

Monthly Bulletin

August 2023

What's Inside



Calendar

US CPI (10-Aug)
ID CAD (22-Aug)
ID BI 7D Repo Rate (24-Aug)



Global Event

Di setahun terakhir, kekhawatiran investor adalah inflasi dapat mengubah pandangan investor atas risk premium dipersulit dengan RUC mengakibatkan laju inflasi di beberapa regional tercatat tinggi. Namun, Jun'23 Core CPI setiap negara maju mencatatkan penurunan dalam % YoY basis. Hal ini menandakan disinflasi dari berbagai region tidak hanya US.



Indonesia

IHSG dalam 1 bulan meningkat dari level 6,661 Jun'23 menjadi 6,931 Jul'23 or 4.05% mom . Hal ini diakibatkan oleh beberapa saham big-cap yang bergerak diluar ekspektasi dari konsensus.



Equity Market

Kinerja IHSG ditutup sebesar +1.18% YTD atau +4.05 % MoM (*cutoff date: 28-Apr-23*). Top 3 *Leaders* 1) BYAN, 2) BMRI, 3) AMMN dan Top 3 *Laggards* 1) TLKM, 2) KLBF, 3) BBNI. Investor asing melakukan *net buy* sebesar +182mio USD di bulan Jul'23



Fixed Income Market

Yield 10 tahun obligasi selama di bulan Jul'23 bergerak di sekitar range 6.20-6.25. Namun, perlemahan terjadi selama bulan Aug'23 ke level 6.36. Kepemilikan investor asing masih meningkat menjadi 15.6%.



Section
01



Macro Updates

2H23 Key Macro Narrative

What to expect for the remaining of the year

Macro narrative for 2H23

2H23 narrative will be around disinflation phase, what it means for a soft-landing, china growth, election in 2024F.

🏠 Global - Disinflation : What to do and What to Expect ?

- Di setahun terakhir, kekhawatiran investor adalah inflasi dapat mengubah pandangan investor atas risk premium dipersulit dengan RUC mengakibatkan laju inflasi di beberapa regional tercatat tinggi. Namun, Jun'23 Core CPI setiap negara maju mencatatkan penurunan dalam % YoY basis. Hal ini menandakan disinflasi dari berbagai region tidak hanya US.
- Namun, di saat yang bersamaan Core-CPI terlihat lebih *sticky* dibandingkan Headline CPI di berbagai regional. Hal ini juga terrefleksi atas peningkatan inflasi ekspektasi di berbagai region. Dimana potensi inflasi yang terlihat dalam 10 tahun terakhir mungkin tidak akan terlihat dalam waktu dekat.

🏠 Global – Rates : Policy Hike Cycle seems reached its peak, but pause for a while

- Pengetatan kebijakan moneter telah mencapai puncaknya. Hal ini tidak hanya observasi atas Federal Reserve. Namun, Central bank baik di developed ataupun emerging market lainnya.
- Salah satu alasan kuat yang dijadikan pertimbangan oleh FOMC dalam mempertahankan tingkat suku bunga di 5.25 saat ini merupakan tingkat pertumbuhan lowongan kerja yang masih relative kuat.

🏠 Local – Growth : Asia Growth might be better compare to DM Market. But, it's not coming from China

- Di saat negara maju mengalami perlambatan pertumbuhan, beberapa negara-negara di Asia mencatatkan pertumbuhan ekonomi yang cukup resilient. Hal ini terlihat juga dari perbedaan indeks PMI antar asia dan global baik dari sisi manufaktur ataupun servis.
- Namun, kami melihat pertumbuhan asia belakangan tidak berasal dari perdangan antar negara Asia dan China. Terlihat dari penurunan ekspor ke China bahkan setelah China reopening di awal tahun 2023.

🏠 Local - Election : Consumption Bonus on the back Election.

- 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.

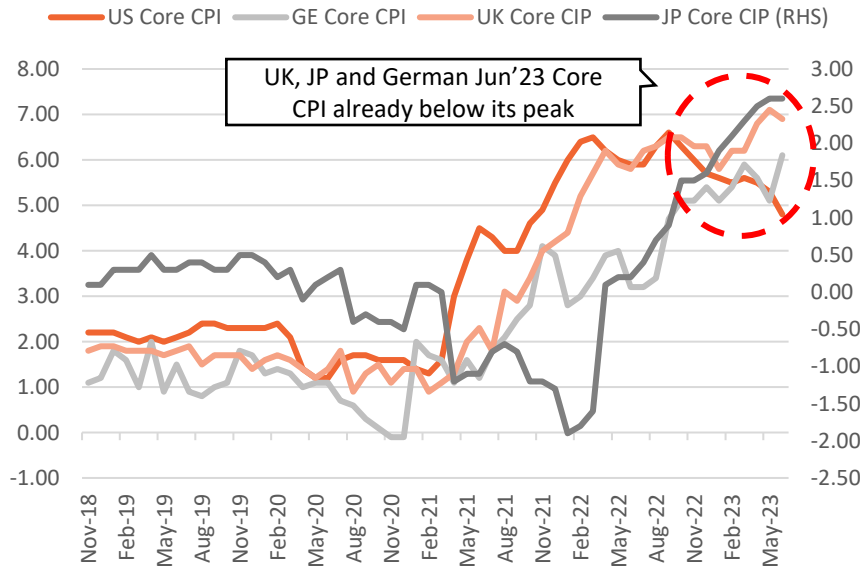
🏠 Mempertimbangkan hal diatas, kami memiliki preferensi aset kelas sebagai berikut : 1) Equity & Fixed Income (Balance 50/50), 2) Money Market.

Disinflation was Here, What to Do ?

Some investor concern as core cpi sticker than expected

Major Countries showing promising disinflation

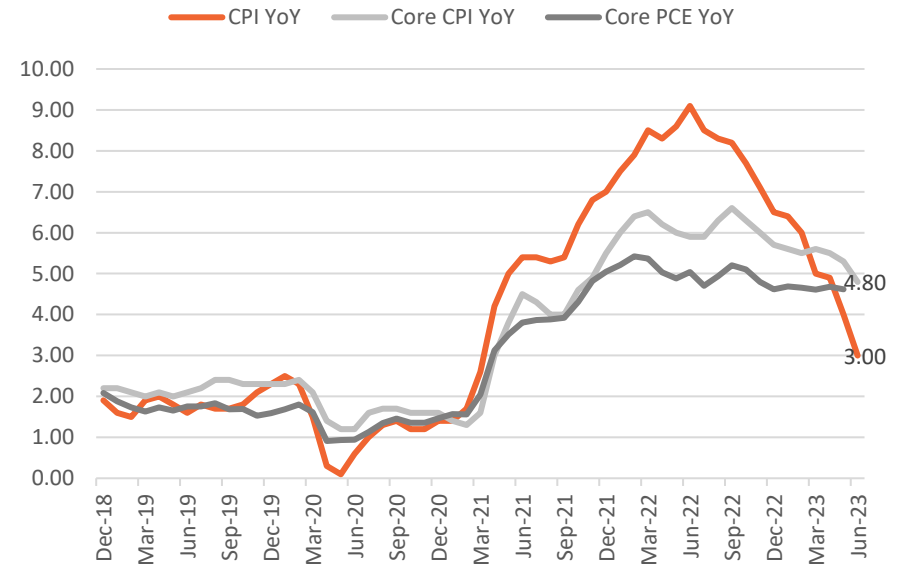
In %YoY



Source Syailendra Research, Bloomberg

US taking a lead on disinflation since Jun'22

In %YoY



Source Syailendra Research, Bloomberg

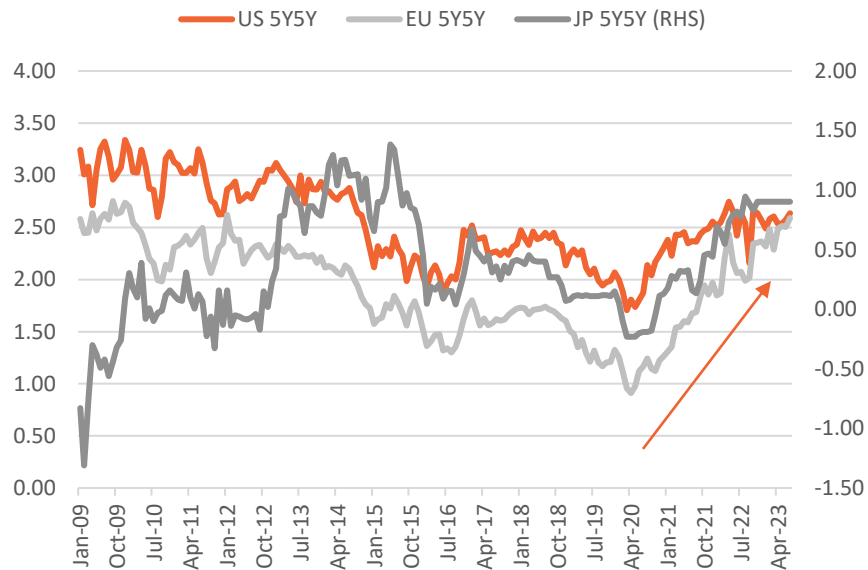
- ⚠ Kekhawatiran meningkatnya inflasi sepertinya telah menurun dimana di bulan Jun'23 hamper seluruh negara telah menunjukkan disinflasi. Hal ini memberikan tanda baik bahwa siklus ekonomi perlahan akan Kembali ke level yang normal
- ⚠ Hal yang ditakutkan ialah tingkat inflasi inti berpotensi masih diatas rata-rata walau mencapai level yang di anggap normal i.e US Core CPI pre-covid berkisar 2% vs kemungkinan Core-CPI long-term mencatatkan lebih dari 2%

Consensus Start Pricing-in Softlanding and Aftermath

Higher LT Inflation Expectation and revisioning 2024F Growth

Inflation expectation going higher across region

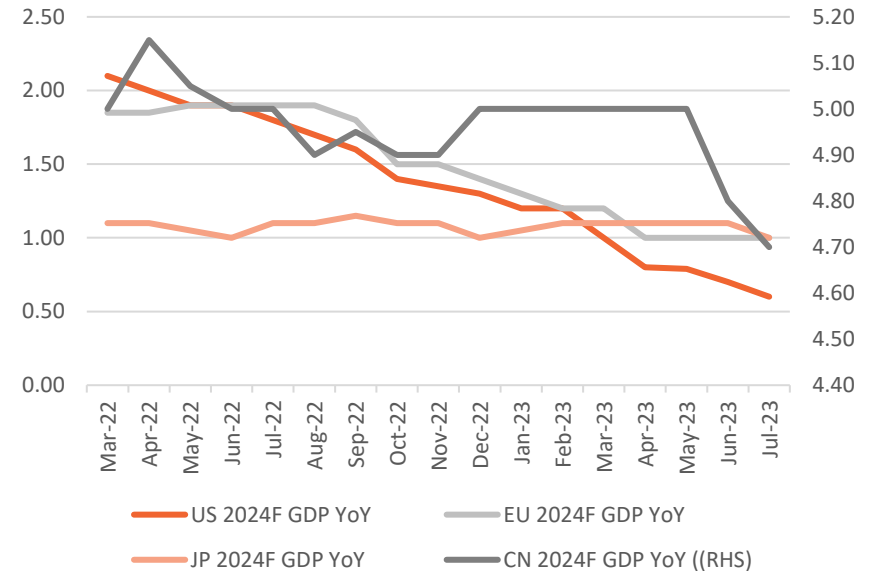
In %YoY



Source Syailendra Research, Bloomberg

At the same time, Consensus revision growth outlook

In %YoY



Source Syailendra Research, Bloomberg

- Walaupun inflasi sudah menurun secara perlahan, namun ekspektasi inflasi dalam jangka panjang meningkat ke level 2009-2010. Ini menandakan investor melihat inflasi rendah yang terjadi dalam 10 tahun terakhir mungkin tidak akan terulang dalam waktu dekat.
- Di saat bersamaan, pasar melihat tingkat pertumbuhan di tahun 2024 masih sedikit menurun walaupun jauh dari resesi berkepanjangan. Hal ini terlihat dari revisi pertumbuhan yang terjadi di 4 negara maju.

