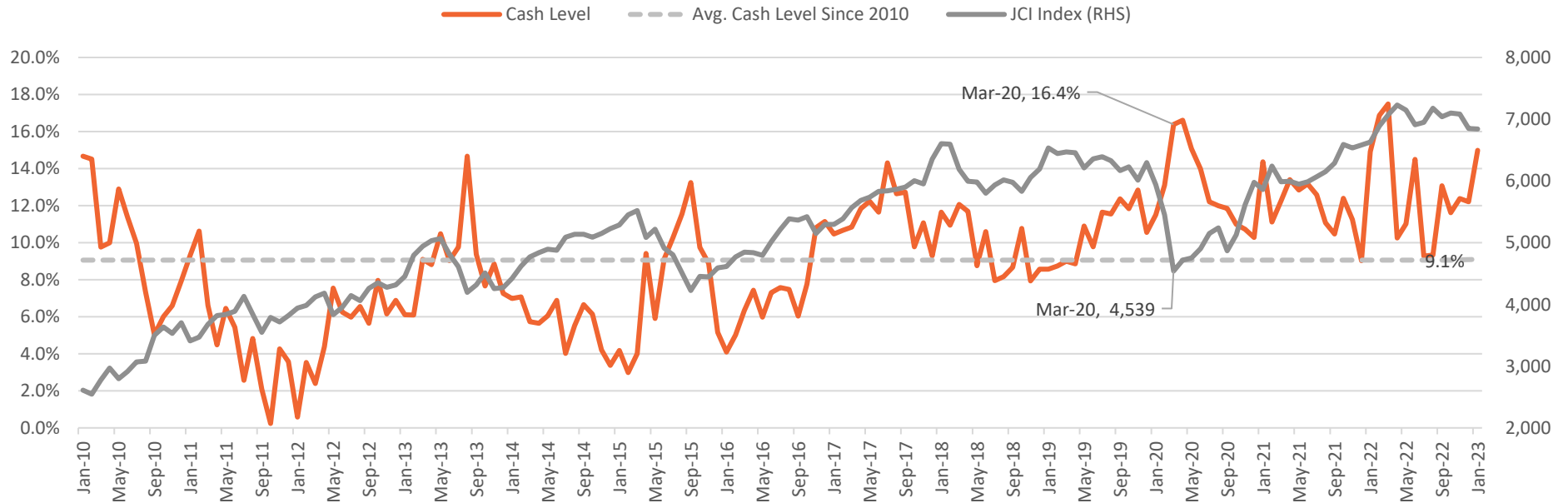
Sector	Local MoM (%) of est. ownership											
	Insurance			Pension Fund			Individual			Mutual Fund		
	Feb-23	Mar-23	Apr-23	Feb-23	Mar-23	Apr-23	Feb-23	Mar-23	Apr-23	Feb-23	Mar-23	Apr-23
Basic Industry	-0.4%	-0.7%	-0.4%	-0.2%	-0.7%	-0.4%	0.7%	-0.7%	0.1%	-0.5%	-1.3%	-0.9%
Consumer Non-Cyclical	0.3%	0.0%	-0.1%	0.2%	-0.1%	-0.1%	0.0%	0.0%	0.1%	0.2%	-0.2%	-0.2%
Consumer Cyclical	-0.1%	-0.1%	-0.2%	0.1%	-0.3%	0.0%	0.1%	0.0%	0.1%	0.4%	-0.1%	-0.6%
Energy	-0.2%	-0.1%	0.0%	-0.1%	0.2%	0.0%	-2.0%	3.4%	-0.7%	-1.0%	-0.1%	-0.1%
Infrastructure	0.0%	0.8%	0.1%	-0.2%	0.7%	-0.5%	-0.1%	0.1%	0.1%	0.1%	0.0%	-0.6%
Healthcare	0.2%	-0.1%	-0.1%	0.3%	0.0%	0.0%	0.0%	-0.1%	0.0%	0.1%	-0.1%	-0.1%
Financial	-0.6%	0.2%	-0.5%	-0.1%	-0.2%	0.5%	0.0%	0.1%	-0.3%	-0.7%	-0.2%	-1.5%
Industrial	0.4%	0.2%	0.8%	0.2%	0.1%	0.7%	0.1%	0.0%	0.1%	0.1%	0.3%	0.4%
Property	0.1%	-0.1%	0.0%	0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.1%
Technology	0.1%	-0.3%	-0.2%	-0.1%	0.0%	0.0%	0.0%	-0.6%	-0.3%	0.0%	-0.3%	-0.2%
Trans. And Logistics	0.0%	0.0%	0.0%	0.0%	-0.1%	0.1%	0.1%	-0.1%	0.0%	0.0%	-0.1%	0.0%

