

Monthly Bulletin

April 2024

What's Inside



Calendar

ID 7D BI Rate (21-Feb)
US FOMC Minutes (22-Feb)



Events

Pasca FOMC Meeting di bulan Mar'24, Fed meningkatkan proyeksi GDP dan Inflasi untuk di tahun 2025. Hal ini menandakan ekspektasi aktivitas ekonomi US yang relatif *resilient*. Hal ini juga *priced-in* dari DXY yang tercatat di level 105. Kedua hal diatas menyebabkan tekanan IDR dalam 3 minggu terakhir.



Equity Market

IHSG mencatatkan kinerja di periode 3M24 sebesar 0.22% YTD dan -0.54% MoM (*cutoff date*: 28-Mar-24). Di saat bersamaan, investor asing melakukan pembelian (*inflow*) sebesar 506mio USD. Hal ini terlihat berlanjut di bulan Mar'24.

Top 3 Leaders 1) BMRI, 2) TPIA, 3) BBKA dan Top 3 Laggards 1) TLKM, 2) GOTO, 3) MBMA.



Fixed Income Market

Yield SUN 10 tahun di akhir Jan'24 tercatat di level 6.69 atau meningkat 9bps dibandingkan posisi di akhir Feb'23 di level 6.60. Disaat yang bersamaan, total *return* (sebelum pajak) atas indeks Indobex mencatatkan +1.14% sampai per akhir Mar'24

Kepemilikan investor asing di SUN bergerak *flat* dikisaran 14.2% atau secara nominal sebesar -25trn IDR di bulan Mar'24



Section
01



Macro Updates

2024F Macro Background

Update to Our View

Updates on Our View this month Explained

No	Thesis	1Q Update
1	<i>US Rate cut was based on slowdown and disinflation, Where are we now ? What risk going into 2Q24 ?</i>	
a	<i>US economy terlihat melambat dibandingkan 2023, kami melihat aktivitas ekonomi berdasarkan 3 sudut pandang : 1) Housing, 2) Retail sales, 3) Industrial Production</i>	
b	Terlepas dari ekonomi yang melambat, laju inflasi berlanjut menurun namun secara mom kami melihat inflasi bergerak flatish 0.2-0.4%	Hal ini diakibatkan oleh <i>basket inflasi</i> dan <i>housing</i> yang terlihat <i>sticky</i>
c	<i>The Fed</i> masih cenderung untuk menahan suku bunga sampai ada sinyal yang jelas bahwa <i>US economy</i> tumbuh <i>negative</i> ataupun inflasi telah kembali ke level yang <i>The Fed</i> targetkan.	Penting bagi investor untuk <i>aware</i> atas data <i>labor, housing</i> dan <i>proxy likuiditas reverse repo</i>
d	Salah satu risiko atas inflasi ialah tingkat produktifitas tenaga kerja US berada diatas rata-rata jangka panjang. Hal ini dapat memberikan tekanan atas pertumbuhan <i>wages</i> .	
e	Hal diatas memberikan dampak terhadap volatilitas IDR. Pergerakan IDR mungkin akan lebih ditentukan dari dua hal : 1) Sentimen penguatan dollar , 2) Penurunan neraca perdagangan Indonesia sepanjang 2024.	
2	<i>Where will Indonesia Economy shape with new government ? What to Expect as an Investor.</i>	
a	Prabowo-Gibran telah ditetapkan menjadi Pemenang Pemilu Presidensil 2024. Bagaimana dampak ekonomi atas wacana-wacana program selama masa kampanye.	Beberapa rencana program selama kampanye : 1) <i>Higher tax ratio</i> , 2) Increase on social safety programe, 3) Downstreaming , 4) Food Security

Market Expecting 3x Rate Cut for This Year

Market adjusting its pricing to FOMC Guidance

FFR Implied Rates Going Forward

Table of probabilities

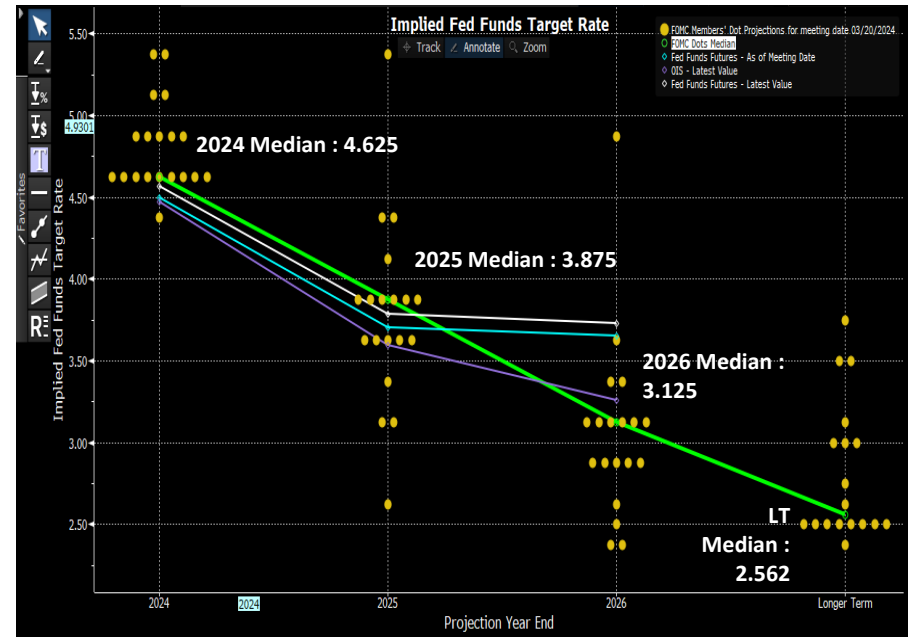
	400-425	425-450	450-475	475-500	500-525	525-550	Notes
May-24	0.0%	0.0%	0.0%	0.0%	3.9%	96.1%	>90% not possibility for rate cut
Jun-24	0.0%	0.0%	0.0%	2.6%	65.9%	31.5%	>60% rate cut by 25bps
Jul-24	0.0%	0.0%	1.1%	28.8%	51.7%	18.5%	
Sep-24	0.0%	0.8%	21.0%	45.3%	27.8%	5.2%	>60% another 25bps rate cut
Nov-24	0.4%	10.1%	32.1%	37.2%	17.4%	2.8%	
Dec-24	7.3%	25.8%	35.8%	23.1%	7.0%	0.8%	>60% another 25bps rate cut
Jan-25	16.7%	30.9%	29.3%	14.9%	3.8%	0.4%	
Mar-25	24.9%	30.0%	21.0%	8.5%	1.9%	0.2%	>60% another 25bps rate cut
Apr-25	27.0%	26.3%	15.8%	5.8%	1.2%	10.0%	

Source: Bloomberg, Syailendra Research

- Sejak awal tahun, Pasar telah melakukan adjustment atas ekspektasi pasar untuk akhir tahun 2024 ini. Implied FFR Rate untuk Dec'24 sempat berada di 3.6-3.7% meningkat perlahan sampai mencapai level 4.5-4.6%.
- Hal ini diakibatkan data-data ekonomi yang lebih kuat dari ekspektasi dalam 3 bulan terakhir.

Mar'24 Dot Plot

Table of probabilities

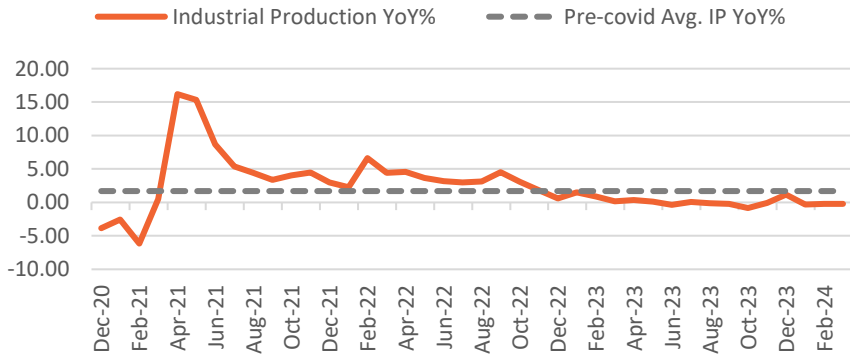


Source: Bloomberg, Syailendra Research

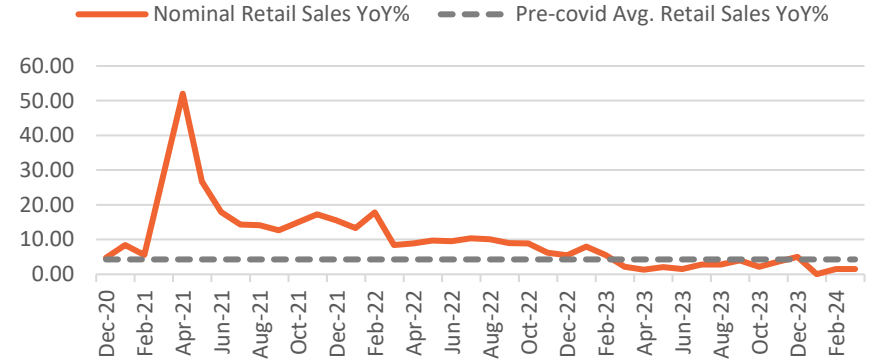
All Economic Activity Data Showing Slowdown

