

**SYAILENDRA** 

SYAILENDRA CAPITAL

# Annual Bulletin : Our View for 2024F

Jakarta, December 2023

Preferred Investment Partner

Section  
**01**



**Macro Updates**

# 2024F Macro Background

## What to expect for next year

### 🏠 ***The US is slowing, US disinflation continue, USD could weaken further, however...***

- *US economy* cenderung melambat, sejalan dengan masih ketatnya kebijakan moneter, berkurangnya *support fiscal*, dan berlanjutnya *trend* penurunan *job market*.
- Namun *financial condition* terlihat menjadi lebih longgar sejalan dengan *reversal* yang tajam di *US equity market* dan *US bond market*. Sementara USD juga terlihat menguat.
- Data *point US*, terutama *employment* dan *housing*, di 3 bulan ke depan menjadi semakin penting untuk membaca arah dari kebijakan moneter di US, dan tentunya USD, ke depan nya.
- Menurut kami *The Fed* masih cenderung untuk menahan suku bunga sampai ada sinyal yang jelas bahwa *US economy* tumbuh *negative* ataupun inflasi telah kembali ke level yang *The Fed* targetkan.

### 🏠 ***Global Trade Recovery yet to be seen means continue soft commodity price***

- Perlambatan volume perdagangan *global* mulai terlihat, dengan momentum yang negatif. Sulit untuk mengharapkan harga komoditas untuk *recover* dalam waktu dekat.
- Kami melihat beberapa harga komoditas saat ini dibawah level *cash cost*, dan beberapa komoditas memiliki dinamika yang berbeda.

### 🏠 ***Resilient Economy with K-Shaped Recovery Clouded by Election Uncertainty***

- Dibandingkan G20, Indonesia mencatatkan pertumbuhan relatif diatas mempertimbangkan perlambatan global. Namun, Investor tetap harus berhati-hati karena *recovery* tidak terlihat sama untuk setiap segmen.
- Memasuki musim pemilu, investor akan cenderung *wait and see*. Namun, kami melihat *strucural improvement* yang terjadi dalam 5 tahun terakhir i.e hilirisasi masih akan berlanjut yang diharapkan menjadi sumber pertumbuhan dan pendanaan kedepan.

# Market Expecting Inflation Below 3% Going into 2024F

We cautious as services and shelter hasn't showing downtrend

## 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.)
Mar-22	5.55%	0.39%	6.45%	0.31%	3.29%	8.02%	5.60%
Apr-22	5.25%	0.33%	6.14%	0.47%	-0.15%	8.58%	6.24%
May-22	5.07%	0.36%	6.02%	0.63%	1.01%	9.83%	6.47%
Jun-22	5.19%	0.56%	5.88%	0.60%	4.96%	10.99%	6.78%
Jul-22	4.96%	0.21%	5.89%	0.31%	5.19%	7.78%	7.08%
Aug-22	5.21%	0.54%	6.30%	0.58%	4.54%	7.40%	7.28%
Sep-22	5.47%	0.46%	6.64%	0.57%	2.46%	6.91%	7.95%
Oct-22	5.33%	0.35%	6.30%	0.33%	1.33%	6.61%	8.55%
Nov-22	5.09%	0.28%	5.97%	0.31%	-1.41%	4.42%	8.42%
Dec-22	4.87%	0.39%	5.70%	0.40%	-2.06%	3.06%	8.60%
May-23	4.69%	0.29%	5.33%	0.44%	5.20%	-0.59%	6.14%
Jun-23	4.28%	0.17%	4.86%	0.16%	4.26%	0.12%	5.37%
Jul-23	4.29%	0.22%	4.70%	0.16%	0.65%	0.42%	5.45%
Aug-23	3.88%	0.14%	4.39%	0.28%	-1.93%	3.30%	4.38%
Sep-23	3.65%	0.31%	4.13%	0.32%	-3.26%	5.09%	5.51%
Oct-23	3.46%	0.16%	4.02%	0.23%	-2.30%	5.60%	5.07%
<b>4Q23F</b>	<b>3.50%</b>	<b>0.29%</b>					
<b>1Q24F</b>	<b>3.00%</b>	<b>0.24%</b>					
<b>2Q24F</b>	<b>2.70%</b>	<b>0.16%</b>					
<b>3Q24F</b>	<b>2.60%</b>	<b>0.17%</b>					
<b>4Q24F</b>	<b>2.50%</b>	<b>0.21%</b>					

Consensus downgrade Core PCE even further to below 3% compare to 1H23. However, we still some increase on service and flattish on shelter.

# Market Rally Expecting Earlier Rate Cut

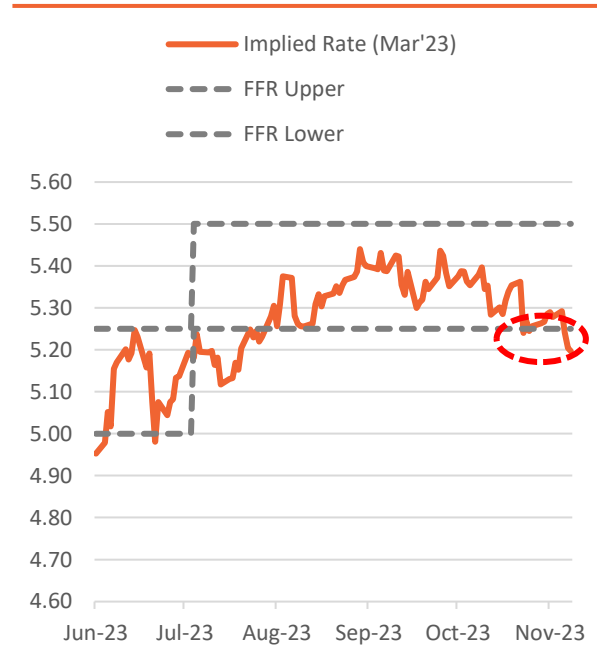
Investors are getting more dovish

**FFR Implied Rates Going Forward**  
Table of probabilities

	425-450	450-475	475-500	500-525	525-550
Dec-23	0.0%	0.0%	0.0%	0.0%	98.4%
Jan-24	0.0%	0.0%	0.0%	4.1%	94.4%
Mar-24	0.0%	0.0%	1.5%	38.4%	59.1%
May-24	0.0%	0.8%	21.4%	49.6%	27.8%
Jun-24	0.6%	14.8%	40.5%	34.7%	9.2%
Jul-24	9.7%	31.3%	36.8%	18.4%	3.4%
Sep-24	25.0%	35.2%	23.7%	7.7%	1.0%
Nov-24	30.6%	28.9%	14.9%	4.0%	0.5%
Dec-24	29.4%	18.7%	7.0%	1.4%	0.1%

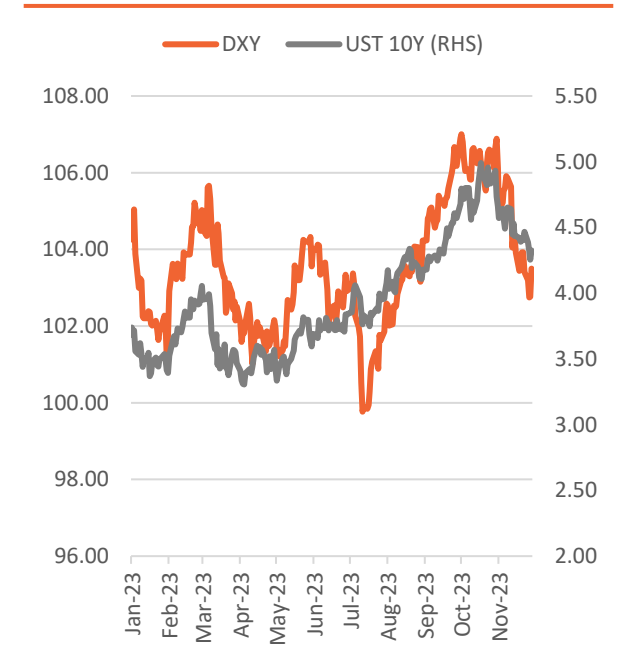
Source: CME

**Expecting Earlier Rate Cut**  
In % yield



Source: Bloomberg, Syailendra Research

**UST 10Y and DXY pricing-in the**  
In % yield and unit of dollar index unit



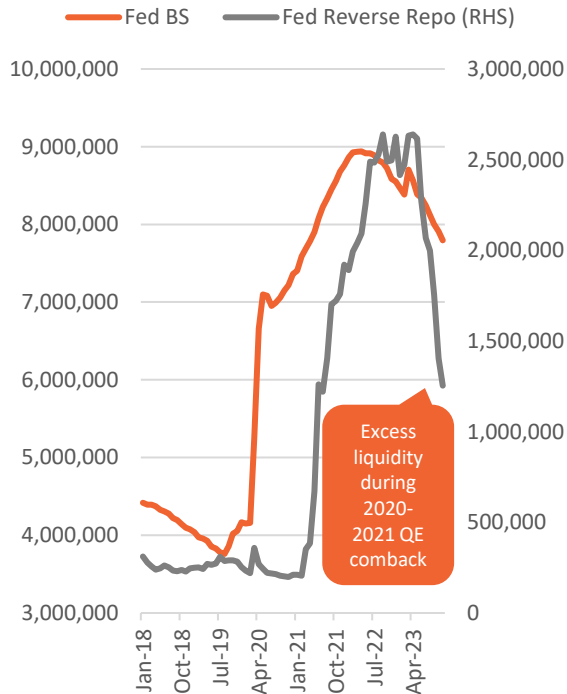
Source: Bloomberg, Syailendra Research

- 🏠 Konsensus saat ini memiliki ekspektasi *rate cut* berkisar dari Mar-Jun'24, terlihat dengan melemahnya DXY.
- 🏠 Market sekarang berasumsi 3-4x *rate cut* dari sebelumnya 2-3x *rate cut* untuk tahun 2024.
- 🏠 Apabila *rate cut* terjadi lebih awal (Mar'24) kami melihat pelemahan USD seharusnya akan berlanjut.
- 🏠 Menurut kami *Consensus* saat ini berasumsi *soft landing* di US bisa tercapai di 2024.

# Tight Monetary Policy Had Some Impact

Excess Liquidity down by USD1tn and loan growth has been sluggish

**Sharp Decrease on Liquidity on RR**  
In bio USD



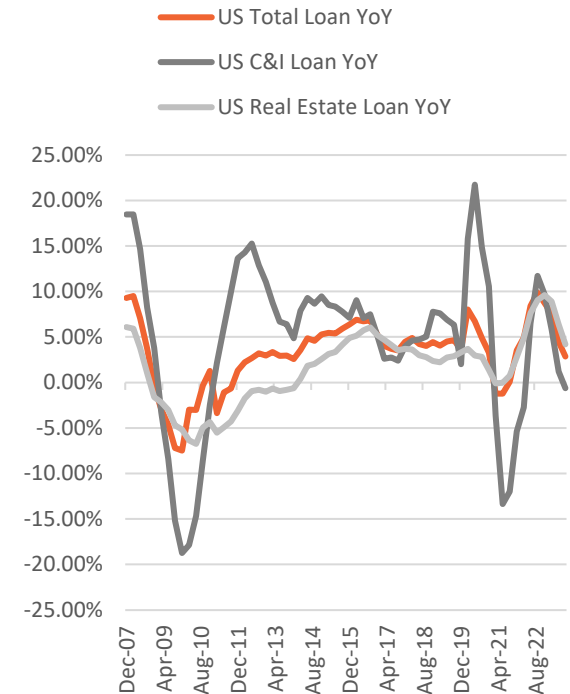
Source: Syailendra Research, Bloomberg

**US Financial Condition at Tight Level**  
In bio USD



Source: Syailendra Research, Bloomberg

**Gradual Slowdown on Loan**  
In YoY



Source: Syailendra Research, Bloomberg

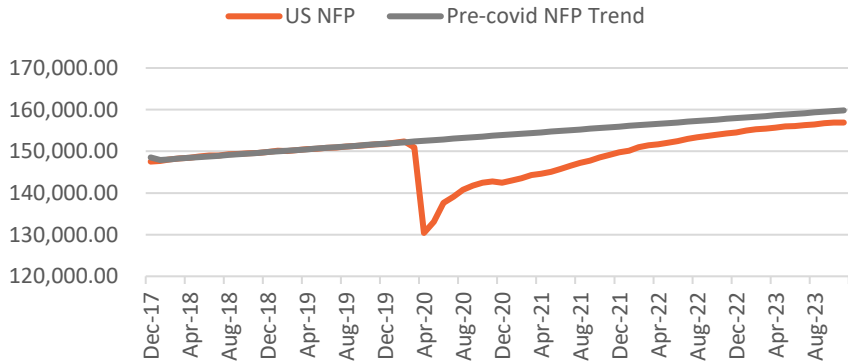
- Terlepas dari ekonomi yang lebih kuat dari ekspektasi, kami melihat transmisi perlambatan ekonomi dan pengetatan kondisi finansial terlihat dengan jelas. Namun, kami melihat potensi pengetatan dibutuhkan lebih lama untuk melihat perlambatan ekonomi yang lebih signifikan (inflasi dan *labor*)

