

Monthly Bulletin

June 2023

What's Inside



Calendar

CH Loans YoY (13-May)
 US FOMC Meeting (15-May)
 CH Industrial production (15-May)
 US US TIC Flows (16-May)



Global Event

Terdapat 2 macro event yang saat ini menjadi perbincangan pasar yaitu 1. Ekspektasi baru terkait terminal rate FFR, 2. Tingkat pertumbuhan ekonomi China yang terlihat lebih lambat dibandingkan ekspektasi awal. Kedua hal ini menunjukkan perlambatan ekonomi masih dapat berlanjut.



Indonesia

IHSG di bulan May'23 mengalami penurunan signifikan. Di saat yang bersamaan LQ45 masih mencatatkan kinerja positif. Hal ini diakibatkan IHSG mengalami tekanan hanya dari beberapa saham Big Cap i.e BYAN.



Equity Market

Kinerja IHSG ditutup sebesar -3.13% YTD atau -4.04 % MoM (*cutoff date: 31-May-23*). Top 3 *Leaders* 1) BBRI, 2) GOTO, 3) ASII dan Top 3 *Laggards* 1) BYAN, 2) MDKA, 3) TLKM. Investor asing melakukan *net buy* sebesar +109mio USD di bulan May'23



Fixed Income Market

Yield 10 tahun obligasi selama di bulan May'23 menguat secara signifikan dari level 6.53 menjadi level 6.37. Kepemilikan investor asing masih meningkat sejak Nov dengan level terendah 13.9% menjadi 15.3%.



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.
- Kuatnya ekonomi US mengakibatkan peningkatan ekspektasi atas FFR dibulan Juli menjadi 5.5% di saat bersamaan guidance FOMC untuk FFR 5.6% di akhir tahun 2023. Pasar saat ini cenderung menunggu momen terkait kebijakan pelonggaran moneter.

🏠 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.

Market Had Been Driven by Rates and Weak USD

Equity and Fixed Income perform well since peaking rates narrative

Federal Funds Rate and DXY Index

In %



Inverted DXY vs MSCI World and US 10YR

As of 5-June-23



Market Views Changes on Fed Funds Rate (1)

Market expecting one more hike in the next 3 month

FFR Interest Rate Probability

In %

Dates	Actual Rate	Implied Rate			Changes	
		Dec-22	Mar-23	May-23	Dec'22 to Mar'23	Mar'23 to May'23
15-Dec-22	4.50					
31-Jan-22	4.50					
1-Feb-23	4.75	4.66				
22-Mar-23	5.00	4.86				
3-May-23	5.25	4.97	4.96		-0.01	
14-Jun-23		4.97	4.92	5.17	-0.05	0.25
26-Jul-23		4.92	4.83	5.28	-0.09	0.45
20-Sep-23		4.84	4.67	5.22	-0.17	0.55
1-Nov-23		4.72	4.50	5.08	-0.22	0.58
13-Dec-23		4.59	4.35	4.91	-0.24	0.56
31-Jan-24		4.42	4.17	4.72	-0.25	0.55

FFR Interest Hike Meeting Probabilities

As of 5-June-23

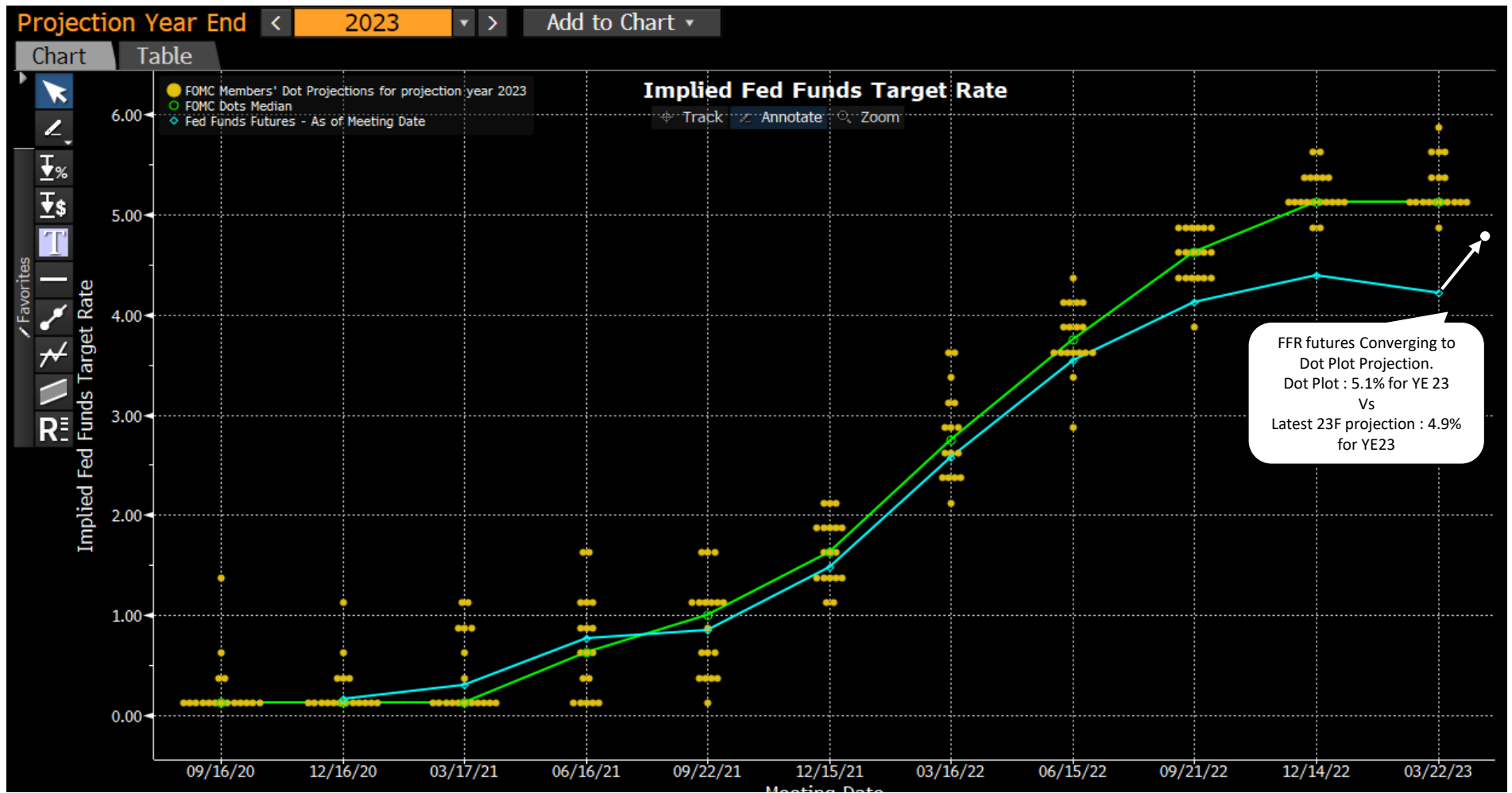
MEETING DATE	MEETING PROBABILITIES												
	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550	550-575
14/06/2023						0,0%	0,0%	0,0%	0,0%	0,0%	79,3%	20,7%	0,0%
26/07/2023	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	32,1%	55,6%	12,3%
20/09/2023	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	3,2%	34,4%	51,3%	11,1%
01/11/2023	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	1,4%	16,9%	41,8%	33,7%	6,2%
13/12/2023	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,6%	8,5%	28,3%	38,1%	21,0%	3,4%
31/01/2024	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,4%	6,0%	22,0%	35,0%	26,5%	9,0%	1,1%
20/03/2024	0,0%	0,0%	0,0%	0,0%	0,0%	0,4%	5,0%	19,2%	32,6%	28,0%	12,1%	2,5%	0,2%
01/05/2024	0,0%	0,0%	0,0%	0,1%	1,0%	7,0%	21,1%	32,0%	25,7%	10,8%	2,2%	0,2%	0,0%
19/06/2024	0,0%	0,0%	0,0%	0,7%	4,7%	15,7%	27,8%	28,1%	16,5%	5,4%	0,9%	0,1%	0,0%
31/07/2024	0,0%	0,0%	0,6%	4,2%	14,3%	26,2%	28,1%	18,0%	6,9%	1,5%	0,2%	0,0%	0,0%
25/09/2024	0,0%	0,3%	2,6%	9,7%	20,9%	27,3%	22,5%	11,9%	3,9%	0,8%	0,1%	0,0%	0,0%
06/11/2024	0,3%	2,1%	8,3%	18,5%	25,9%	23,5%	14,1%	5,6%	1,4%	0,2%	0,0%	0,0%	0,0%