Sticky housing driven by issue on housing supply rather than demand

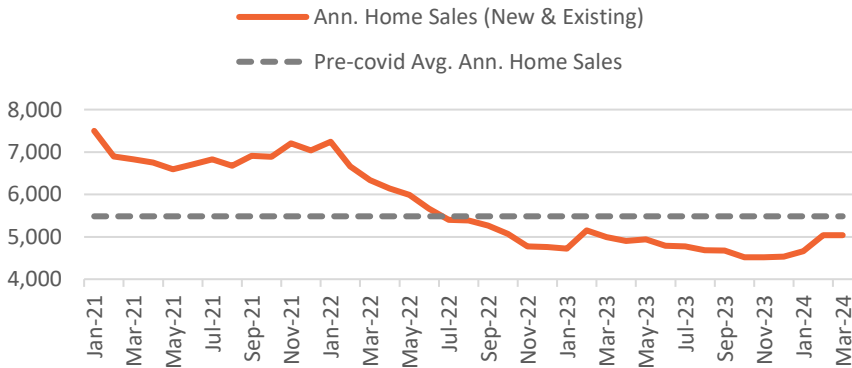
Volume of Industrial Production already at Avg. Pre-covid
In YoY%



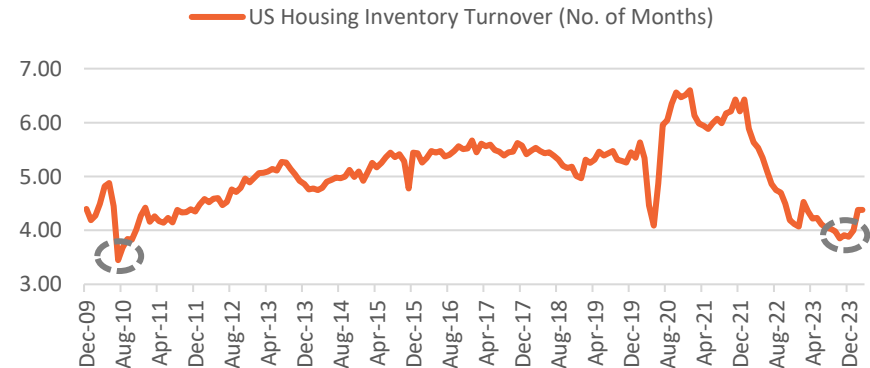
Retail Sales even below pre-covid level
In YoY%



Total Home Sales also below pre-covid level
In thousand of housing unit



Yet, Housing Inventory Near at Lowest Level Since 2009
In months of housing inventory



Pace of Disinflation Dropped

Goods inflation bottoming yet services still continue to rise

Inflation CPI & PCE and Market Consensus

In %

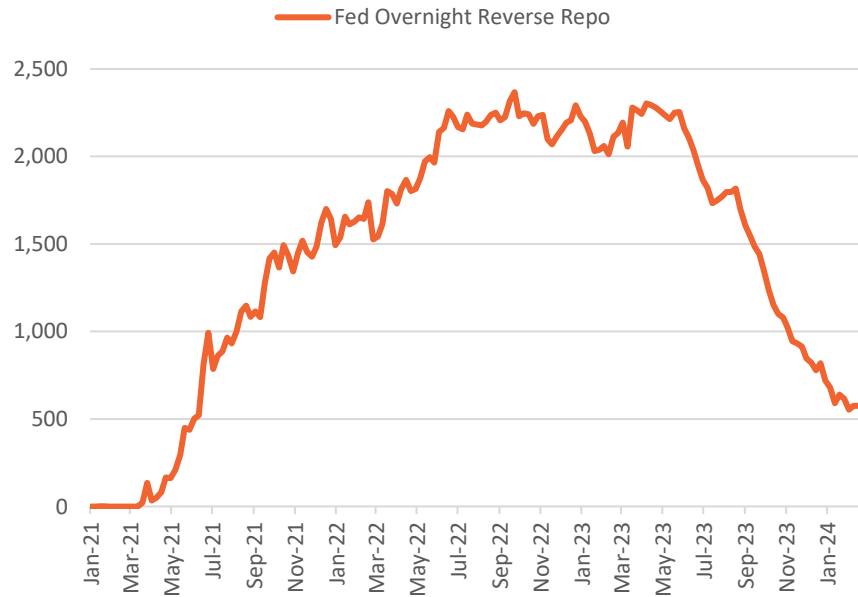
Date (Consensus)	Core PCE YoY%	Core PCE MoM%	Core CPI YoY%	Core CPI MoM%	Goods MoM% (Avg. 3M Ann.)	Services ex-Shelter MoM% (Avg. 3M Ann.)	Shelter MoM% (Avg. 3M Ann.)
Aug-22	5,21%	0,54%	6,30%	0,58%	4,54%	7,40%	7,28%
Sep-22	5,47%	0,46%	6,64%	0,57%	2,46%	6,91%	7,95%
Oct-22	5,33%	0,35%	6,30%	0,33%	1,33%	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%
Jan-23	4,90%	0,51%	5,55%	0,41%	-1,21%	5,12%	8,67%
Feb-23	4,84%	0,36%	5,53%	0,45%	-0,29%	5,19%	9,14%
Mar-23	4,78%	0,34%	5,60%	0,38%	0,96%	2,63%	8,21%
Apr-23	4,76%	0,31%	5,54%	0,41%	2,95%	0,77%	6,94%
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	4,19%	0,12%	4,70%	0,16%	0,65%	0,42%	5,45%
Aug-23	3,73%	0,10%	4,39%	0,28%	-1,93%	3,30%	4,38%
Sep-23	3,59%	0,33%	4,13%	0,32%	-3,26%	5,09%	5,51%
Oct-23	3,38%	0,14%	4,02%	0,23%	-2,30%	5,60%	5,07%
Nov-23	3,15%	0,06%	3,99%	0,28%	-3,12%	5,89%	5,70%
Dec-23	2,93%	0,17%	3,90%	0,31%	-1,59%	5,70%	4,94%
Jan-24	2.88%	0.45%	3.87%	0.39%	-2.42%	6.29%	5.95%
Feb-24	2.78%	0.26%	3.76%	0.36%	-1.08%	6.70%	5.87%
1Q24F	2.70%	0.32%					
2Q24F	2.30%	0.16%					
3Q24F	2.50%	0.21%					
4Q24F	2.40%	0.21%					

Consensus only upgrade its PCE for 1Q24F from 2.6% to 2.7% while maintain for remaining the years

There's No Tightening in Our Observation so Far

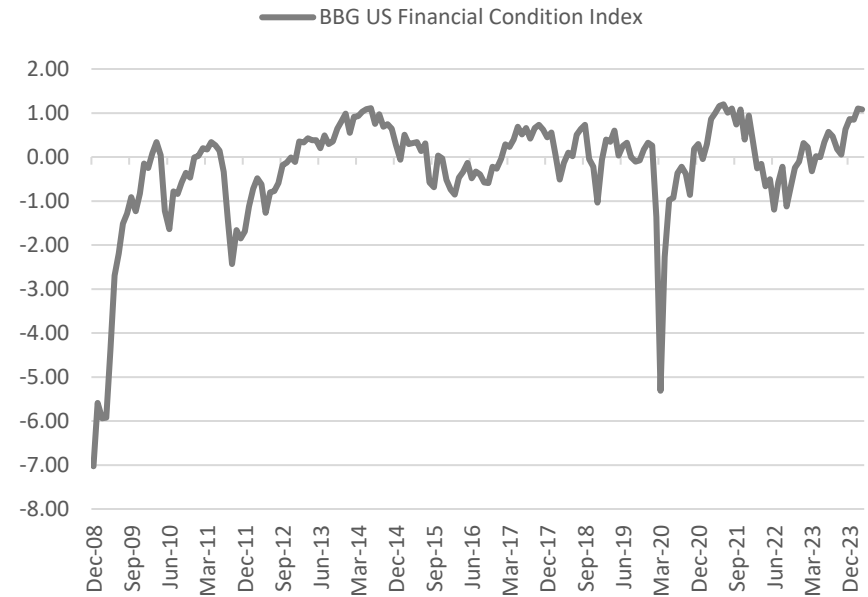
Excess liquidity contribute in US economic resiliency