# Labor and Property stickiness of inflation

Job creation still high during slowdown, property seems bottoming-out

## US current NFP still below its pre-covid trend

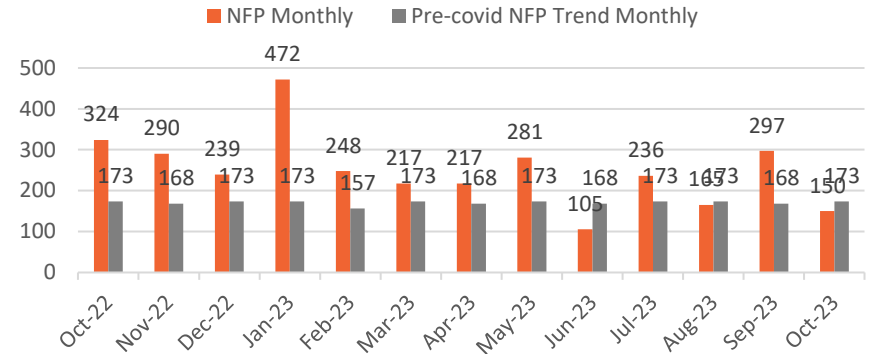
In thousand of jobs



Source: Bloomberg, Syailendra Research

## NFP 150k not yet signaling soft economy

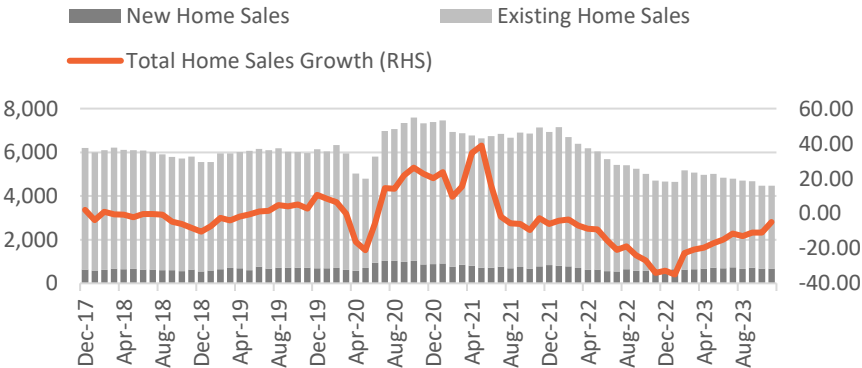
In thousand of jobs



Source: Bloomberg, Syailendra Research

## US Home Sales already on the low side of cycle

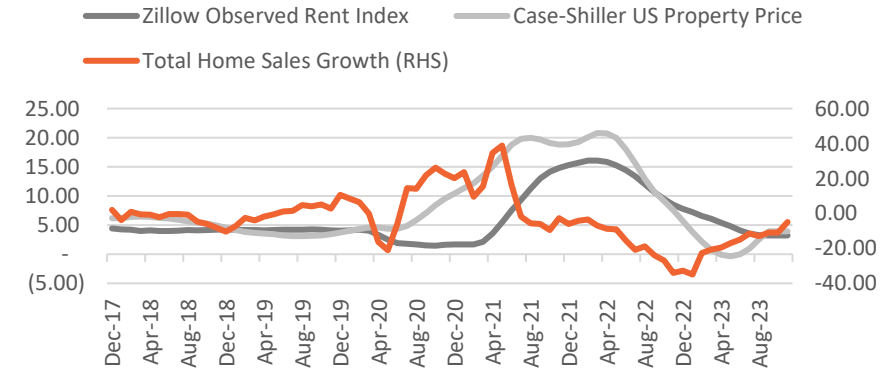
In thousand of home unit and % YoY



Source: Bloomberg, Syailendra Research

## Price Bottoming is inline with sales recovery

In % YoY

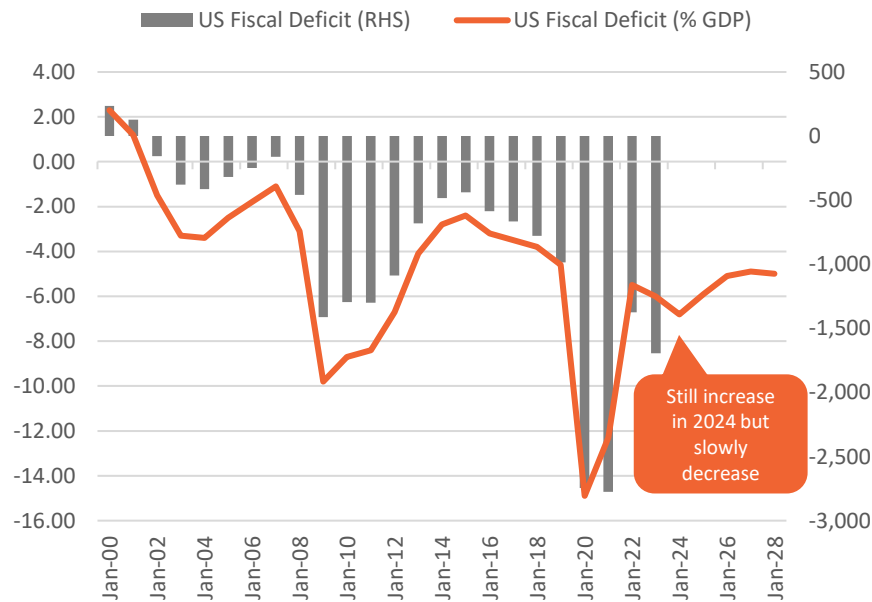


Source: Bloomberg, Syailendra Research

# Create Longer Lagging Effect

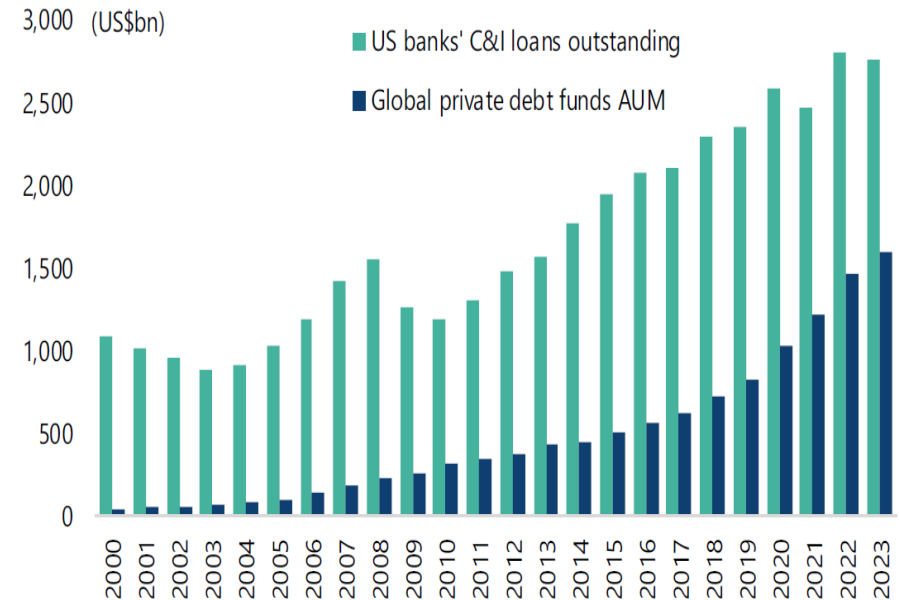
## Elevated US Fiscal Deficit and Liquidity from Private Credit,

**US Fiscal Deficit less of a driver but elevated still**  
In bio USD, % of GDP



Source: Syailendra Research, Bloomberg

**Private credit still growing faster compare C&I loans**  
In bio USD



Source: Jefferies, Mandiri Sekuritas

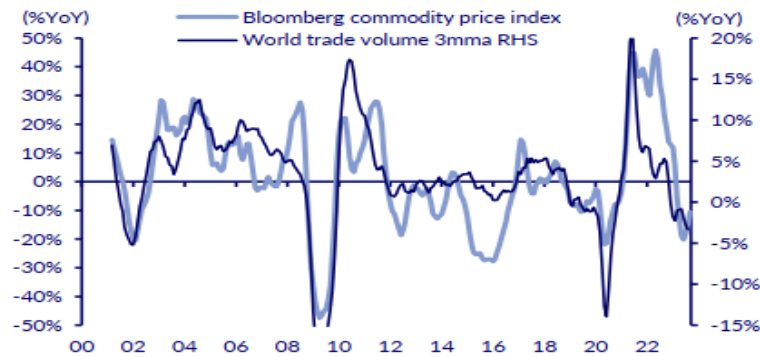
- 🏠 Setidaknya terdapat dua observasi yang mengakibatkan US economy lebih kuat dari ekspektasi awal kami yaitu 1) *fiscal deficit* yang tinggi di saat ekonomi yang kuat, 2) Terlepas dari pengetatan kebijakan *moneter private debt* masih berjalan.
- 🏠 *Fiscal deficit* terlihat akan menurun sejalan dengan pengurangan *spending* secara otomatis dan kenaikan biaya bunga.
- 🏠 *Private credit supply* sedikit banyak akan tergantung kepada seberapa baik tingkat pengembalian dan kredit macet yang terjadi.



# Weak Global Demand = Soft Commodities Prices

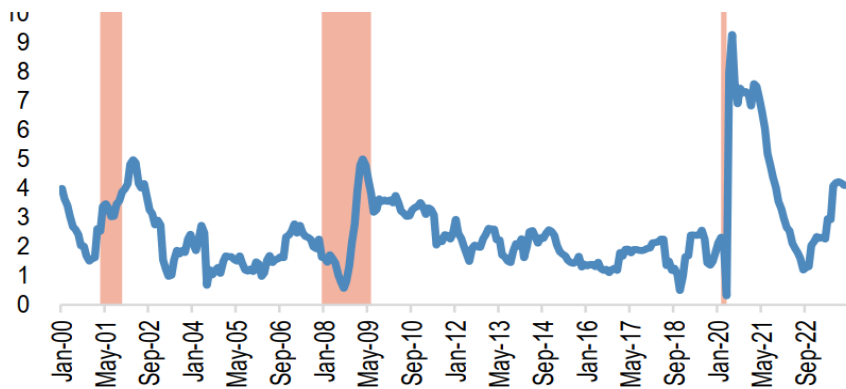
Correction might be close to bottom on cash cost supports

## Commodity Weakened driven by lower Trade In %YoY



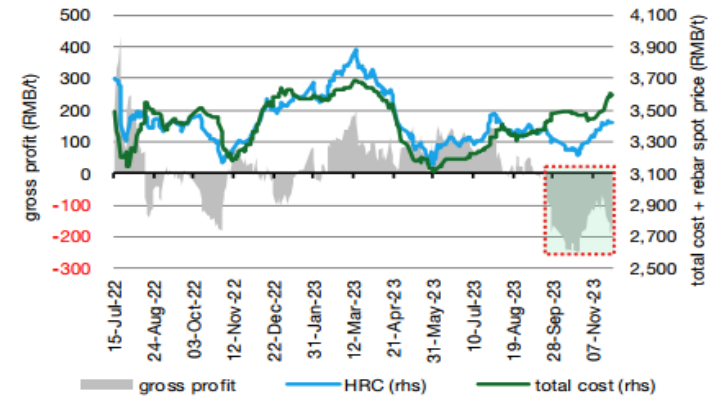
Source: CLSA

## Current OPEC+ Spare Capacity near past recession In mbd



Source: JPM

## However, China Metal (HRC) had been unprofitable a while In RMB/ton



Source: Liberum, CGS

## Commodity futures relatively flat for next year In each unit

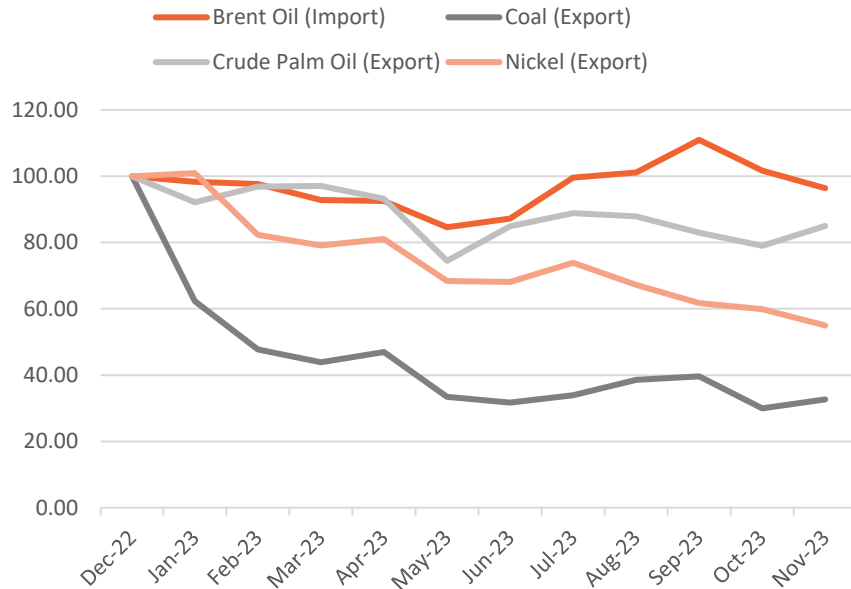
	Unit	Spot	4Q23	1Q24	2Q24	3Q24
ICE Brent	USD/bbl	75	82	74	74	74
Coal	USD/mt	140	133	140	137	140
Copper	USD/mt	8,286	8,119	8,281	8,341	8,402
Nickel	USD/mt	16,218	16,783	16,222	16,462	16,717

Source: Bloomberg

# CAD direction depend on crude oil

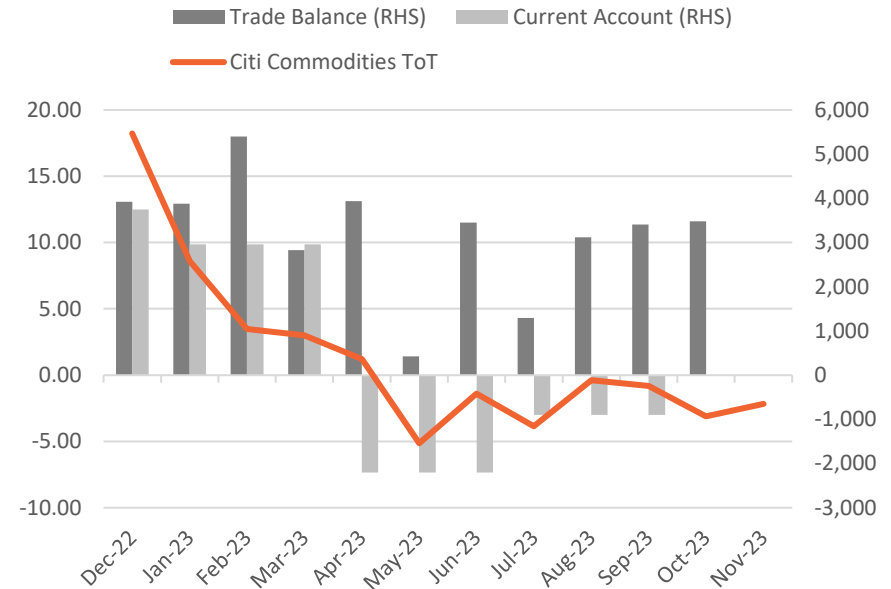
Expecting IDR to remain volatile in 1H despite Fed rate cut potential

## Commodities Weak Pressured Trade balance In normalized price



Source: Syailendra Research, Bloomberg

## 3Q23 CAD combined with portfolio outflow In unit of ToT, mio USD



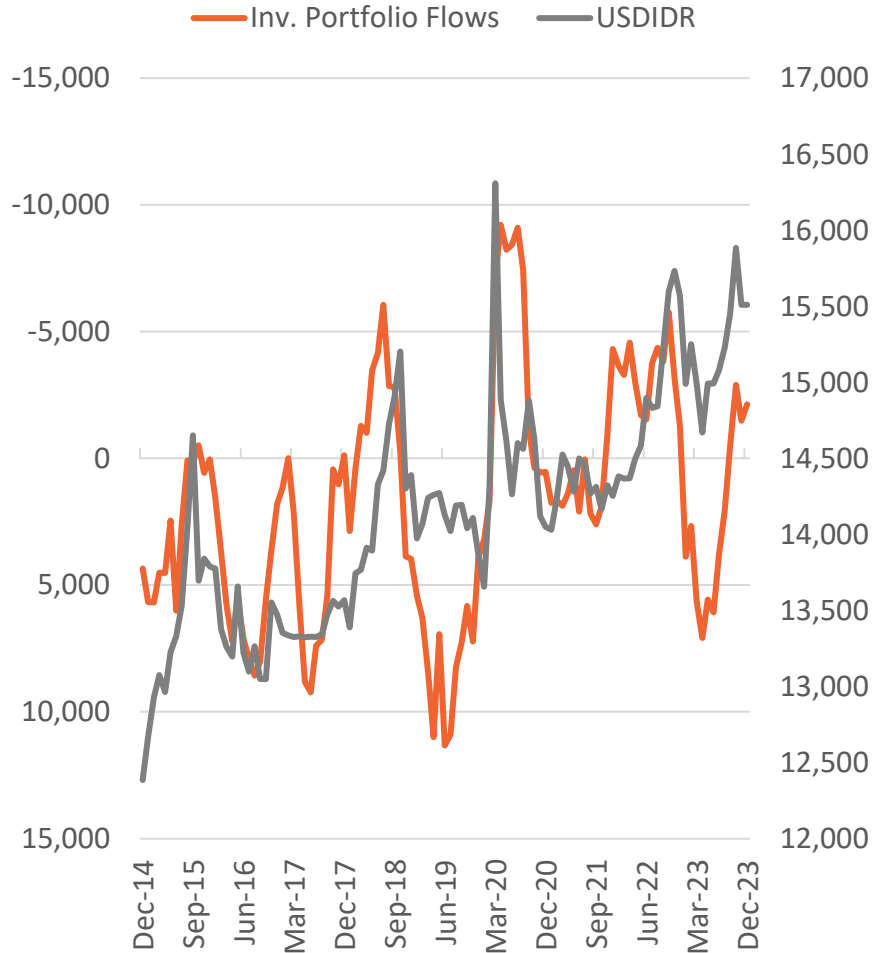
Source: Syailendra Research, Bloomberg

▲ Perlambatan *global trade* memberikan tekanan pada rupiah karena penurunan *trade balance* dan *current account* dalam 6 bulan terakhir.