Market Views Changes on Fed Funds Rate (2)

Consensus gradually converging rates expectation to latest Dot Plot

FFR Interest Rate Probability

In %



Disinflation Pace was Slower than expected

While global growth expected to slowdown further

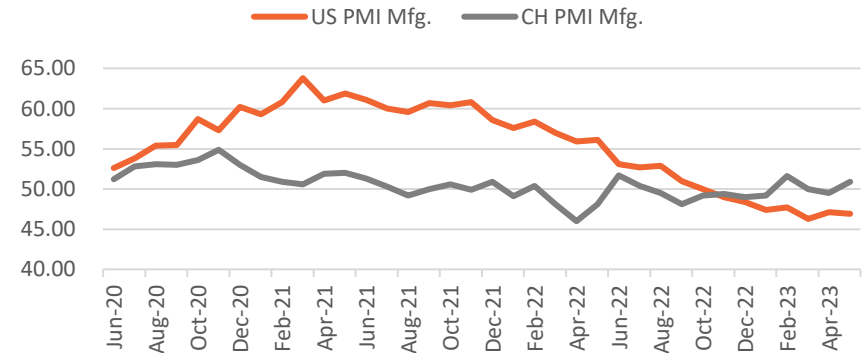
Most of Countries Expecting Slowdown in 23F and 24F

In % YoY

GDP Growth YoY	2022	2023F	2024F
Develop Countries	2.80	1.00	1.10
US	2.10	1.10	0.80
EU	3.60	0.70	1.30
JP	1.10	1.00	1.10
Emerging Countries	3.60	4.20	4.30
China	3.00	5.50	4.90
Brazil	2.90	1.10	1.60
India	9.10	7.00	6.00
Indonesia	5.30	5.00	5.00

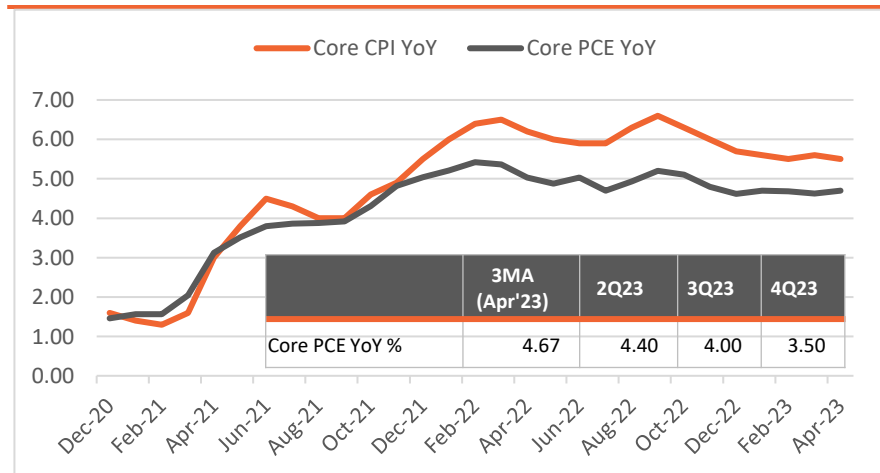
Recent PMI Manufacturing showing slowdown