Fed Overnight Reverse Repo
In bio USD



Source: Bloomberg, Syailendra Research

BBG Financial Condition didn't show any tightening
In unit of z-score



Source: Bloomberg, Syailendra Research

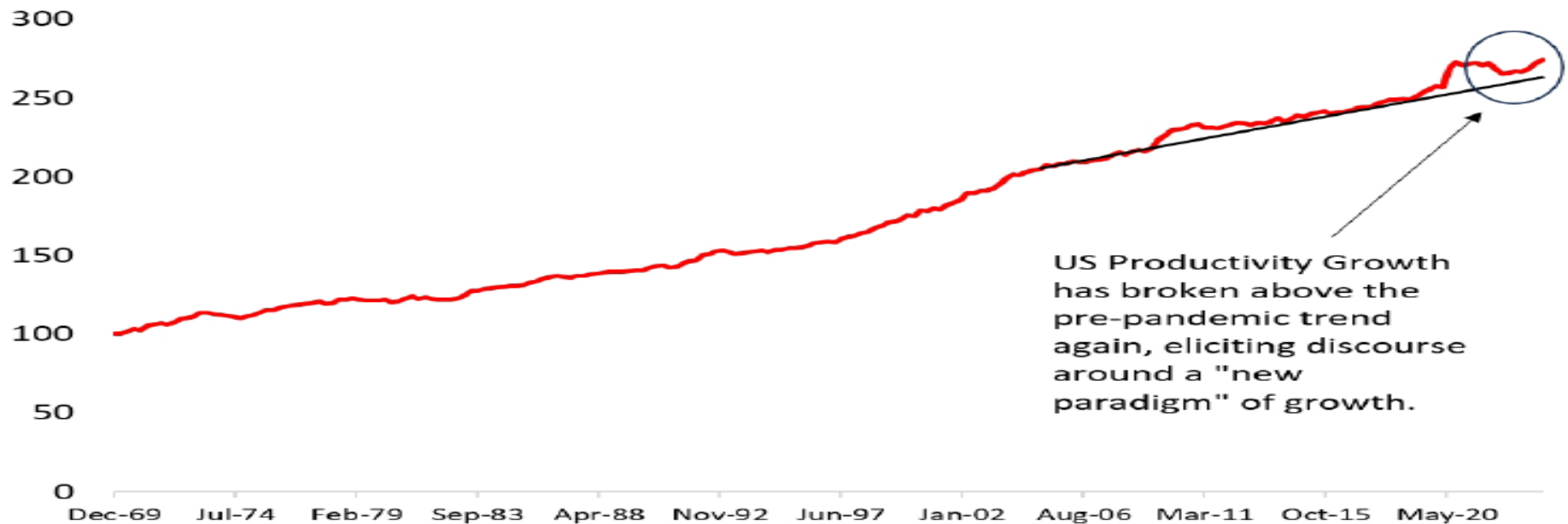
- 📌 Kedua chart diatas merupakan salah satu dugaan kami yang mengakibatkan ekonomi US lebih *resilient* dibandingkan ekspektasi pasar. Terlihat likuiditas pasar menurun dari 2.5trn USD sampai ke level 500bio USD.
- 📌 Hal yang sama terlihat menggunakan indeks *BBG US Financial Condition* tidak terlihat adanya pengetatan signifikan atas kondisi finansial.

US Productivity Might become LT Risk for US Inflation

Labor productivity had significant correlation with wages growth

US Index of Labor Productivity since 1969

Base 100 in 1969



Source: Macquarie

- Terlepas kondisi likuiditas yang berlebih tidak dapat dipungkiri tingkat produktivitas tenaga kerja US meningkat signifikan dalam 2 tahun terakhir. Hal ini di duga dikontribusi dari *trend kerja* work from home dan productivity tool berbasis AI. Mengingat tenaga kerja di sektor servis dalam 10 tahun terakhir telah meningkat berdasarkan survey CES.
- Peningkatan produktivitas umumnya memberikan *bargaining power* untuk *employee* atas peningkatan kompensasinya. Hal ini terlihat dari korelasi antar kedua data.

What to Expect on New Government Programme

1) Higher Tax Ratio...wondering where tax revenue will come from

Comparison of Tax Ratio to Peers

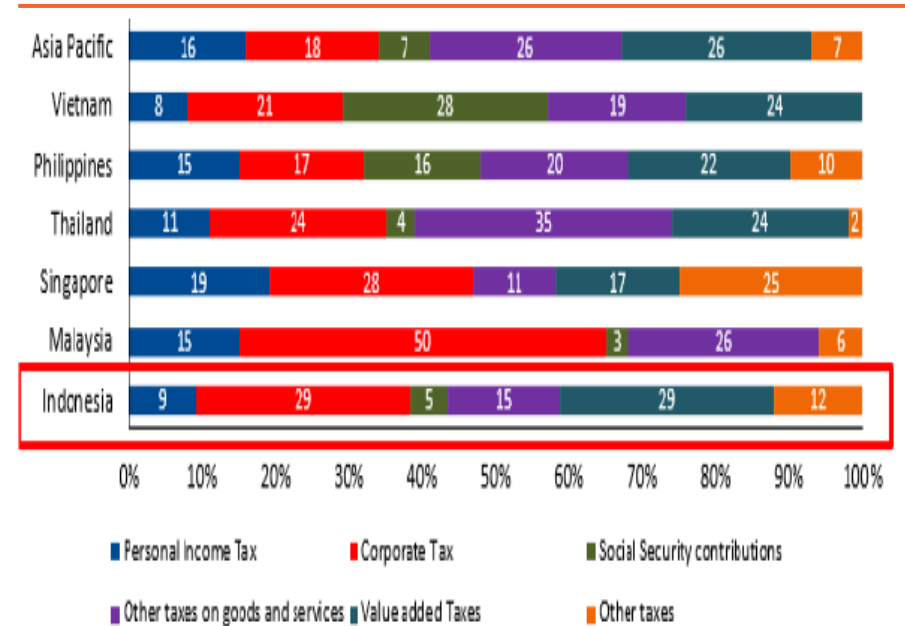
In %

Country	Tax Ratio	Under Ministry of Finance
Malaysia	11.8	Yes
Singapore	12.6	Yes
Thailand	16.4	Yes
Philippines	18.1	Yes
Vietnam	18.2	Yes
US	27.7	Yes
UK	35.3	No
Sweden	41.3	Yes
Denmark	41.9	No
Belgium	42.4	Yes
Finland	43.0	Yes
Austria	43.1	Yes
Norway	44.3	Yes
France	46.1	Yes

Source: BRI-Danareksa, MoF, OECD, Tax Authority

Composition of Tax Revenue of Peers

In %



Source: BRI-Danareksa, MoF, OECD, Tax Authority

- Belajar dari kasus di negara lain pembentukan BPN (Badan Penerimaan Negara) tidak selalu mempermudah negara dalam melakukan koleksi atas pajak i.e US dan Phillipine.
- Melihat komposisi tax revenue Indonesia kontribusi dari personal income tax dan social securities contribution masih berada dibawah rata-rata *peers* negara lain. Namun, Diperlukan studi lebih lanjut atas ekstensifikasi dan intensifikasi perpajakan masing-masing sumber pajak.