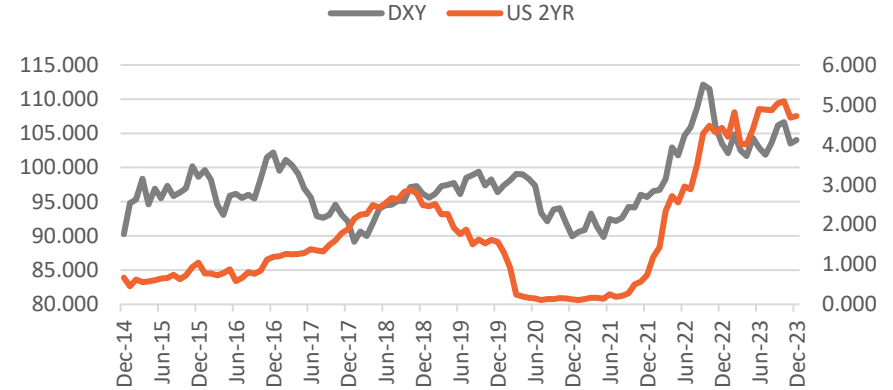
# Mild Upside on IDR

Fed rate cuts might push portfolio flow

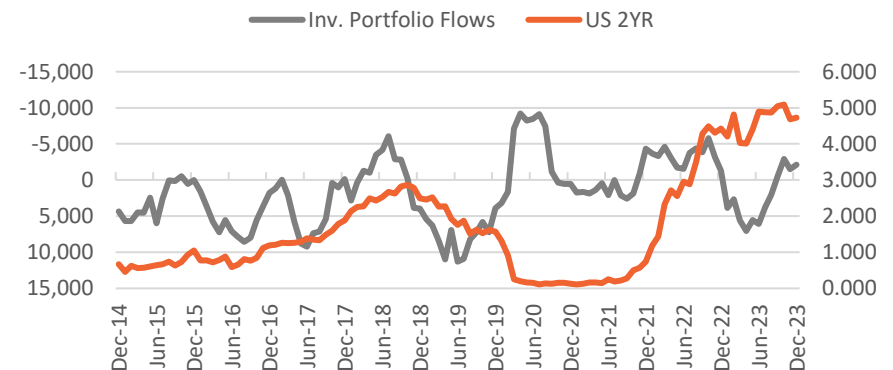
IDR rally mostly determined by 6M net portfolio flows  
In USDIDR, mio USD



UST 2YR relatively flat reflected also on DXY  
In %, unit of index



6M net portfolio started by UST ST rates trajectory  
In %, mio USD

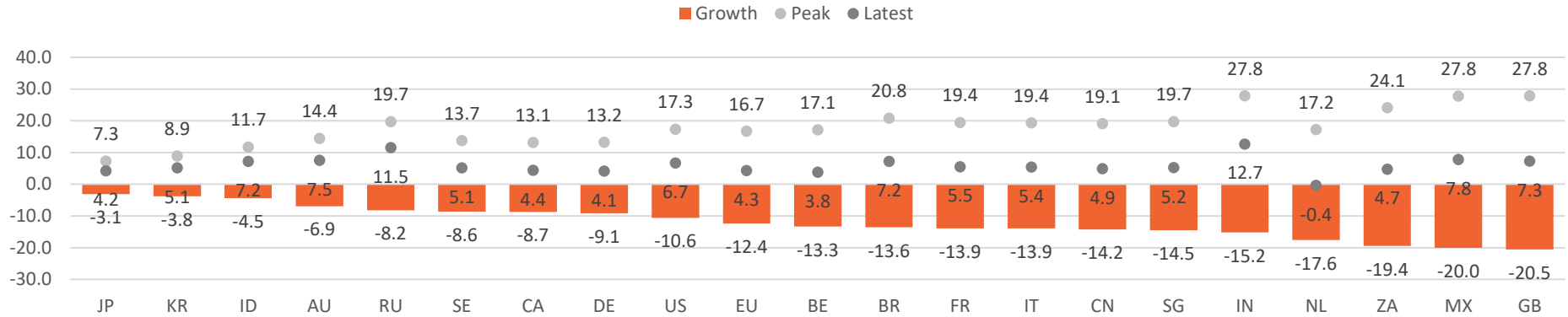


# Indonesia Has Been The Most Defensive Region

In terms of economic impact on global trade slowdown

## Indonesia growth was no.4 least impacted on nominal terms

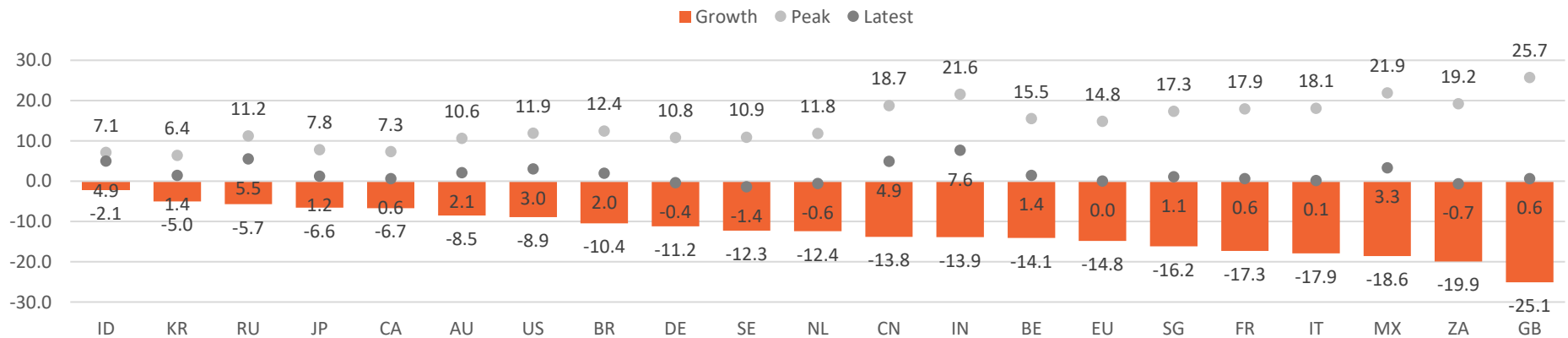
In % yoy from peak to last est. nominal gdp (Real GDP + CPI)



Source: Bloomberg, Syailendra Research

## Indonesia growth was the most defensive on real terms

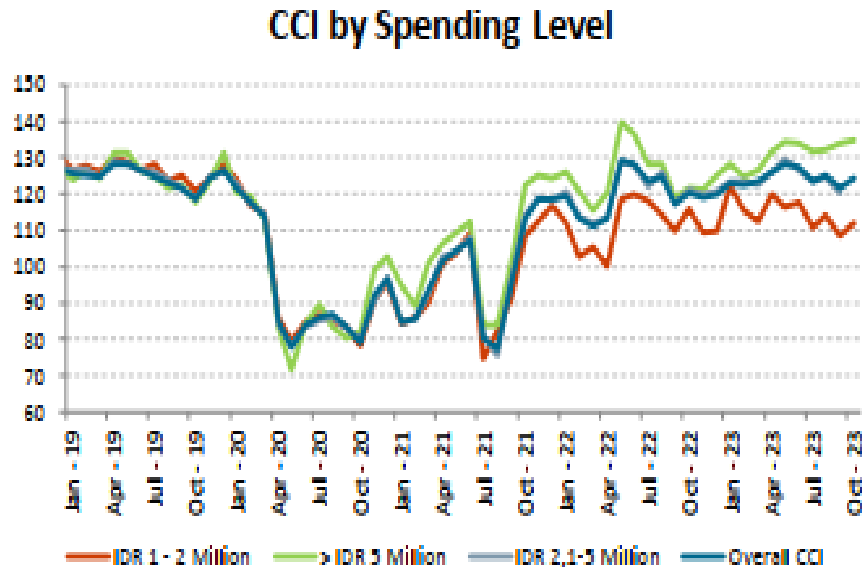
In % yoy from peak to last est. real GDP



# Investor should be selective on Domestic Theme

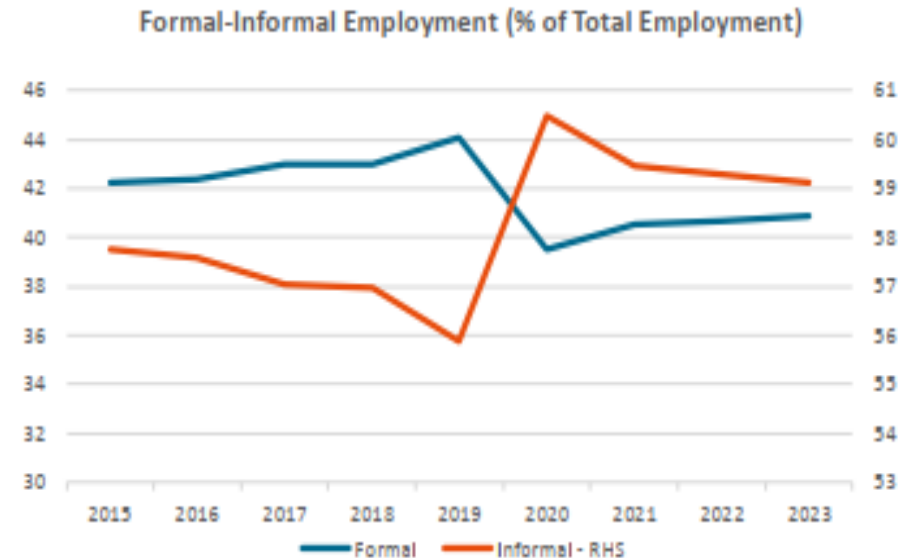
K-shaped recovery here for a while

CCI by spending level inline with weak consumer narrative  
In unit of index



Source: BNI Sekuritas

Change in Labor Structure might be a contributing factor  
In % of total employment



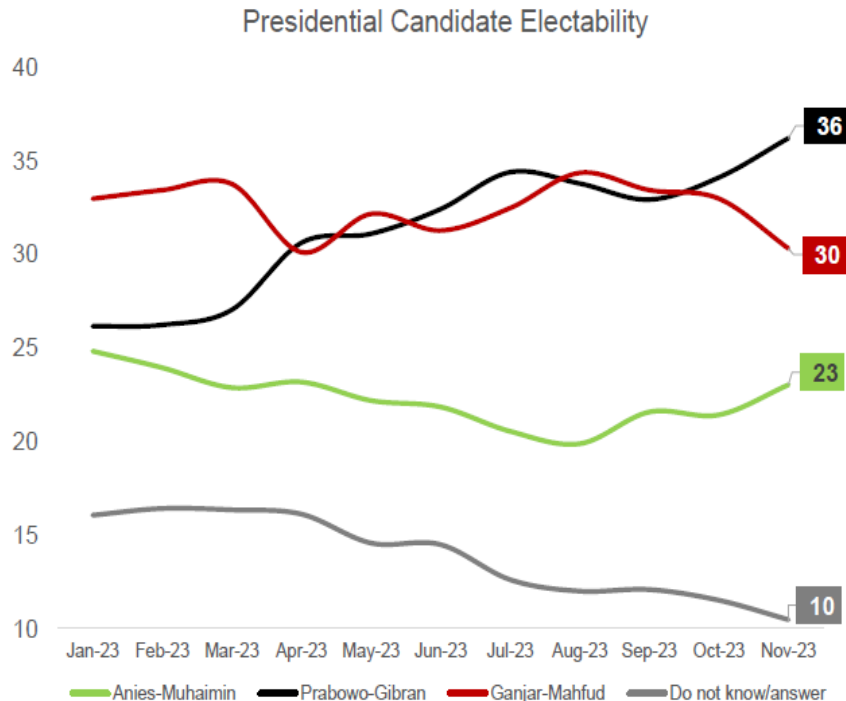
Source: BNI Sekuritas

- ▲ Namun, pertumbuhan ekonomi terlihat berbeda untuk masing-masing segmen. Hal ini kami rasa diakibatkan perbedaan dari sisi struktur *employment* dimana *Informal employment* meningkat signifikan sejak 2020.

# Prabowo-Gibran currently leading in polls

K-shaped recovery here for a while

Avg. 7 Polls of Presidential Candidate Electability  
In %



Source: Verdhana

What is our take on for investor for this election  
Explained

## Similarity :

- Every candidate agree to continue the progress of downstreaming industry.
- Every candidate acknowledge to increase tax ratio and social safety-net (subsidy).
- Two candidate give positive signal on IKN, while one candidate might differ on level of development but still comply to mandate from IKN law.

## Differences :

- Priority of government sector development somewhat had differences (digital sector, SME and rural areas, Green jobs, etc). But, this differences will need to be proven after election.
- One candidate seems had different takes on toll road expansion going forward.

Section  
**02**



**Fixed Income**

# 2024F Fixed Income Narrative

## What to expect for next year

Dibawah ini merupakan pandangan kami terhadap *asset* kelas *fixed income* memasuki 2024 :

### 🏠 ***No more higher but restrictive for longer. Market will be driven by data trend.***

- Dalam 1-2 bulan terakhir, terlihat perubahan komunikasi dari *fed member* mengkonfirmasi ekonomi dan kondisi finansial di US yang melambat. Pasar mengintegrasikan bahwa Fed saat ini sedang menunggu *timing* untuk melakukan normalisasi kebijakan moneter.
- Menurut kami, *Softlanding* (NFP menuju 100k, core PCE 3%) cukup untuk menjadi dasar Fed menjustifikasi *cut-rate 1-2x*. Kami melihat hal ini positif terhadap EM.

### 🏠 ***Curve should be slight steepening along with rate cut***

- Apabila global resesi yang diikuti oleh *bottoming commodities* and *cut-rate*, umumnya *term spread* cenderung *steepening*. Namun, kami melihat hal akan terjadi setidaknya selama 2 tahun.
- Namun, normalisasi *current account* menjadi *deficit* di level 1% berpotensi dan komparasi dengan *credit spread* bisa melebar (MXN, INR, SAR) *filter negatif CAD with BBB rating. Chart CAD with spreads of 4 country.*

### 🏠 ***Domestic Supply Increase is not bad especially if foreign inflow come back***

- Meningkatnya *gross-supply* awalnya kami khawatirkan dapat mengakibatkan tekanan dari sisi *yield*. Namun mempertimbangkan realisasi APBN yang lambat dan asumsi keberlanjutan penggunaan SAL. Peningkatan *gross bond-supply* kami rasa menjadi *manageable*.

Berdasarkan hal diatas, kami melihat nilai wajar untuk INDOGB 10YR berada di level **6.60** (*bull : 6.10, bear : 7.15*). Hal ini mengansumsikan *soft landing, at least 2 FFR cut-rates, brief rally on IDR*. Hal ini dikarenakan kami melihat *rate cut* akan lebih menjadi *multi-year-rate-cuts* menyesuaikan kondisi ekonomi US.