In unit of index



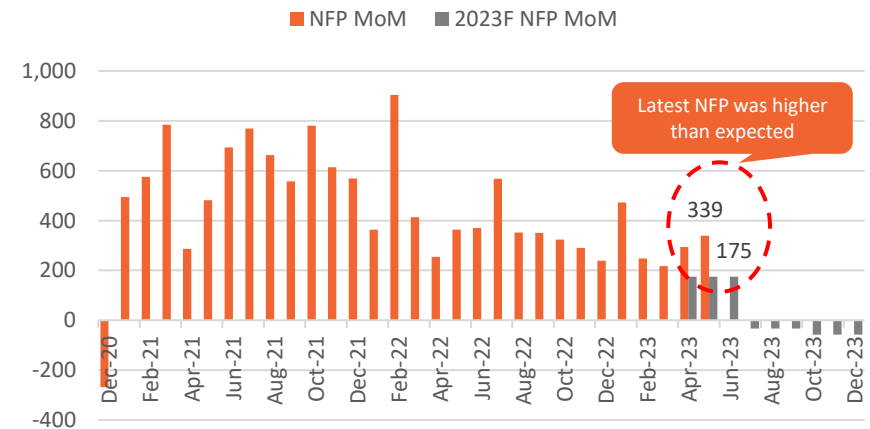
Disinflation pace slower than expected

In % YoY



US Property Sales Price Stop Declining on MoM basis

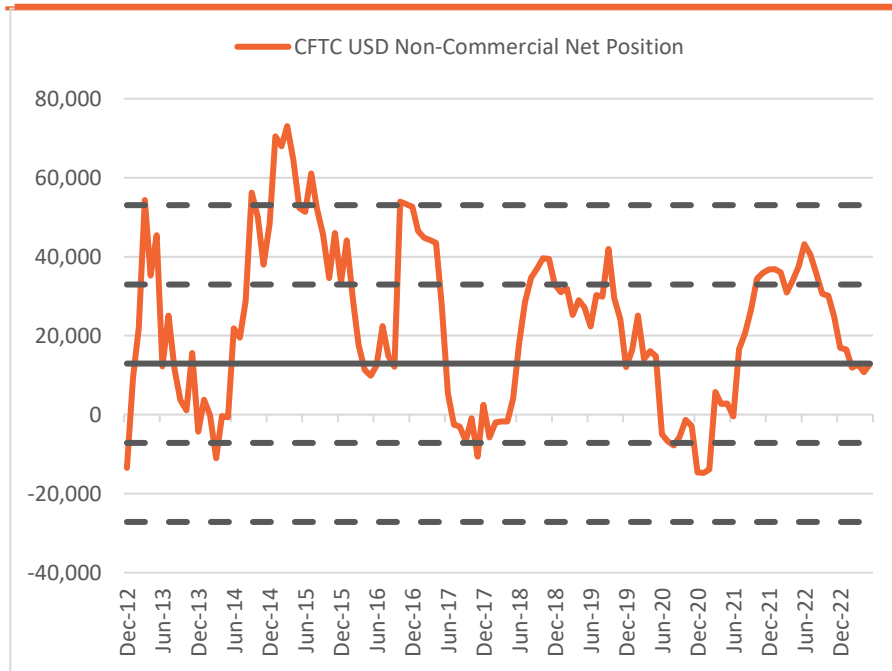
In % YoY, MoM



Market Further Position on Interest Rate Cut

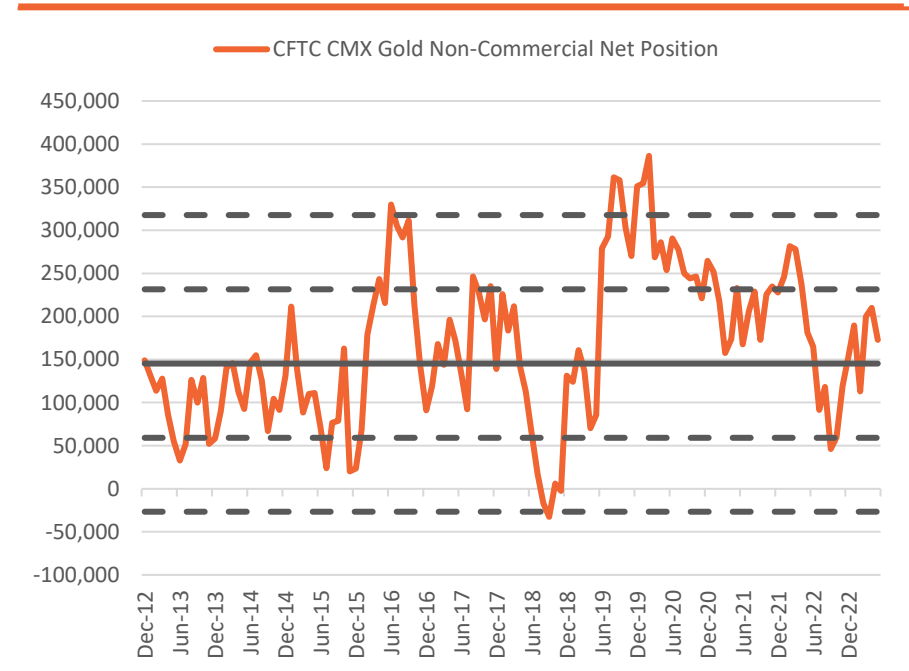
Gold position increase for the past 2 month, increase concern on recession

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.

Section
02



Fixed Income

2023 Fixed Income Catalysts

Adjusting to shift of timeline related peak terminal rates

Key Fixed Income narrative for 2023 going forward

In each argument

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

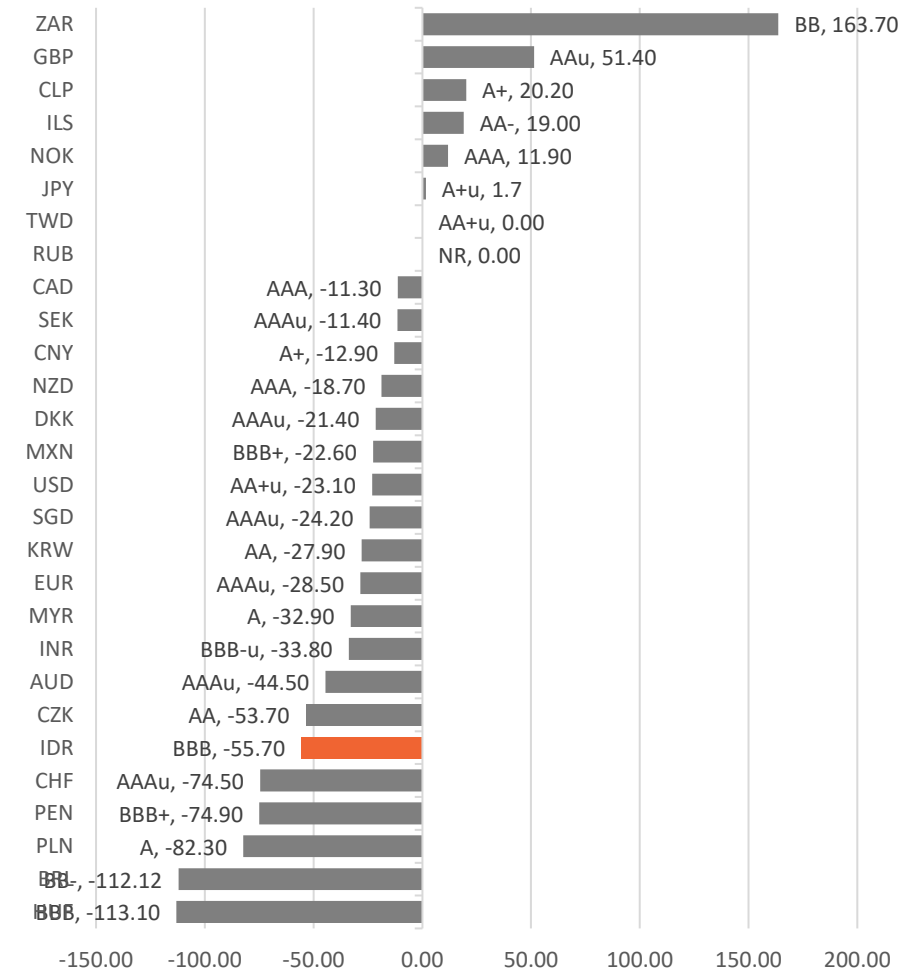
- 🏰 **Market gradually Follow FOMC Guidance for later peaking rate** : Ekspektasi pasar atas *terminal rates* FFR mengalami perubahan dari 5.25% menjadi 5.5% di bulan Jul'23 dan FOMC Jun'2 *economic projection* merefleksikan FFR di akhir tahun 5.6%. Kami melihat pasar cenderung *wait and see* atas hal ini.
- 🏰 **INDOGB rally was faster than our expectation** : INDOGB merupakan salah satu instrumen *sovereign bond* yang memiliki kinerja baik. Kinerja INDOGB sampai dengan 5M23 juga sangat baik. Salah satu faktor yang pendorong menurut kami ialah tingkat *issuance* yang relatif masih rendah yang merupakan refleksi dari *fiscal deficit* yang lebih rendah dari *guidance* di awal tahun.
- 🏰 **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*.