What to Expect on New Government Programme

2) Free Lunch Program.. Impact to The Economy

Simulation of Free Lunch Programme to Budget and Estimation on Macro In %

Lunch-free budget breakdown	Sequence					100% target	Year	number of recipients (mn)	5 days a week		
	FY25F	FY26F	FY27F	FY28F	FY29F				price/px	days	budget (Rp tr)
People/Recipients (mn)	24.6	32.6	48.9	65.2	81.5	81.5	2025	24.6	18k	210	93.0
1. Pregnant Women	0.7	1.4	2.0	2.7	3.4	3.4	2026	32.6	18k	210	123.2
2. Toddler	4.0	8.0	12.0	16.0	20.0	20.0	2027	48.9	18k	210	184.8
3. Pre-school & Islamic	0.9	1.9	2.8	3.8	4.7	4.7	2028	65.2	18k	210	246.5
4. Public Elementary School & Islamic	11.3	11.3	17.0	22.6	28.3	28.3	2029	81.5	18k	210	308.1
5. Public Junior High School & Islamic	5.3	5.3	7.9	10.6	13.2	13.2	Total				955.6
6. Public Senior High School & Islamic	2.4	4.8	7.1	9.5	11.9	11.9	Impact to GDP				+1.7 % avg per year
Days of distribution (5d/week, excl. holidays)	210	210	210	210	210	210	Impact to Inflation				+1.4 % avg per year
Cost per Meal	15,000	15,000	15,000	15,000	15,000	15,000	Impact to Rupiah				100-300 depreciation /year
Cost per Milk	3,000	3,000	3,000	3,000	3,000	3,000	Impact to Employment				+3-5% Jobs /year
Budget for meal (IDRtn)	77.5	102.7	154.0	205.4	256.7	256.7	Note: number of recipients were taken from the official campaign handbook, crosschecked with BPS data. Price allocation assumption: meal 15k, milk 3k				
Budget for milk (IDRtn)	15.5	20.5	30.8	41.1	51.3	51.3					
Total Budget Needed (IDRtn)	93.0	123.2	184.8	246.5	308.1	308.1					
Total Budget Needed w/o 1,2 and 6	66.3	69.9	104.8	139.7	174.6	174.6					

Source: MoF, Indo Premier

- 📌 Berdasarkan dari pemahaman kami, Program makan siang gratis ini akan di implementasikan secara berkala. Menggunakan asumsi 18k IDR terdapat potensi tambahan anggaran budget 100-300trn IDR. Hal ini diestimasi dapat memberikan tambahan Nominal GDP 1.7%, Inflasi 1.4% dan Tenaga Kerja 3-5% per tahun. Di sisi lain terdapat tekanan pelemahan rupiah akibat penambahan impor berkisar 100-300 per tahun. Program makan siang gratis berkontribusi memberikan tambahan fiskal defisit -0.4 sd -1.0%

Section
02



Fixed Income

2024F Fixed Income Narrative

Update on Our View

Updates on Our View this month Explained

No	Thesis	1Q Update
1	<i>Higher Long-Term Inflation (>2%) gives volatility on longer-term bonds yield</i>	
a	Dalam 1 bulan terakhir, terdapat pergerakan signifikan dari perspektif pasar baik menurunnya <i>implied rate FFR</i> , <i>breakeven yield</i> . Hal ini didasarkan atas narasi inflasi akan <i>sticky</i> di level 2.5-3.0%	Hal ini diperkuat dengan upgrade FOMC atas 2025 economi projection
b	Disaat yang bersamaan US mengeluarkan data-data ekonomi yang relatif kuat, hal ini mengakibatkan <i>dollar index</i> menguat ke level 105 dan pelemahan IDR	IDR dalam waktu dekat akan sangat dipengaruhi oleh pergerakan USD
2	<i>Curve still steepening but recently follow by shift-up on longer curve</i>	
a	Kami melihat normalisasi ekonomi umumnya diikuti oleh penurunan tingkat suku bunga, namun Mar'24 memperlihatkan adanya potensi INDOGB long tenor yield masih dapat tertekan akibat pelemahan rupiah	Kami masih melihat adanya potensi upside berkisar 280-300bps
3	<i>Domestic Supply Increase wasn't that bad especially foreign inflow came back</i>	
a	Meningkatnya <i>gross-supply</i> awalnya kami khawatirkan dapat mengakibatkan tekanan dari sisi yield. Namun mempertimbangkan realisasi APBN yang lambat dan asumsi keberlanjutan penggunaan SAL. Peningkatan <i>gross bond-supply</i> kami rasa menjadi <i>manageable</i> .	Mengetatnya likuiditas pasar uang menyebabkan penurunan bid-awarded ratio dari lelang terakhir
	Berdasarkan hal diatas, kami melihat nilai wajar untuk INDOGB 10YR berada di level 6.6-6.7 hal ini at least 2x <i>FFR cut-rates</i>, <i>brief rally on IDR</i>. Namun di saat bersamaan kami melakukan sedikit revisit apabila IDR tetap mengalami pelemahan kami melihat INDOGB 10Y bisa melemah ke level 7.0	<i>Maintain, Risk on IDR</i>

INDOGB was 5th Highest Real Yield

INDOGB seems to be priced-in with assumption of better fundamentals

EM Peers Yield Comparison

In %

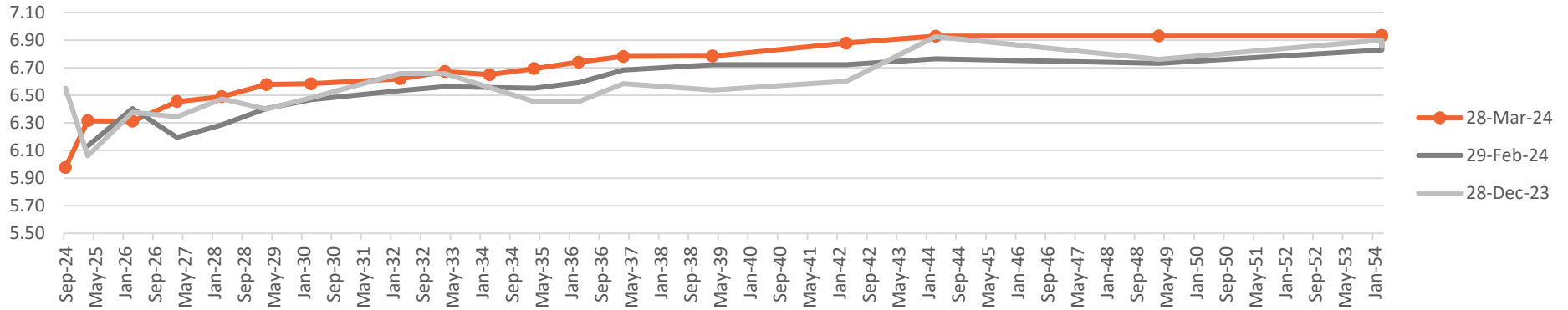
Country	10Y Yield (%)		Spread to US 10Y			Inflation	Real Yield (%)	CAD	Fiscal Deficit	Credit Rating
	Current	YTD Chg. (bps)	2023	Current	Chg.	2024F	2024F Inflation	2024F	2024F	
Brazil	11.10	74	6.49	6.89	0.40	3.93	7.17	-1.50	-6.81	BB-
South Africa	12.28	91	7.49	8.07	0.58	4.93	7.35	-2.50	-5.50	BB
India	7.05	-13	3.31	2.84	-0.46	5.40	1.65	-1.05	-5.80	BBB-u
Italy	3.68	-1	-0.19	-0.53	-0.34	2.40	1.28	0.95	0.00	BBBu
Portugal	2.99	37	-1.25	-1.22	0.04	2.40	0.59	1.10	0.00	BBB+u
Mexico	9.24	30	5.06	5.03	-0.03	4.40	4.84	-0.90	-4.90	BBB+
Romania	6.53	31	2.35	2.32	-0.02	5.70	0.83	-6.65	-5.45	BBB-
Hungary	6.69	82	1.99	2.48	0.49	4.30	2.39	0.50	-4.30	BBB-
Colombia	10.18	22	6.08	5.97	-0.11	6.50	3.68	-3.20	-4.40	BBB-
Indonesia	6.69	24	2.57	2.48	-0.09	2.90	3.79	-0.60	-2.30	BBB
Average Peers in BBB & BB*			2.95	3.43			4.75			
Spain	3.16	18	-0.90	-1.05	-0.15	3.00	0.16	2.00	-3.30	Au
South Korea	3.38	19	-0.69	-0.83	-0.14	2.40	0.98	2.80	-1.90	AA
China	2.31	-25	-1.32	-1.90	-0.58	0.80	1.51	1.30	-5.08	A+
Chile	5.87	39	1.60	1.66	0.06	3.40	2.47	-3.61	-2.20	A+
Thailand	2.49	-18	-1.20	-1.72	-0.51	1.05	1.44	2.35	-3.70	A-
Malaysia	3.85	12	-0.15	-0.36	-0.21	2.50	1.35	2.40	-4.30	A
Poland	5.43	24	1.31	1.22	-0.09	4.10	1.33	0.50	-5.30	A
Average Peers in A Credit			-0.19	-0.43			1.32			
United States	4.21	33				4.10	0.11	-3.1	-7.9	AA+u