We Believe Policy Hike Cycle was Done

Most all country policy rate already at its peak and cutting around next year

Most of major central bank already reach its terminal rate

In %

Major Economies & ASEAN-6	Benchmark Interest Rates, % p.a.					
	2021	2022	Current	2023F	2024F	Latest developments
US	0.00-0.25	4.25-4.50	5.00-5.25	5.25-5.50	3.25-3.50	Fed paused for June
China	2.95	2.75	2.65	2.55	2.55	PBoC cut -10bps in June
Eurozone	(0.50)	2.00	3.50	3.75-4.00	2.75-3.00	ECB hiked another +25bps in June
Japan	(0.10)	(0.10)	(0.10)	(0.10)	0.00	BoJ keeps the ultra low rate in June
UK	0.25	3.50	5.00	5.50-6.00	4.00-4.50	BoE hiked +50bps in June
Malaysia	1.75	2.75	3.00	3.00	3.00	OPR hiked in May after pause in Jan/Mar, but maintained in June
Singapore	0.19	3.10	3.67	3.80	3.00	MAS maintained policy in April
Indonesia	3.50	5.50	5.75	5.75	5.00	BI on pause since Feb 2023
Thailand	0.50	1.25	2.00	2.00	2.00	BoT raised +25bps in May
Philippines	2.00	5.50	6.25	6.25	4.25	BSP paused in June
Vietnam	4.00	6.00	4.50	4.50	4.50	SBV delivered fourth round of rate cuts in June

Source Syailendra Research, Bloomberg

- Hal baiknya ialah berdasarkan observasi kami. Pengetatan kebijakan moneter telah mencapai puncaknya. Hal ini tidak hanya observasi atas Federal Reserve. Namun, Central bank baik di *developed* ataupun *emerging* market lainnya

Latest FFR Interest Probability

Consensus expect mar'24 was the earliest cut rate

FFR Interest Rate Probability

In %

Dates	Actual Rate	Implied Rate			Changes	
		22-Dec	23-Mar	31-Jul-23	Dec'22 to Mar'23	Mar'23 to Jul'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	5.25	4.97	4.92		-0.05	
26-Jul-23		4.92	4.83		-0.09	
20-Sep-23		4.84	4.67	5.36	-0.17	0.69
1-Nov-23		4.72	4.50	5.41	-0.22	0.91
13-Dec-23		4.59	4.35	5.37	-0.24	1.02
31-Jan-24		4.42	4.17	5.27	-0.25	1.10

Source : Syailendra Research, Bloomberg

- 📌 Dalam 2 bulan terakhir, pasar mengalami perubahan pandangan atas policy rate yang akan ditentukan oleh FOMC kedepannya.
- 📌 Terlihat Sampai dengan 20-Mar-2024, pasar memiliki ekspektasi tidak adanya penurunan tingkat suku bunga dengan ekspektasi tingkat suku bunga di 5.25-5.50%

FFR Interest Hike Meeting Probabilities

As of 5-Aug-2023

MEETING PROBABILITIES												
MEETING DATE	300-325	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550	550-575	575-600
20/09/2023					0,0%	0,0%	0,0%	0,0%	0,0%	87,0%	13,0%	0,0%
01/11/2023	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	71,8%	25,9%	2,3%
13/12/2023	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	8,8%	66,2%	23,1%	2,0%
31/01/2024	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	3,4%	31,3%	49,2%	14,8%	1,2%
20/03/2024	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	2,0%	19,6%	41,7%	29,3%	6,9%	0,5%
01/05/2024	0,0%	0,0%	0,0%	0,0%	0,0%	1,9%	18,8%	40,8%	29,8%	7,9%	0,8%	0,0%
19/06/2024	0,0%	0,0%	0,0%	0,0%	0,9%	9,7%	28,9%	35,7%	19,7%	4,6%	0,4%	0,0%
31/07/2024	0,0%	0,0%	0,0%	0,7%	7,6%	24,4%	34,1%	23,5%	8,2%	1,4%	0,1%	0,0%
25/09/2024	0,0%	0,0%	0,6%	6,5%	21,7%	32,6%	25,2%	10,6%	2,5%	0,3%	0,0%	0,0%
06/11/2024	0,0%	0,4%	4,6%	16,9%	29,1%	27,5%	15,2%	5,1%	1,0%	0,1%	0,0%	0,0%
18/12/2024	0,3%	3,2%	12,7%	24,9%	28,1%	19,5%	8,6%	2,4%	0,4%	0,0%	0,0%	0,0%

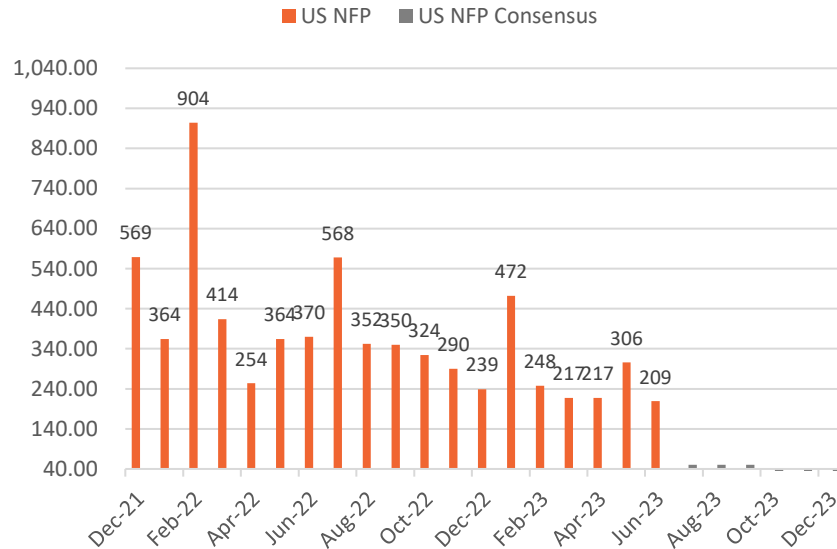
Source : CME

Reason Why Implied Rate still Elevated

Past labor market still way-off from cut-rate condition

Non-Farm Payroll Still Elevated vs Consensus

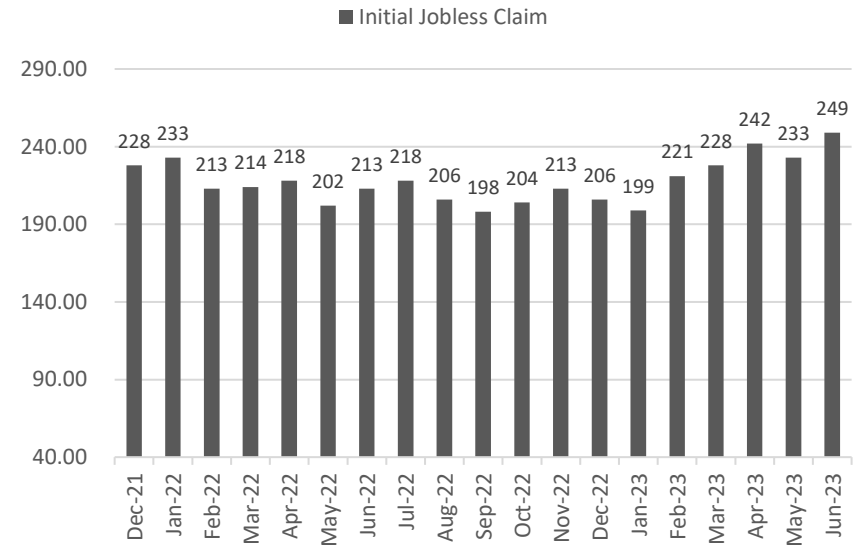
In thousand of new non-farm jobs



Source Syailendra Research, Bloomberg

Initial Jobless claims also show no increase yet

In thousand of new jobless claims (<2 weeks)



Source Syailendra Research, Bloomberg

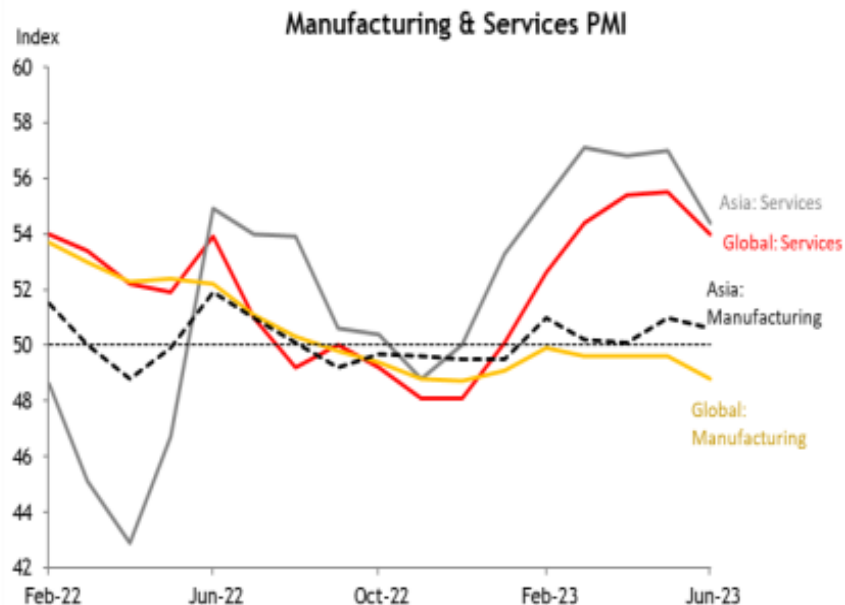
- Salah satu alasan kuat yang dijadikan pertimbangan oleh FOMC dalam mempertahankan tingkat suku bunga di 5.25 saat ini merupakan tingkat pertumbuhan lowongan kerja yang masih relative kuat.
- Hal initerlihat Jun'23 NFP berada di 209ribu perkerjaan vs ekspektasi apsar berkisar di 50ribu pekerjaan. Hal yang bersamaan claim atas benefit *unemployment* hanya meningkat sedikit sejak akhir tahun 2022 dari rata-rata 210ribu saat ini di level 249ribu.