Government Treasury Yield Movement May-23

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

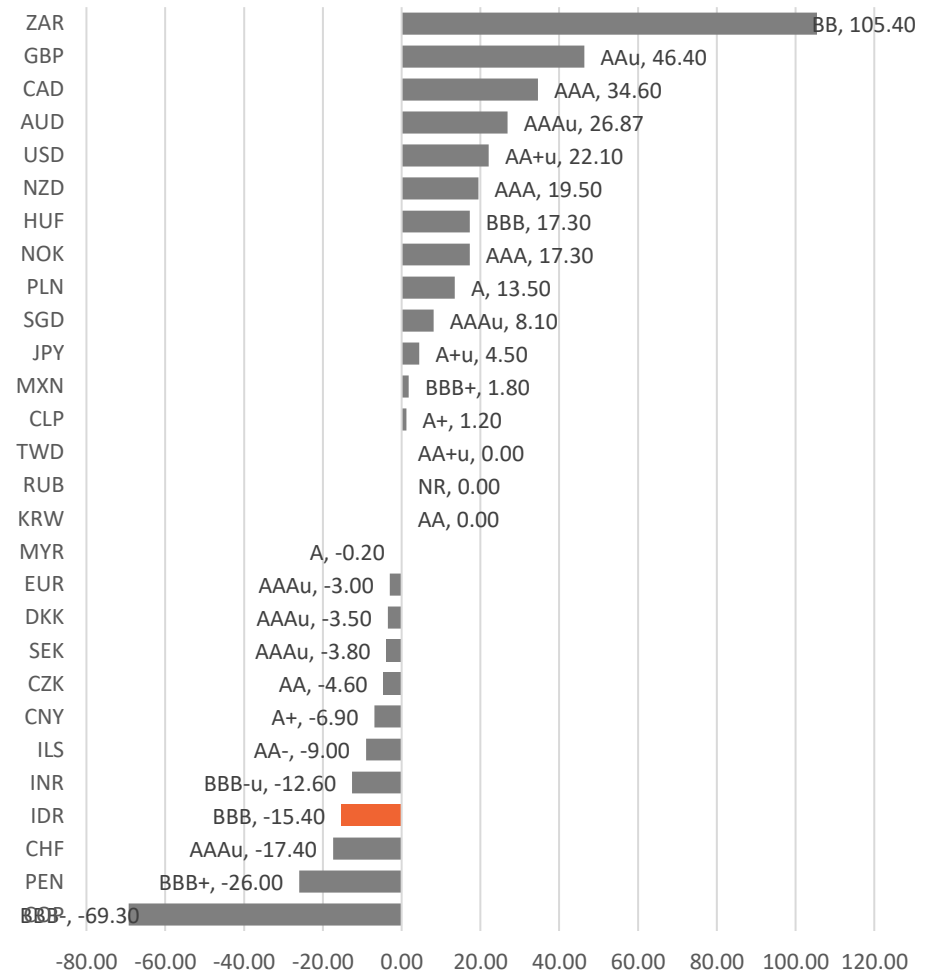
YTD 10Y Govt Changes

In bps



MTD 10Y Govt Changes

In bps

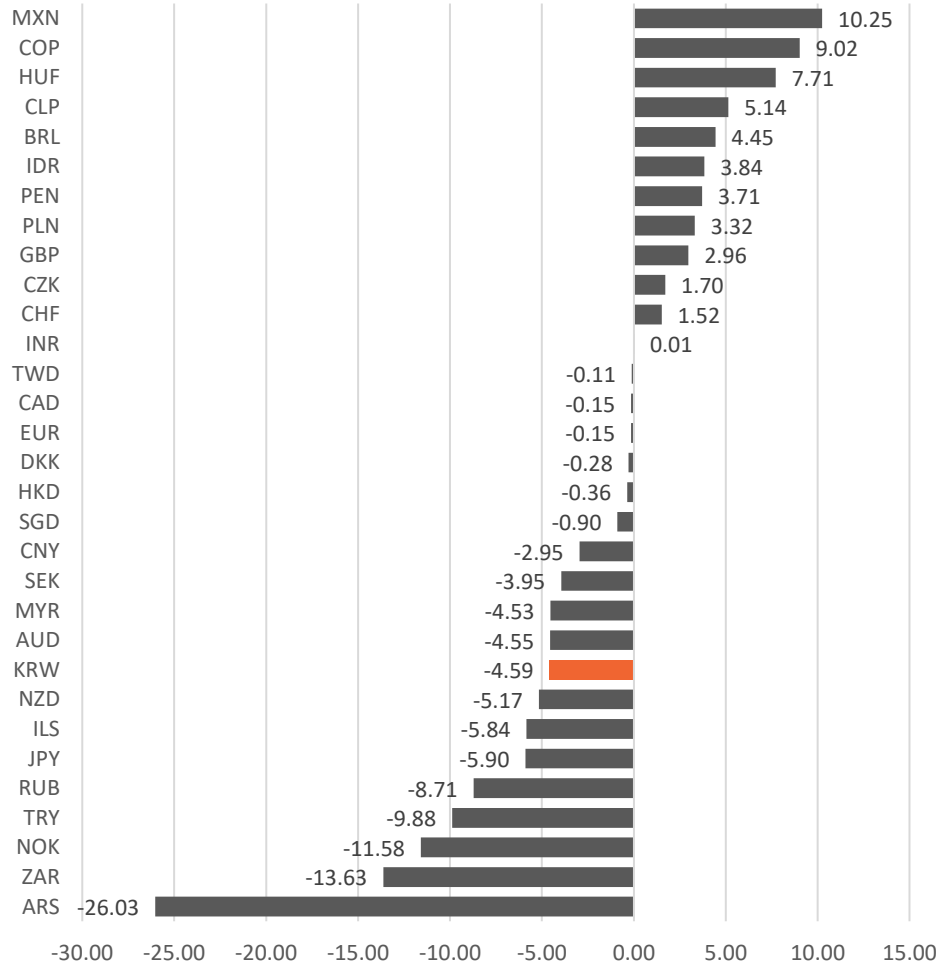


Currency Price Movement May-23

Dollar weakened against most of counterpart currency

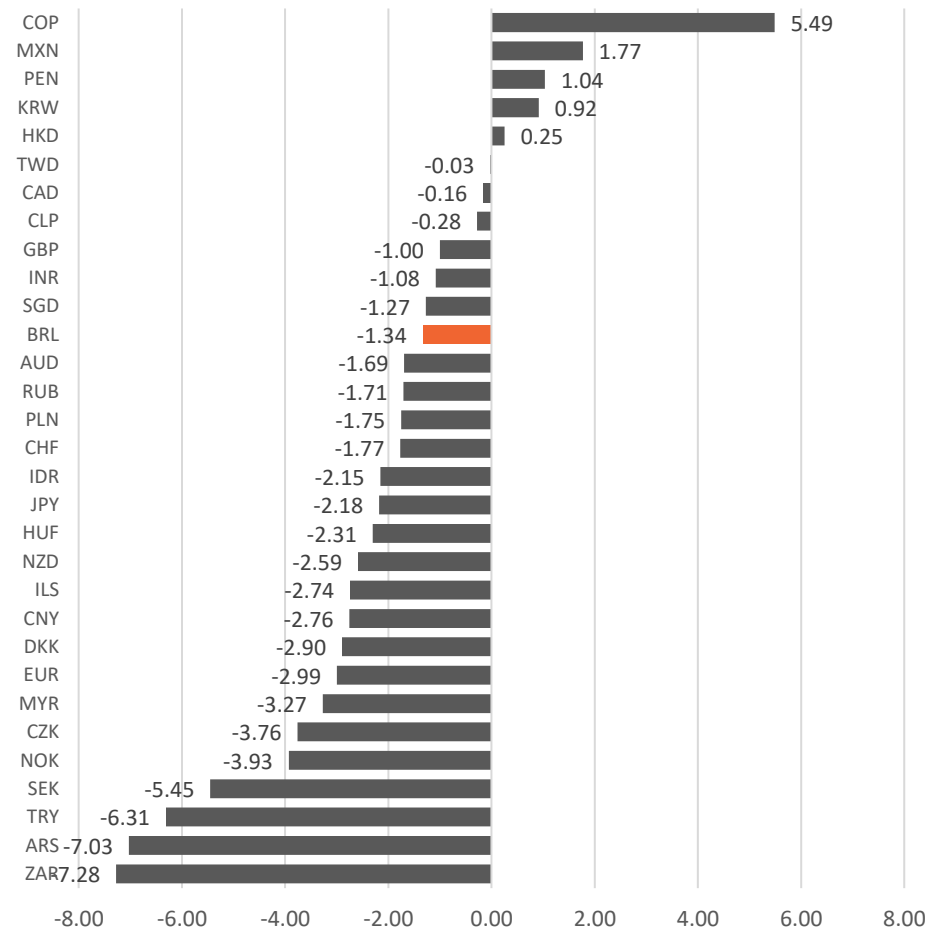
YTD Currency Chg. (USD as Base Currency)

In bps



MTD Currency Chg. (USD as Base Currency)