Source: Bloomberg, Syailendra Research

INDOGB Had Shift-Up Curve

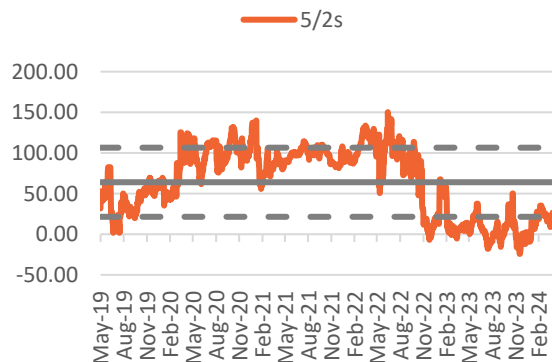
This reflect worryness in long-term rates especially in regards to UST

INDOGB Yield Curve
In ppt



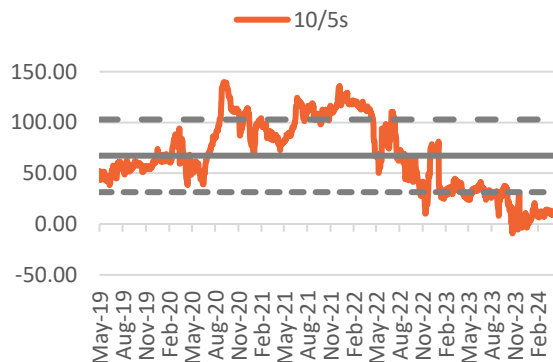
Source: Bloomberg, Syailendra Research

5/2s Historical Spread
In bps



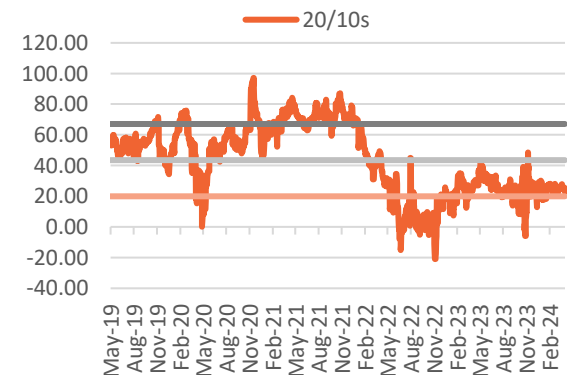
Source: Bloomberg, Syailendra Research

10/5s Historical Spread
In bps



Source: Bloomberg, Syailendra Research

20/10s Historical Spread
In bps

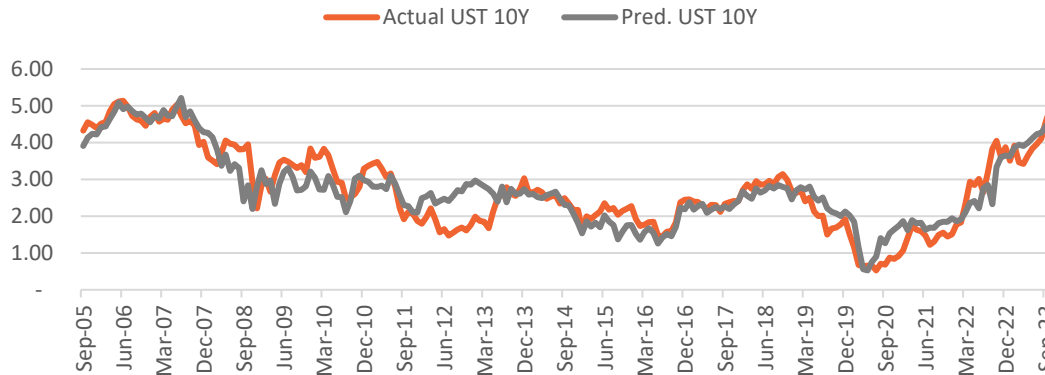


Source: Bloomberg, Syailendra Research

What if Strong USD Persist to 10Y Fair Value

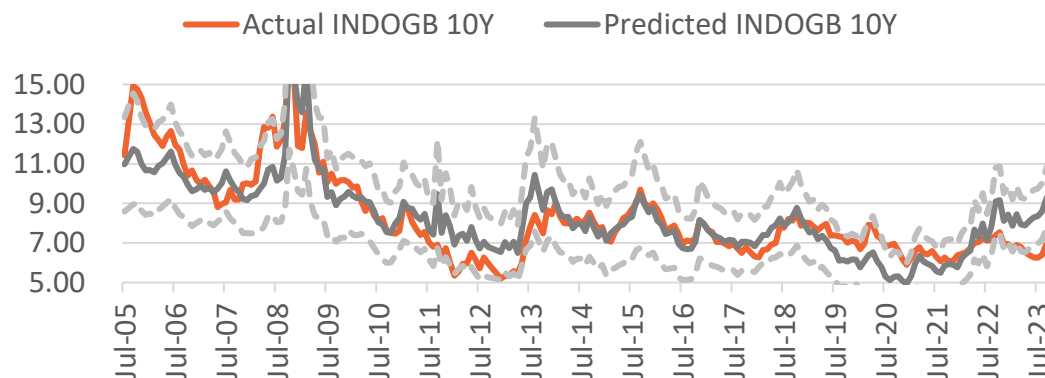
There's need to downgrade 10Y yield from 6.75-7.65 at worst case

Our Assumption and Model for UST 10Y In % of YTM



	Base	Std. Dev	Bear	Base	Bull
R Square Model	82.62 %				
Output Summary					
Intercept	-1.71	0.25			
FFR Effective	0.41	0.02	5.25	4.50	4.25
Inflation Expectation	1.49	0.10	2.80	2.70	2.70
Current Inflation Premium/(Discount)	-0.09	0.03	0.40	0.30	0.00
Unemployment GAP (vs NAIURU 5%)	-0.05	0.02	4.10	4.60	4.60
UST 10Y - Base Case			4.61	4.15	4.06

Our Assumption and Model for INDOGB 10Y In % of YTM



	Base	Std. Dev	-1 Band	Bear	Base	Bull
R Square Model	74%					
Output Summary						
Intercept	2.93	0.25	2.44			
UST 10Y	1.18	0.08	1.02	4.46	4.15	3.90
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	6.00	4.00	2.00
INDOGB 10Y - Base Case				7.65	7.01	6.76