# INDOGB was 5<sup>th</sup> Highest Real Yield

INDOGB seems to be priced-in with credit rating upgrade due better fundamentals

## EM Peers Yield Comparison

In %

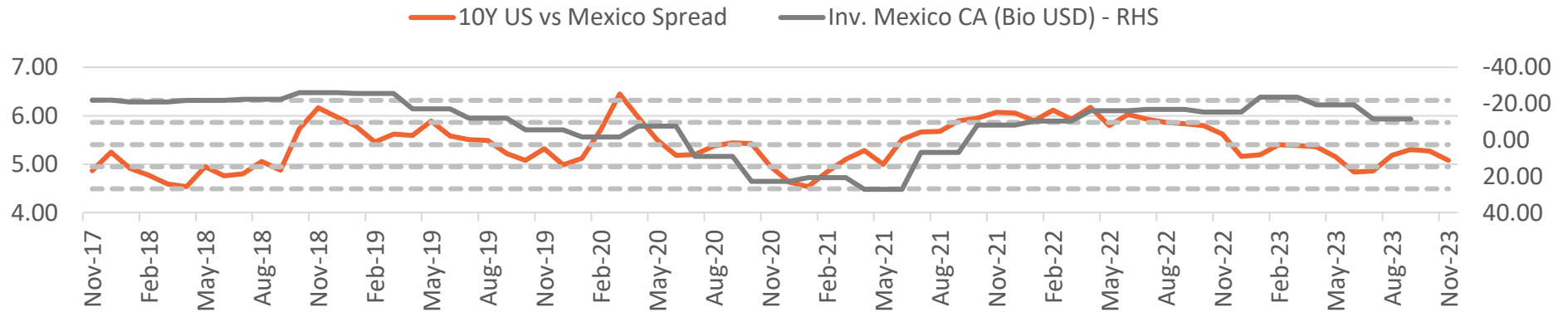
Country	10Y Yield (%)		Spread to US 10Y			Inflation	Real Yield (%)	CAD	Fiscal Deficit	Credit Rating
	Current	YTD Chg. (bps)	2022	Current	Chg.	2024F	2024F Inflation	2023F	2023F	
Brazil	10.92	-177	8.81	6.65	-2.17	3.95	6.97	-2.00	-6.90	BB-
South Africa	11.73	94	6.91	7.46	0.54	5.00	6.73	-2.50	-5.05	BB
India	7.28	-4	3.45	3.01	-0.44	5.40	1.88	-1.50	-5.90	BBB-u
Italy	4.06	-64	0.82	-0.22	-1.04	2.70	1.36	0.90	-0.20	BBBu
Portugal	2.94	-64	-0.30	-1.34	-1.04	2.70	0.24	0.70	-0.20	BBB+u
Mexico	9.25	22	5.15	4.97	-0.17	4.30	4.95	-1.00	-4.90	BBB+
Romania	6.69	-159	4.41	2.41	-1.99	5.60	1.09	-6.50	-4.80	BBB-
Hungary	6.52	-253	5.17	2.25	-2.93	5.00	1.52	0.35	-3.70	BBB-
Colombia	10.73	-228	9.14	6.45	-2.68	5.95	4.78	-3.60	-4.35	BBB-
Indonesia	6.63	-28	3.04	2.36	-0.68	3.00	3.63	-0.80	-2.30	BBB
<b>Average Peers in BBB &amp; BB*</b>			<b>4.34</b>	<b>3.40</b>			<b>4.82</b>			
Spain	3.29	-36	-0.23	-0.99	-0.76	2.40	0.89	1.80	-3.40	Au
South Korea	3.56	0	-0.32	-0.71	-0.40	1.50	2.06	2.50	-1.90	AA
China	2.66	-18	-1.04	-1.62	-0.58	3.50	-0.84	1.20	-4.80	A+
Chile	5.68	47	1.33	1.40	0.07	1.90	3.78	-3.80	-2.20	A+
Thailand	2.84	20	-1.24	-1.44	-0.20	2.50	0.34	2.80	-3.70	A-
Malaysia	3.75	-29	0.16	-0.53	-0.69	5.70	-1.95	2.40	-4.30	A
Poland	5.36	-149	2.97	1.09	-1.88	4.10	1.26	0.20	-4.65	A
<b>Average Peers in A Credit</b>			<b>0.23</b>	<b>-0.40</b>			<b>0.79</b>			
United States	4.27	40				4.10	0.17	-3.1	-6.2	AA+u

Source: Bloomberg, Syailendra Research

# Why EM Govt Spread Decreasing (1)

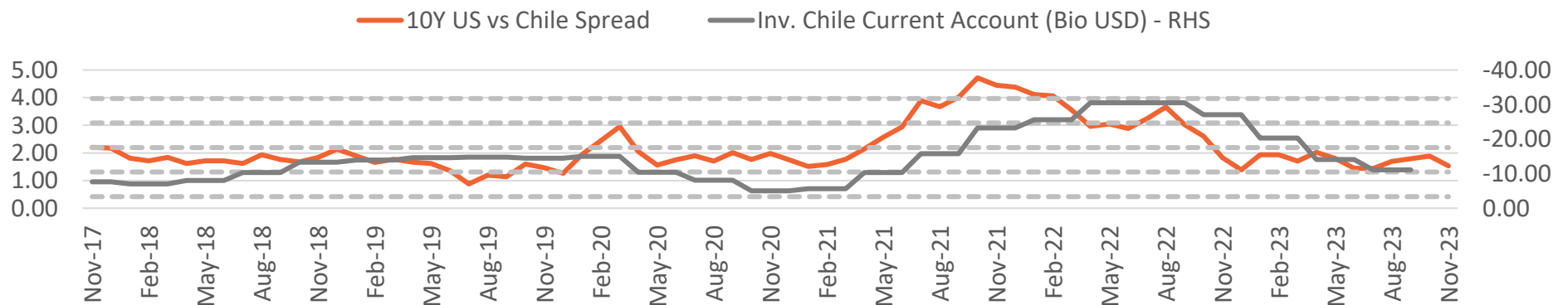
Lower spread inline with movement of current account

**Mexico-US 10Y spread at -2 std.deviation inline with current account movement but slightly divergence in 2023**  
In% and bio USD



Source: Bloomberg, Syailendra Research

**Chile-US 10Y spread at -2 std.deviation inline with current account movement**  
In% and bio USD

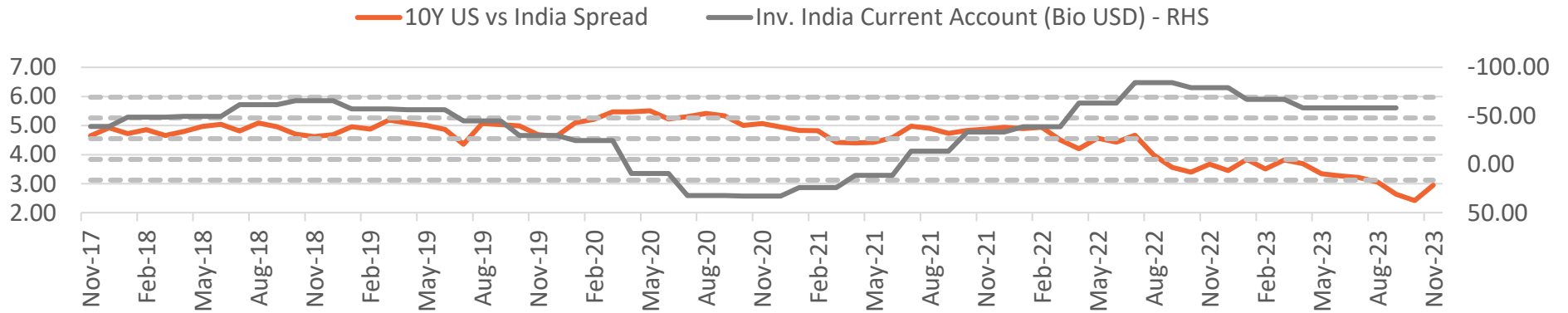


Source: Bloomberg, Syailendra Research

# Why EM Govt Spread Decreasing (2)

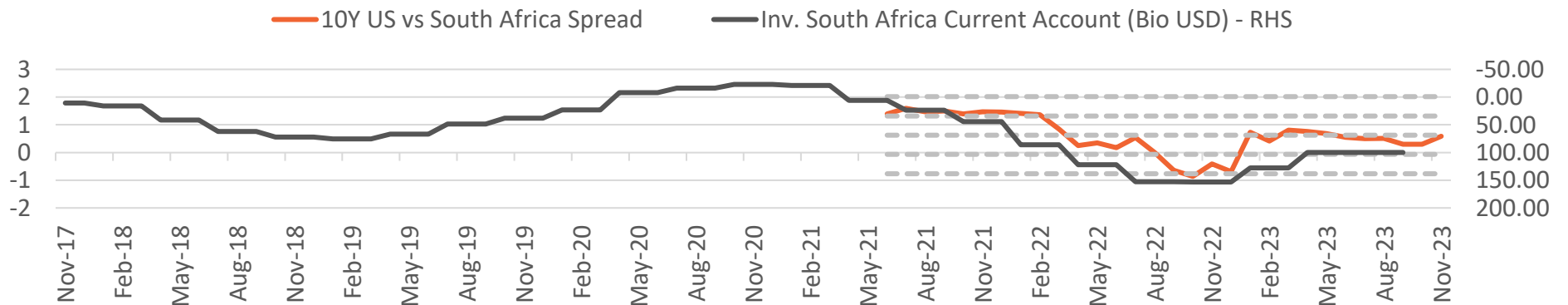
Lower spread inline with movement of current account

**India-US 10Y spread at -2 std.deviation but had very different relationship to current account compare to its peers**  
In% and bio USD



Source: Bloomberg, Syailendra Research

**South Africa-US 10Y spread at -2 std.deviation inline with current account movement**  
In% and bio USD

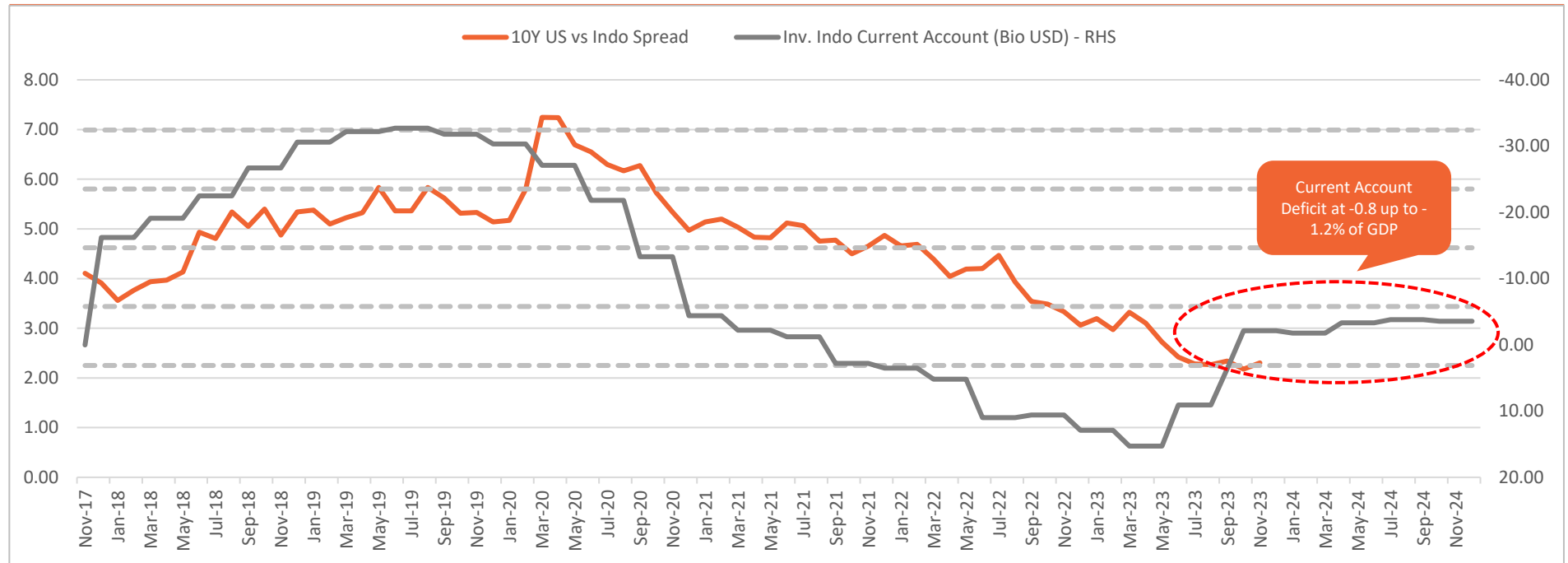


Source: Bloomberg, Syailendra Research

# We Expect Normalization as CAD Could Widen

We see spread should normalize to around 300bps going forward at -1.3 CAD

Indo-US 10Y spread at -2 std.deviation maintain the relationship between spread and CAD  
In% and bio USD



Source: Bloomberg, Syailendra Research

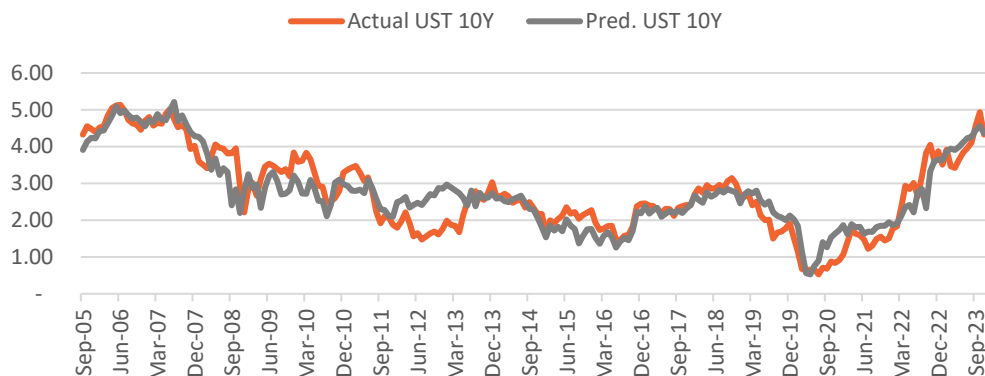
- 📌 Dengan Indonesia *current account* ternormalisasi ke level -0.8% sd -1.2% of GDP mengakibatkan level *US-Indo Spread* dapat meningkat ke level 300bps.