In bps

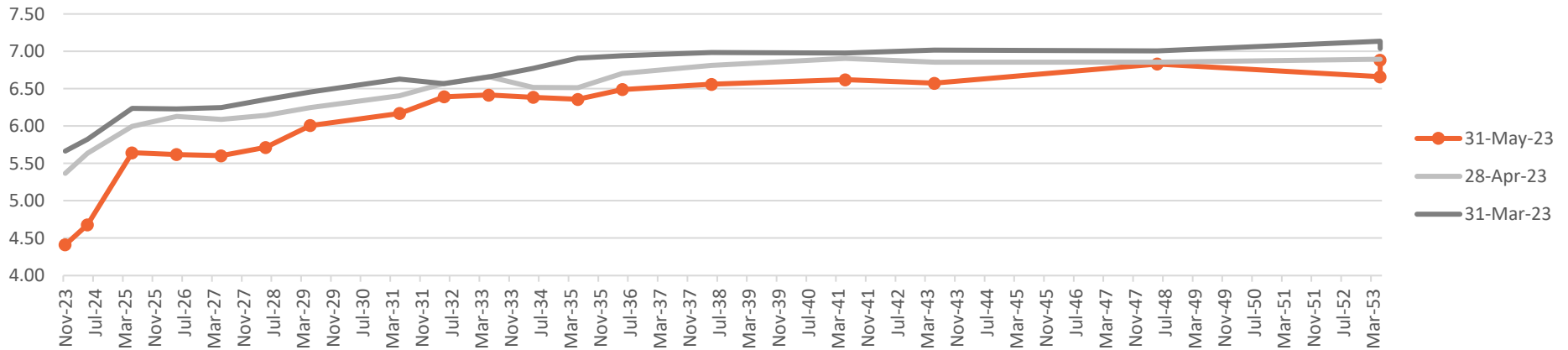


Yield Curve Continued to Flatten

Market implying slower economic growth with long duration getting richer

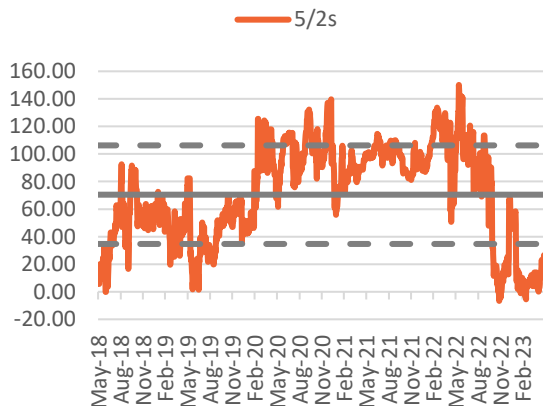
INDOGB Yield Curve

In ppt



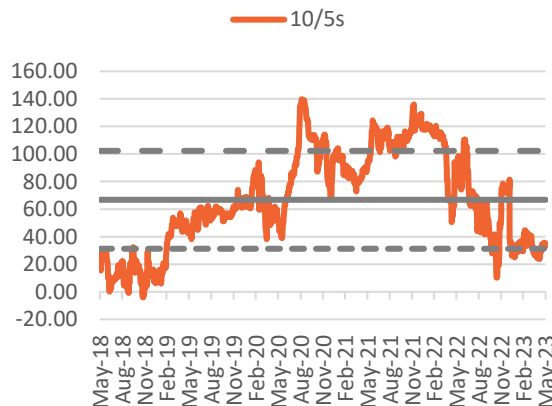
5/2s 5Y Historical Spread

In bps



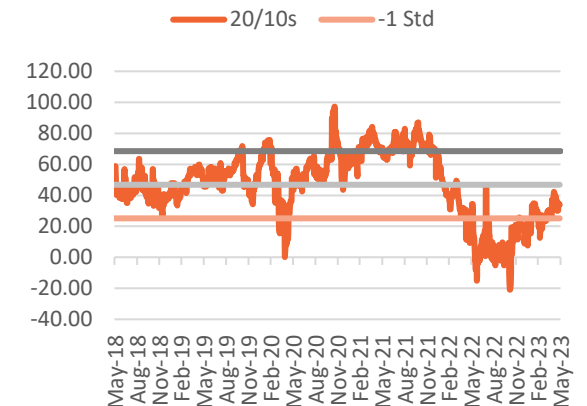
10/5s 5Y Historical Spread

In bps



20/10s 5Y Historical Spread

In bps



Indonesian Bonds Ownership

Foreign still continue to flow-in while in % still relatively small

Ownership on Tradeable Indonesia Government Bonds

In IDR Trn

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	22.9%	26.0%	3.1%	17.2%	15.3%	6.7%	8.8%	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	-17	-40	23	61	67	22	11	126
Interim								
Mar	72	-27	19	53	54	1	14	187
Apr	8	-7	2	4	6	24	3	41
May	-98	-6	2	5	7	-3	-6	-101

Indonesian Bonds Ownership (2)

Lower issuance seems to target lower fiscal deficit at 2.2% deficits

Rally in INDOGB could be attributed to lower supply on the market reflect on Auction

In %, IDR trn

Government Securities	APBN 2019	APBN 2020	APBN2021	APBN2022	Excess Financing	APBN 2023	Govt Bond Issuances Realization YTD as of 30-May-23	Mansek Forecast 2023	Mansek Forecast 2023	Mansek Forecast 2023	Issuances target needed
Budget Deficit	(348.70)	(956.30)	(1006.50)	(429.50)		(598.20)		(598.20)	(461.80)	(356.80)	
% of GDP	(2.20)	(6.09)	(5.70)	(2.40)		(2.85)		(2.85)	(2.20)	(1.70)	
Gross Bond Supply	901.9	1,531.7	1,565.1	1,063.6	202.0	1,193.2	400.0	1,003.5	867.1	762.1	373.3
Gross Local Currency Bonds	753.3	1,372.8	1,375.3	940.7	202.0	1,014.2	342.0	824.5	712.4	626.2	284.2
Auction Program (incl Sukuk)	680.9	760.8	1,269.1	585.4	202.0	853.5	292.3	663.8	558.6	477.7	185.5
Retail Bonds (ORI & Sukuk)	48.4	76.8	86.0	107.4	-	110.0	43.7	110.0	110.0	110.0	66.3
Private Placement	23.9	535.3	20.3	247.9	-	50.7	6.1	50.7	43.8	38.5	32.4
Gross Foreign Currency Bonds	148.6	158.9	189.8	122.9	-	179.0	58.0	179.0	154.7	135.9	89.1
Average per 2 weeks auction	28.4	31.7	52.9	24.4		35.6		27.7	23.3	19.9	13.4
Source of Financing	402.1	1,193.3	1,006.4	429.5		598.2		598.2	461.8	356.8	
Debt Financing	437.5	1,229.6	1,177.4	454.7		696.3		569.2	432.8	327.8	
Government bonds - nett	446.3	1,177.2	1,207.3	408.7		712.9		523.2	386.8	281.8	
Loan program - nett	(8.7)	52.5	(29.9)	46.0		(16.6)		46.0	46.0	46.0	
Investment Financing	(44.4)	(104.7)	(184.5)	(154.2)		(176.0)		(176.0)	(176.0)	(176.0)	
Loan Financing	-	1.0	0.4	2.3		5.3		5.3	5.3	5.3	
Liability Financing	(6.3)	(3.6)	(2.7)	(1.1)		(0.3)		(0.3)	(0.3)	(0.3)	
Others	15.2	70.9	15.8	127.8		72.8		200.0	200.0	200.0	

Quarter	Indicative Target	Realization	% of Total
I	245	221	31.8%
II (May'23)	130	71	10.2%
III*	165		0.0%
IV*	156		0.0%
YTD Total	696	292.05	42.0%