Going Forward Asia Should Have Higher Growth

Don't expect the growth coming from china drive trade

Asia PMI had diverge compare to global since 2022

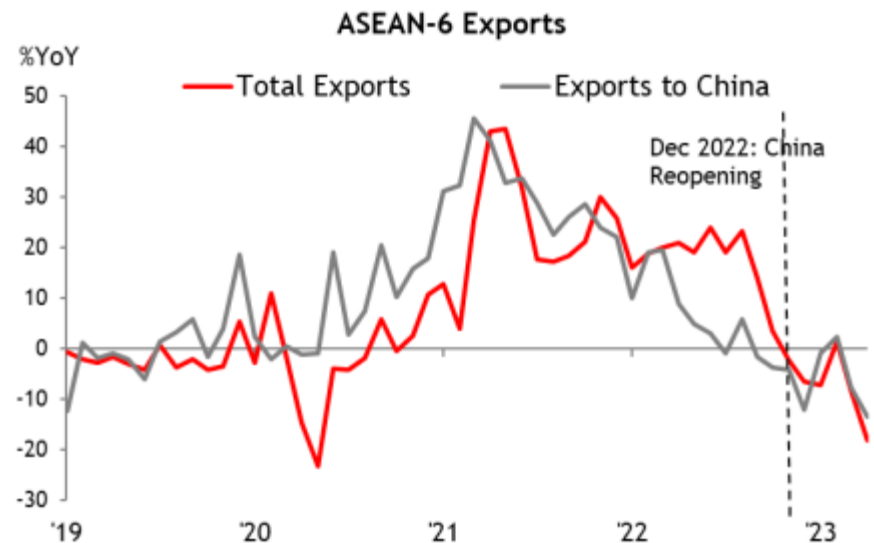
In unit of index



Source : Maybank IBG Research, CEIC

However, China hasn't been driving Asia Growth

In %YoY



Source : Maybank IBG Research, CEIC

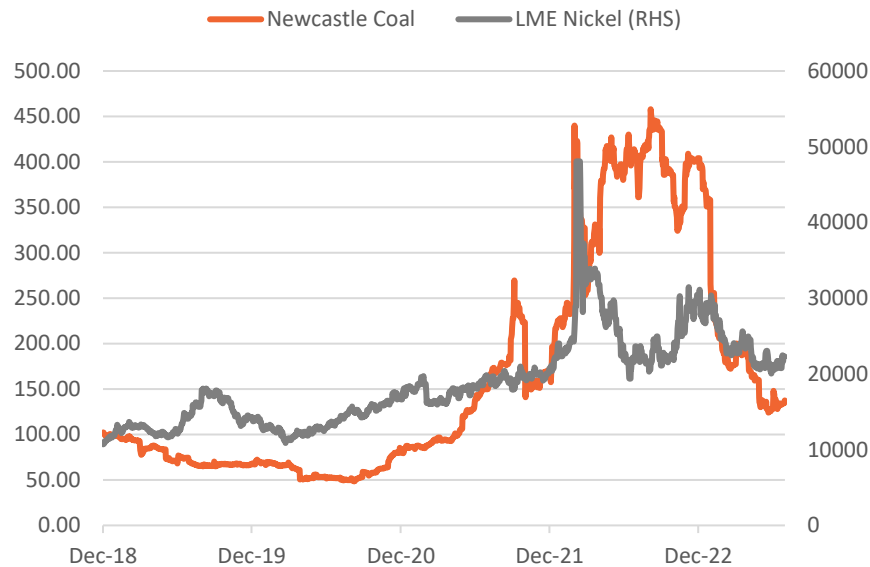
- 🚩 Di saat negara maju mengalami perlambatan pertumbuhan, beberapa negara-negara di Asia mencatatkan pertumbuhan ekonomi yang cukup *resilient*. Hal ini terlihat juga dari perbedaan indeks PMI antar asia dan global baik dari sisi manufaktur ataupun servis
- 🚩 Namun, kami melihat pertumbuhan asia belakangan tidak berasal dari perdagangan antar negara Asia dan China. Terlihat dari penurunan ekspor ke China bahkan setelah *china reopening* di awal tahun 2023.

Yet, Surprise on China Might Had Impact

Imbalance in S&D commodity could trigger commodity price

Commodity already at lower level – Coal & Nickel

In USD/MT



Source : Syailendra Research, Bloomberg

Commodity already at lower level – Copper & CPO

In USD/MT



Source : Syailendra Research, Bloomberg

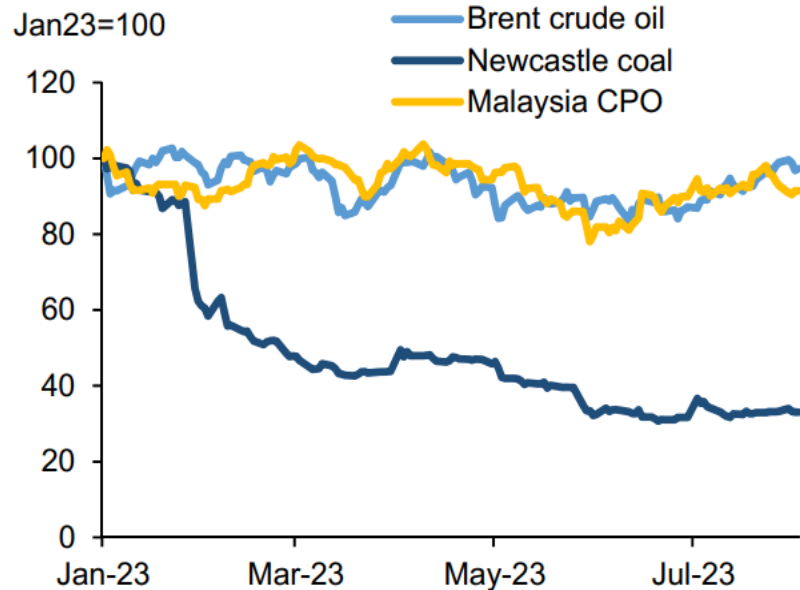
- ⚠ Hal yang sama pun terlihat dari lemahnya harga komoditas khususnya di *metal commodity*. Hal ini merupakan refleksi dari melambatnya ekonomi global termasuk pertumbuhan di China yang belakangan lebih lambat dibandingkan ekspektasi.
- ⚠ Namun, kami melihat tidak diperlukan pertumbuhan yang sangat tinggi untuk memberikan shock terhadap harga komoditas. Mengingat beberapa hal yang terjadi baik dari sisi *geopolitic*, akses regional atau bahkan logistic mengakibatkan perubahan incremental atas *supply & demand* komoditas diatas dapat mengakibatkan efek harga komoditas yang terlihat di pasar.

Current Commodity Price might pressure our CA

YTD Oil price stay the same while coal down more than 50%

Oil Price stays the same while coal down more than 50%

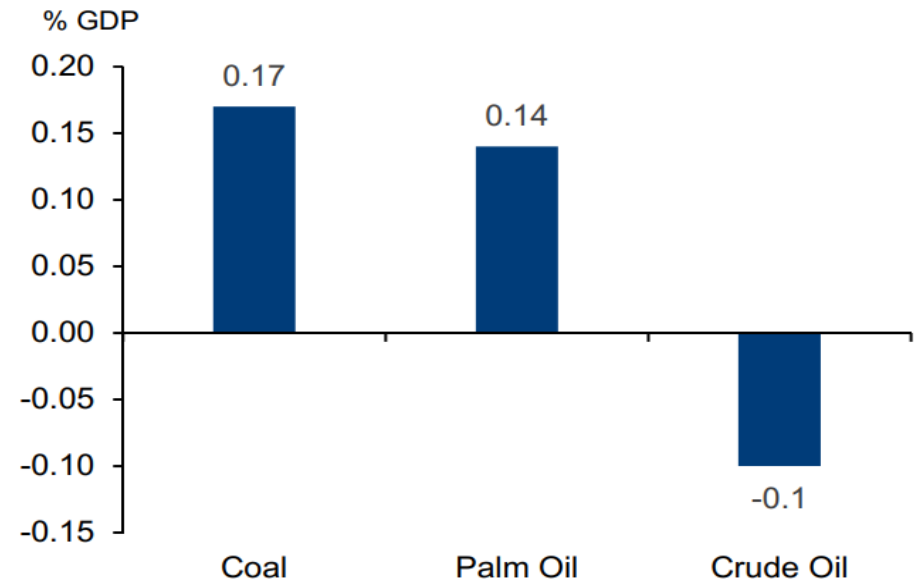
In normalized to 100



Source : Mandiri Sekuritas

Indo CA might impacted from lesser coal export nominal

In % of GDP



Source : Mandiri Sekuritas

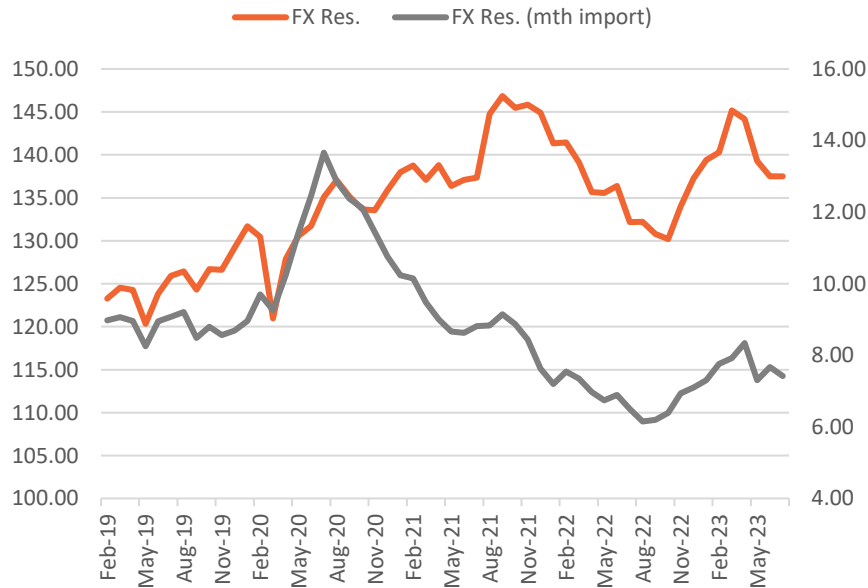
- ⚠ Berdasarkan observasi atas harga komoditas saat ini, terdapat potensi tekanan *trade balance* dan *current account* Indonesia khususnya penurunan harga batu bara.
- ⚠ Namun, kami melihat potensi terendah CA masih dapat ditolerir oleh pasar berkisar -1.0% dari GDP.

Indo FX Reserve Still Ample While

Additional FX Reserve might coming from new export regulation

FFR Interest Rate Probability

In %



Source : Syailendra Research, Bloomberg

- ▮ Dalam 1 tahun terakhir terlepas Indonesia mengalami peningkatan neraca perdagangan yang sangat besar. Hal ini tidak terlalu terlihat dari sisi *foreign reserve*. Namun, *foreign reserve* Indonesia menurut kami masih berada di level yang normal berkisar 7-8 bulan dari impor.
- ▮ Terdapat berita baik dari sisi *foreign reserve* dengan PP 36/2023, 4 sektor yang bergerak dibidang ekspor diharuskan untuk setidaknya menaruh 30% dari pendapatan ekspor melalui instrumen USD dalam negeri selama 3 bulan.

