SYAILENDRA

Preferred Investment Partner

Monthly Bulletin

June 2024

What's Inside

Calendar

US PMI (21-June)

CH PMI (30-June)

Events

BI memutuskan untuk menahan laju BI rate spada meeting Jun'24. Hal didasarkan atas pergerakan IDR yang telah stabil setelah mengalami pelemahan dari level 16,000 di bulan May'24 melemah ke level 16,400 dalam beberapa hari terakhir.

Equity Market

IHSG mencatatkan kinerja di periode 5M24 sebesar -4.15% YTD (*cutoff date*: 31 May 2024). Di saat bersamaan, investor asing melakukan *outflow* sebesar 880 mio USD (MTD) atau *outflow* sebesar 335 mio USD (YTD).

Top 3 Leaders 1) AMMN, 2) TPIA, 3) DSSA dan Top 3 Laggards 1) BMRI, 2) BBRI, 3) BBCA

Fixed Income Market

Yield SUN 10 tahun di akhir May'24 tercatat di level 6.9 menurun dari akhir Apr'24 di 7.2. Hal ini mengakibatkan total *return* (sebelum pajak) atas indeks Indobex mencatatkan 1.53% sampai per akhir May'24

Kepemilikan investor asing di SUN terlihat *inflow* sebesar 1,199 mio USD (MTD) di bulan May'24 atau *outflow* 1531 mio USD (YTD)

By Syailendra Research Team

Section

01

Macro Updates

2024F Macro Background

Evaluating and Updating our macro view this year

Updates on Macro View So Far
Explained

- Di awal tahun, Kami memiliki pandangan bahwa disinflasi akan terjadi secara gradual. Sehingga, Risiko atas tingkat inflasi yang lebih tinggi dibandingkan konsensus terefleksi dalam proyeksi *cut rate* FFR di tahun 2024F sebanyak 2x. Hal ini jauh lebih rendah dibandingkan konsensus disaat itu memiliki ekspektasi 4x *cut rate*. Per May'24, Tingkat inflasi dan data tenaga kerja yang diatas ekspektasi pasar mengakibatkan pasar hanya memiliki ekspektasi *cut rate* sebanyak 1x.

- Berdasarkan hal diatas, untuk mendapatkan gambaran yang jelas atas *macro outlook* untuk 2024F dan 2025. Kami mencoba untuk menjawab dari masalah yang ada saat ini :

  - Komponen apa yang menyebabkan disinflasi terjadi sangat pelan ? Apa yang menyebabkan disinflasi atau *sticky inflation* terjadi ?

  - Recovery ekonomi US terlihat baik berdasarkan data tenaga kerja, Namun apakah hal tersebut akan menyebabkan *demand pull-inflation ?*

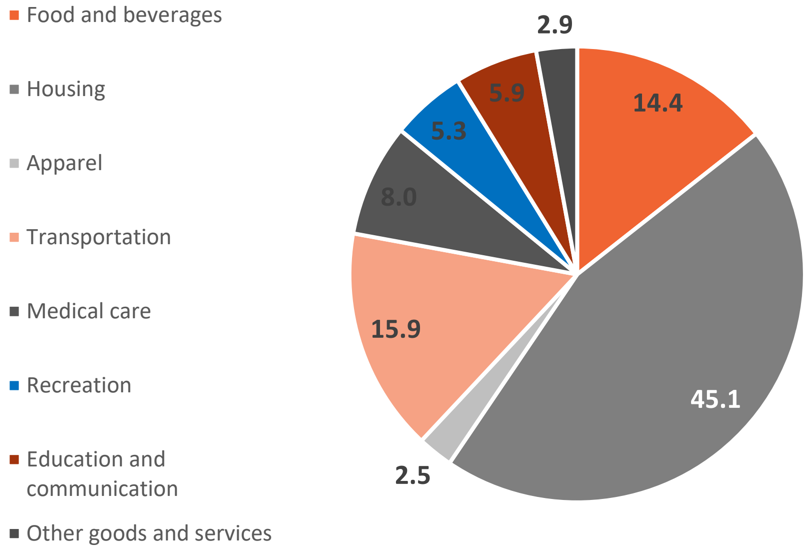
  - Apakah dampak dari pengetatan likuiditas akibat tingginya tingkat suku bunga dan *quantitative tightening* apabila berlangsung tanpa ada pelonggaran ?

- Kami memiliki pandangan inflasi 2024F memiliki potensi berada di level yang cukup tinggi dan memungkinkan *rate-cut* akan minim dimana kami hanya melihat probabilitas saat ini terbanyak 1x. Namun, kami optimis memasuki 2025F khususnya terkait inflasi. Ini diakibatkan oleh *lagging effect rental housing* yang berakhir di 2025F

Housing and Rent Price Have Been the Key

Housing is 45% of Basket and Explained 70% of Core CPI Movement

Almost 50% of the basket was housing related
In % US CPI Urban Consumer 2023 Baskets



Source: Bloomberg, Syailendra Research

70% of Core Inflation (2.5% out of 3.6%) only from Shelter
in % of Core CPI Contribution