# INDOGB 10Y Fair at 6.60

Assuming our base case soft landing scenario (2x rate cuts, US PCE at 3%)

## Our Assumption and Model for UST 10Y

In % of YTM

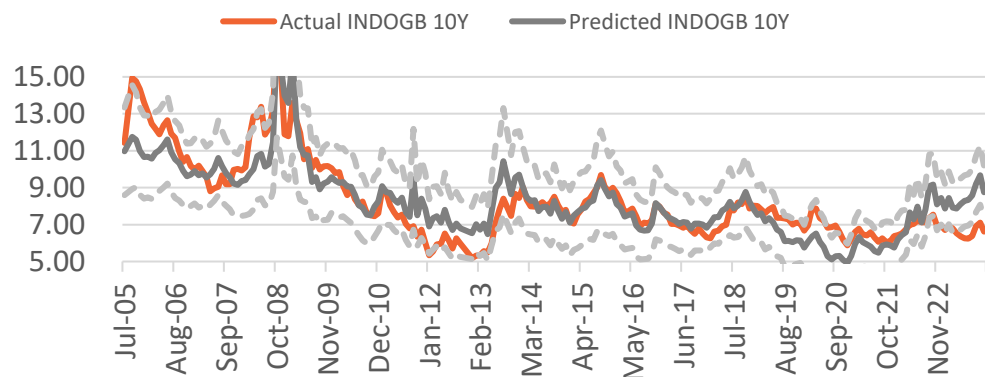


Source: Bloomberg, Syailendra Research

	Base	Std. Dev	Bear	Base	Bull
R Square Model	82%				
<b>Output Summary</b>					
Intercept	-1.71	0.25			
FFR Effective	0.41	0.02	5.25	4.75	4.25
Inflation Expectation	1.49	0.10	2.70	2.70	2.60
Current Inflation Premium/(Discount)	-0.09	0.03	0.50	0.30	0.00
Unemployment GAP (vs NAIRU 5%)	-0.05	0.02	4.10	4.60	4.80
<b>UST 10Y Output</b>			4.46	4.24	3.90

## Our Assumption and Model for INDOGB 10Y

In % of YTM



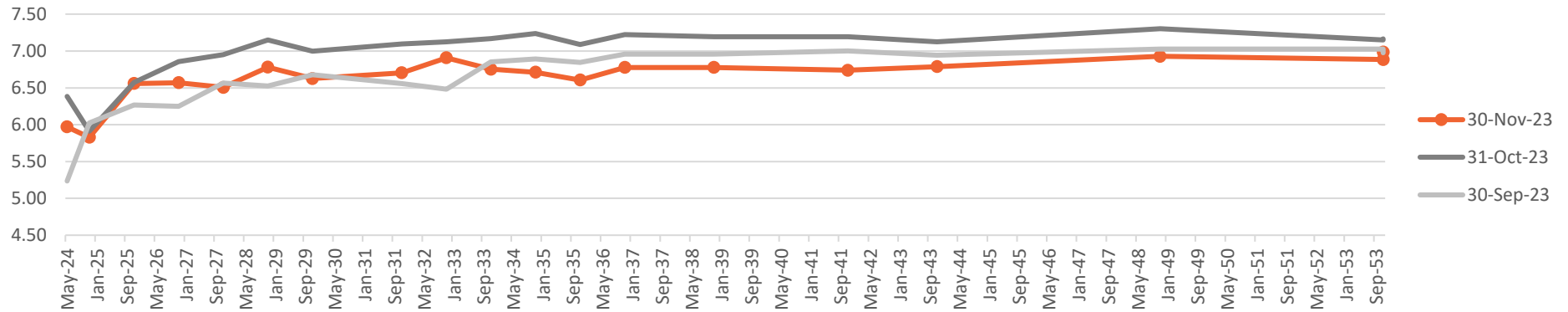
Source: Bloomberg, Syailendra Research

	Base	Std. Dev	-1 Band	Bear	Base	Bull
R Square Model	74%					
<b>Output Summary</b>						
Intercept	2.93	0.25	2.44			
UST 10Y	1.18	0.08	1.02	4.46	4.08	3.74
CDS 5YR	0.01	0.00	0.01	1.00	0.80	0.70
Hedge spr. (ex-ante 6M IDR chg.)	0.22	0.07	0.08	1.73	-2.18	-4.14
<b>INDOGB 10Y Output</b>				7.14	6.60	6.10

# INDOGB Getting More and More Flattened

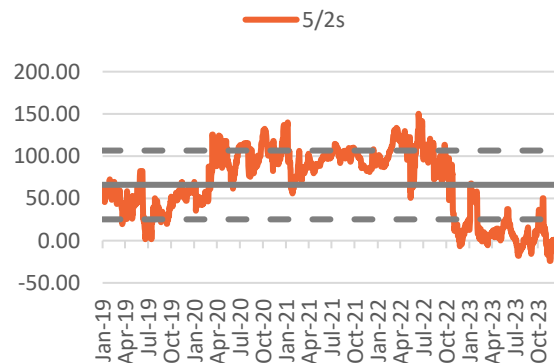
Current curve might be here for a while at least until nearing cut-rate

**INDOGB Yield Curve**  
In ppt



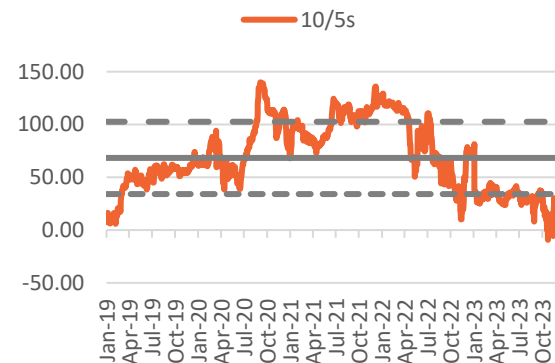
Source: Bloomberg, Syailendra Research

**5/2s Historical Spread**  
In bps



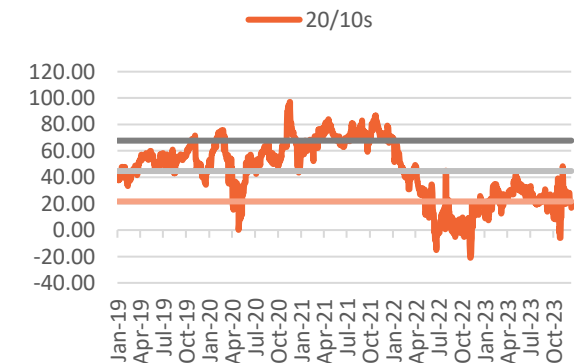
Source: Bloomberg, Syailendra Research

**10/5s Historical Spread**  
In bps



Source: Bloomberg, Syailendra Research

**20/10s Historical Spread**  
In bps

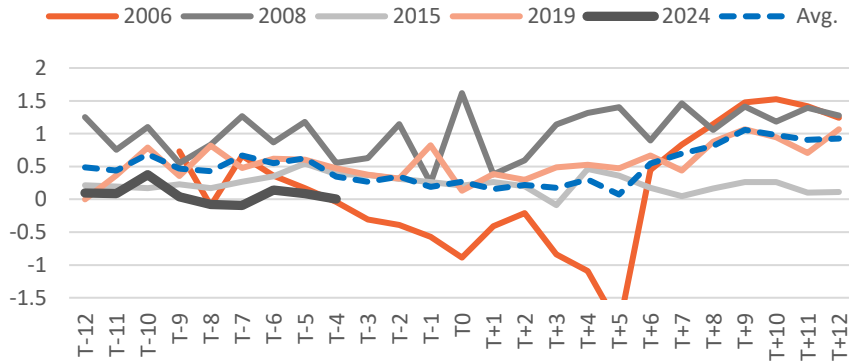


Source: Bloomberg, Syailendra Research

# INDOGB Curves Flattening

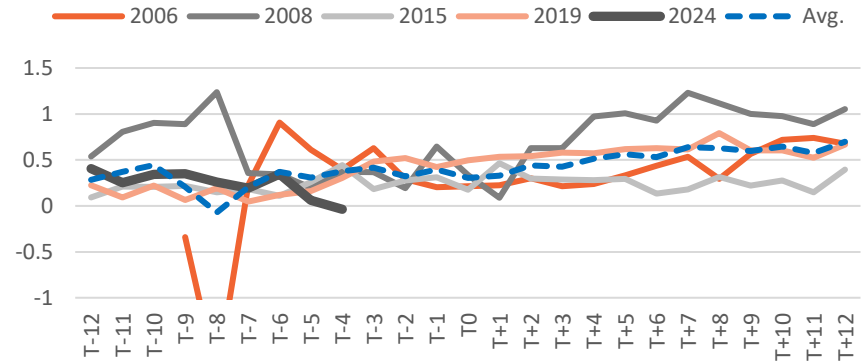
Expect Flattening until 3 month after rate cuts

**5/2s Historical spread 12 months around cut-rates**  
In ppt



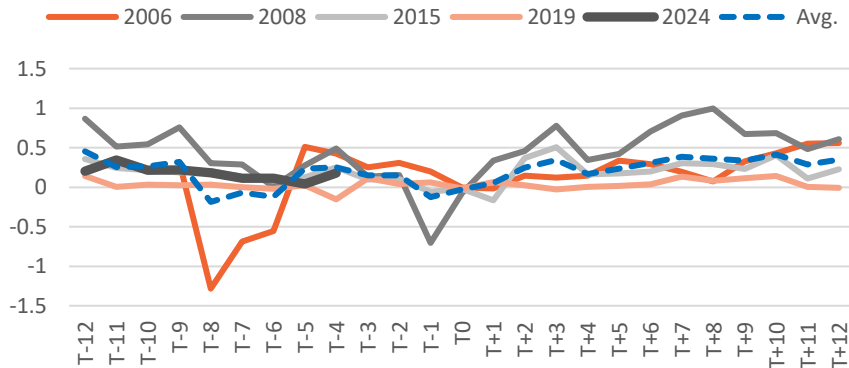
Source: Bloomberg, Syailendra Research

**10/5s Historical spread 12 months around cut-rates**  
In ppt



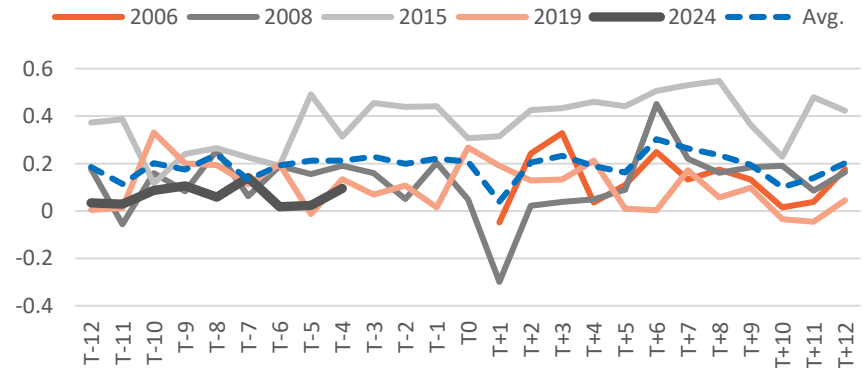
Source: Bloomberg, Syailendra Research

**15/10s Historical spread 12 months around cut-rates**  
In ppt



Source: Bloomberg, Syailendra Research

**20/15s Historical spread 12 months around cut-rates**  
In ppt



Source: Bloomberg, Syailendra Research

# Indonesia Bonds Ownership

Domestic investor had been the major buyer for INDOGB

## Ownership on Tradeable Indonesia Government Bonds

In IDR Trn

### Ownership Level

Year	Bank	Central Bank	Mutual Fund	Insurance & PF	Foreign	Retail	Others	Total
<b>Yearly</b>								
2016	21.2%	8.9%	4.8%	18.4%	37.5%	3.3%	5.9%	100.0%
2017	21.6%	8.6%	5.0%	16.6%	39.8%	2.9%	5.6%	100.0%
2018	21.8%	9.2%	5.0%	17.5%	37.7%	3.1%	5.7%	100.0%
2019	20.7%	9.9%	4.8%	17.1%	38.6%	2.9%	5.9%	100.0%
2020	24.7%	22.6%	4.2%	14.0%	25.2%	3.4%	6.0%	100.0%
2021	25.0%	26.1%	3.4%	14.0%	19.0%	4.7%	7.7%	100.0%
2022	23.8%	27.4%	2.7%	16.4%	14.4%	6.5%	8.8%	100.0%
YTD	21.7%	24.3%	3.2%	18.5%	14.9%	7.7%	9.8%	100.0%
<b>Net flow</b>								
Year	Bank	Central Bank	Mutual Fund	Insurance & PF	Foreign	Retail	Others	Total
<b>Yearly</b>								
2016	27	8	24	104	107	15	26	311
2017	78	22	18	23	170	2	13	326
2018	64	38	15	66	57	13	17	269
2019	53	56	12	57	169	8	29	384
2020	384	602	30	71	-88	50	68	1,118
2021	217	346	-3	112	-83	90	129	808
2022	92	233	-12	218	-129	123	106	630
YTD	-49	-91	31	162	72	86	80	291
<b>Interim</b>								
1Q	72	-27	19	53	54	1	14	187
2Q	-81	-34	8	20	31	16	4	-37
3Q	-47	-33	9	64	-24	45	32	46
QTD	7	3	-5	25	11	24	31	96



# What 2024F Government Bond Looks Like

Gross bond supply expected to increase by 29.7%

## Calculation for Gross Bond Supply 2024F Outlook

In trn IDR, YoY%

Government Securities	Internal for 2024	Outlook in 2023	Chg	Chg. YoY
<b>Fiscal Deciti (% GDP)</b>				
Budget Deficit	522.80	486.40		
% of GDP	-2.29	-2.00		
Nominal GDP	22,829.69	24,320.00		
<b>Component of Deficit Financing</b>				
Deficit Financing	522.80	486.40	36.40	7.5%
Debt Financing				
Government bonds - nett	488.80	362.90	125.90	34.7%
Loan program - nett	-18.40	43.40	-61.80	
Investment Financing	-176.20	-153.40	-22.80	
Loan Financing	-0.30	4.00	-4.30	
Liability Financing	-0.80	-0.30	-0.50	
Others	229.70	229.70	0.00	
<b>Gross Bond Supply</b>				
Government bonds - nett	488.80	362.90	125.90	34.7%
SUN Maturity in 1Y	604.80	480.30	124.50	25.9%
Gross Bond Supply	1,093.60	843.20	250.40	29.7%
<b>Issuance Bonds</b>				
Gross Bond Supply	1,093.60	843.20	250.40	29.7%
Gross Local Currency Bonds				
Auction Program	767.89	604.19	163.70	27.1%
Retail Bonds	164.06	126.49	37.56	29.7%
Private Placement	28.99	22.35	6.64	29.7%
Gross Foreign Currency Bonds	132.66	90.16	42.50	47.1%

Source: Syailendra Research

# Banks and Foreign was Major Player for Next year

Bank demand might be at risk due tight liquidity

## Our Assumption and Model for UST 10Y

In % of YTM

Demand of Government Bonds (trn IDR)	2018	2019	2020	2021	2022	2023F	2024F	Notes
Banks	63.8	53.2	384.4	216.8	92.0	-27.8	93.4	Assume asset growth at 8%
Central Bank	37.5	55.8	601.7	345.9	232.9	-100.0	-50.0	Assume tightening and unwinding burden sharing
MF	14.6	12.2	30.5	-3.4	-12.1	31.0	35.1	Assume 10% growth in fixed income related assets
Insurance & Pension Fund	65.6	57.2	71.1	112.4	217.8	180.9	120.4	Assume asset growth at 8%
Foreign	57.1	168.6	-87.9	-82.6	-129.2	90.7	122.2	
Retail	13.2	8.1	50.1	90.2	122.9	98.0	85.5	
Others	16.7	29.1	68.2	128.9	106.2	90.1	82.2	
<b>Total Net Issuances IDR government bonds</b>	<b>268.7</b>	<b>384.3</b>	<b>1,118.0</b>	<b>808.2</b>	<b>630.5</b>	<b>362.9</b>	<b>488.8</b>	
Sector	2018	2019	2020	2021	2022	2023F	2024F	Avg. (exc 2020 & 2021)
<b>Share in Net Additional SUN</b>								
Banks	23.8%	13.8%	34.4%	26.8%	14.6%	-7.7%	19.1%	19.0%
Central Bank	14.0%	14.5%	53.8%	42.8%	36.9%	-27.6%	-10.2%	9.0%
MF	5.4%	3.2%	2.7%	-0.4%	-1.9%	8.5%	7.2%	5.6%
Insurance & Pension Fund	24.4%	14.9%	6.4%	13.9%	34.5%	49.8%	24.6%	18.2%
Foreign	21.3%	43.9%	-7.9%	-10.2%	-20.5%	<b>25.0%</b>	<b>25.0%</b>	38.1%
Retail	4.9%	2.1%	4.5%	11.2%	19.5%	27.0%	<b>17.5%</b>	2.5%
Others	6.2%	7.6%	6.1%	16.0%	16.8%	24.8%	16.8%	7.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Syailendra Research