Four Sector under PP 36/2023 mandate to put its Export

In bio USD

No	Sector	New Inclusion	Total Export (USDBn)	Tariff Post
1	Mining	Glass and glassware; articles of iron and steel, aluminum and articles thereof	129.1	209
2	Plantation	Prepared vegetables, fruits, nuts, or other part of plants; organic chemicals; rubber and articles thereof	55.2	567
3	Forestry	Fertilizers; essentials oil; skins of animal	12.0	263
4	Fishery	Agar-agar (isinglass); fish fats oils; marine mammals fats; worked bone, tortoise-shell, horn, antlers, coral, mother of pearl	7.0	506
All 4 sectors (USDBn, 2022 Value)			203.3	1545
Other exports (USDBn, 2022 Value)			89.1	
Total export (USDBn, 2022 Value)			292	

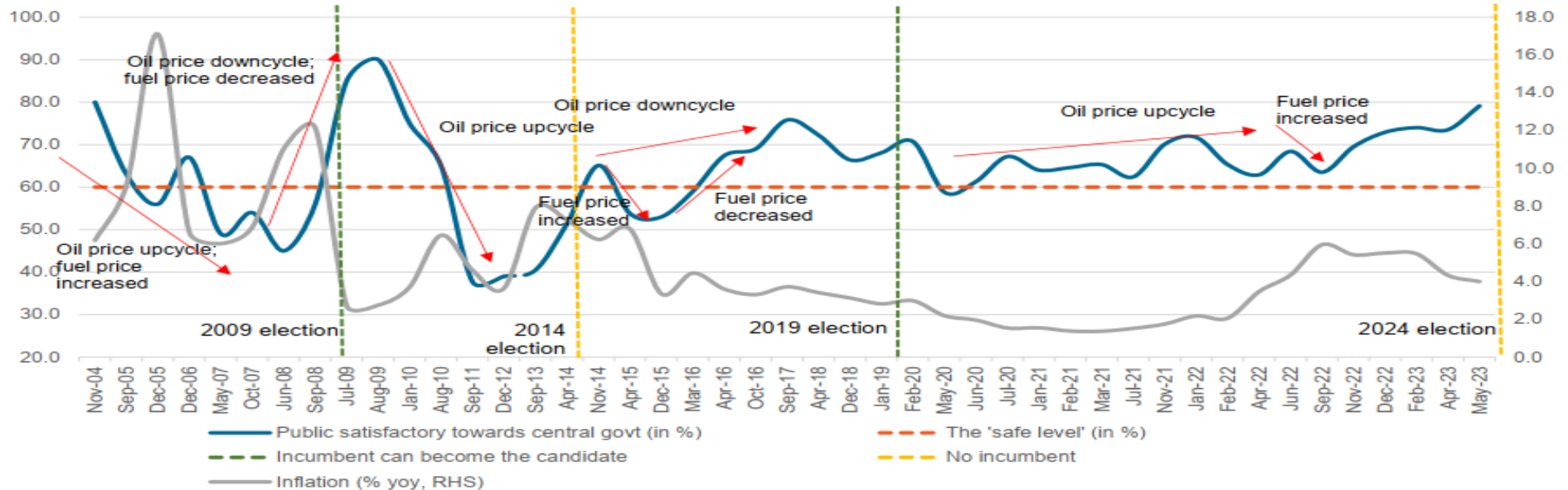
Source : BNI Sekuritas

What Could We Learn From Past Election

Candidate with similar to current President will be benefitted

Event Study on Public Satisfactory to Central Govt

In %



Source : BNI Sekuritas, LSI, Charta Politica

- 📌 Berdasarkan data kepuasan publik terhadap pemerintahan, terdapat beberapa pola yang dapat kita lihat :
 - Umumnya *incumbent* dapat menang apabila data kepuasan publik dapat bertahan di atas 60% dengan situasi ekonomi yang relatif terkendali.
 - Di saat bersamaan, oposisi cenderung terpilih di saat situasi ekonomi atau gejolak sosial berada di level yang tinggi dan kepuasan public terhadap pemerintah menurun ke dibawah 40%
- 📌 Namun, seluruh kandidat merupakan kandidat baru dan kepuasan publik berada diatas 60% sejak 2020. Sehingga persepsi publik yang mendekati pemerintahan Jokowi mungkin akan diuntungkan dari sisi pemilih.

Section
02



Fixed Income

2H23 Fixed Income Narrative

What to expect for the remaining of the year

Fixed Income narrative for 2H23

2H23 are positioning for cut-rate, what to do with narrow risk-premium

🏠 **Global – Rates : Market was positioning for cut-rate in 2024**

- Berdasarkan dua indikator diatas, kami melihat pasar *sovereign bond* merefleksikan kepercayaan bahwa *cut-rate* akan terjadi dalam 12 bulan mendatang hal ini terlihat dari korelasi antara DXY dan *2s/10s curve* dan *trajectory* pergerakan US 10Y dibandingkan siklus-siklus *policy rate* sebelumnya.

🏠 **Global – Rates : Narrowing Risk Premium, What to Do ?**

- Salah satu kekhawatiran pasar ialah *risk premium* yang dicatatkan oleh INDOGB sudah mendekati level terendah dalam 10 tahun terakhir. Sehingga ditakutkan memberikan insentif investor untuk melakukan *takeprofit*.
- Disaat yang bersamaan fenomena ini terjadi ke semua negara EM. Sehingga seharusnya insentif investor lebih kecil mengingat semua *yield* di berbagai negara mengalami penurunan.

🏠 **Local – Rates : Yield Curve just keep flattening. Signal of slowdown**

- Pergerakan dipasar di pasar SUN memperlihatkan koreksi di SUN jangka pendek (<5Y). Hal ini terlihat Per Jul'23, YC jangka pendek mengalami koreksi di sisi lain jangka Panjang (>10Y) tidak mengalami koreksi signifikan.
- Hal ini menandakan ekspektasi investor SUN atas perlambatan ekonomi kedepannya.

🏠 **Our View for 2H23 :**

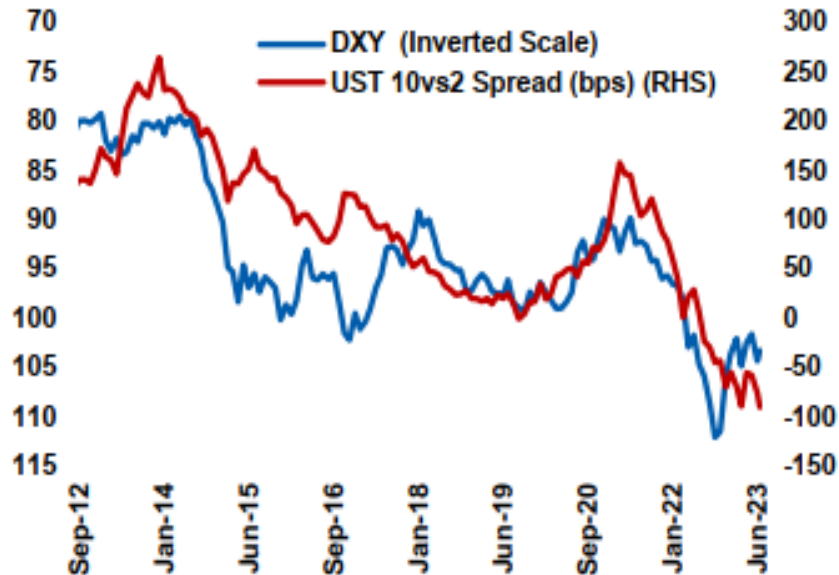
- Kami melihat dari sisi ini capital allocation dapat berubah dengan asumsi disinflasi terjadi di semua regional. Untuk memaksimalkan return di sisi sovereign, investor global setidaknya akan memiliki 2 kategori untuk melihat EM yaitu : 1) tingkat disinflasi yang masih tinggi, 2) real yield yang ditawarkan relatif bersaing.
- Berdasarkan hal tersebut, kami melihat INDOGB sudah price-in sebagian besar hal ini. Untuk hal ini terjadi kami melihat beberapa RY negara perlu menurun sehingga INDOGB sedikit lebih atraktif. Target 10Y yield base case 2H23F berada di range 6.50 – 6.75%.

Market Getting Price-in into Cut-Rate Thesis

Dollar Index, 2s/10s Curve and 10Y Movement in track with cut-rate thesis

Bullish steepening (cut-rate) correlate with weaker USD

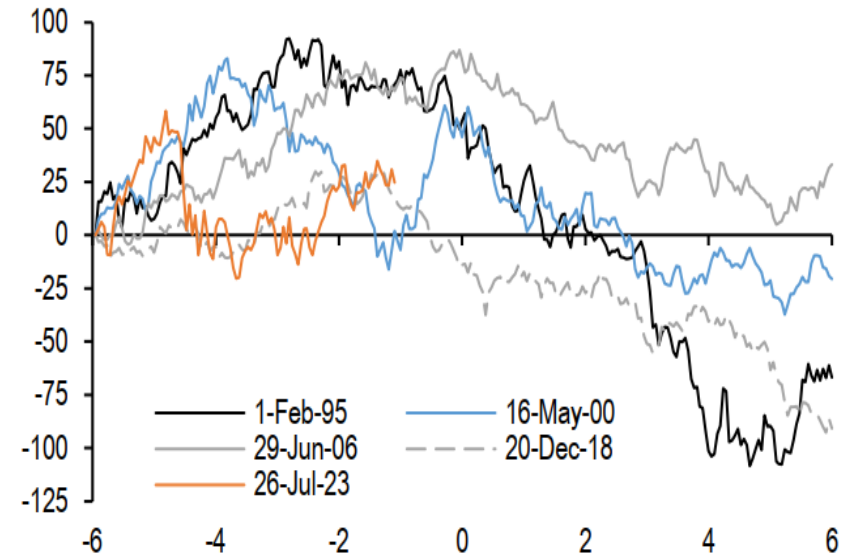
In bps



Source : RHB Sekuritas

US 10Y Movement Still Track Past Peak Rate Cycle

In bps



Source : JPM Global

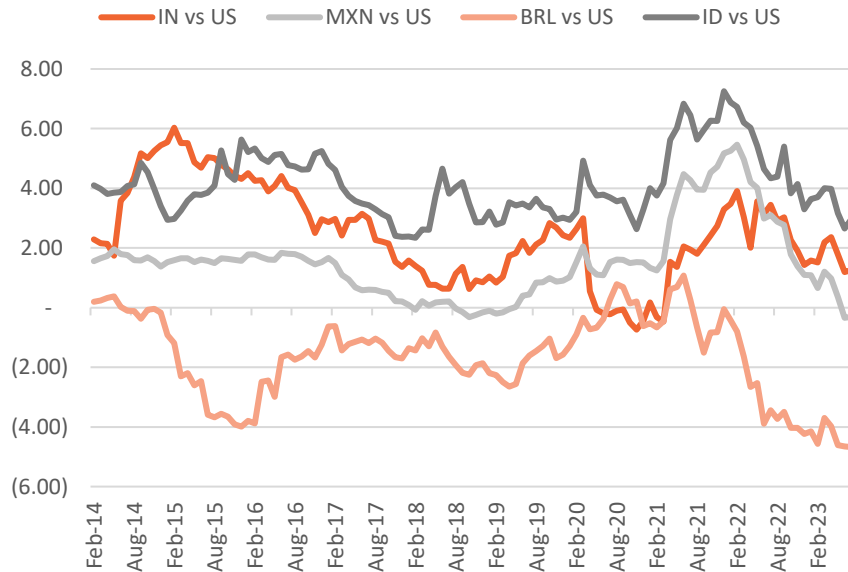
- ▲ Berdasarkan dua indikator diatas, kami melihat pasar *sovereign bond* merefleksikan kepercayaan bahwa *cut-rate* akan terjadi dalam 12 bulan mendatang hal ini terlihat dari korelasi antara DXY dan 2s/10s curve dan trajectory pergerakan US 10Y dibandingkan siklus-siklus *policy rate* sebelumnya.