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	11.21	-148	8.81	7.55	-1.26	4.18	5.22	7.03	5.99	-2.30	-7.80	BB-
South Africa	12.15	137	6.91	8.49	1.58	6.80	6.00	5.35	6.15	-1.95	-4.70	BB
India	6.98	-35	3.45	3.32	-0.13	4.70	6.60	2.28	0.38	-2.10	-6.40	BBB-u
Italy	4.11	-59	0.82	0.44	-0.38	8.20	6.30	-4.09	-2.19	0.70	-4.70	BBBu
Portugal	3.00	-57	-0.30	-0.66	-0.36	5.71	5.50	-2.71	-2.50	-1.00	-1.20	BBB+u
Mexico	8.84	-18	5.15	5.18	0.04	6.25	5.80	2.59	3.04	-0.90	-3.80	BBB+
Romania	6.94	-134	4.41	3.28	-1.12	11.23	10.30	-4.29	-3.36	-7.70	-4.70	BBB-
Hungary	7.25	-180	5.17	3.59	-1.58	24.00	18.50	-16.75	-11.25	-3.70	-4.10	BBB-
Colombia	11.22	-180	9.14	7.56	-1.58	12.82	11.70	-1.60	-0.48	-4.40	-4.00	BBB-
Indonesia	6.35	-57	3.04	2.69	-0.35	4.33	4.00	2.02	2.35	0.00	-2.70	BBB
Average Peers in BBB & BB*			4.34	4.14				2.95	2.91			
Spain	3.32	-32	-0.23	-0.34	-0.11	4.10	3.30	-0.78	0.02	1.00	-4.40	Au
South Korea	3.55	-1	-0.32	-0.11	0.21	3.70	1.60	-0.15	1.95	1.85	-1.30	AA
China	2.70	-13	-1.04	-0.96	0.08	0.10	8.10	2.60	-5.40	1.50	-4.90	A+
Chile	5.30	9	1.33	1.64	0.31	9.90	2.60	-4.60	2.70	-3.80	-2.57	A+
Thailand	2.50	-13	-1.24	-1.16	0.08	2.67	3.00	-0.17	-0.50	1.80	-3.20	A-
Malaysia	3.69	-35	0.16	0.03	-0.13	3.30	12.70	0.39	-9.01	2.60	-5.00	A
Poland	5.88	-97	2.97	2.22	-0.75	14.70	4.10	-8.82	1.78	-1.60	-5.00	A
Average Peers in A Credit			0.23	0.19				-1.64	-1.21			
United States	3.66	-22				4.90	4.10	-1.24	-0.44	-3.1	-5.59	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 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 6.75 – 7.00% untuk 1H23. Kami melihat ada potensi untuk 10Y fair yield menguat ke level 6.50% mendekati terminal rate di 2H23.

Section 03



Equity

2023 Equity Catalysts

Equity could be better-off in 2H23

Key Equity narrative for 2023 going forward

In each argument

Narasi Ekuitas yang kami lihat akan mempengaruhi pasar sepanjang 2023 :

- 🏰 **Market seems waiting for signal of peaking rates** : Ekspektasi pasar atas *terminal rates* FFR mengalami perubahan dari 5.25% menjadi 5.5% di bulan Jul'23 dan FOMC Jun'23 *economic projection* merefleksikan FFR di akhir tahun 5.6%. Hal ini terefleksi dalam pergerakan IHSG yang cenderung flat dalam 5 bulan terakhir. Kami melihat saat signal *peak rate* sudah lebih jelas di 2H23, *EM Equity market* mungkin dapat mendapatkan *tailwind* dari *foreign flow*.
- 🏰 **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.
- 🏰 **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 ASEAN 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)	-0.72%	-3.49%	0.77%	-4.86%	-0.25%	16.96	4.08	22.55
2	S&P 500 (US)	8.86%	0.25%	5.28%	2.44%	1.15%	19.10	3.77	18.20
3	Nasdaq (US)	23.59%	5.80%	12.92%	12.79%	7.07%	32.92	4.99	13.37
4	London (UK)	0.97%	-5.16%	-3.21%	-4.31%	-5.58%	13.33	1.68	12.01
5	DAX (GR)	12.50%	-1.62%	1.95%	8.80%	8.87%	11.06	1.40	11.56
6	CAC (FP)	9.65%	-5.24%	-2.33%	5.34%	9.74%	12.43	1.70	13.17
Asia Market									
1	Nikkei (JP)	18.37%	7.04%	12.54%	10.44%	13.23%	23.91	1.80	8.97
2	Hang Seng (HK)	-7.82%	-8.35%	-7.84%	-1.95%	-14.85%	8.85	0.97	10.85
3	Shanghai (CN)	3.73%	-3.57%	-2.29%	1.69%	0.57%	11.10	1.26	11.48
4	Shenzhen (CN)	-1.89%	-5.72%	-6.66%	-1.41%	-7.16%	11.78	1.50	12.79
5	NFT (IN)	2.37%	2.60%	7.11%	-1.19%	11.76%	19.58	3.02	15.18
6	Kospi (KR)	15.24%	3.26%	7.26%	5.91%	-3.47%	15.21	0.96	6.28
ASEAN Market									
1	Singapore (SG)	-2.85%	-3.42%	-3.18%	-4.00%	-2.28%	10.25	1.02	9.87
2	Kuala Lumpur (MK)	-7.25%	-2.04%	-4.61%	-6.83%	-11.65%	13.32	1.24	9.31
3	Thailand (TH)	-8.10%	0.29%	-5.47%	-6.23%	-7.81%	16.01	1.46	9.13
4	Vietnam (VN)	6.76%	2.48%	4.93%	2.55%	-16.83%	10.56	1.61	15.23
5	Philippines (PH)	-1.36%	-1.61%	-1.85%	-4.47%	-5.06%	12.07	1.38	11.48
Indonesia Market									
1	JCI / IHSG (ID)	-3.17%	-4.08%	-3.07%	-6.33%	-7.21%	13.78	1.86	13.51
2	JII / ISSI (ID)	-10.36%	-8.64%	-8.05%	-6.62%	-6.64%	10.88	1.54	14.20
3	IDX30 (ID)	1.32%	-1.28%	0.84%	-6.20%	-12.46%	14.43	2.06	14.30
4	LQ45 (ID)	1.33%	-1.26%	0.71%	-5.81%	-10.14%	14.04	1.95	13.89