Dates	CPI Core	Goods (ex-Food & Energy)	Shelter	Medical Services	Trans. Services	Rcreat. Services	Other Services	Others
May-23	5.3%	0.5%	3.5%	0.0%	0.8%	0.0%	0.6%	0.0%
Jun-23	4.9%	0.4%	3.4%	-0.1%	0.6%	0.0%	0.5%	0.0%
Jul-23	4.7%	0.3%	3.4%	-0.1%	0.7%	0.0%	0.5%	-0.1%
Aug-23	4.4%	0.1%	3.2%	-0.2%	0.8%	0.0%	0.5%	0.0%
Sep-23	4.1%	0.0%	3.1%	-0.2%	0.7%	0.0%	0.6%	0.0%
Oct-23	4.0%	0.0%	3.0%	-0.2%	0.7%	0.0%	0.6%	0.0%
Nov-23	4.0%	0.0%	2.9%	-0.1%	0.8%	0.0%	0.5%	0.0%
Dec-23	3.9%	0.0%	2.8%	0.0%	0.8%	0.2%	0.3%	0.0%
Jan-24	3.9%	-0.1%	2.8%	0.1%	0.8%	0.2%	0.3%	0.0%
Feb-24	3.8%	-0.1%	2.6%	0.1%	0.8%	0.2%	0.3%	0.0%
Mar-24	3.8%	-0.2%	2.6%	0.2%	0.9%	0.2%	0.3%	0.0%
Apr-24	3.6%	-0.3%	2.5%	0.2%	0.9%	0.2%	0.3%	-0.1%
May-24	3.4%	-0.4%	4.0%	2.4%	0.2%	0.8%	0.2%	-0.2%

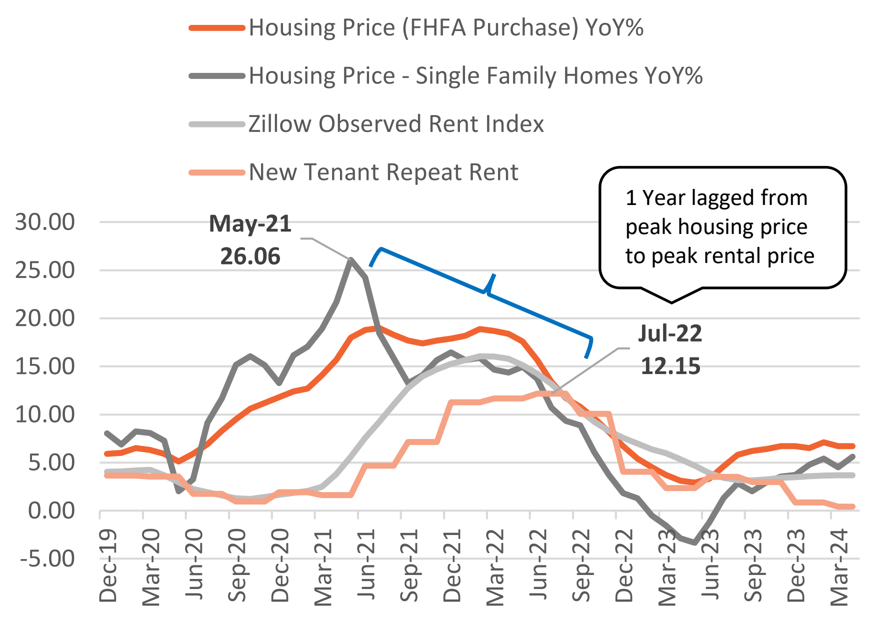
Source: Bloomberg, Syailendra Research

- Di dalam *basket CPI,* shelter mencatatkan 45.1% berasal dari komponen *Housing/Shelter*. *Core-CPI* cenderung bergerak lambat sejak Oct-23 sd Mar-24 disekitar 3.8% sd 4.0%. Hal ini diakibatkan oleh 2 hal yaitu kontribusi *shelter* yang masih besar (70% dari *core-CPI* dapat dijelaskan dari *shelter*) dan biaya atas jasa transportasi.

Has Housing Price Cooled Off? (1)

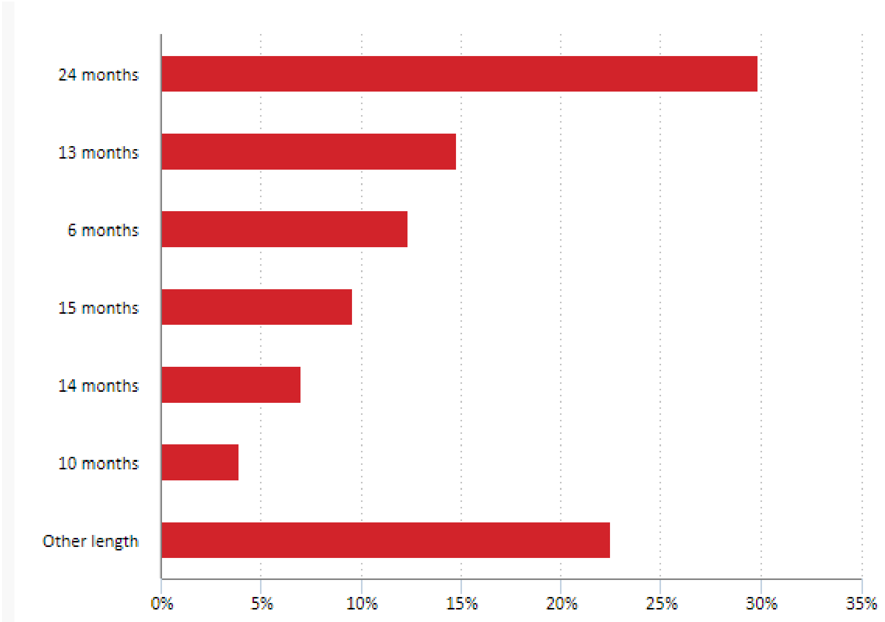
Yes, There's quite a lagged between housing price and rental price