Narrow Risk Premium Happened Across Region

Therefore, IDR shouldn't be punished for lesser premium

4 EM countries show narrowing risk premium

In %



Source : Bloomberg, Syailendra Research

IDR track with dollar index so far

In unit of index, IDR/USD



Source : JPM Global

- Salah satu kekhawatiran pasar ialah *risk premium* yang dicatatkan oleh INDOGB sudah mendekati level terendah dalam 10 tahun terakhir. Sehingga ditakutkan memberikan insentif investor untuk melakukan *takeprofit*.
- Disaat yang bersamaan fenomena ini terjadi ke semua negara EM. Sehingga seharusnya insentif investor lebih kecil mengingat semua *yield* di berbagai negara mengalami penurunan.

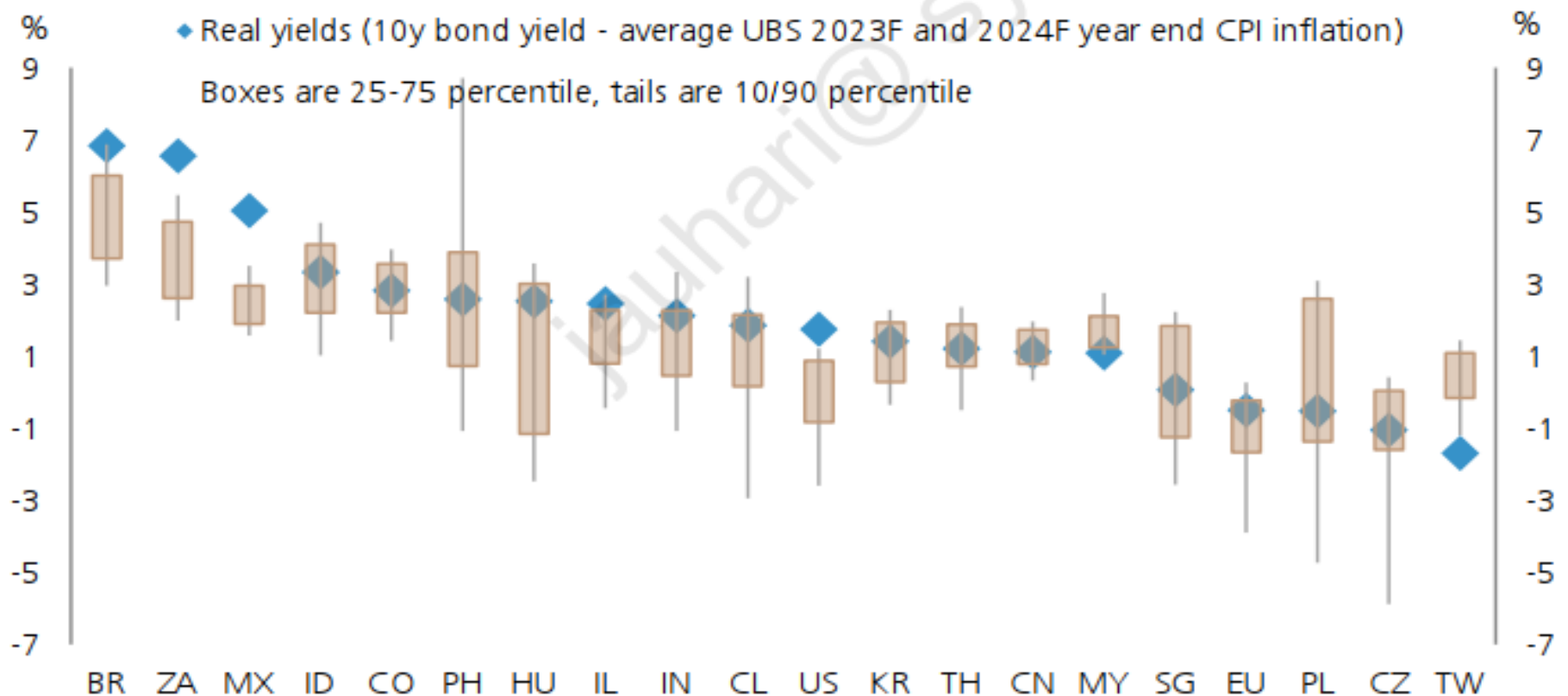
Most of EM Real Yield Still Above Trend

Indonesia was no 4 inline for highest real yield in EM

EM ex Ante 10Y real yield still very competitive despite the rally

In %

Figure 7: EM ex ante 10y real yields - still competitive despite this year's rally

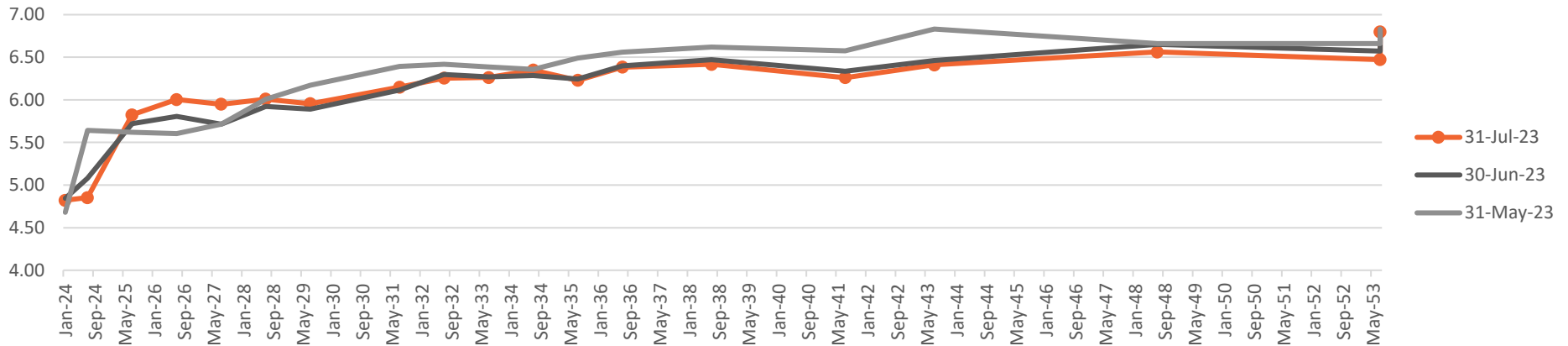


Yield Curve Continued to Flatten

Recently, YC showing bear flattening (ST yield adjusted upward)

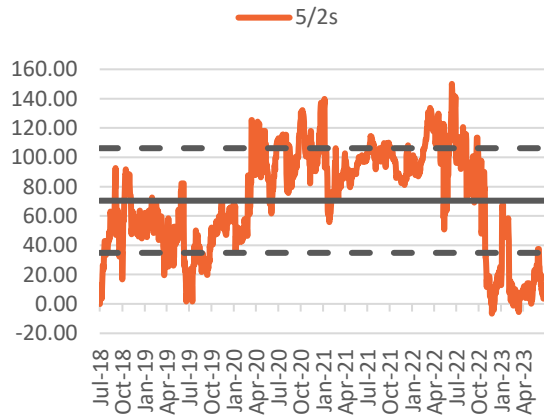
INDOGB Yield Curve

In ppt



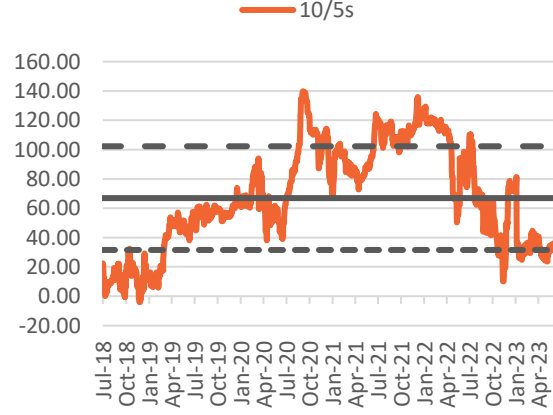
5/2s 5Y Historical Spread

In bps



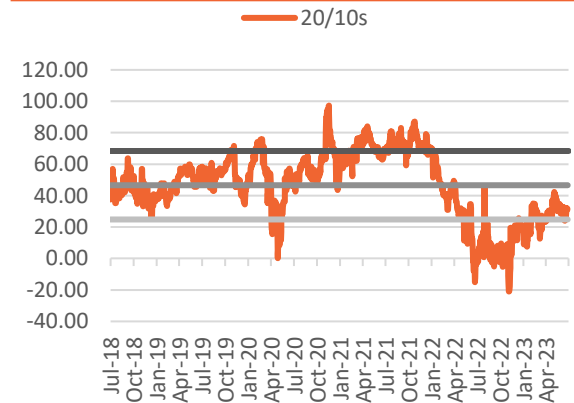
10/5s 5Y Historical Spread

In bps



20/10s 5Y Historical Spread

In bps



Indonesian Bonds Ownership

Continous foreign inflow at the same time outflow from central bank

Ownership on Tradeable Indonesia Government Bonds

In IDR Trn

Ownership Level

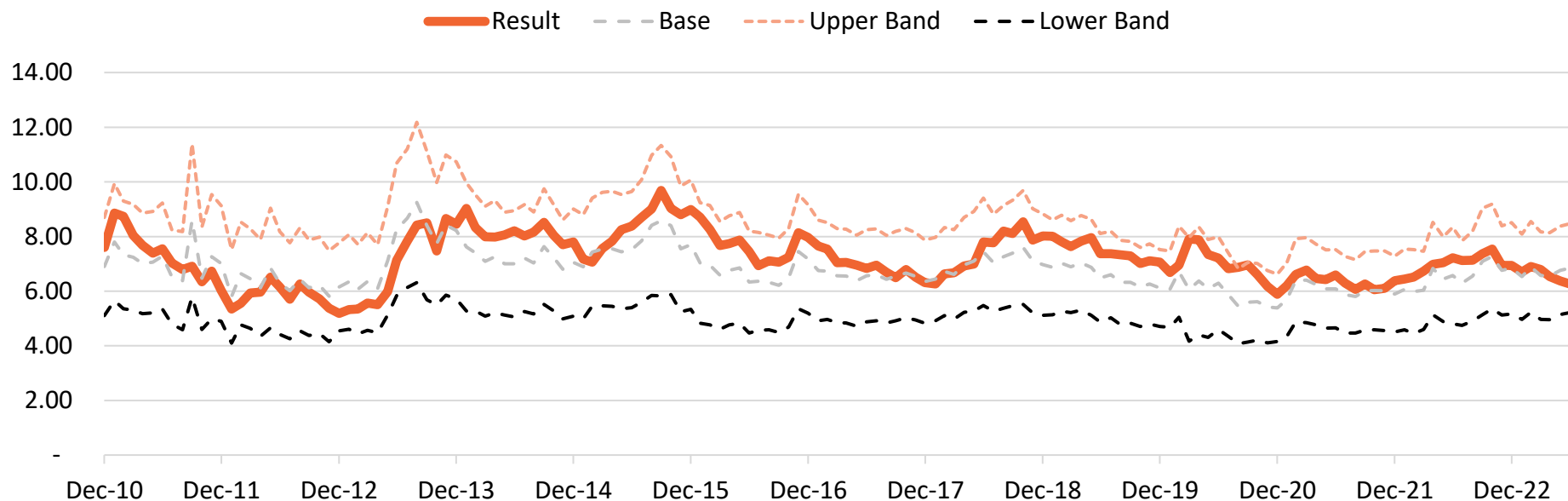
Year	Bank	Central Bank	Mutual Fund	Insurance & PF	Foreign	Retail	Others	Total
Yearly								
2016	21.2%	8.9%	4.8%	18.4%	37.5%	3.3%	5.9%	100.0%
2017	21.6%	8.6%	5.0%	16.6%	39.8%	2.9%	5.6%	100.0%
2018	21.8%	9.2%	5.0%	17.5%	37.7%	3.1%	5.7%	100.0%
2019	20.7%	9.9%	4.8%	17.1%	38.6%	2.9%	5.9%	100.0%
2020	24.7%	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	22.7%	24.9%	3.3%	17.7%	15.6%	6.9%	9.0%	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	-83	33	98	93	37	27	187
Interim								
May	-98	-6	2	5	7	-3	-6	-101
June	8	-21	5	12	18	-5	7	23
July	-9	-21	6	25	8	20	9	38