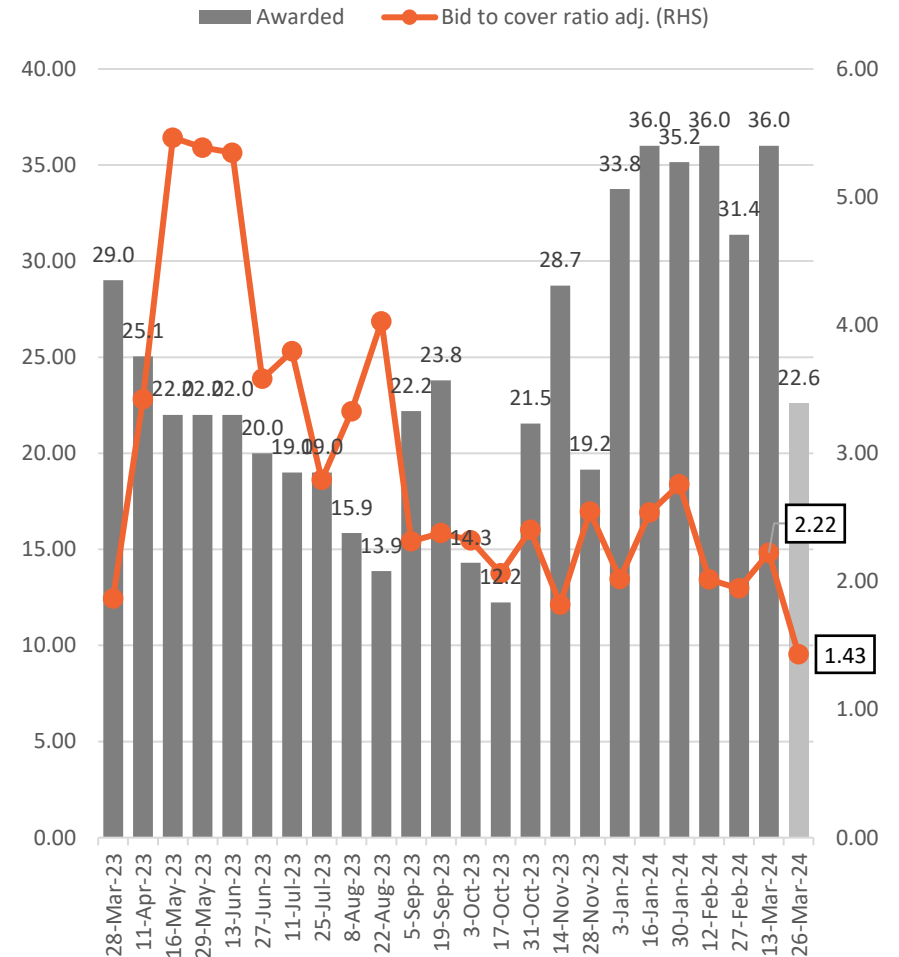
Updates on Government Bond Auction

Bid-Awarded Ratio drop in the last auction

So far Remaining Auction Size Still Reasonabl 25trn/2week
In IDR trn

Government Securities	Govt Bond Issuance Realization YTD (26-Mar-24)	Calculation Forecast 2024	Remaining Issuance Target
Fiscal Deficit (% GDP)			
Budget Deficit		-456.59	
% of GDP		-2.00	
Nominal GDP		22,829.69	
Component of Deficit Financing			
Deficit Financing		456.59	
Debt Financing			
Government bonds - nett		333.19	
Loan program - nett		43.40	
Investment Financing		-153.40	
Loan Financing		4.00	
Liability Financing		-0.30	
Others		229.70	
Gross Bond Supply			
Government bonds - nett		333.19	
SUN Maturity in 1Y		604.80	
Gross Bond Supply		937.99	
Issuance Bonds			
Gross Bond Supply	325.68	937.99	612.31
Gross Local Currency Bonds	293.87		
Prefunding	39.07		
Auction Program	230.88	658.63	427.75
Retail Bonds	23.92	140.71	116.79
Private Placement		24.87	24.87
Gross Foreign Currency Bonds	31.81	113.78	81.97
Avg. Per 2 weeks auction	35.52		24.44

Bid-Awarded Ratio drop in the last Conventional Auction
In trn and time of bid size



Indonesia Bonds Ownership

Domestic investor had been the major buyer for INDOGB

Ownership on Tradeable Indonesia Government Bonds

In IDR Trn

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%
2023	21.8%	24.2%	3.2%	18.5%	14.9%	7.7%	9.8%	100.0%
YTD	21.6%	24.5%	3.1%	18.6%	14.2%	7.9%	10.0%	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
2023	-37	-90	32	168	80	91	85	330
YTD	4	38	1	20	-31	19	21	71
Interim								
1Q	4	38	1	20	-31	19	21	71
Jan	32	9	0	12	0	5	8	65
Feb	5	29	2	6	-6	17	9	62
Mar	-33	0	-2	2	-25	-4	5	-56

Section 03



Equity

2024F Equity Narrative

What to expect for this year

Updates on Our View this month

Explained

No	Thesis	1Q Update
	<i>Earnings Growth and Valuations might not Be Enough to Drive Equities Much</i>	
1	Kami melihat emiten IHSG secara <i>aggregate</i> dapat menghasilkan laba dari 7.5 – 12.5% di tahun 2023F. Mempertimbangkan <i>higher for longer</i> , kami melihat baiknya untuk konservatif mengasumsikan valuasi IHSG di 14.10x untuk tahun 2024F. Hal ini termasuk memperhitungkan faktor non-fundamental yang belakangan ter-refleksi di indeks.	<i>Maintain, subject to market earnings revision</i>
2	Berdasarkan hal diatas, kami melakukan <i>downgrade</i> atas IHSG 2023F menjadi 7,100 dan Target IHSG 2024F di level 7,800. Dari sisi strategi pengelolaan kami masih pentingnya kapasitas portfolio untuk fleksibel dimana dua fokus strategi : 1) <i>Bottom-up/Stock Picking Strategy</i> , 2) <i>Interest Rate Cut Play along with end of rate cycle</i> .	<i>Maintain, valuation already set at low level</i>
3	Weighting yang semakin besar dari saham-saham yang secara free float tipis, namun mengalami kenaikan yang signifikan, menarik likuiditas investor, baik local, terutama retail, maupun global, terutama passive funds, yang membuat kinerja IHSG ter-distorsi dan resiko volatilitas pasar meningkat.	
4	Masih <i>relative volatile</i> nya USD disertai dengan perlambatan pertumbuhan ekonomi secara global mengharuskan investor mengantisipasi 1) <i>External macro shock</i> , 2) <i>No-upside on valuation at the moment</i> , 3) <i>Tight domestic liquidity means volatile market on JCI</i> .	<i>Possibility risk on IDR and CoF of Bank Sector in 1H24</i>
5	Posisi investor <i>global</i> yang cenderung masih <i>underweight</i> di <i>asset class equity</i> secara <i>global</i> mengakibatkan <i>upswing</i> yang cukup cepat disaat <i>cut-rates</i> menjad lebih jelas. Konsensus saat ini memiliki ekspektasi pelonggaran terjadi di 2H24F.	<i>Potential upside looking at peers foreign flow</i>

Global Indices Performance

It had been good quarter for equity overall

Global Indices Historical Performance

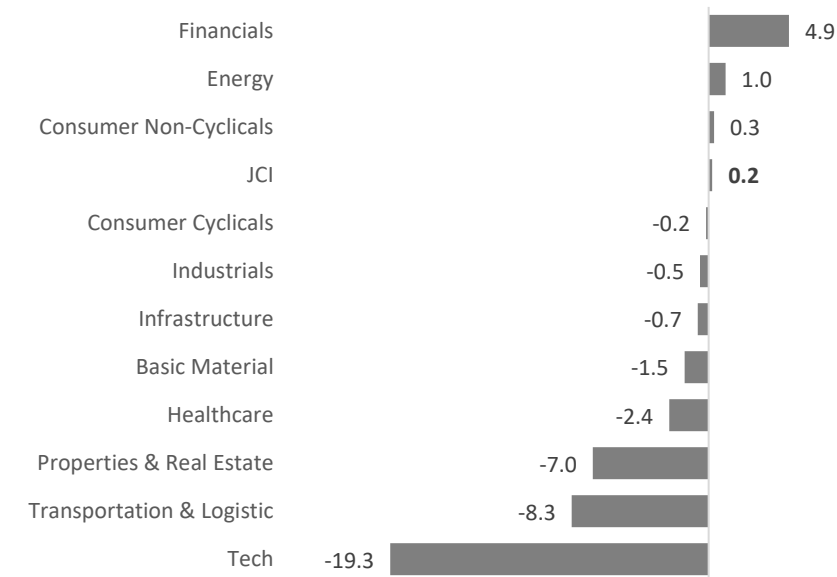
In % of return

No	Country	YTD	1M	3M	6M	1Y	P/E	P/BV	ROE
Global Market									
1	Dow Jones (US)	5.62%	2.20%	5.56%	18.24%	22.88%	18.60	4.39	20.39
2	S&P 500 (US)	10.16%	3.64%	9.85%	22.20%	32.31%	18.75	3.90	17.40
3	Nasdaq (US)	9.11%	2.71%	8.51%	24.07%	39.80%	32.20	5.00	12.45
4	London (UK)	5.77%	4.35%	5.91%	13.15%	12.77%	12.36	1.79	12.00
5	DAX (GR)	10.39%	5.06%	10.72%	20.68%	22.13%	12.70	1.64	10.81
6	CAC (FP)	8.78%	3.16%	8.90%	15.31%	15.76%	11.59	1.80	11.85
Asia Market									
1	Nikkei (JP)	20.03%	2.45%	19.76%	26.03%	45.97%	29.42	1.70	8.08
2	Hang Seng (HK)	-2.97%	0.03%	-2.95%	-4.79%	-16.39%	10.75	1.15	9.44
3	Shanghai (CN)	1.20%	1.79%	1.89%	-3.21%	-7.23%	12.41	1.48	10.07
4	Shenzhen (CN)	2.62%	2.05%	3.12%	-4.57%	-11.97%	13.74	1.86	12.19
5	NFT (IN)	2.74%	1.71%	2.52%	14.36%	31.71%	20.43	3.16	15.10
6	Kospi (KR)	3.41%	3.53%	3.41%	11.39%	12.77%	11.29	0.94	7.31
ASEAN Market									
1	Singapore (SG)	-0.50%	2.71%	0.30%	0.53%	-0.97%	12.83	1.11	9.01
2	Kuala Lumpur (MK)	5.22%	-0.97%	5.02%	6.28%	8.62%	14.72	1.30	10.26
3	Thailand (TH)	-3.21%	-0.85%	-3.21%	-7.54%	-14.72%	18.27	1.61	8.35
4	Vietnam (VN)	14.18%	2.84%	14.28%	11.95%	22.37%	12.42	1.73	13.94
5	Philippines (PH)	7.03%	0.39%	5.90%	8.11%	4.55%	14.72	1.59	10.38
Indonesia Market									
1	JCI / IHSG (ID)	0.22%	-0.54%	-0.21%	5.06%	7.82%	14.78	1.88	12.93
2	JII / ISSI (ID)	-1.41%	0.26%	-1.73%	-3.49%	0.19%	11.93	2.10	16.25
3	IDX30 (ID)	1.20%	-0.92%	0.99%	1.54%	2.95%	14.04	2.00	13.89
4	LQ45 (ID)	1.59%	-1.13%	0.91%	3.42%	5.42%	14.29	1.99	13.99

What Has Been Moving The Market ?