We identified lagged effect from housing to rental price
In YoY%



Source: Bloomberg, Syailendra Research

Usual Rental Lease Term range about 1-2 years
% of US rental contract by term



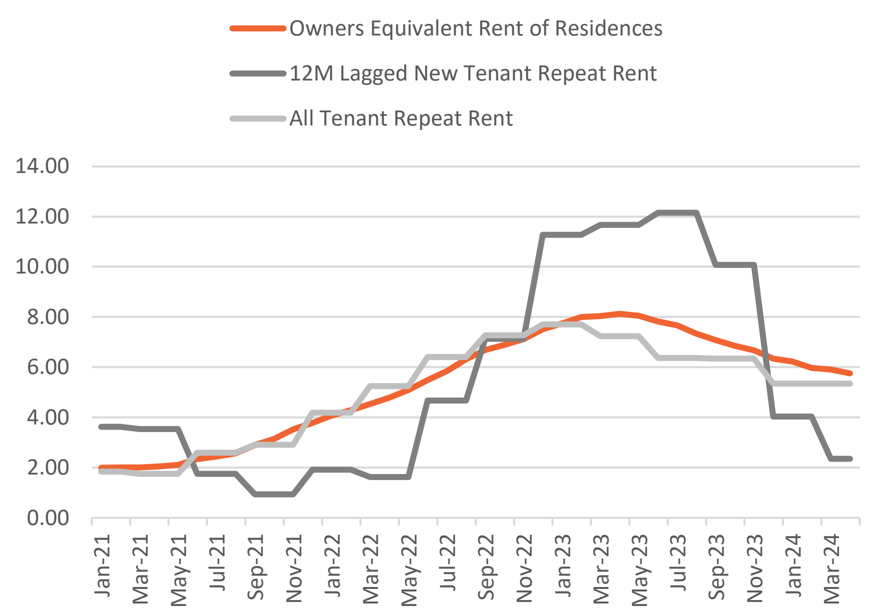
Source: Bloomberg, Syailendra Research

- Dari pemahaman kami, Terdapat *lagging effect* dari harga rumah ke biaya rental rumah. Hal ini diakiabatkan dari rata-rata periode rental yang berkisar dari 1-2 tahun.

Has Housing Price Cooled Off? (2)

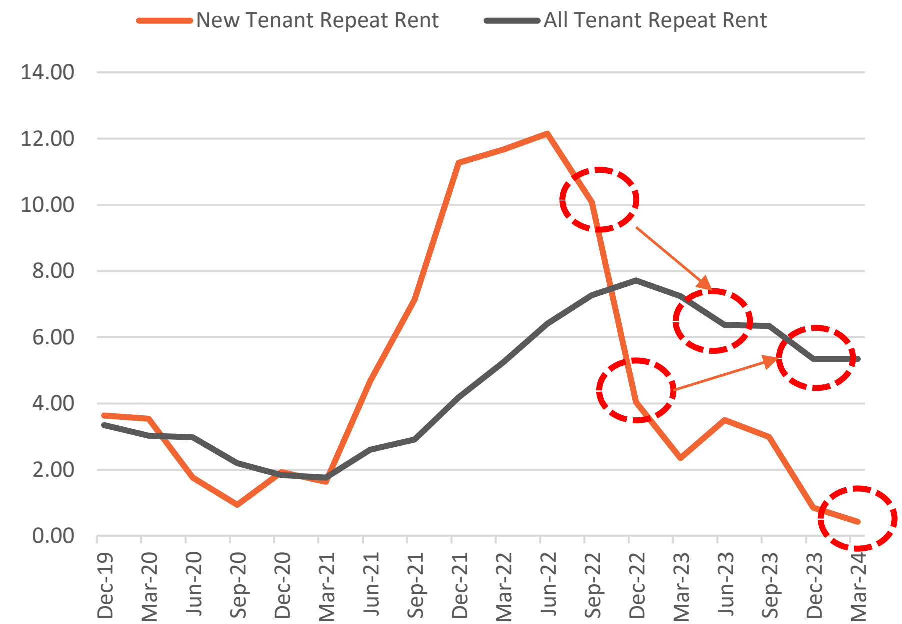
During 4Q23 new tenant had significant correction on rental