Estimating INDOGB 10Y Fair Yield

We're adding fiscal deficit proxy and rolling over forecast

Government Bond Market Comparison

In %



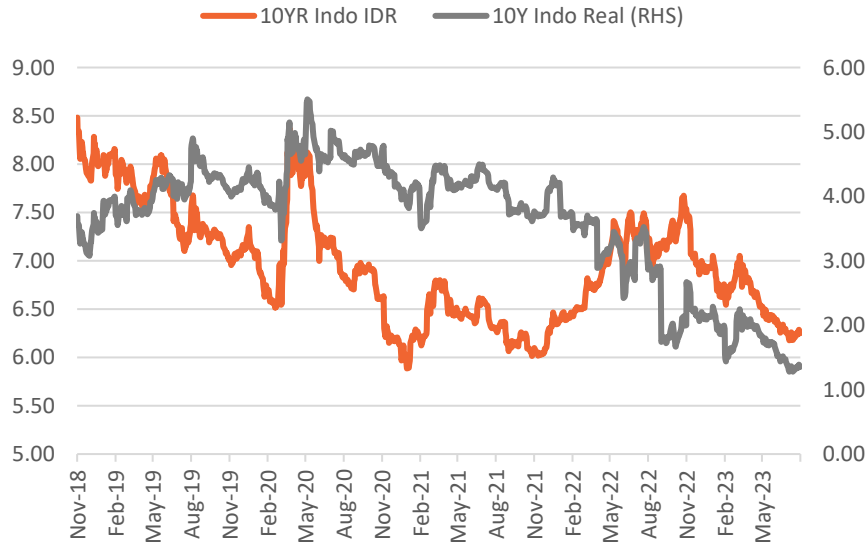
Base Scenario	Base Case	Commentary
R Square	54.33%	
USGG10YR	3.2500	Start to Rolling Over to 2024F
CDS10YR	0.8000	Slightly above average during BBB rating
6M Hedge Cost	0.2000	IDR stay below 15k
Tradeable IDR Govt Supply	5.00%	Tradeable IDR add around 300trn equivalen 2.10 fiscal deficit.
10Y	6.50 – 6.75	Target base case for 10y

Source: Syailendra Research, Bloomberg

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

- 📌 Dalam waktu dekat salah satu *milestone thesis* akan tercapai yaitu FFR mencapai *terminal rate* di level 5.25-5.50%. Kami melihat dari sisi ini *capital allocation* dapat berubah dengan asumsi disinflasi terjadi di semua regional. Untuk memaksimalkan return di sisi *sovereign*, investor global setidaknya akan memiliki 2 kategori untuk melihat EM yaitu : 1) tingkat disinflasi yang masih tinggi, 2) real yield yang ditawarkan relatif bersaing.
- 📌 Berdasarkan hal tersebut, kami melihat INDOGB sudah *price-in* sebagian besar hal ini. Untuk hal ini terjadi kami melihat beberapa RY negara perlu menurun sehingga INDOGB sedikit lebih atraktif. Target 10Y yield base case 2H23F berada di range 6.50 – 6.75%.

Section 03



Equity

2023 Key Equity Narrative

What to expect for the remaining of the year

Equity narrative for 2H23

2H23 was about slowing down earnings momentum, stock-picking

Local – Earnings Recap : 2H23 Earnings Slightly Below Expectation

- Hal yang sama terlihat secara aggregate, JCI tidak mengalami peningkatan earnings akibat earnings season di 2Q23. Namun, valuasi JCI dan antar sektor memang terlihat sudah cukup murah dibandingkan rata-rata 5 tahun belakangan.

Local – Valuation : Equity Valuation already cheap. But is it enough ?

- Valuasi JCI ataupun MSCI Indonesia ditandingkan dengan beberapa negara lainnya mencatatkan tingkat valuasi yang relatif murah. Hal ini namun merefleksikan tingkat pertumbuhan laba yang menurun di tahun 2023.
- Hal yang sama kami lihat untuk tingkat valuasi di level sectoral dibandingkan dengan historis 5 tahun kebelakang.

Our View for 2H23 :

- Untuk strategi equity kami melihat beberapa pemilihan saham yang menjadi beneficiary berdasarkan tema-tema dibawah ini :
 - Focus on Thematic Play (Stock Picking) rather than sector rotation
 - Interest Rate Cut Beneficiary – Banking and Property

Global Indices Performance

Developed Market Outpace EM Market in the past 3M

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)	7.28%	4.81%	4.29%	4.32%	8.26%	20.22	4.51	20.04
2	S&P 500 (US)	19.52%	4.81%	10.06%	12.57%	11.11%	21.27	4.16	17.89
3	Nasdaq (US)	37.07%	5.83%	17.33%	23.84%	15.78%	37.68	5.54	12.92
4	London (UK)	6.41%	4.53%	-0.05%	-0.68%	4.74%	14.59	1.80	11.60
5	DAX (GR)	18.12%	3.79%	3.29%	8.72%	21.97%	11.69	1.46	11.44
6	CAC (FP)	15.82%	3.91%	0.08%	5.86%	16.27%	13.10	1.85	13.58
Asia Market									
1	Nikkei (JP)	27.12%	1.95%	14.96%	21.39%	19.32%	20.45	1.91	8.82
2	Hang Seng (HK)	1.50%	4.86%	0.93%	-8.07%	-0.38%	10.04	1.10	10.73
3	Shanghai (CN)	6.53%	3.19%	-0.97%	1.09%	1.16%	11.39	1.29	11.45
4	Shenzhen (CN)	3.69%	4.40%	-0.36%	-3.42%	-3.73%	12.74	1.60	12.63
5	NFT (IN)	9.11%	4.98%	9.35%	11.84%	15.13%	20.64	2.97	13.96
6	Kospi (KR)	NA	1.98%	5.24%	8.56%	7.39%	15.68	1.03	6.58
ASEAN Market									
1	Singapore (SG)	3.77%	5.26%	3.16%	0.25%	5.06%	10.89	1.12	9.76
2	Kuala Lumpur (MK)	-2.41%	5.24%	3.07%	-1.75%	-2.20%	14.08	1.30	9.26
3	Thailand (TH)	-6.75%	5.27%	1.76%	-6.90%	NA	17.03	1.50	8.91
4	Vietnam (VN)	21.43%	7.81%	16.56%	10.05%	1.37%	12.11	1.72	14.13
5	Philippines (PH)	NA	1.36%	-0.51%	-2.97%	4.36%	12.33	1.40	11.35
Indonesia Market									
1	JCI / IHSG (ID)	1.18%	4.05%	0.23%	1.35%	-0.28%	14.14	1.82	12.85
2	JII / ISSI (ID)	-3.39%	5.78%	-1.54%	-1.08%	2.19%	13.97	2.01	14.62
3	IDX30 (ID)	2.79%	2.14%	0.15%	2.90%	-3.54%	14.71	2.08	14.07
4	LQ45 (ID)	3.04%	2.11%	0.40%	3.11%	-1.33%	14.12	1.96	13.83

Global Peers Valuation Comparison

Indonesia valuation in-line with growth expectation

Global Indices Historical Performance

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

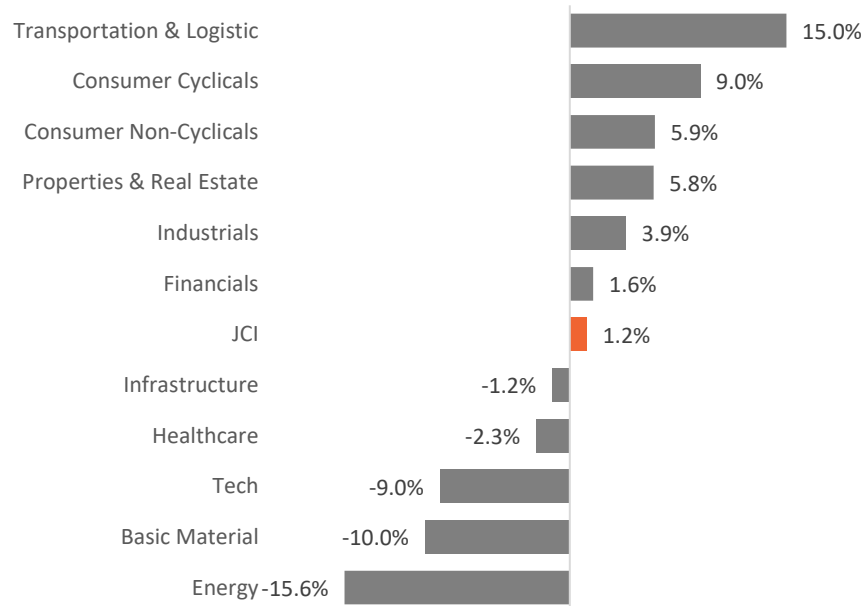
Desc.	P/E		EPS Growth		P/B		ROE		EPS Revisoin	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
MSCI SEA	14.0	13.1	16.3%	6.8%	1.6	1.5	10.9	11.3	14.3%	-7.2%
Indonesia	15.1	13.8	-6.6%	9.1%	2.3	2.1	14.6	14.8	-8.0%	4.3%
Malaysia	14.6	13.1	-0.6%	10.7%	1.3	1.3	9.2	9.7	-0.3%	-1.5%
Phillipines	13.2	11.8	26.2%	11.9%	1.6	1.4	12.1	12.3	25.4%	-5.2%
Singapore	11.8	11.7	39.1%	1.2%	1.3	1.3	10.9	11.0	36.9%	-22.4%
Thailand	18.7	16.6	-1.1%	13.0%	1.7	1.7	9.2	10.5	0.5%	-0.2%
MSCI AxJ	14.7	12.1	5.2%	21.6%	1.5	1.4	9.9	11.1	-6.3%	13.9%
Hong Kong	14.1	12.4	24.9%	13.4%	1.0	0.9	7.0	7.5	28.0%	-18.6%
India	22.2	19.0	12.6%	17.0%	3.3	2.9	14.1	14.8	14.3%	-1.7%
Korea	17.4	10.3	-39.1%	68.9%	1.1	0.9	6.1	9.1	-36.9%	61.8%
Taiwan	18.3	14.8	-31.0%	23.7%	2.3	2.1	12.6	14.3	-30.3%	28.3%
MSCI EMEA	11.7	10.6	-7.8%	10.6%	1.6	1.5	14.2	14.2	-11.8%	10.2%
South Africa	11.9	9.8	-9.3%	21.6%	1.6	1.5	15.1	15.5	-9.8%	8.2%
Turkey	6.4	5.5	1.0%	16.9%	1.6	1.3	26.0	23.9	-26.2%	27.9%
MSCI LATAM	9.3	8.8	-16.4%	5.4%	1.6	1.6	18.0	19.3	-14.1%	22.5%
Brazil	8.4	7.9	-23.1%	6.0%	1.6	1.7	19.8	22.0	-21.2%	27.6%
Mexico	11.8	11.3	28.5%	4.8%	1.8	1.7	15.5	15.0	30.5%	-3.4%
MSCI EMEA	11.7	10.6	-7.8%	10.6%	1.6	1.5	14.2	14.2	-11.8%	10.2%
MSCI World	18.1	16.6	2.3%	8.7%	2.9	2.6	14.7	15.0	0.9%	4.5%
Australia	15.1	15.1	-5.6%	-0.1%	2.1	2.0	13.7	13.1	-6.6%	-0.6%
Europe	13.0	12.4	-2.1%	4.8%	1.8	1.7	13.4	13.3	-1.4%	5.9%
Japan	14.8	14.5	25.0%	2.0%	1.4	1.3	9.1	8.7	21.4%	-16.4%
USA	21.2	19.0	0.4%	11.5%	4.1	3.7	17.7	18.3	-0.8%	6.4%
Local Index										
JCI	14.0	12.7	7.9%	10.3%	1.8	1.7	12.7	13.0	2.8%	5.4%