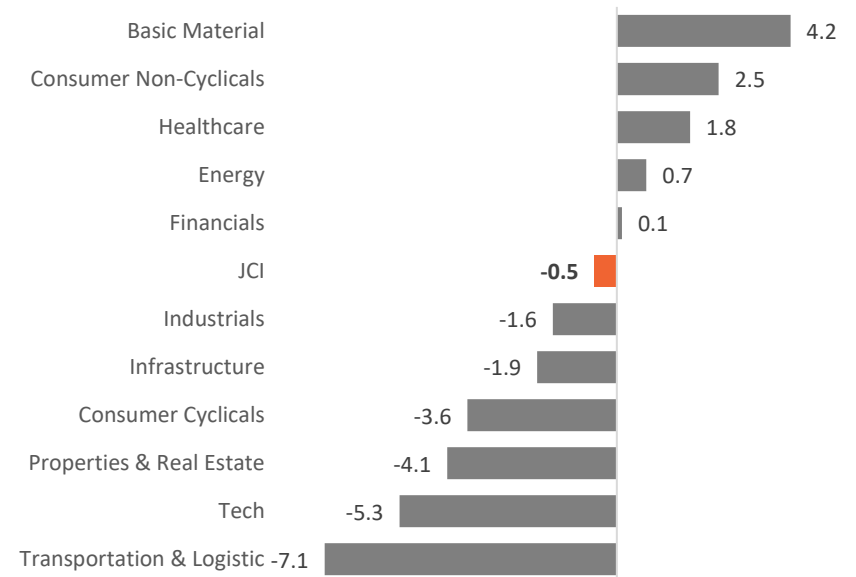
Performance has been dragged all sectors except infrastructure

YTD Sector Performance In % YTD



Source: Syailendra Research, Bloomberg

1M Sector Performance In % MTD



Source: Syailendra Research, Bloomberg

- 🏠 IHSG bergerak negatif sebesar -0.9% per akhir Jan'24. IHSG di support melalui *big-cap* seperti BMRI, BBNI, BBCA dan beberapa retail MAPI, MAPA, etc. Hal yang sama terlihat berlanjut di bulan Feb'24 didorong dengan peningkatan *foreign inflow* sejak Jan'24.

4Q23 Earnings Recap

Earnings was slowdown going into 4Q23

4Q23 Earnings Recap : Earnings slowing down going into 4Q23

In qoq and yoy

Sector	% of M.Cap	4Q23 QoQ% (W.Avg)			4Q23 YoY (W.Avg)			2023 FY YoY (W.Avg)					Notes
		Rev.	EBIT	Net Profit	Rev.	EBIT	Net Profit	Rev.	EBIT	Net Profit	Cont.	W.Avg	
Banking	27.7%			6.7			28.3			21.5	7.9	6.0	4Q23 YoY driven down by BCA through weighted average
Building Materials	0.9%	3.6	-16.7	-6.2	10.4	0.9	-13.5	7.1	4.9	2.8	0.0	0.0	
Consumer discretionary	3.9%	2.5	29.5	8.4	1.6	0.8	20.3	8.6	1.1	8.8	0.8	0.3	Some retail (RALS & ERAA) had low based in 4Q22
Consumer staples	5.3%	6.2	-5.9	-29.4	3.7	-9.9	-21.6	0.7	10.8	26.2	1.8	1.4	Margin expansion during 1H23
Hospital	0.8%	-0.1	-12.6	-8.7	16.3	22.2	18.9	15.0	27.4	28.0	0.1	0.2	Earnings mostly driven by SILO
Infrastructures	0.4%	58.3	-53.8	-62.7	42.7	-25.2	18.7	17.4	40.0	91.2	0.8	0.4	JSMR Earnings skew entire industry.
Mining	10.2%	11.4	39.0	65.6	-6.6	-29.2	-22.4	-4.1	-37.5	-35.5	-9.8	-3.6	
Oil and Gas	1.3%	10.8	16.5	4.6	-1.3	-1.2	24.1	-2.1	-8.7	-14.5	-0.5	-0.2	
Poultry	0.9%	-6.6	-100.5	-114.9	9.3	-224.2	83.9	6.8	-12.3	-24.3	-0.2	-0.2	Still below quarterly had seasonality
Property	0.7%	24.0	-3.1	14.9	20.4	-17.5	-35.8	9.8	18.6	58.6	0.6	0.4	
Telco	5.2%	2.8	-7.8	-8.2	3.7	13.8	23.6	4.5	8.8	11.1	0.8	0.6	
Transportation	0.0%	4.9	55.4	-20.8	10.3	-27.4	-12.5	23.2	-27.3	26.4	0.0	0.0	Low base effect in 2022 but earnings slowdown in 4Q23 due royalty
Paper	0.7%	6.5	7.6	8.0	-16.3	-8.6	-60.7	-9.2	-10.3	-54.7	-2.3	-0.4	
Ex-Internet	58.0%	7.2	7.6	4.6	2.0	-8.6	3.3	2.7	-10.3	0.1	0.1	4.9	Below in 4Q23

Source : Syailendra Research, Mandiri Sekuritas, Bloomberg

- 📌 Pertumbuhan laba berada masuk ke 4Q23 berada dibawah ekspektasi dimana ekspektasi pasar sebelumnya berkisar 10% berhenti di level 4.9 % Berdasarkan estimasi kami untuk 58.0% coverage ex-Tech.

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%
JCI	51.1%	7.2%	7.8%	11.0%	6.8%	6.8%	9.7%

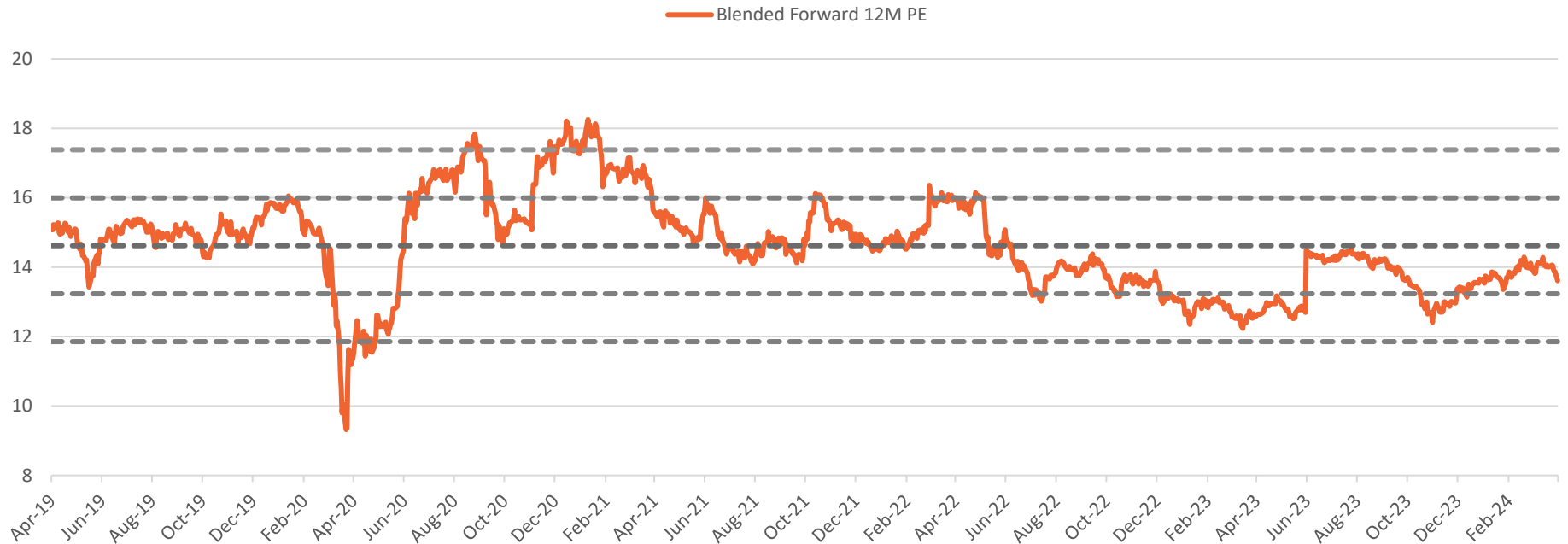
Source : Syailendra Research, Bloomberg

- 🏠 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*. Namun, kami akan memantau apabila terdapat ***earnings revision downward***.