Even OER follow 12M lagged new tenants
In YoY%



Source: Bloomberg, Syailendra Research

Even OER follow 12M lagged new tenants
In YoY%



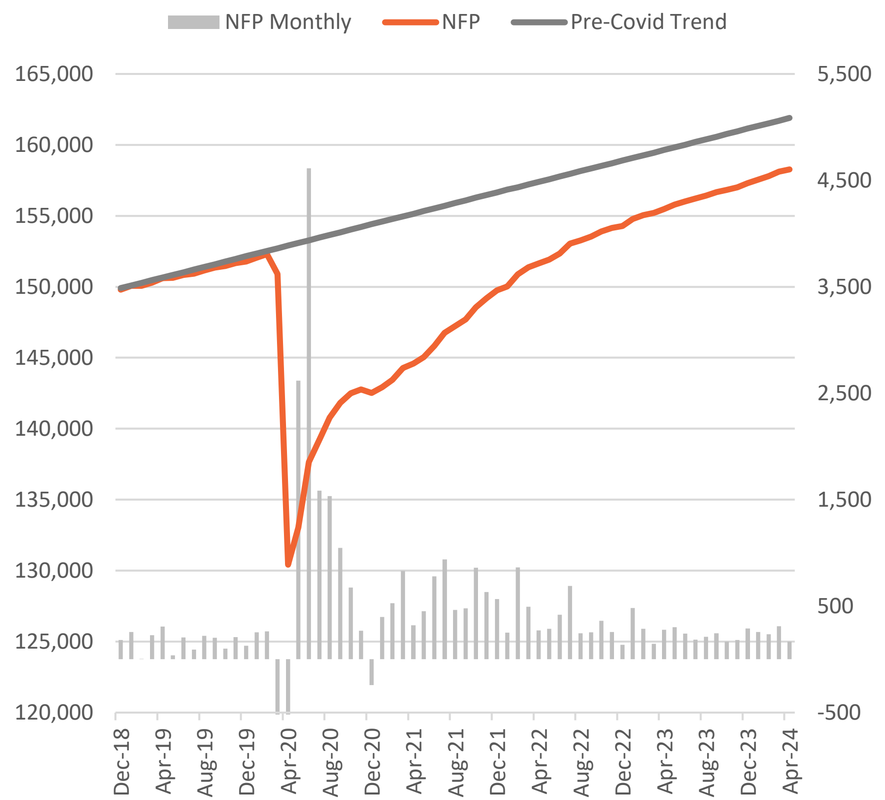
Source: Bloomberg, Syailendra Research

- CPI komponen OER (*owner equivalent rent*) dan 12M *lagged new tenant repat rent* memiliki koreksasi yang cukup erat. Dimana *new tenant repeat rent* telah mencatatkan 1Q24 mendekati level 0%. Dengan estimasi *lagging effect* sebesar 1tahun, maka dapat dilihat ada potensi *Core-CPI* untuk menurun signifikan di 1Q25.

NFP Continued to Surprise Yet Wages Normalized…

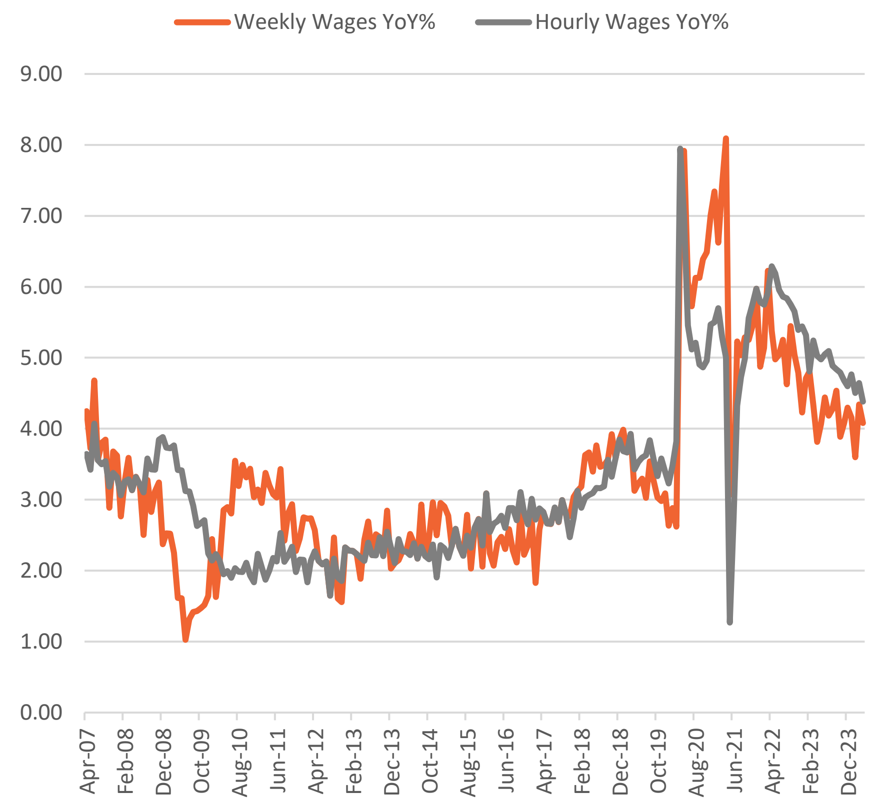
High NFP Job could be explain looking at pre-covid trend