Global Peers Valuation Comparison

Indonesia MSCI ID EPS Growth distorted due recent rebalancing

Global Indices Historical Performance

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

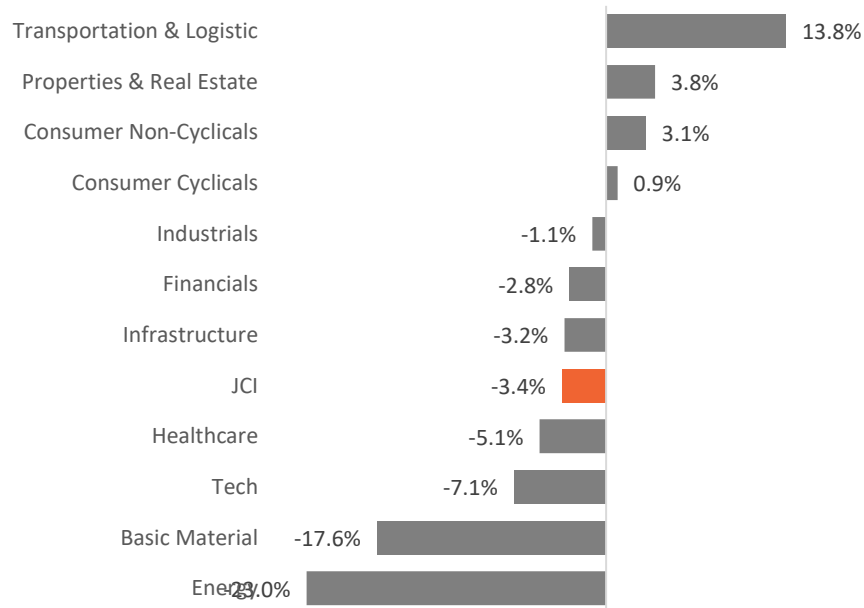
Desc.	P/E		EPS Growth		P/B		ROE		EPS Revisoin	
	2023	2024	2023	2024	2023	2024	2023	2024	2022	2023
MSCI SEA	13.8	12.8	12.4%	7.7%	1.5	1.4	10.8	11.2	16.6%	-6.8%
Indonesia	15.2	14.0	-9.7%	8.9%	2.3	2.1	14.8	14.6	4.8%	4.0%
Malaysia	13.7	12.5	1.8%	9.4%	1.3	1.2	9.4	9.7	3.4%	-2.6%
Phillipines	13.1	11.6	24.9%	12.5%	1.6	1.4	12.3	12.5	22.7%	-5.2%
Singapore	11.7	11.2	32.6%	4.2%	1.3	1.2	10.6	10.8	33.9%	-19.5%
Thailand	17.6	15.8	5.0%	11.4%	1.7	1.7	9.6	10.7	6.9%	-1.5%
MSCI AxJ	14.1	11.6	5.2%	21.4%	1.4	1.3	10.0	11.2	-4.2%	13.8%
Hong Kong	13.8	12.3	30.2%	12.4%	1.0	0.9	7.2	7.7	30.9%	-20.0%
India	22.0	18.7	10.6%	17.7%	3.3	2.9	14.4	15.4	11.2%	-0.7%
Korea	17.4	10.5	-36.9%	65.2%	1.0	0.9	5.8	8.9	-36.2%	59.0%
Taiwan	17.6	14.2	-27.7%	23.9%	2.2	2.0	12.8	14.4	-27.2%	30.1%
MSCI EMEA	10.6	9.6	-7.4%	9.6%	1.5	1.4	14.8	15.0	-3.9%	9.0%
South Africa	9.8	8.6	6.8%	13.4%	1.6	1.5	16.7	4.6	7.2%	2.4%
Turkey	4.6	3.8	-25.4%	19.4%	1.0	0.8	24.1	5.9	-26.6%	33.1%
MSCI LATAM	8.6	8.3	-14.3%	2.9%	1.6	1.3	19.3	5.8	-14.7%	19.4%
Brazil	7.5	7.3	-20.9%	3.1%	1.5	1.2	20.6	6.6	-21.7%	23.3%
Mexico	12.2	11.4	23.8%	7.0%	1.9	1.8	15.7	3.6	22.0%	1.2%
MSCI EMEA	10.6	9.6	-7.4%	9.6%	1.5	1.4	14.8	4.4	-3.9%	9.0%
MSCI World	17.2	15.9	1.2%	8.0%	2.7	2.5	14.8	2.2	0.9%	4.2%
Australia	14.1	14.3	-1.6%	-1.4%	2.0	1.9	14.2	4.6	-1.0%	-2.5%
Europe	13.0	12.4	0.1%	4.6%	1.8	1.7	13.5	3.5	-0.7%	5.8%
Japan	14.7	14.3	12.8%	2.8%	1.3	1.3	8.9	2.4	11.9%	-8.9%
USA	19.9	18.0	0.4%	10.4%	3.9	3.6	17.9	1.6	0.6%	5.3%
Local Index										
JCI	13.7	12.7	9.2%	8.2%	1.9	1.7	13.6	4.2	-	-

JCI recorded negative performance in May'23

Properties & real estate and retailers recorded positive performance

JCI Sectoral Movement YTD

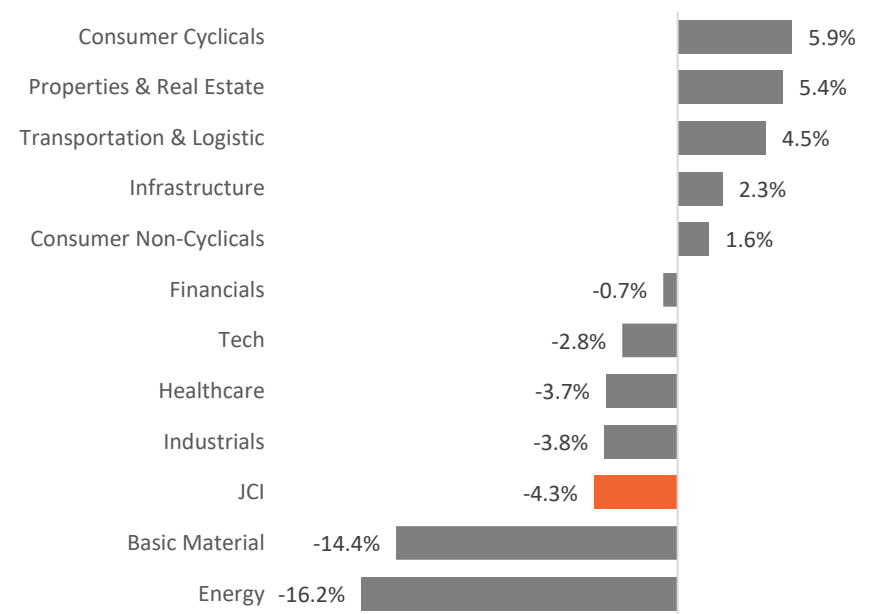
As of 31 May 2023



Source: Syailendra Research, Bloomberg

JCI Sectoral Movement MTD

As of 31 May 2023



Source: Syailendra Research, Bloomberg

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

Foreign Equity Flows

Biggest EM Inflow since early 2022

In US\$ Million	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia	Japan
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	6,893	545	-82	8,854	8,936	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
May-23	5,008	109	3,114	-81	5,205	-967	-159	12,230	12,389	17,709

Yearly	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia	Japan
YTD	4,449	1,383	9,200	-565	10,622	-2,844	-638	21,607	22,246	31,673
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 recap was inline

In bio IDR, in % YoY

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%

May Industry Sector Positioning

Local funds and foreign funds are building position in 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		
	Mar-23	Apr-23	May-23	Mar-23	Apr-23	May-23	Mar-23	Apr-23	May-23	Mar-23	Apr-23	May-23
Basic Industry	-0.7%	-0.4%	-0.9%	-0.7%	-0.4%	-1.0%	-0.7%	0.1%	-1.3%	-1.3%	-0.9%	-0.9%
Consumer Non-Cyclical	0.0%	-0.1%	0.6%	-0.1%	-0.1%	0.7%	0.0%	0.1%	0.3%	-0.2%	-0.2%	0.9%
Consumer Cyclical	-0.1%	-0.2%	0.8%	-0.3%	0.0%	0.6%	0.0%	0.1%	0.6%	-0.1%	-0.6%	1.3%
Energy	-0.1%	0.0%	-1.2%	0.2%	0.0%	-0.7%	3.4%	-0.7%	-11.9%	-0.1%	-0.1%	-1.9%
Infrastructure	0.8%	0.1%	0.8%	0.7%	-0.5%	0.9%	0.1%	0.1%	0.1%	0.0%	-0.6%	1.4%
Healthcare	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.1%	-0.1%	0.0%	0.0%	-0.1%	-0.1%	0.0%
Financial	0.2%	-0.5%	2.2%	-0.2%	0.5%	1.8%	0.1%	-0.3%	0.6%	-0.2%	-1.5%	2.0%
Industrial	0.2%	0.8%	-0.4%	0.1%	0.7%	-0.9%	0.0%	0.1%	-0.1%	0.3%	0.4%	0.1%
Property	-0.1%	0.0%	0.1%	-0.1%	0.0%	0.2%	0.0%	0.0%	0.2%	-0.1%	0.1%	0.6%
Technology	-0.3%	-0.2%	0.4%	0.0%	0.0%	0.3%	-0.6%	-0.3%	0.1%	-0.3%	-0.2%	0.7%
Trans. And Logistics	0.0%	0.0%	0.0%	-0.1%	0.1%	0.0%	-0.1%	0.0%	0.1%	-0.1%	0.0%	0.0%