# Section 03



**Equity**

# 2024 Equity Narrative

## What to expect for next year

- 🏰 **Earnings Growth and valuations might not be enough to drive equities much.** Kami melihat emiten IHSG secara *aggregate* dapat menghasilkan laba dari 7.5-12.5% di tahun 2023F melambat di bandingkan tahun ini yang cukup *surprise* di level 10-17.5% per 9M23. Mempertimbangkan *higher for longer*, kami melihat baiknya untuk konservatif mengasumsikan valuasi IHSG di 14.10x untuk tahun 2023F.
- 🏰 Berdasarkan hal diatas, kami melakukan *downgrade* atas IHSG 2023F menjadi 7,100 dan Target IHSG 2024F di level 7,800 di tahun 2024F. Dari sisi strategi pengelolaan kami masih pentingnya kapasitas portfolio untuk fleksibel dimana dua fokus strategi : 1) *Bottom-up/Stock Picking Strategy*, 2) *Interest Rate Cut Play along with end of rate cycle*.
- 🏰 *Weighting* yang semakin besar dari saham-saham yang secara *free float* tipis, namun mengalami kenaikan yang signifikan, menarik likuiditas investor, baik lokal, terutama retail, maupun global, terutama *passive funds*, yang membuat kinerja IHSG ter-distorsi dan resiko volatilitas pasar meningkat.
- 🏰 Masih *relative volatile* nya USD disertai dengan perlambatan pertumbuhan ekonomi secara global mengharuskan investor mengantisipasi 1) *External macro shock*, 2) *No-upside on valuation at the moment*, 3) *Tight domestic liquidity means volatile market on JCI*.
- 🏰 Posisi investor global yang cenderung masih *underweight* di *asset class equity* secara global mengakibatkan *upswing* yang cukup cepat disaat *cut-rates* menjadi lebih jelas. Konsensus saat ini memiliki ekspektasi pelonggaran terjadi di 2H24F.

# Global Indices Performance

Past 3 months was hard for equity globally

## Global Indices Historical Performance

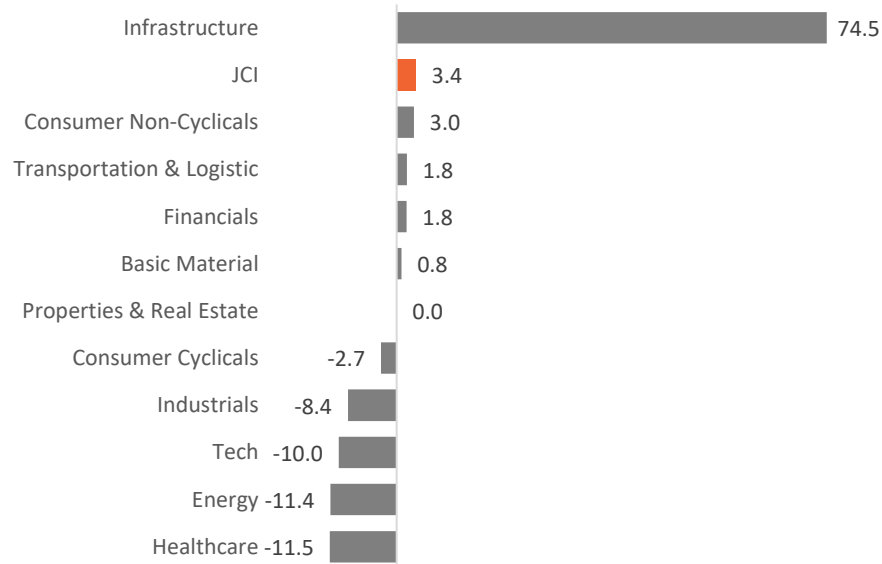
In % of return

No	Country	YTD	1M	3M	6M	1Y	P/E	P/BV	ROE
<b>Global Market</b>									
1	Dow Jones (US)	8.46%	9.18%	3.04%	8.80%	3.94%	19.02	4.75	22.25
2	S&P 500 (US)	18.97%	9.62%	1.17%	8.61%	11.95%	19.18	4.05	19.35
3	Nasdaq (US)	35.92%	11.23%	1.48%	9.29%	24.05%	29.97	4.55	13.96
4	London (UK)	4.39%	7.32%	-0.46%	2.52%	-1.06%	13.12	2.01	13.32
5	DAX (GR)	16.46%	10.19%	2.04%	1.93%	12.63%	11.73	1.67	11.65
6	CAC (FP)	12.93%	7.12%	-0.73%	1.40%	8.49%	10.88	1.95	13.29
<b>Asia Market</b>									
1	Nikkei (JP)	28.33%	9.09%	3.57%	6.89%	19.73%	21.44	1.83	8.42
2	Hang Seng (HK)	-13.84%	-2.09%	-7.79%	-8.35%	-8.36%	9.83	0.98	9.40
3	Shanghai (CN)	-1.93%	0.27%	-3.43%	-6.03%	-3.86%	12.06	1.41	9.91
4	Shenzhen (CN)	-9.70%	-2.44%	-7.72%	-8.90%	-9.26%	13.24	1.75	12.08
5	NFT (IN)	11.20%	5.18%	4.06%	8.05%	7.33%	25.19	3.98	12.68
6	Kospi (KR)	13.36%	9.73%	-1.01%	-1.94%	2.54%	11.91	1.00	7.79
<b>ASEAN Market</b>									
1	Singapore (SG)	-5.48%	0.28%	-4.57%	-3.59%	-6.61%	14.27	1.19	9.57
2	Kuala Lumpur (MK)	-2.86%	0.94%	0.06%	4.00%	-2.42%	16.06	1.44	8.94
3	Thailand (TH)	-17.29%	-1.12%	-12.46%	-10.07%	-15.60%	17.89	1.74	9.17
4	Vietnam (VN)	8.64%	4.96%	-9.81%	1.49%	4.36%	11.92	1.85	15.32
5	Philippines (PH)	-5.22%	4.39%	-1.14%	-4.41%	-8.22%	15.27	1.67	10.87
<b>Indonesia Market</b>									
1	JCI / IHSG (ID)	3.36%	5.12%	1.64%	6.70%	-0.01%	14.67	2.33	13.69
2	JII / ISSI (ID)	-3.70%	1.64%	-2.26%	5.76%	0.32%	11.96	2.10	16.08
3	IDX30 (ID)	-1.61%	4.85%	-3.97%	-2.09%	-8.92%	15.92	2.33	14.83
4	LQ45 (ID)	-0.76%	4.58%	-3.52%	-1.38%	-7.76%	16.21	2.38	14.85

# What Has Been Moving The Market ?

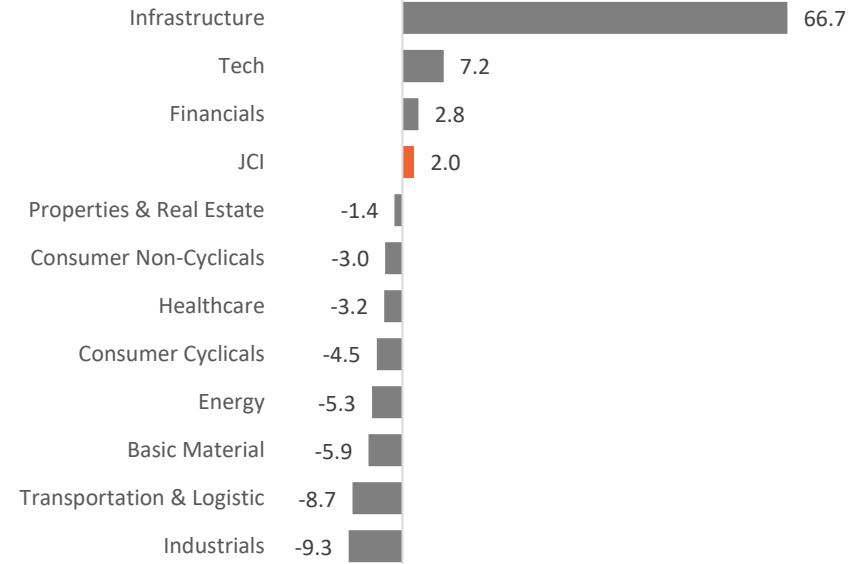
Performance has been dragged all sectors except infrastructure

## YTD Sector Performance In % YTD



Source: Syailendra Research, Bloomberg

## YTD Sector Performance In % QTD



Source: Syailendra Research, Bloomberg

- 🚧 Peningkatan infrastruktur diakibatkan oleh satu *emiten* yaitu BREN. Apabila kami *take-out* efek *positive contributor* BREN dalam indeks infrastruktur. *Price return* untuk infrastruktur seharusnya berkisar di 2.6% YTD.
- 🚧 Semakin besar nya bobot saham-saham yang di *drive* oleh *flow-non-fundamental* dapat menyebabkan 1) bobot saham-saham *big-cap* dengan fundamental yang baik turun, dan 2) karena umum nya saham flow-non-fundamental tadi valuasi nya sangat mahal, pasar saham Indonesia secara rata-rata akan terlihat lebih mahal dibandingkan *peers*.

# Reason Why JCI Might Be too Good To Be True

Getting harder to cover for companies on top of non-fundamental stocks

## JCI becoming hard to cover

In %

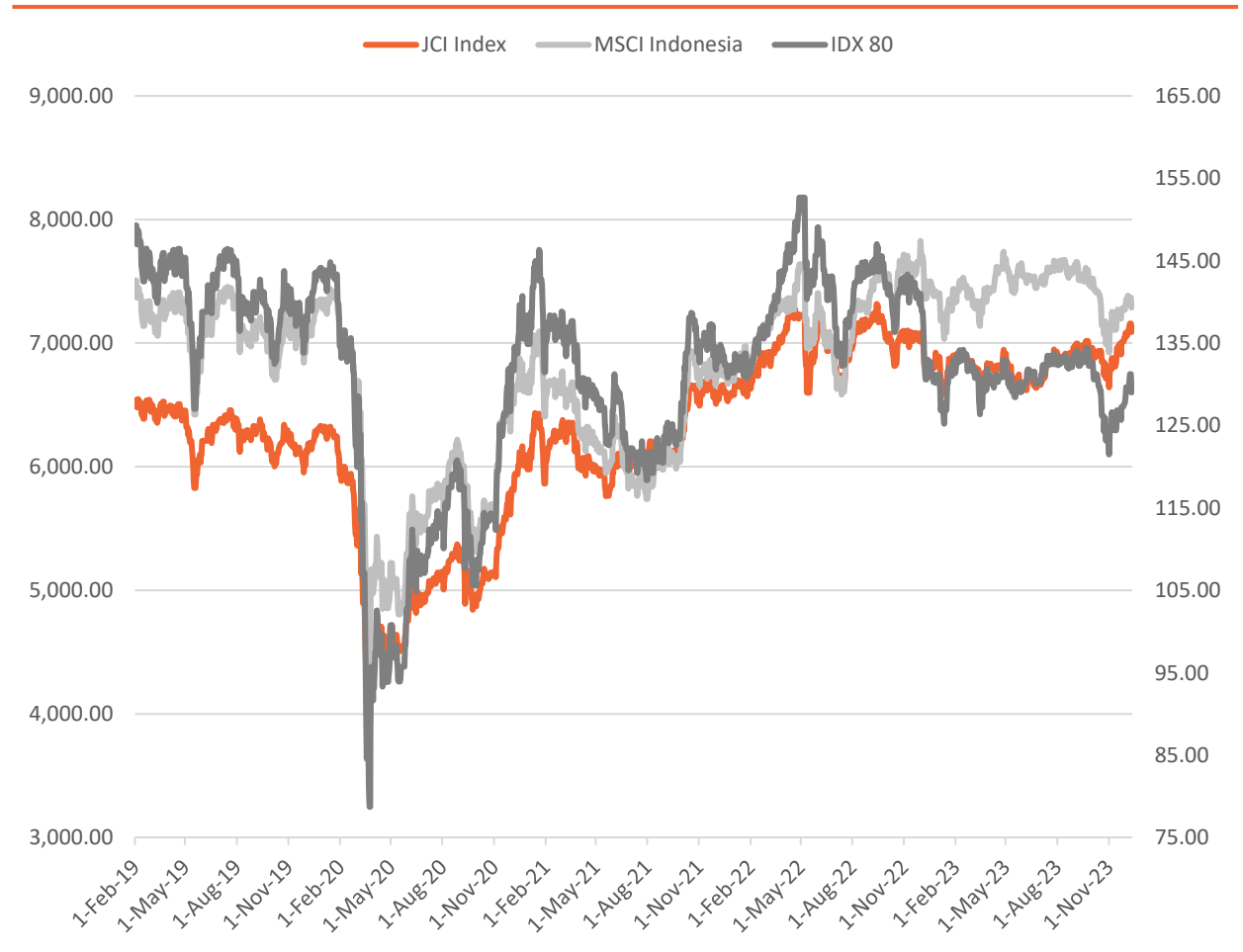
	JCI Return	JCI Return Adj.	IDX 80 Return	MSCI ID Return
2021	10.1%		-2.6%	1.5%
2022	4.1%		-0.7%	10.4%
YTD 2023	4.0%	-3,07%	-0.5%	-1.1%

	No. of Co.	Cap Mix		Stocks with Coverage > 3 Analyst	
		Big Cap	Mid Cap	No. of Co.	% of M.C ap
JCI	864	65.7	34.3	98	48.3
IDX 80	80	77.6	22.4	65	85.3
MSCI ID	22	94.2	5.8	22	85.7

Source: Syailendra Research

## JCI Price Movement Detach to other index since mid 2022

In %



Source: Syailendra Research

# Breaking Down JCI Return in 2023 (12-Dec-23)

If we adjust for non-fundamental stocks (50bps impact)

Desc	JCI	Return
<b>1/1/2023</b>	<b>6,850.62</b>	
<i>Chg.</i>	274.69	
<i>Identified Contributor</i>	526.11	
<i>Others</i>	-251.42	
<b>12/12/2023</b>	<b>7,125.31</b>	<b>4.01%</b>
<i>Adjustment for Non-Fundamental Stocks</i>	-484.82	
<b>12/12/2023 - Adj. New JCI Level</b>	<b>6,640.49</b>	<b>-3.07%</b>
<b><i>Adjustment to big contributor stocks (0.01% impact to JCI) - Non Fundamental Stocks</i></b>		
<i>Positive</i>		
<i>BREN IJ Equity</i>	258.46	3.77%
<i>AMMN IJ Equity</i>	134.43	1.96%
<i>TPIA IJ Equity</i>	70.20	1.02%
<i>BRPT IJ Equity</i>	66.80	0.98%
<i>CUAN IJ Equity</i>	45.46	0.66%
<i>Negative</i>		
<i>BEBS IJ Equity</i>	-49.78	-0.73%
<i>BYAN IJ Equity</i>	-40.75	-0.59%
<b>Total</b>	<b>484.82</b>	<b>7.08%</b>