NFP continous to deliver high number might be for a while
In no. of job



Source: Bloomberg, Syailendra Research

However, Wages growth continous to cooldown. Why ?
In % yoy

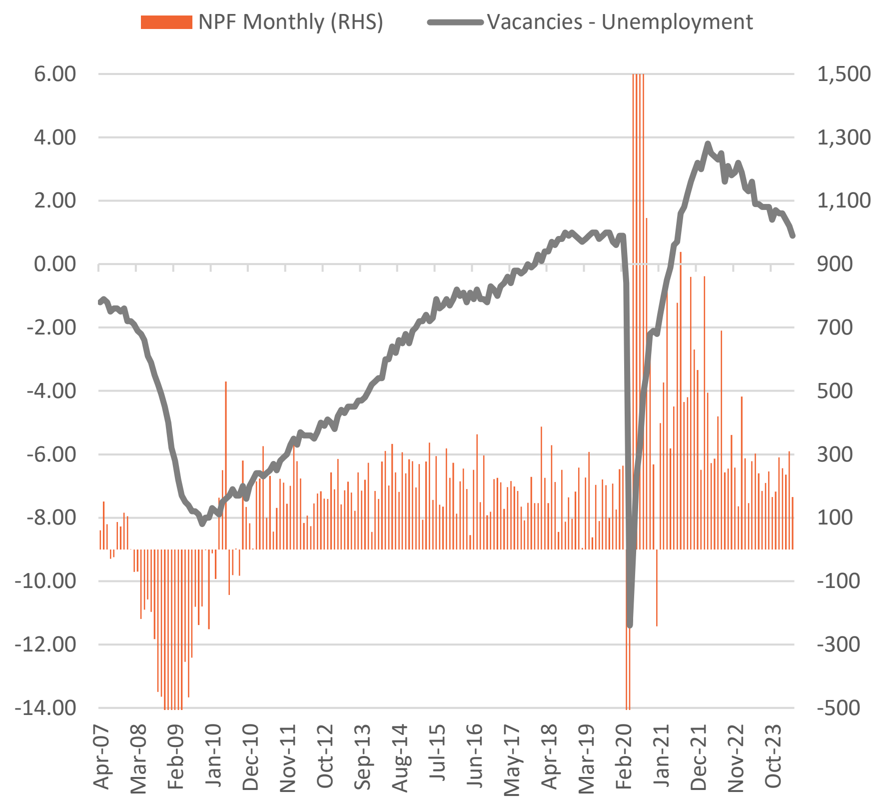


Source: Bloomberg, Syailendra Research

... As High NFP ≠ Great Job Market Condition

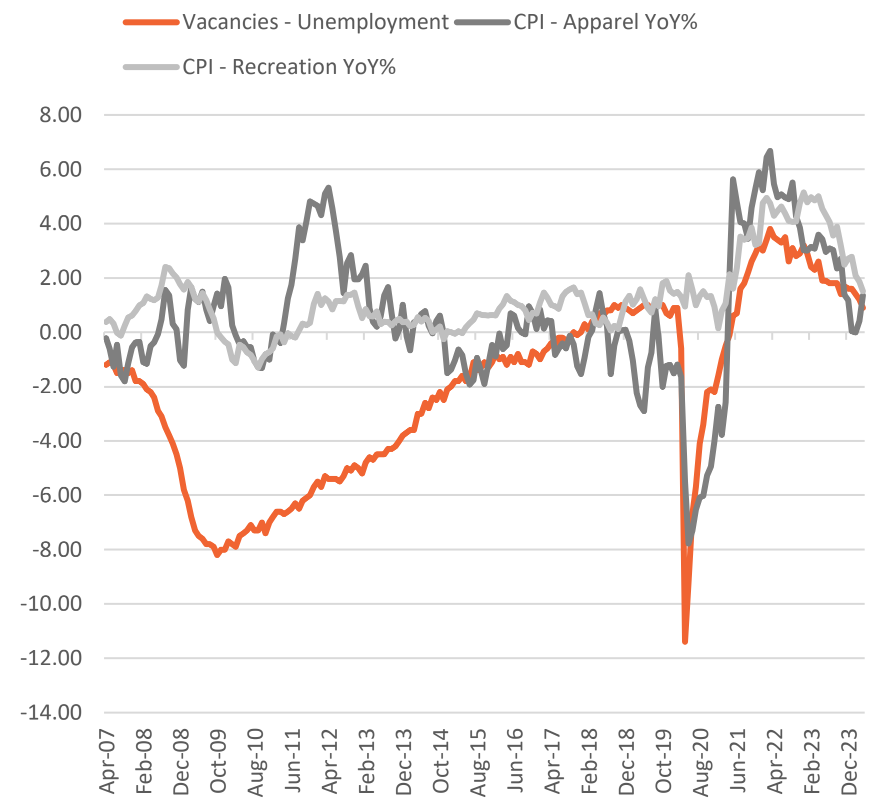
Vacancy-Unemployment was better proxy to monitor demand pull inflation risk

Job market condition already normalized despite high NFP
In % (vacancy-unemployment) and no. of job



Source: Bloomberg, Syailendra Research

Wages and CPI-item follow Job market condition
In %yoy (CPI apparel, recreation as income sensitive basket)