Sector	Foreign MoM (%) of est. ownership											
	Insurance			Pension Fund			Individual			Mutual Fund		
	Feb-23	Mar-23	Apr-23	Feb-23	Mar-23	Apr-23	Feb-23	Mar-23	Apr-23	Feb-23	Mar-23	Apr-23
Basic Industry	0.1%	0.4%	-0.1%	-0.1%	0.2%	0.0%	-0.2%	-0.9%	-0.4%	-0.2%	-0.2%	-0.1%
Consumer Non-Cyclical	0.0%	0.0%	0.0%	0.1%	0.0%	-0.1%	0.0%	-0.1%	0.1%	0.2%	-0.2%	-0.1%
Consumer Cyclical	-0.2%	0.1%	0.0%	-0.1%	0.0%	0.0%	0.0%	-0.4%	-0.1%	-0.1%	0.0%	0.1%
Energy	0.0%	-0.1%	0.0%	0.1%	-0.1%	0.2%	-1.1%	2.7%	0.9%	0.0%	0.0%	0.0%
Infrastructure	0.3%	0.5%	0.3%	0.2%	0.5%	0.6%	0.0%	0.0%	0.0%	0.2%	0.5%	0.7%
Healthcare	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
Financial	-1.4%	2.2%	0.7%	1.3%	1.5%	2.6%	0.3%	-2.0%	0.1%	1.9%	1.5%	2.6%
Industrial	0.2%	-0.1%	0.5%	0.5%	0.1%	0.7%	0.0%	0.2%	0.0%	0.4%	-0.1%	0.7%
Property	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Technology	0.0%	0.3%	-0.1%	0.0%	0.3%	-0.1%	-24.6%	0.1%	0.8%	0.0%	0.1%	-0.1%
Trans. And Logistics	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	-0.1%	0.0%	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

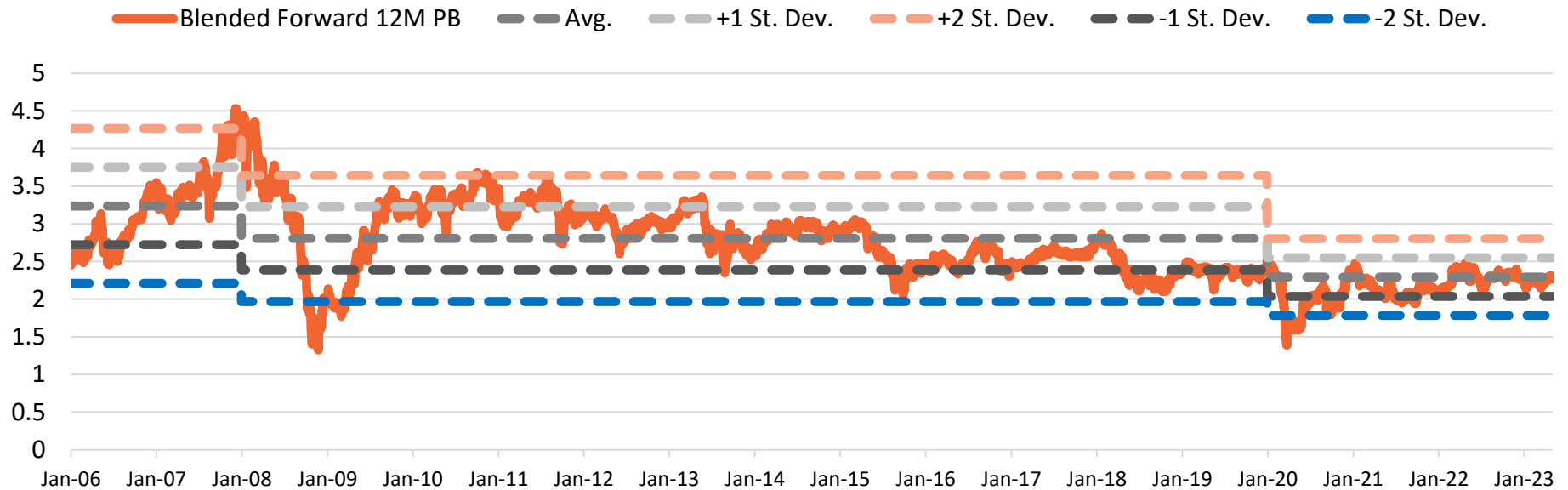
- Reksa dana lokal yang dikelola oleh *fund manager* telah mengembalikan posisi kas dari portfolio menjadi sedikit diatas rata-rata 15.2% dibandingkan rata-rata sejak 10 tahun berada dikisaran 9.1%.