Source: Syailendra Research

No	Ticker	Return YTD	Point Cont.	Market Cap (trn IDR)
1	BREN	881.45	258.46	1,023.46
2	AMMN	312.98	134.43	507.63
3	BMRI	22.84	104.92	541.33
4	BBRI	14.55	84.68	807.05
5	TPIA	85.67	70.20	411.79
6	BRPT	132.94	66.80	165.22
7	CUAN	4,877.27	45.46	123.10
8	TLKM	8.65	39.40	387.33
9	BBNI	19.30	30.46	196.74
10	BBCA	4.28	27.64	1,072.49
11	ASII	8.49	23.73	225.70
12	PANI	434.21	17.38	68.82
13	SMMA	15.54	13.67	92.33
14	ISAT	61.90	12.74	78.01
15	UNTR	7.42	11.38	81.50
16	AMRT	8.50	11.33	118.34
17	JSMR	68.41	11.10	35.64
18	SGER	378.16	8.52	11.70
19	DSSA	72.61	8.36	52.94
20	MAPA	107.73	7.77	22.66
	<b>Top 20</b>	<b>988.43</b>		
	<b>Others</b>	<b>142.48</b>		
	<b>Total</b>	<b>1,130.91</b>		

Source: Syailendra Research

No	Ticker	Return YTD	Point Cont.	Market Cap (trn IDR)
1	MDKA	-43.20	-50.98	56.42
2	BEBS	-93.24	-49.78	2.25
3	BYAN	-8.07	-40.75	632.50
4	ADRO	-21.61	-28.34	81.56
5	BUMI	-44.72	-23.83	33.05
6	KLBF	-21.57	-21.73	75.47
7	EMTK	-47.21	-19.12	33.07
8	MBMA	-32.08	-18.47	58.32
9	UNVR	-24.49	-16.05	130.85
10	INCO	-39.76	-14.29	41.93
11	PGAS	-31.29	-13.98	26.42
12	ESSA	-40.39	-9.50	8.96
13	MSIN	-37.97	-9.49	37.64
14	CPIN	-9.83	-9.20	81.99
15	BUKA	-23.66	-8.20	20.62
16	MNCN	-48.54	-7.54	5.69
17	LPPF	-62.53	-7.33	3.61
18	CARE	-70.38	-6.79	4.69
19	TOWR	-10.65	-6.54	49.23
20	BTPS	-39.76	-6.35	12.40
	<b>Top 20</b>	<b>-368.23</b>		
	<b>Others</b>	<b>-236.56</b>		
	<b>Total</b>	<b>-604.80</b>		

Source: Syailendra Research



# 3Q23 Earnings Recap

Earnings was better than expected but need to be cautious

## 3Q23 Earnings Recap : Earnings was driven from Margin and Non-Operating Items

In qoq and yoy

Sector	% of M.Cap	3Q23 QoQ			3Q23 YoY			9M23 YoY			Notes
		Rev.	EBIT	Net Profit	Rev.	EBIT	Net Profit	Rev.	EBIT	Net Profit	
Banking	46.2%	NA	NA	1.8%	NA	NA	12.7%	NA	NA	20.9%	Inline flatish qoq net income
Building Materials	1.8%	21.7%	55.2%	89.3%	7.9%	2.5%	-0.1%	8.4%	19.1%	14.0%	Low base effect
Consumer discretionary	5.9%	1.8%	252.5%	171.8%	8.8%	-1.3%	42.3%	13.0%	9.7%	10.5%	Some company had margin expansion and oper. Leverage
Consumer staples	11.0%	7.2%	7.7%	7.0%	0.8%	18.6%	12.9%	2.1%	31.3%	45.8%	3Q23 was margin expansion show in EBIT YoY higher vs Revenue YoY
Hospital	1.6%	11.3%	31.2%	29.3%	15.6%	50.7%	39.6%	11.6%	36.0%	37.3%	Better Revenue and Operating Leverage
Infrastructures	0.1%	25.6%	25.5%	153.4%	37.1%	45.2%	84.7%	22.9%	7.4%	36.8%	Infrastructure was lowbase from ADHI
Internet	1.5%	1.3%	23.3%	-59.7%	-9.1%	-63.2%	-70.9%	31.2%	-62.8%	-68.9%	Improving on quartelry basis on revenue and EBIT
Mining	4.9%	-7.9%	-0.3%	24.5%	-21.7%	-29.2%	5.9%	-2.0%	-14.2%	-8.9%	Better than expected on quarterly basis, but still downtrend/normalizing
Oil and Gas	2.0%	6.0%	4.2%	8.4%	-3.5%	-5.6%	-1.5%	3.5%	5.4%	5.5%	
Poultry	1.7%	1.0%	17.8%	36.5%	9.9%	81.8%	91.7%	7.7%	-6.4%	-20.2%	Low base in 3Q23
Property	1.4%	-2.8%	3.0%	-240.4%	-15.2%	-11.0%	14.9%	0.1%	4.2%	22.5%	Dragged down from opex and below the line
Telco	8.5%	1.2%	7.0%	1.0%	4.4%	13.7%	88.5%	4.6%	12.6%	9.2%	Operating Leverage
Transportation	0.1%	8.7%	-13.0%	-20.7%	18.4%	-2.0%	-5.7%	28.7%	48.3%	41.1%	Improvement on Revenue hit by Royalty (BIRD)
<b>JCI W. Avg.</b>	<b>86.6%</b>	<b>3.3%</b>	<b>45.8%</b>	<b>13.5%</b>	<b>0.3%</b>	<b>7.0%</b>	<b>22.0%</b>	<b>5.8%</b>	<b>11.1%</b>	<b>18.1%</b>	<b>Earnings growth seems high but mostly coming from margin as revenue on low single digit growth</b>
<b>JCI Aggregate</b>		<b>2.4%</b>	<b>-4.9%</b>	<b>1.0%</b>	<b>-3.1%</b>	<b>-9.2%</b>	<b>17.5%</b>	<b>3.5%</b>	<b>2.2%</b>	<b>11.2%</b>	

Source : Syailendra Research, Mandiri Sekuritas, Bloomberg

- 🔺 Pertumbuhan laba berada di atas ekspektasi kami dimana 9M23 mencatatkn 18.1% YoY dari 86.6% of JCI coverage. Namun, Pertumbuhan laba ini meningkat signifikan dari Margin dan Non-Operating Items. Hal ini didasarkan rena tingkat pertumbuhan revenue relative minim yaitu di level 5.8% YoY

# Did 3Q23 Result Meet Market Expectation ?

Most of companies were inline with some deliver above from non-oper. items

## 3Q23 Earnings Recap : Earnings was driven from Margin and Non-Operating Items

In qoq and yoy

Sector	% of M.Cap	Revenue			EBIT			Net Profit			Notes
		Below	Inline	Above	Below	Inline	Above	Below	Inline	Above	
Banking	46.2%							1.2%	73.6%	24.5%	
Building Materials	1.8%	67.9%	32.1%	0.0%	100.0%	0.0%	0.0%	100.0%	0.0%	0.0%	
Consumer discretionary	5.9%	15.2%	81.7%	3.1%	28.3%	67.7%	4.0%	24.6%	0.0%	75.4%	
Consumer staples	11.0%	39.0%	61.0%	0.0%	39.5%	33.1%	27.4%	14.4%	60.6%	25.0%	
Hospital	1.6%	33.1%	66.9%	0.0%	42.5%	24.4%	33.1%	42.5%	24.4%	33.1%	
Infrastructures	0.1%	50.9%	49.1%	0.0%	49.1%	50.9%	0.0%	49.1%	0.0%	50.9%	
Internet	1.5%	100.0%	0.0%	0.0%	23.3%	76.7%	0.0%	0.0%	0.0%	100.0%	
Mining	4.9%	41.7%	0.0%	58.3%	27.7%	27.5%	44.8%	10.1%	17.6%	72.3%	
Oil and Gas	2.0%	73.9%	26.1%	0.0%	73.9%	26.1%	0.0%	50.7%	0.0%	49.3%	
Poultry	1.7%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%	1.0%	13.7%	85.4%	
Property	1.4%	59.9%	22.8%	17.3%	59.9%	22.8%	17.3%	58.4%	1.5%	40.1%	
Telco	8.5%	0.0%	100.0%	0.0%	10.1%	89.9%	0.0%	18.6%	81.4%	0.0%	
Transportation	0.1%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%	
JCI Aggregate	86.6%	31.6%	60.2%	8.2%	33.0%	47.1%	19.9%	11.5%	56.8%	31.4%	Despite earnings growth was better than expected. The surprise was coming from below operating profit show in 31.4% above in NPAT vs 19.9% in EBIT and 8.2% in Revenue
No. of Companies		24	24	6	26	15	13	24	15	26	
No. of Companies (ex-Banks)		24	24	6	26	15	13	22	11	21	

Source : Syailendra Research, Mandiri Sekuritas, Bloomberg

- 🔺 56.8% coverage dari IHSG mencatatkan kinerja laba 9M23 *inline* dengan ekspektasi namun hal yang perlu dilihat ialah peningkatan *above* dari EBIT 19.9% menjadi 31.4% di level NPAT. Hal ini memperlihatkan beberapa *surprise* berada di *level non-operating items*.

# How to Put Earnings Expectation for JCI 2024 ?

2024F Earnings Growth was not bad considering slowdown

## JCI Earnings Growth Expectation 2024F & 2025F

In % YoY

Sector	% of M.Cap	2024F			2025F		
		Revenue	EBIT	Net Profit	Revenue	EBIT	Net Profit
Banking	26.3%	NA	NA	12.7%	NA	NA	10.6%
Building Materials	1.0%	5.5%	10.3%	13.4%	7.7%	10.3%	13.7%
Consumer discretionary	3.5%	7.9%	8.7%	11.5%	7.4%	6.2%	8.2%
Consumer staples	6.3%	7.1%	10.7%	9.8%	8.0%	10.3%	10.8%
Hospital	0.9%	12.4%	18.8%	19.6%	11.7%	15.4%	16.6%
Infrastructures	0.4%	6.5%	14.8%	16.2%	8.7%	11.3%	15.9%
Mining	4.0%	3.7%	-5.5%	-7.6%	1.2%	-6.5%	-4.4%
Oil and Gas	1.1%	3.4%	1.8%	2.6%	6.9%	6.3%	7.5%
Poultry	1.1%	7.9%	28.8%	25.5%	10.8%	20.4%	26.2%
Property	0.8%	6.7%	5.8%	29.8%	6.3%	8.1%	12.4%
Telco	5.7%	5.4%	8.3%	11.6%	5.1%	7.5%	10.1%
Transportation	0.0%	14.2%	8.9%	6.9%	17.3%	24.0%	21.3%
<b>JCI</b>	<b>51.1%</b>	<b>7.2%</b>	<b>7.8%</b>	<b>11.0%</b>	<b>6.8%</b>	<b>6.8%</b>	<b>9.7%</b>

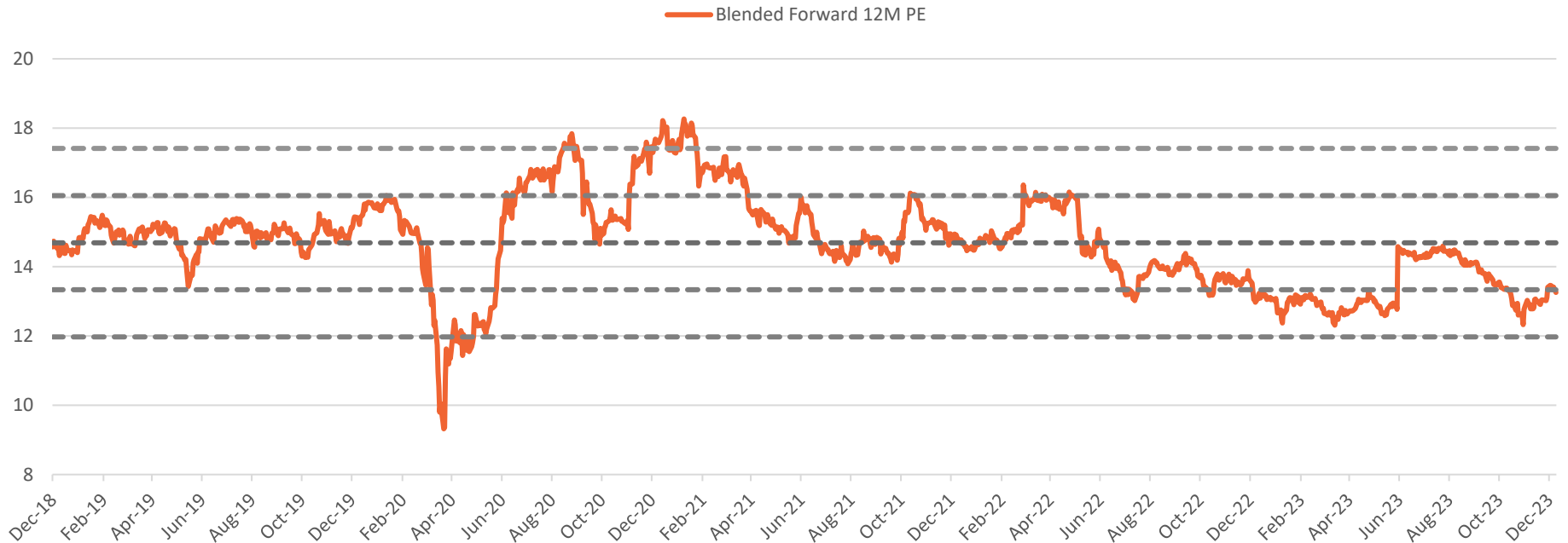
Source : Syailendra Research, Bloomberg

- 🏠 Konsensus memiliki ekspektasi *earnings growth* di 2024F and 2025F sebesar 11.0% v 9.7% dengan coverage 51.1% dari IHSG. Kami juga melihat pertumbuhan ini relatif normal melihat *revenue* dan *ebit* tumbuh pada *high single digit* diikuti oleh *leverage*.

# Is Current Valuation already Cheap Enough ?

Index performance has been dragged by valuation due external sentiment

**MSCI Indonesia Blended Forward 12M P/E ratio**  
In times of blended forward earnings



Source : Syailendra Research

- 📌 IHSY YTD (Nov'23) mencatatkan kinerja 3.3% terlepas laba IHSY 9M23 berdasarkan *coverage* kami mencatatkan 11.2-18.0%. Hal ini terlihat rasio P/E yang menurun dari 15x di pertengahan tahun 2023 menjadi 13.2x, Kami duga hal ini diakibatkan oleh eksternalitas global.