Source: Bloomberg, Syailendra Research

Macro Risk 2025F

Non housing core-item still record 3% despite downtrend

Non-OER sticky price cover about 45% of basket in 2004

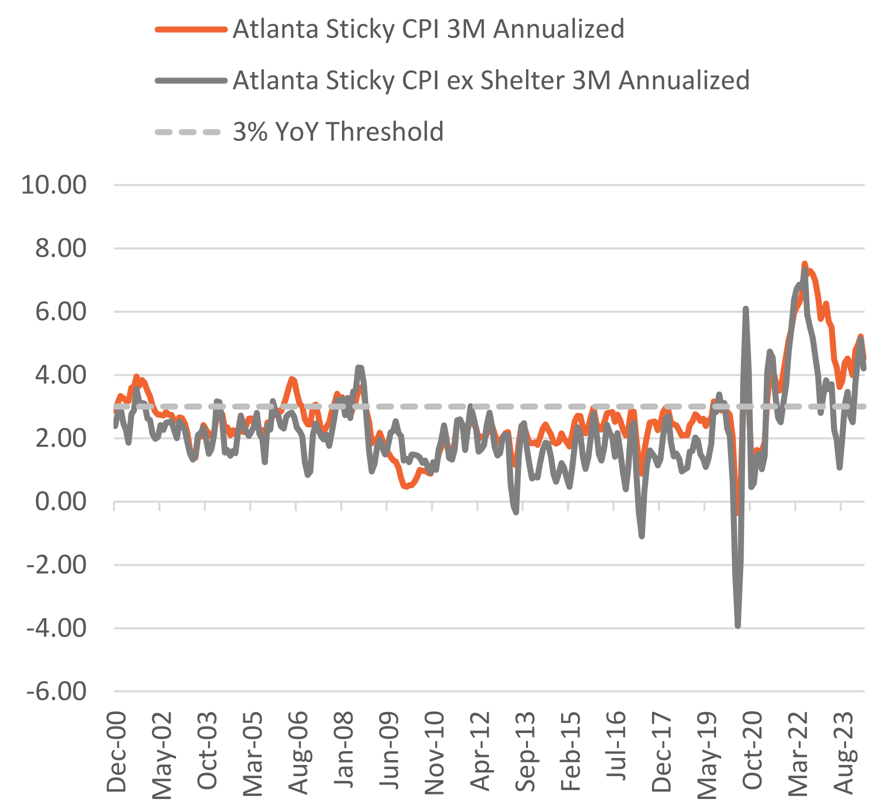
In %

Sticky-price items	Frequency of adjustment[a]	Relative importance
Infants' and toddlers' apparel	5.3	0.2
Household furnishings and operations	5.3	4.8
Motor vehicle maintenance and repair	5.8	1.2
Motor vehicle insurance	5.9	2.0
Medical care commodities	6.2	1.6
Personal care products	6.7	0.7
Alcoholic beverages	7.3	1.1
Recreation	7.9	5.7
Miscellaneous personal goods	8.1	0.2
Communication	8.4	3.2
Public transportation	9.4	1.1
Tenants' and household insurance	10.1	0.3
Food away from home	10.7	6.5
Rent of primary residence[b]	11.0	6.0
OER, Northeast[b]	11.0	5.3
OER, Midwest[b]	11.0	4.5
OER, South[b]	11.0	7.7
OER, West[b]	11.0	6.9
Education	11.1	3.1
Medical care services	14.0	4.8
Water, sewer, and trash collection services	14.3	1.0
Motor vehicle fees	16.4	0.5
Personal care services	23.7	0.6
Miscellaneous personal services	25.9	1.1
Total, sticky-price items		**70.1**
Total, core sticky-price items		**63.6**
Total, non-OER sticky-price items		**45.7**