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

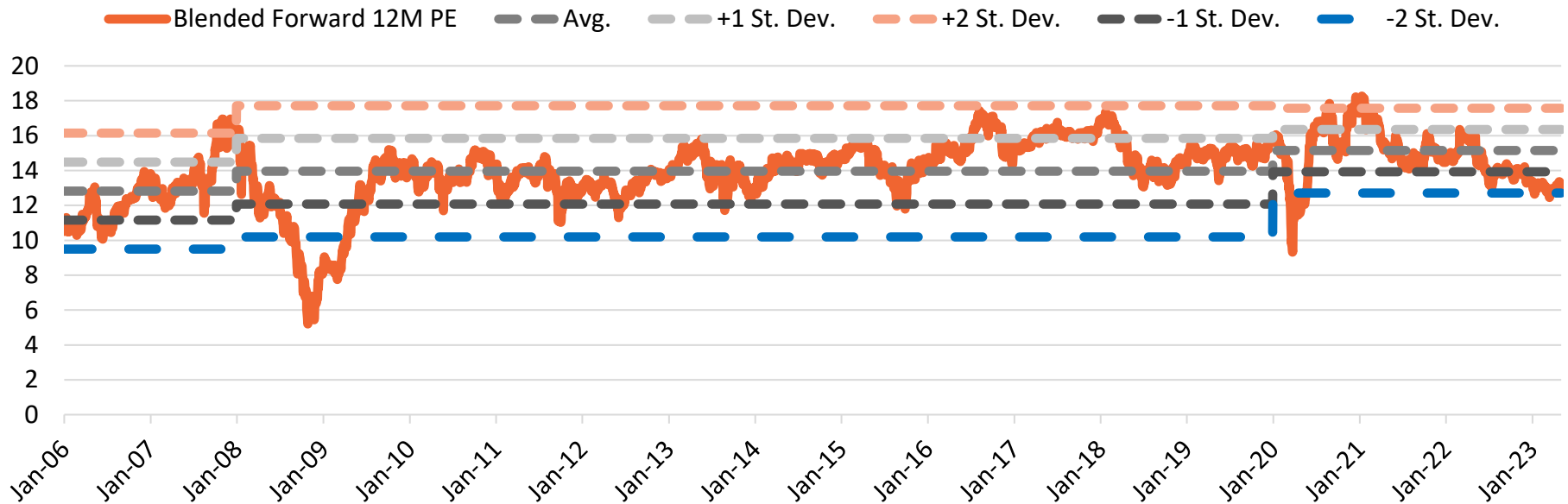
- ▲ Valuasi MSCI Indonesia saat ini telah kembali berada di rata-rata 5 tahun PB di level 2.2x mengindikasikan *potential upside* yang lebih terbatas. Secara historis sejak 2016, P/B MSCI Indonesia berkisar diantara level 2.0x-2.3x atau bergerak di rentang -1x SD dan juga *mean level* rata-rata 5 tahun 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	6.00	5.75	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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SYAILENDRA

PT Syailendra Capital

District 8 Treasury Tower
39th Fl. Unit 39A, SCBD Lot 28
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190
P. : +62 21 2793 9900
F. : +62 21 2972 1199

 @reksadana.syailendra

 Syailendra Capital

 Syailendra Capital

 Syailendra Capital

 www.syailendracapital.com