JCI recorded positive performance in Jul'23

Rebound on basic material and energy in Jul'23

JCI Sectoral Movement YTD

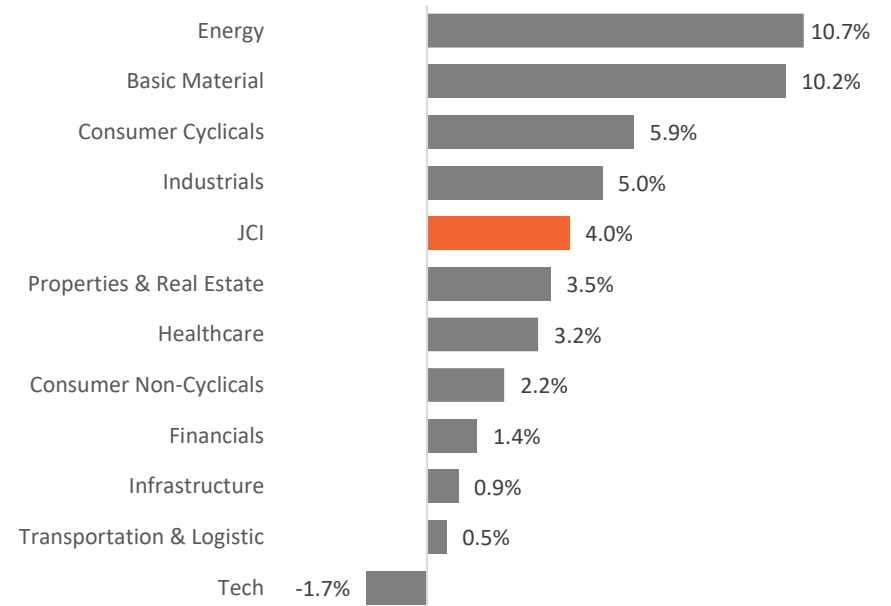
As of 31 Jul 2023



Source: Syailendra Research, Bloomberg

JCI Sectoral Movement MTD

As of 31 Jul 2023



Source: Syailendra Research, Bloomberg

- MTD di Jul-23, Sektor *cement* dan *energy* mencatatkan *rebound* yang signifikan. Hal ini diduga rotasi *sectoral* mengingat harga batubara yang telah menurun dan ICI 4 bertahan di level relative tinggi sekitar 85-90.

Foreign Equity Flows

Slight outflows in Jun-23 for Indonesia market

In US\$ Million	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia	Japan
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
Jun-23	6,717	-293	-1,256	97	625	-263	-291	5,337	5,628	15,211
Jul-23	4,140	182	627	334	-2,994	-361	313	2,240	1,927	5,096

Yearly	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia	Japan
YTD	15,306	1,272	8,572	-134	8,254	-3,468	-616	29,185	29,801	51,980
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

June Industry Sector Positioning

Foreign activities are muted, while locals shift from tech to financial

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		
	May-23	Jun-23	Jul-23	May-23	Jun-23	Jul-23	May-23	Jun-23	Jul-23	May-23	Jun-23	Jul-23
Basic Industry	-0.9%	0.2%	0.5%	-1.0%	0.1%	0.8%	-1.3%	-0.6%	-0.1%	-0.9%	0.3%	0.3%
Consumer Non-Cyclical	0.6%	-0.1%	0.0%	0.7%	0.0%	0.0%	0.3%	0.1%	0.0%	0.9%	-0.1%	-0.2%
Consumer Cyclical	0.8%	-0.5%	-1.0%	0.6%	0.4%	-0.6%	0.6%	0.0%	0.2%	1.3%	0.2%	-0.6%
Energy	-1.2%	0.0%	0.0%	-0.7%	0.2%	0.1%	-11.9%	1.0%	7.8%	-1.9%	0.0%	0.1%
Infrastructure	0.8%	0.0%	-1.6%	0.9%	0.1%	-0.9%	0.1%	0.1%	-0.1%	1.4%	-0.1%	-1.9%
Healthcare	0.0%	-0.1%	-0.3%	0.1%	0.1%	-0.1%	0.0%	0.0%	0.1%	0.0%	0.2%	-0.5%
Financial	2.2%	0.0%	-1.7%	1.8%	0.0%	-1.4%	0.6%	0.6%	-0.7%	2.0%	1.0%	-3.2%
Industrial	-0.4%	0.3%	0.1%	-0.9%	0.0%	0.1%	-0.1%	-0.1%	0.1%	0.1%	0.0%	-0.5%
Property	0.1%	0.0%	-0.1%	0.2%	0.1%	0.0%	0.2%	0.3%	-0.2%	0.6%	-0.2%	-0.3%
Technology	0.4%	-0.8%	-0.1%	0.3%	-0.9%	0.0%	0.1%	0.0%	-0.8%	0.7%	-1.4%	-0.1%
Trans. And Logistics	0.0%	0.0%	0.0%	0.0%	0.1%	-0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%

Sector	Foreign MoM (%) of est. ownership											
	Insurance			Pension Fund			Individual			Mutual Fund		
	May-23	Jun-23	Jul-23	May-23	Jun-23	Jul-23	May-23	Jun-23	Jul-23	May-23	Jun-23	Jul-23
Basic Industry	-0.4%	-0.4%	0.1%	-0.2%	0.1%	0.2%	-0.9%	0.3%	0.3%	-0.2%	0.0%	0.1%
Consumer Non-Cyclical	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.2%	-0.1%	0.5%	0.4%	0.0%	0.1%
Consumer Cyclical	0.4%	0.1%	0.0%	0.6%	-0.2%	-0.2%	-0.1%	0.3%	-0.3%	0.5%	-0.2%	-0.2%
Energy	-0.2%	0.0%	0.0%	-0.8%	-0.1%	0.1%	-8.4%	0.2%	5.9%	-0.5%	0.1%	0.0%
Infrastructure	0.0%	-0.2%	-0.6%	0.1%	-0.2%	-1.5%	0.2%	0.0%	-0.2%	0.1%	-0.3%	-0.9%
Healthcare	0.0%	0.0%	-0.1%	0.0%	0.0%	-0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	-0.2%
Financial	8.6%	-0.7%	-2.1%	4.0%	0.2%	-3.2%	1.4%	1.2%	-1.0%	5.6%	-0.3%	-1.0%
Industrial	-0.1%	0.1%	-0.1%	-0.1%	0.2%	0.0%	0.0%	-0.1%	-0.1%	-0.3%	0.3%	0.1%
Property	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	-0.1%	0.4%	-0.4%	0.1%	0.0%	0.0%
Technology	0.1%	1.0%	-0.1%	0.3%	0.3%	0.0%	2.5%	-2.6%	22.8%	0.4%	0.2%	-0.1%
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%

2H23 Earnings Slightly Below Expectation

Some sector needs to be downgraded further

2H23 Earnings Recap So Far : Increase on Below Earnings Performance

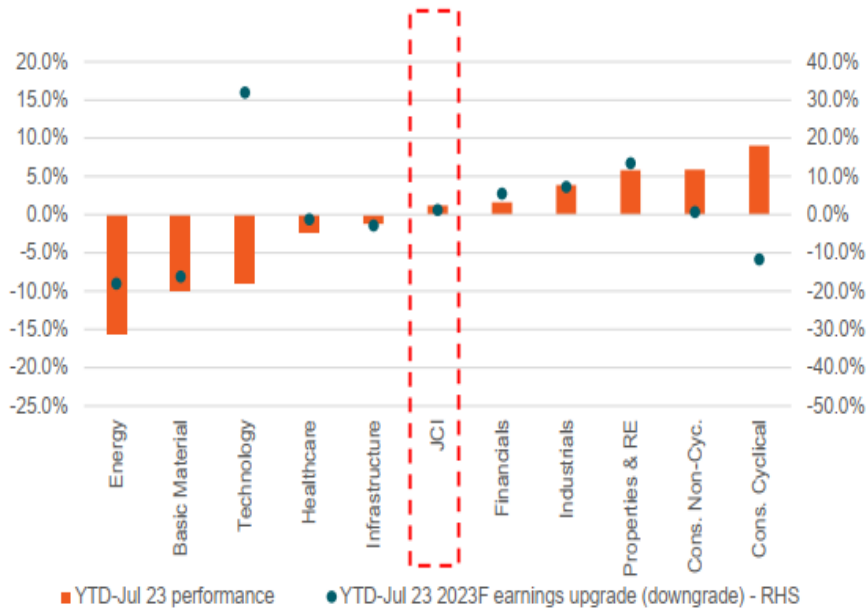
In %

Sectors	EBIT				PATMI			
	Actual Data		Consensus		Actual Data		Consensus	
	1H23 (Rp bn)	YoY	1H23/FY Realization	2H23F Implied YoY	1H23 (Rp bn)	YoY	1H23/FY Realization	2H23F Implied YoY
Banking	n.a.	n.a.	n.a.	n.a.	64,248	24.3%	50.7%	9.1%
Building Materials	3,630	23.2%	39.3%	18.5%	2,372	24.5%	36.5%	12.4%
Infrastructures	1,953	-10.1%	37.4%	-15.5%	(1,874)	-1383.7%	-382.5%	661.4%
Consumer staples	36,604	32.8%	50.2%	15.6%	24,907	59.8%	52.2%	30.3%
Hospital	1,746	29.9%	46.6%	21.8%	1,159	28.3%	45.3%	27.4%
Automotive	23,598	13.3%	58.3%	-25.6%	18,596	253.5%	57.2%	16.8%
Consumer discretionary	5,907	-11.0%	42.8%	42.0%	4,213	-19.9%	42.8%	30.0%
Mining	26,635	-6.0%	57.5%	-33.4%	16,724	8.3%	52.2%	0.6%
Property	7,285	16.6%	48.3%	-7.7%	5,391	161.4%	55.3%	47.5%
Telco	36,239	7.6%	47.6%	10.4%	18,589	-9.7%	48.3%	55.0%
Oil and Gas	3,194	165.5%	47.5%	83.9%	2,430	154.5%	58.1%	21.0%
Transportation	295	91.9%	51.6%	4.1%	259	77.6%	57.4%	-9.4%
Poultry	2,828	-43.9%	40.3%	98.0%	1,330	-61.6%	30.9%	226.4%
Internet	(455)	-67.4%	33.7%	-19.8%	(389)	-104.5%	48.0%	-93.6%
Total	149,458	10.9%	50.5%	-0.6%	157,956	8.6%	50.2%	27.4%
Total ex-banks	149,458	10.9%	50.5%	-0.6%	93,708	-0.1%	49.8%	43.3%
Total ex-tech	149,913	10.1%	50.4%	-0.7%	158,345	15.7%	50.2%	21.3%
Total ex-banks, ex-tech	149,913	10.1%	50.4%	-0.7%	94,097	10.4%	49.8%	30.8%
Total ex-commodity	119,629	13.7%	49.3%	6.4%	138,801	7.5%	49.8%	31.4%
Total ex-commodity, ex-tech	120,084	12.6%	49.2%	6.2%	139,190	15.5%	49.8%	24.1%