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, Bloomberg

- Terlihat rasio P/E IHSB BF12M terkonsolidasi di level 13-14x. Hal ini terlihat murah dibandingkan historis valuasi IHSB dalam 5 tahun kebelakang. Hal yang sama terjadi untuk *peers* di *region Asean*. Kami melihat *de-rating* valuasi juga dipengaruhi oleh tingginya tingkat suku bunga US.

Global Peers Valuation Comparison

Indonesia valuation in-line with growth expectation

Global Indices Historical Performance

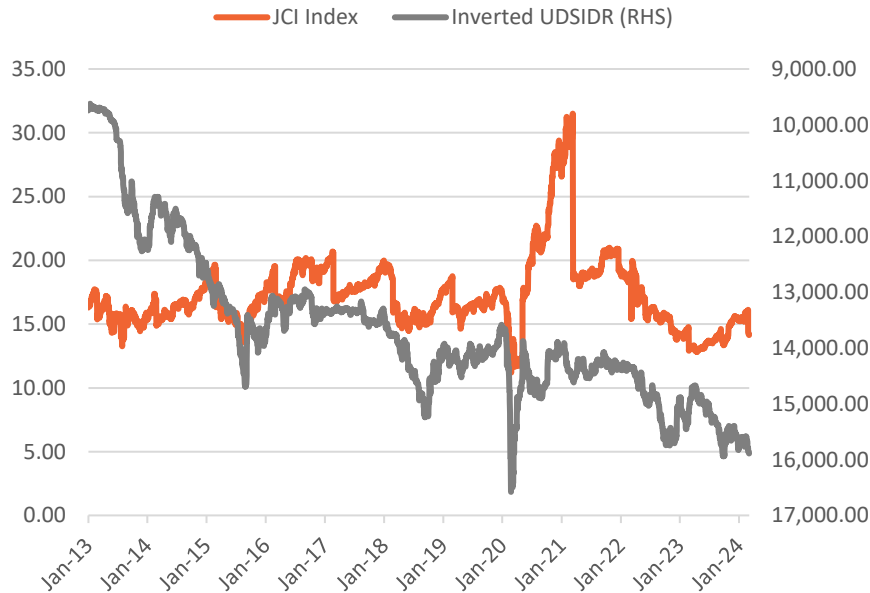
In times of earnings, times of BPS, % and YoY%

Desc.	P/E		EPS Growth		P/B		ROE	
	2024	2025	2024	2025	2024	2025	2024	2025
MSCI SEA	13.4	12.4	12.2%	7.6%	1.5	1.4	11.2	11.4
Indonesia	13.9	12.8	9.5%	8.4%	2.2	2.0	15.5	15.5
Malaysia	13.9	13.1	15.5%	5.7%	1.3	1.3	9.6	9.7
Phillipines	12.2	11.0	14.6%	11.4%	1.6	1.4	12.8	12.9
Singapore	11.9	11.2	-1.7%	5.1%	1.3	1.2	10.9	10.9
Thailand	16.9	14.8	11.5%	14.1%	1.6	1.5	9.5	10.2
MSCI AxJ	13.2	11.4	26.0%	16.3%	1.5	1.4	10.9	11.6
Hong Kong	12.1	11.1	34.0%	10.4%	0.8	0.8	6.8	7.3
India	23.2	20.4	22.1%	15.0%	3.9	3.5	17.0	17.4
Korea	12.0	9.4	NA	26.9%	1.1	1.0	8.9	10.4
Taiwan	18.5	15.4	20.2%	20.3%	2.6	2.3	13.8	15.1
MSCI EMEA	10.9	9.5	13.9%	16.5%	1.5	1.4	14.2	15.2
South Africa	9.9	8.4	51.8%	27.5%	1.5	1.4	14.6	17.0
Turkey	5.4	3.8	11.8%	44.2%	1.3	1.0	23.5	25.7
MSCI LATAM	9.2	8.6	7.0%	8.5%	1.5	1.3	15.9	15.9
Brazil	7.7	7.4	6.8%	7.5%	1.3	1.2	16.6	16.3
Mexico	13.3	12.0	9.4%	11.1%	2.1	1.9	15.4	16.1
MSCI EMEA	10.9	9.5	13.9%	16.5%	1.5	1.4	14.2	15.2
MSCI World	19.4	17.5	12.1%	12.3%	3.1	2.8	15.0	15.4
Australia	17.1	16.6	32.4%	1.1%	2.3	2.2	13.7	13.3
Europe	14.5	13.4	13.0%	10.2%	2.0	1.8	13.0	13.3
Japan	17.2	15.9	1.4%	8.7%	1.6	1.5	9.0	9.2
USA	21.9	19.5	14.7%	14.2%	4.3	3.9	18.2	18.7
Local Index								
JCI	14.1	12.9	73.2%	9.3%	1.9	1.8	13.4	13.7

Pressure from IDR Need to Be Factored-in

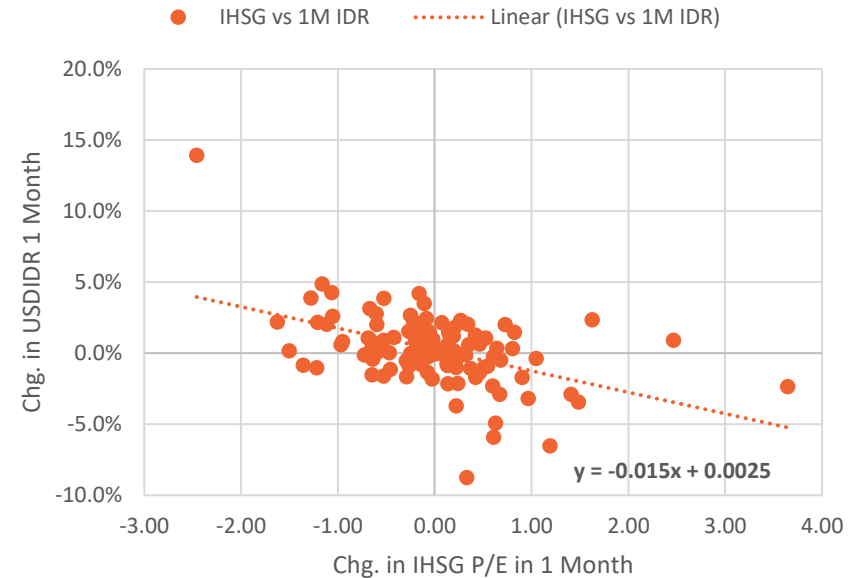
Each IDR depreciation potentially dragged IHSB valuation and vice versa

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



Source: Syailendra Research, Bloomberg

Negative Relationship between IDR and IHSB 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 at the moment
Index Target	7,100	7,500	7,800	8,000	8,200	8,400	8,600	

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 memaukkan *non-fundamental valuation* sehingga nilai indeks dapat dikomparasi dengan level IHSG saat ini.

Foreign Equity Flows

Foreign records net outflows in 2023 from Indo equity market

Monthly Data	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	-511	-2,497	-171	-4,957	-431	-461	-11,684	-11,223	19,545
Nov-23	2,301	-30	3,257	19	8,361	-548	332	13,692	13,359	6,601
Dec-23	7,024	497	3,637	18	5,361	-2	56	16,591	16,535	-8,192
Jan-24	-3,141	534	2,254	80	1,433	-870	145	435	290	17,148
Feb-24	483	646	6,120	129	3,390	82	277	11,125	10,849	7,415
Mar-24	3,733	506	3,816	-46	-93	-1,145	-609	6,162	6,770	-11,242

Yearly	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia	Japan
YTD	1,076	1,686	12,189	163	4,729	-1,933	-187	17,722	17,909	13,320
2023	21,427	-353	10,705	-863	6,933	-5,507	-514	31,827	32,341	29,092
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

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
Macro Indicator								
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
Rates								
Central Bank Rates Indonesia*	End of year	6.00	5.50	6.00	5.50	5.50	5.00	4.75
10 YR Govt Bond Yield IDR	Average full year	6.86	7.25	6.75	6.50	6.50	6.25	6.00
Equities								
JCI	End of year	7,100	7,500	7,800	8,000	8,200	8,400	8,600
Earnings Growth*	End of year	12.5%	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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