# Global Peers Valuation Comparison

Indonesia valuation in-line with growth expectation

## Global Indices Historical Performance

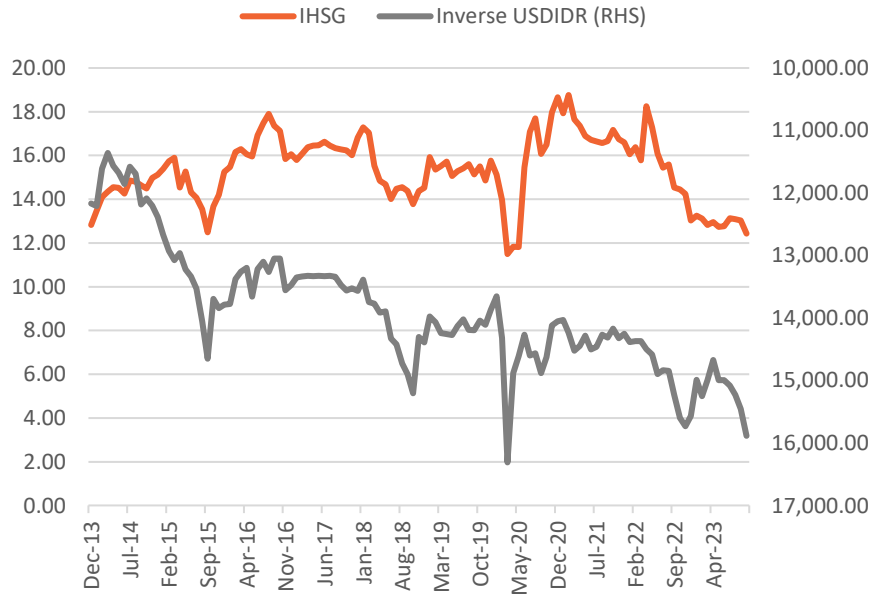
In times of earnings, times of BPS, % and YoY%

Desc.	P/E		EPS Growth		P/B		ROE	
	2024	2025	2024	2025	2024	2025	2024	2025
<b>MSCI SEA</b>	<b>12.6</b>	<b>11.7</b>	<b>8.0%</b>	<b>7.0%</b>	<b>1.4</b>	<b>1.3</b>	<b>11.2</b>	<b>11.3</b>
<b>Indonesia</b>	<b>13.2</b>	<b>12.2</b>	<b>10.4%</b>	<b>7.6%</b>	<b>2.0</b>	<b>1.9</b>	<b>15.5</b>	<b>15.5</b>
Malaysia	13.5	12.6	10.6%	6.9%	1.3	1.2	9.5	9.8
Phillipines	11.2	10.2	11.0%	9.8%	1.4	1.3	12.7	12.7
Singapore	11.0	10.4	3.3%	4.5%	1.2	1.1	10.7	10.7
Thailand	15.9	14.0	14.3%	11.4%	1.5	1.5	9.7	10.3
<b>MSCI AxJ</b>	<b>11.9</b>	<b>9.8</b>	<b>21.0%</b>	<b>16.7%</b>	<b>1.3</b>	<b>1.2</b>	<b>11.0</b>	<b>11.8</b>
Hong Kong	11.2	10.3	13.3%	9.6%	0.8	0.8	7.3	7.7
India	21.5	14.2	17.4%	12.6%	3.5	3.1	16.5	16.5
Korea	10.6	8.5	64.3%	23.1%	0.9	0.9	8.9	10.1
Taiwan	15.4	12.9	17.3%	20.0%	2.1	2.0	13.8	15.2
<b>MSCI EMEA</b>	<b>10.0</b>	<b>9.1</b>	<b>8.0%</b>	<b>7.7%</b>	<b>1.4</b>	<b>1.3</b>	<b>14.5</b>	<b>14.4</b>
Russia	4.3	4.4	-7.1%	7.2%	0.5	0.4	11.0	8.9
South Africa	9.0	7.8	15.0%	13.8%	1.4	1.3	14.6	15.4
Turkey	4.4	4.0	17.0%	11.1%	1.1	0.8	25.2	21.2
<b>MSCI LATAM</b>	<b>8.7</b>	<b>8.2</b>	<b>11.8%</b>	<b>4.9%</b>	<b>1.0</b>	<b>0.8</b>	<b>11.9</b>	<b>10.2</b>
Brazil	7.6	7.3	15.6%	2.3%	1.2	1.1	15.6	15.1
Mexico	12.3	11.1	6.3%	9.7%	1.9	1.8	15.7	16.3
<b>MSCI EMEA</b>	<b>10.0</b>	<b>9.1</b>	<b>8.0%</b>	<b>7.7%</b>	<b>1.4</b>	<b>1.3</b>	<b>14.5</b>	<b>14.4</b>
<b>MSCI World</b>	<b>17.0</b>	<b>15.5</b>	<b>10.4%</b>	<b>10.5%</b>	<b>2.7</b>	<b>2.5</b>	<b>15.2</b>	<b>15.3</b>
Australia	15.3	14.8	6.3%	3.3%	2.1	2.0	13.2	13.0
Europe	12.8	12.0	3.3%	8.4%	1.8	1.6	13.2	13.3
Japan	14.5	13.2	4.5%	10.4%	1.3	1.2	8.7	9.1
USA	19.2	17.3	14.4%	11.9%	3.9	3.5	18.6	18.6

# Pressure from IDR Need to Be Factored-in

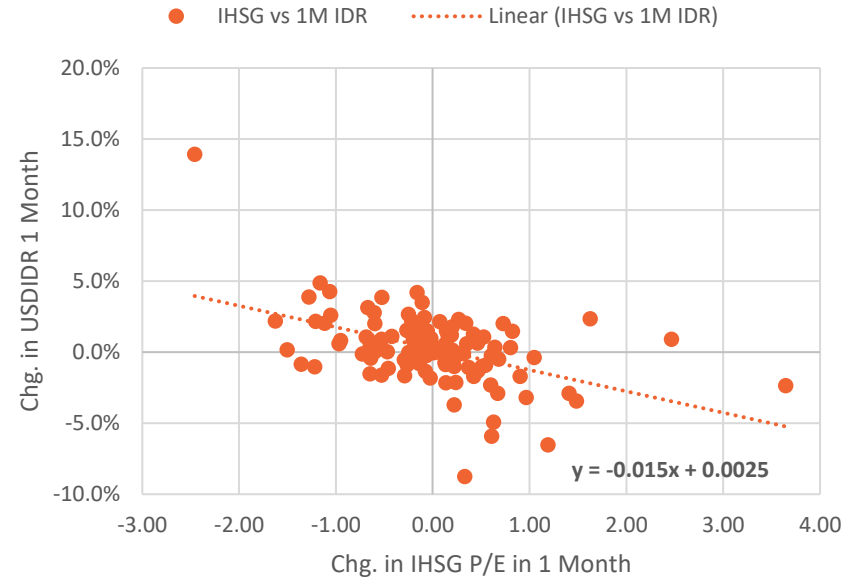
Each IDR depreciation potentially dragged IHSG valuation and vice versa

**IHSG P/E 12BF vs Inverse USDIDR**  
In times of earnings, USDIDR



Source: Syailendra Research, Bloomberg

**Negative Relationship between IDR and IHSG P/E**  
In % mom, chg mom



Source: Syailendra Research, Bloomberg

Salah satu alasan dalam mempertimbangkan tidak menaruh valuasi indeks *P/E* ke level normal diakibatkan pandangan kami atas volatilitas rupiah yang masih akan sama dengan tahun 2023. Terlihat korelasi yang relatif tinggi antara IDR dan pergerakan *P/E*.

Kami melihat tekanan ini akan memudar saat memasuki 2H24F disaat kebijakan moneter secara global sedikit melonggar.

# JCI Expectation for 2024F and 2025F

Expect index to be driven by growth rather than valuation sentiment

## JCI Earnings Growth Expectation 2024F & 2025F

In % YoY

Desc	2023F	2024F			2025F			Notes
		Bear	Base	Bull	Bear	Base	Bull	
EPS Growth	11.61%	7.50%	10.00%	12.50%	5.00%	7.50%	10.00%	9M23 Earnings growth at 11-18% YoY inline with trajectory
P/E	14,10	14,10	14,10	14,10	14,10	14,10	14,10	P/E assume at -1 Std Deviation at 13.10x with premium valuation on non-fundamental stocks by 1.0x. No re-rating valuation going forward
<b>Index Target</b>	<b>7,100</b>	<b>7,500</b>	<b>7,800</b>	<b>8,000</b>	<b>8,200</b>	<b>8,400</b>	<b>8,600</b>	

Source: Syailendra Research, Bloomberg

- ⚠ Berdasarkan hal-hal sebelumnya kami melihat perlunya *downgrade* JCI untuk 2023 dari level 7,200 menjadi 7,100. Kami merasa perlunya konservatif dalam ekspektasi IHSG dimana kinerja IHSG didasarkan pada pertumbuhan laba dibandingkan *re-rating P/E* mempertimbangkan eksternalitas saat ini. Kami juga memasukkan *non-fundamental valuation* sehingga nilai indeks dapat dikomparasi dengan level IHSG saat ini.

# What Industry Sector Position Tell Us ?

Mixed rotation on Nov'23 with most increased coming from financials

## Monthly Changes of Investor Position

MoM of est. weight changes of investor portfolio

Sector	Local MoM (%) of est. ownership											
	Insurance			Mutual Fund			Pension Fund			Individual		
	Sep-23	Oct-23	Nov-23	Sep-23	Oct-23	Nov-23	Sep-23	Oct-23	Nov-23	Sep-23	Oct-23	Nov-23
Barang Konsumen Primer	-0.1%	0.0%	0.1%	-0.3%	0.8%	-0.5%	0.1%	0.0%	-0.2%	0.1%	0.0%	-0.3%
Barang Konsumen Non-Primer	-0.1%	-0.2%	-0.2%	-0.4%	-0.1%	0.0%	0.0%	-0.2%	0.0%	-0.1%	-0.2%	0.3%
Keuangan	-0.5%	-1.0%	1.6%	-1.5%	-1.1%	1.8%	-0.9%	-1.2%	1.9%	0.2%	-0.2%	0.8%
Perindustrian	-0.1%	-0.9%	-0.9%	-0.4%	-0.5%	-0.9%	0.0%	-0.5%	-0.6%	0.1%	-0.1%	0.0%
Infrastruktur	-0.1%	-1.0%	1.1%	-0.2%	-0.8%	0.9%	-0.1%	-0.9%	0.8%	0.0%	0.0%	0.2%
Properti & Real Estat	-0.2%	-0.1%	0.0%	-0.5%	0.0%	0.2%	-0.3%	-0.2%	0.1%	0.0%	-0.1%	0.1%
Barang Baku	0.1%	-1.2%	0.0%	0.2%	-1.4%	-0.4%	-0.2%	-0.8%	0.1%	2.8%	-1.3%	-0.9%
Energi	0.6%	-0.3%	-0.3%	0.4%	-1.1%	-0.5%	0.7%	-0.6%	-0.2%	0.5%	-1.8%	1.9%
Transportasi & Logistik	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.4%	0.0%	0.0%	-0.1%	0.0%
Teknologi	-0.1%	-0.3%	0.4%	-0.1%	-0.4%	0.9%	0.0%	0.0%	0.3%	0.0%	-0.4%	1.4%
Kesehatan	-0.2%	0.0%	-0.4%	-0.2%	0.1%	-0.4%	-0.2%	-0.1%	-0.2%	0.0%	0.1%	-0.1%

Sector	Foreign MoM (%) of est. ownership											
	Insurance			Mutual Fund			Pension Fund			Individual		
	Aug-23	Sep-23	Nov-23	Aug-23	Sep-23	Nov-23	Aug-23	Sep-23	Nov-23	Aug-23	Sep-23	Nov-23
Barang Konsumen Primer	0.1%	-0.2%	-0.2%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.1%	0.0%	-0.1%	-0.1%
Barang Konsumen Non-Primer	-0.1%	-0.1%	0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.1%	-0.1%	-0.1%	-0.2%	-0.1%
Keuangan	-1.7%	-5.7%	-0.1%	-1.8%	-2.4%	2.8%	-2.5%	-1.0%	2.6%	-2.5%	-0.6%	1.2%
Perindustrian	0.1%	-0.2%	-0.3%	0.0%	-0.7%	-0.7%	0.0%	-0.7%	-0.6%	0.0%	0.0%	0.1%
Infrastruktur	-0.1%	-1.0%	0.2%	0.0%	4.0%	2.9%	0.1%	-0.9%	0.6%	0.0%	0.0%	0.2%
Properti & Real Estat	0.0%	0.0%	0.0%	-0.1%	0.0%	0.0%	-0.1%	0.0%	0.1%	-0.1%	0.0%	0.4%
Barang Baku	0.0%	-0.5%	0.2%	0.1%	-0.5%	0.1%	0.0%	-0.6%	0.2%	0.0%	-0.8%	8.2%
Energi	0.0%	-0.1%	0.0%	0.1%	-0.2%	-0.1%	0.3%	-0.5%	-0.2%	0.1%	-0.8%	1.6%
Transportasi & Logistik	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%
Teknologi	-0.1%	-0.4%	0.6%	0.0%	-0.3%	0.5%	0.0%	-0.3%	0.4%	0.1%	-3.9%	6.1%
Kesehatan	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.1%	0.0%



# Foreign Equity Flows

Net foreign outflows YTD 2023 from Indo equity market

In US\$ Million	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia	Japan
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
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
Aug-23	1,726	-1,319	-570	-131	-4,549	-443	31	-5,253	-5,285	-8,070
Sep-23	-2,273	-263	-1,694	-464	-5,885	-616	143	-11,051	-11,195	-32,771
Oct-23	-2,657	-496	-2,497	-171	-4,957	-431	-461	-11,670	-11,209	19,545
<b>Nov-23</b>	<b>2,301</b>	<b>-30</b>	<b>3,257</b>	<b>19</b>	<b>8,361</b>	<b>-548</b>	<b>332</b>	<b>13,692</b>	<b>13,359</b>	<b>6,601</b>
Yearly	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia	Japan
<b>YTD</b>	<b>14,403</b>	<b>-836</b>	<b>7,068</b>	<b>-881</b>	<b>1,572</b>	<b>-5,505</b>	<b>-570</b>	<b>15,250</b>	<b>15,820</b>	<b>37,284</b>
2022	-17,016	4,267	-9,665	-1,245	-44,007	5,960	1,096	-60,610	-61,706	2,350
2021	3,761	3,674	-23,010	-5	-15,604	-1,632	-767	-33,582	-32,815	29,827
2020	23,373	-4,320	-20,082	-2,513	-15,257	-8,287	-5,782	-32,867	-27,085	-65,727
2019	14,234	-1,306	924	-240	9,377	-1,496	-2,683	18,811	21,493	-28

Section  
**04**



**Appendix**

# Syailendra Benchmark View

## Updating our Macro and Benchmark for 2024F and 2025F

### Syailendra Macro Indicator and Benchmark

In each unit

Desc	Unit	Syailendra						
		2023F (Last)	2024F			2025F		
			Bear	Base	Bull	Bear	Base	Bull
<b>Macro Indicator</b>								
GDP Growth YoY	Average full year	5.00	4.90	5.00	5.10	5.00	5.10	5.20
Inflation YoY	Average full year	3.70	3.00	3.50	4.00	2.90	3.00	3.10
Fiscal Deficit (% of GDP)	End of year	-2.30	-2.50	-2.30	-2.10	-2.80	-2.50	-2.30
Current Account (% of GDP)	Average full year	-0.30	-1.00	-0.80	-0.60	-1.00	-0.75	-0.50
USDIDR	End of year	15,621	15,500	15,100	14,800	15,100	14,750	14,300
<b>Rates</b>								
Central Bank Rates Indonesia*	End of year	6.00	5.75	5.50	5.25	5.50	5.00	4.75
10 YR Govt Bond Yield IDR	Average full year	6.65	7.25	6.75	6.25	6.50	6.25	6.00
<b>Equities</b>								
JCI	End of year	7,100	7,500	7,800	8,000	8,200	8,400	8,600
Earnings Growth*	End of year	11.61%	7.5%	10.0%	12.5%	5.0%	7.5%	10.0%
P/E*	End of year	14.10	14.10	14.10	14.10	14.10	14.10	14.10

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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](http://www.syailendracapital.com)