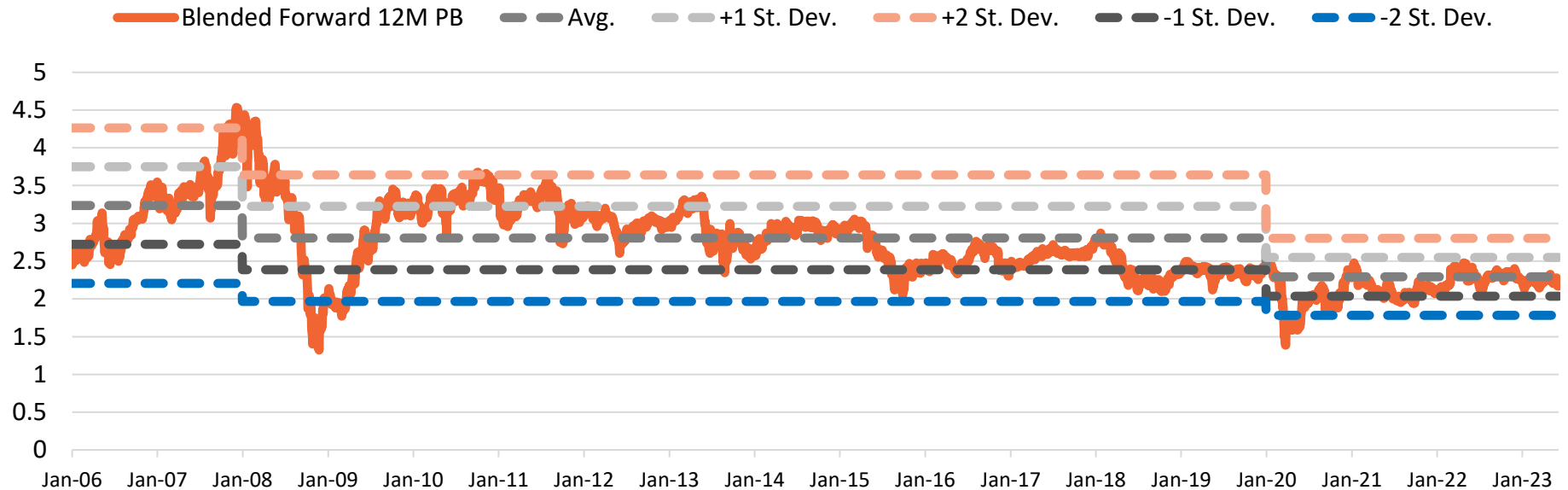
Sector	Foreign MoM (%) of est. ownership											
	Insurance			Pension Fund			Individual			Mutual Fund		
	Mar-23	Apr-23	May-23	Mar-23	Apr-23	May-23	Mar-23	Apr-23	May-23	Mar-23	Apr-23	May-23
Basic Industry	0.4%	-0.1%	-0.4%	0.2%	0.0%	-0.2%	-0.9%	-0.4%	-0.9%	-0.2%	-0.1%	-0.2%
Consumer Non-Cyclical	0.0%	0.0%	0.1%	0.0%	-0.1%	0.1%	-0.1%	0.1%	0.2%	-0.2%	-0.1%	0.4%
Consumer Cyclical	0.1%	0.0%	0.4%	0.0%	0.0%	0.6%	-0.4%	-0.1%	-0.1%	0.0%	0.1%	0.5%
Energy	-0.1%	0.0%	-0.2%	-0.1%	0.2%	-0.8%	2.7%	0.9%	-8.4%	0.0%	0.0%	-0.5%
Infrastructure	0.5%	0.3%	0.0%	0.5%	0.6%	0.1%	0.0%	0.0%	0.2%	0.5%	0.7%	0.1%
Healthcare	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Financial	2.2%	0.7%	8.6%	1.5%	2.6%	4.0%	-2.0%	0.1%	1.4%	1.5%	2.6%	5.6%
Industrial	-0.1%	0.5%	-0.1%	0.1%	0.7%	-0.1%	0.2%	0.0%	0.0%	-0.1%	0.7%	-0.3%
Property	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	-0.1%	0.0%	0.0%	0.1%
Technology	0.3%	-0.1%	0.1%	0.3%	-0.1%	0.3%	0.1%	0.8%	2.5%	0.1%	-0.1%	0.4%
Trans. And Logistics	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%	0.1%	0.0%	0.0%	0.0%

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

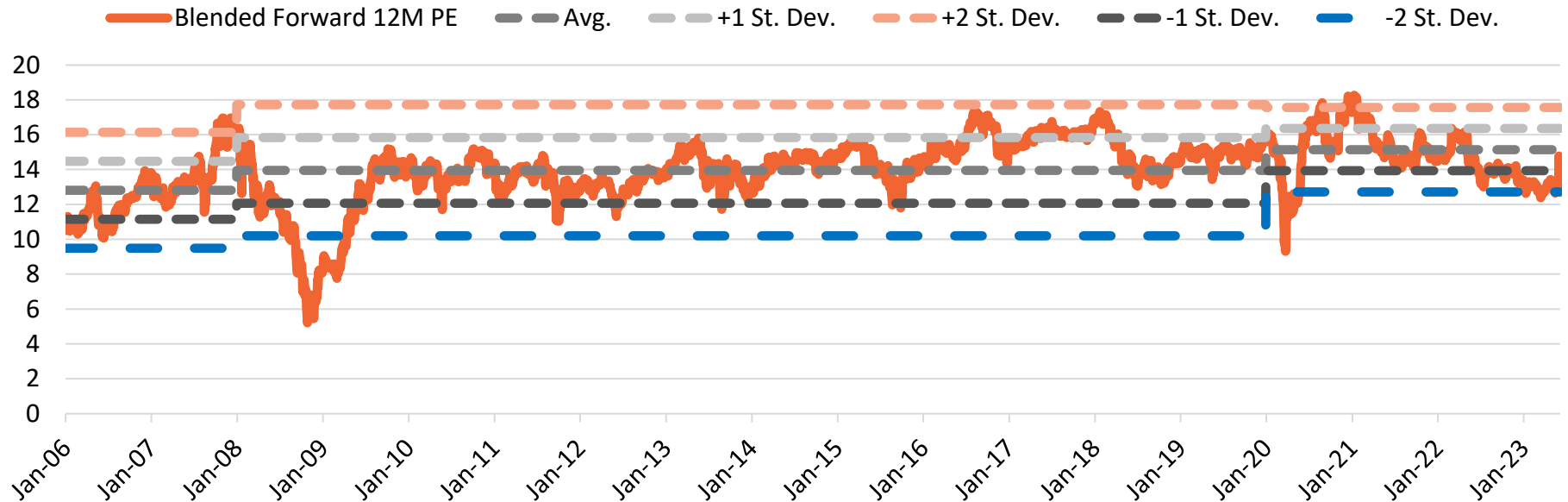
- ▲ Valuasi MSCI Indonesia saat ini telah kembali berada di rata-rata 5 tahun PB di level 2.2x mengindikasikan *potential upside* yang lebih terbatas. Secara historis sejak 2016, P/B MSCI Indonesia berkisar diantara level 2.0x-2.3x atau bergerak di rentang -1x SD dan juga *mean level* rata-rata 5 tahun 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	6.75	6.50	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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