Source: Fed Atlanta

Sticky CPI ex-Shelter in trajectory to below 3%

In %yoy



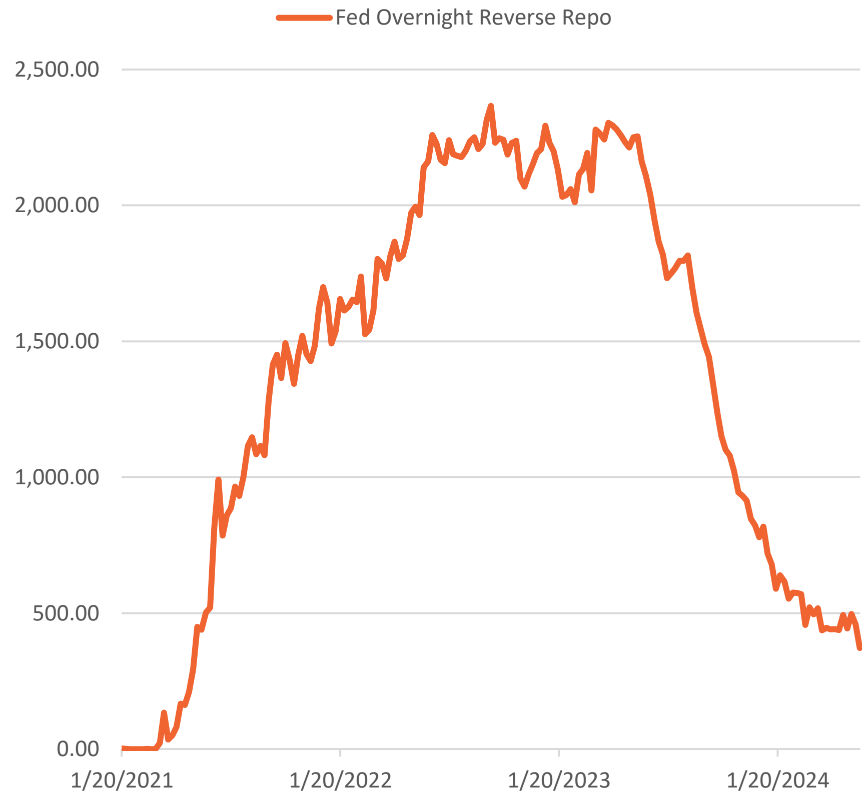
Source: Bloomberg, Syailendra Research

Mixed Signal on Financial Condition

Liquidity continue to drop yet financial condition continue to loosen

Non-OER sticky price cover about 45% of basket in 2004

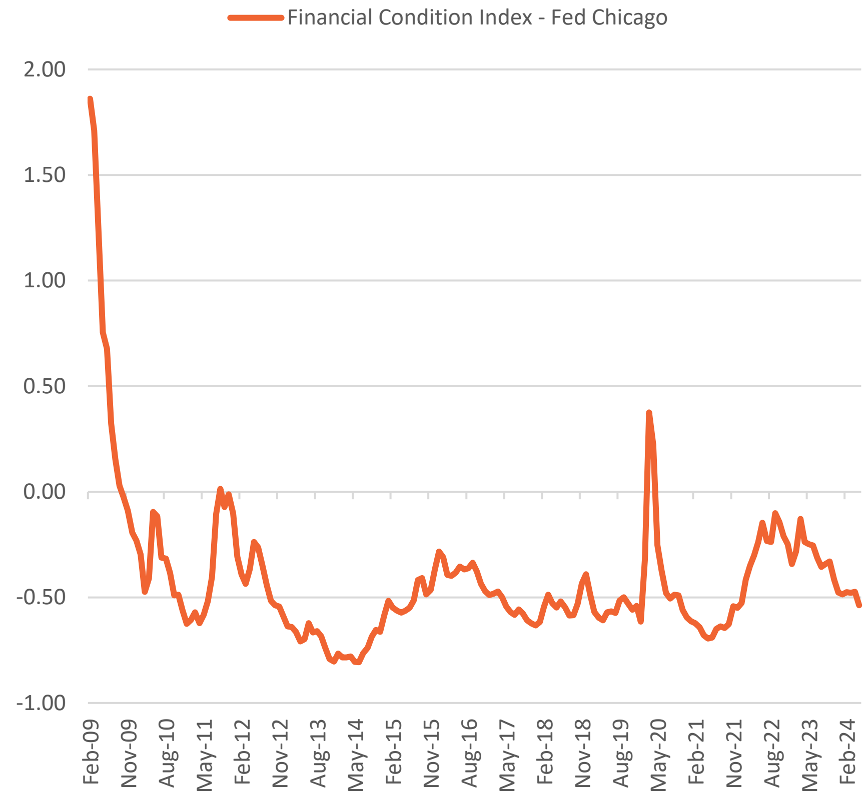
In %



Source: Fed Atlanta

Sticky CPI ex-Shelter in trajectory to below 3%

In %yoy

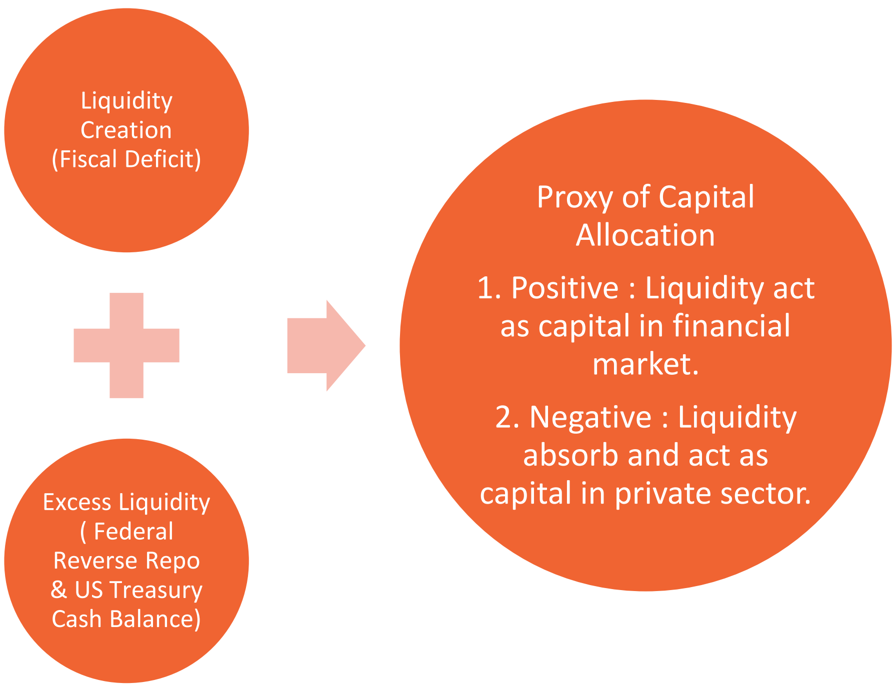


Source: Bloomberg, Syailendra Research

Tighter Liquidity Had Some Consequences

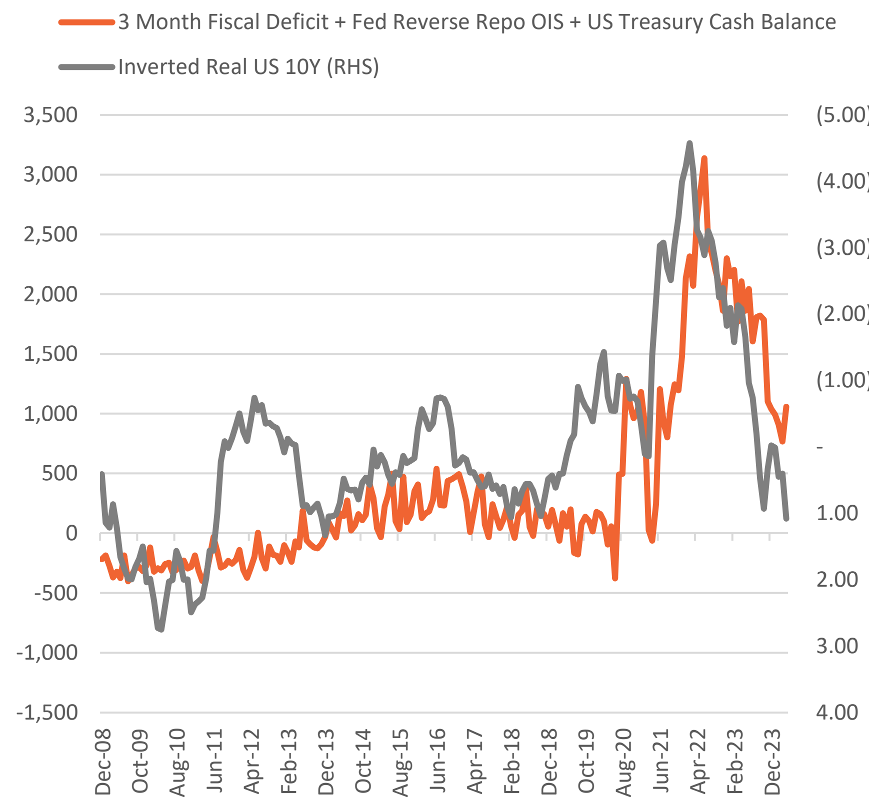
Investor demand more premium on UST Real Yield

Excess (Deficit) Liquidity that had pressure factor on market
In %



Source: Syailendra Research

Excess liquidity could explain why US Real Yield Movement
In trn USD and real yield



Source: Bloomberg, Syailendra Research

Latest Market Expectation on Rate Cut

Market adjusting to recent US economic development and geopolitical issue

FFR Implied Rates Going Forward (as of 10 June 2024)
Table of probabilities

	375-400	400-425	425-450	450-475	475-500	500-525	525-550	Notes
Jun-24	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	99.4%	No rate cut
Jul-24	0.0%	0.0%	0.0%	0.0%	0.1%	8.8%	91.1%	
Sep-24	0.0%	0.0%	0.0%	0.0%	4.3%	48.3%	47.4%	52.6% of rate cut
Nov-24	0.0%	0.0%	0.0%	1.3%	17.7%	48.0%	33.0%	
Dec-24	0.0%	0.0%	0.8%	11.3%	36.2%	38.8%	12.8%	48.6% of next rate cut
Jan-25	0.0%	0.4%	5.7%	22.9%	37.4%	26.7%	6.9%	
Mar-25	0.2%	3.2%	14.8%	30.6%	31.8%	16.3%	3.2%	
Apr-25	1.3%	7.4%	20.5%	31.0%	26.2%	11.5%	2.1%	

Historical of Implied FFR, Market Expect 1x Rate Cut