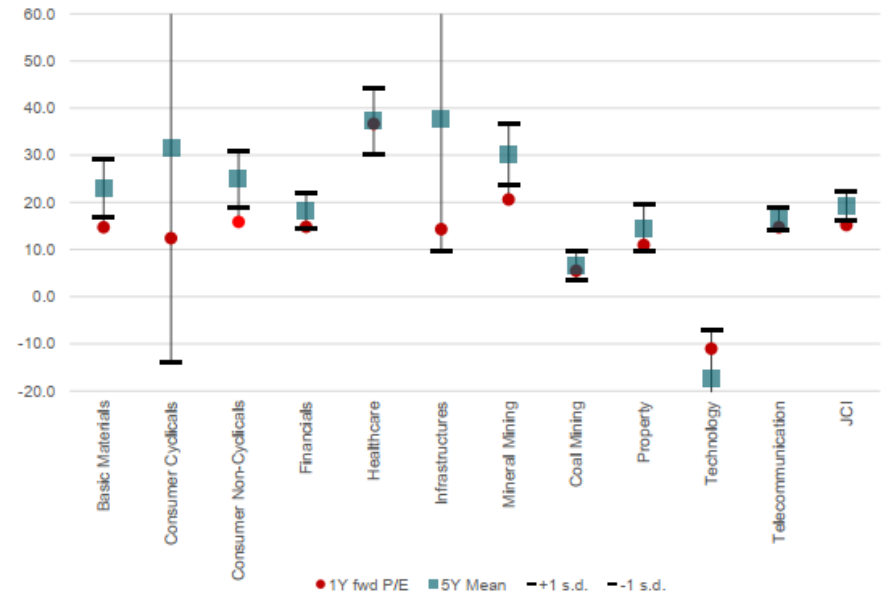
Consensus expect no revision on JCI Earnings

However, Overall Valuation was Cheap

Overall JCI 2Q23 doesn't seem to have earnings momentum
In %



However, JCI and Most of Sector already cheap
In fwd 1Y P/E



Source: BNI Sekuritas

Source: BNI Sekuritas

- Hal yang sama terlihat secara *aggregate*, JCI tidak mengalami peningkatan *earnings* akibat *earnings season* di 2Q23. Namun, valuasi JCI dan antar sektor memang terlihat sudah cukup murah dibandingkan rata-rata 5 tahun belakangan.

Equity Sector Outlook 2H23

Still focus on bottom-up resulting various overweight sector

Our View on Sectoral for 2H23

Explanation

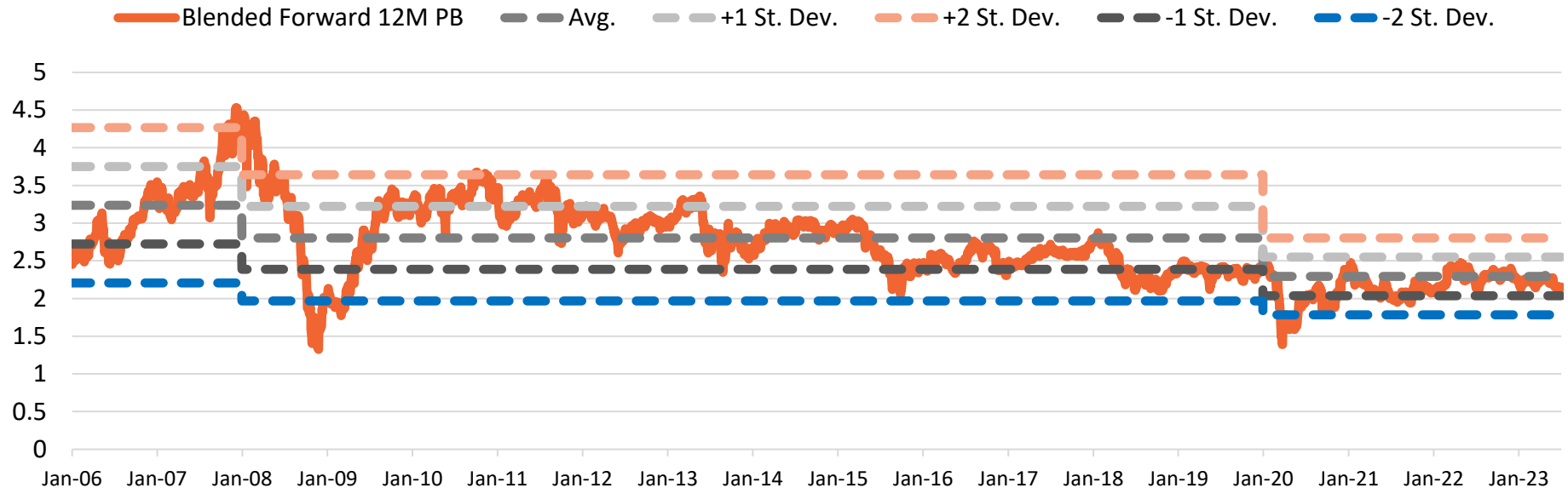
Sector	Sectoral	OW/UW	Equity Metrics				Comment
			Valuation (times of std. deviation of 5Y)	Earnings Revision (23F)	Earnings Growth (24F)	Sentiment	
Energy	Coal	UW	-1.14	-43.3%	-24.8%		
	Oil & Gas	N	-1.03	-1.7%	4.0%		
	Petrochem		0.30	NA	104.3%		Low base effect
Basic Industry	Cement	UW	-0.88	13.7%	15.4%	Seasonality effect in 2H23; Long-term outlook still sluggish	
	Metal	N	-1.01	39.1%	70.3%		New RKEF production in MDKA
	Pulp	OW	NA	NA	NA		Production expansion
	Building Material	UW	-1.19	14.6%	13.5%		
Industrial	Auto	N	-1.17	2.5%	1.5%	Uptrend Auto Sales	
	HE & Coal-Contractor	N	-1.21	-12.8%	-13.6%	Coal price still above cash-cost	
Non-Cyclical	Staples	N	-1.23	47.0%	11.1%		Upside revision on margin, but normalizing in 2024F
	Poultry	N	-0.04	-0.6%	33.5%		consensus hasn't adjust earnings
	Cigarette	N	-1.31	86.2%	8.5%	Price hike	Revision on margin
	CPO	N	-0.06	-14.4%	4.6%	Possible price increase from el-nino	
Cyclical	Media	UW	-1.17	-1.7%	12.8%		
	Retail	OW	-0.47	17.5%	23.0%	Middle-up consumption still good	
Healthcare	Healthcare	N	0.08	30.8%	25.0%	LT outlook from new regulation	
	Pharma	UW	-0.96	9.7%	11.0%		
Financial	Banking	OW	1.30	16.8%	11.2%	Lower CoC and Interest Cut Cycle	
	Digital Bank	UW	-0.81	NA	NA	Tech Proxy, Interest Cut Cycle	Low base effect, High valuation
	Multifinance	OW	0.48	12.5%	24.5%		
Property	Property	OW	-0.39	10.6%	3.7%	Interest Cut Cycle	
	Industrial	UW	-0.61	-5.4%	25.1%		Low base effect
Tech	E-Commerce	UW	NA	NA	NA		Low base, negative to positive earnings
Infrastructure	Toll-road	N	-1.64	13.4%	34.9%	Interest Cut Cycle	Low base effect
	Construction	UW	0.14	-5.2%	36.0%		Low base effect
	IPP	N	0.33	0.0%	7.4%		
	Telco	OW	-0.98	16.9%	9.5%	Industry Consolidation	
	Telco-Tower	OW	-0.37	2.7%	7.9%	Interest Cut Cycle	
Transportation	Transportation	OW	-0.51	41.3%	8.0%	Traffic coming back	
JCI	Aggregate		-1.45	3.0%	10.3%		

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

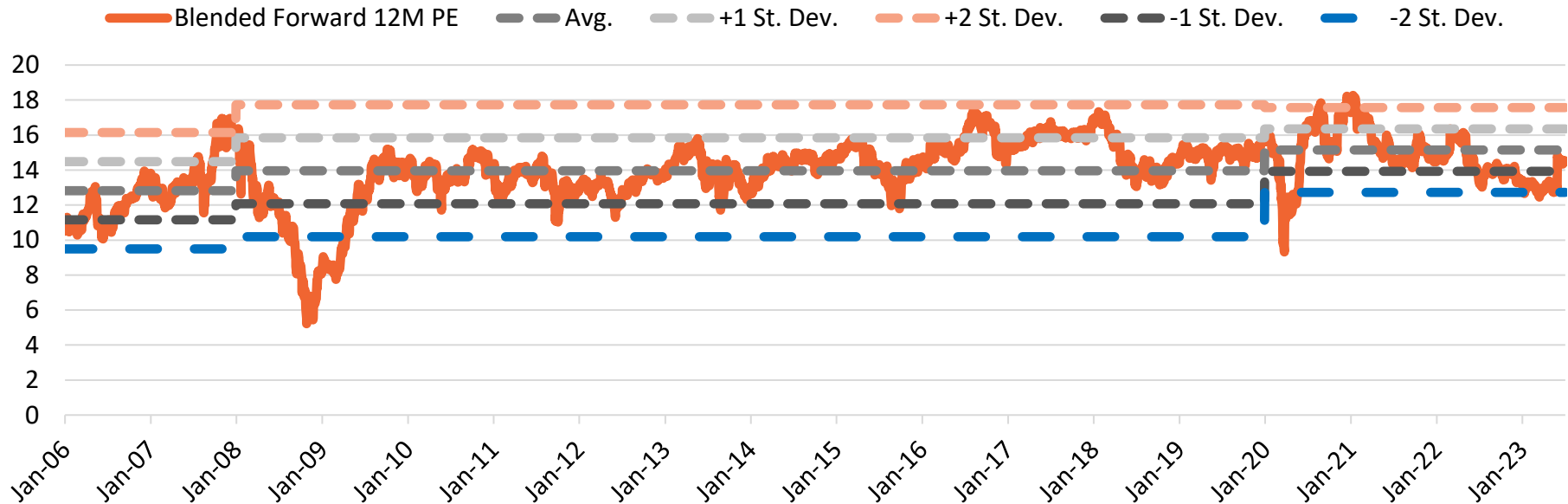
- 📌 Valuasi MSCI Indonesia saat ini telah kembali berada di rata-rata 5 tahun PB di level 2.2x mengindikasikan *potential upside* yang lebih terbatas. Secara historis sejak 2016, P/B MSCI Indonesia berkisar diantara level 2.0x-2.3x atau bergerak di rentang -1x SD dan juga *mean level* rata-rata 5 tahun 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	-2.70	-2.20	-1.70	-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	4.75	4.50
10 YR Govt Bond Yield IDR	Average full year	6.97	7.25	6.50	6.25	6.75	6.00	5.75
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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