In % prob

FFR Rate	5.25-5.50
Interest Rate Probability for Meeting	18-Dec-24

Trading Days	Cumulative Probabilities				
	4.25-4.50	4.50-4.75	4.75-5.00	5.00-5.25	5.25-5.50
29/12/2023	100%	100%	100%	100%	100%
31/01/2024	99%	100%	100%	100%	100%
29/02/2024	42%	74%	94%	99%	100%
28/03/2024	31%	66%	91%	99%	100%
30/04/2024	1%	7%	31%	73%	100%
31/05/2024	1%	12%	45%	85%	100%
10/6/2024	1%	13%	48%	87%	100%

Source: Bloomberg, Syailendra Research

- Dalam 1 bulan terakhir, Terjadi perubahan signifikan atas ekspektasi *rate-cut* oleh investor yang sebelumnya memiliki ekspektasi sebesar 2x rate cut menjadi hanya 1x dibulan Nov-24. Mar’24 FOMC Median Dots masih berada 4.61% vs current FFR 5.25-5.50%.

Section

02

Fixed Income

2024F Fixed Income Narrative

Update on Our View

Updates on Our View this month
Explained

- Terdapat beberapa hal yang menjadi pertanyaan besar dalam menjawab tingkat *yield* yang fair mempertimbangkan kondisi makro saat ini :

  - Seberapa besar premium yang dianggap fair mempertimbangkan pertambahan *volatility* yang muncul dari *currency risk* ?

  - Persepsi *foreign investor* atas kemampuan *govt* untuk melakukan *funding* atas program-program kedepan mengakibatkan terjadinya *outflow* sepanjang 2024. Namun, bagaimana situasi *funding gap* untuk tahun 2024 ?

- Berdasarkan pertimbangan makro sebelumnya, kami melihat tingkat yield 2024F akan sedikit *elevated,* namun kami optimis karena *rate-cut thesis terlihat intact* memasuki tahun 2025F.

INDOGB was still The 5th Highest Real Yield

INDOGB Carry Spread hasn’t move much YTD despite other increased

EM Peers Yield Comparison
In %

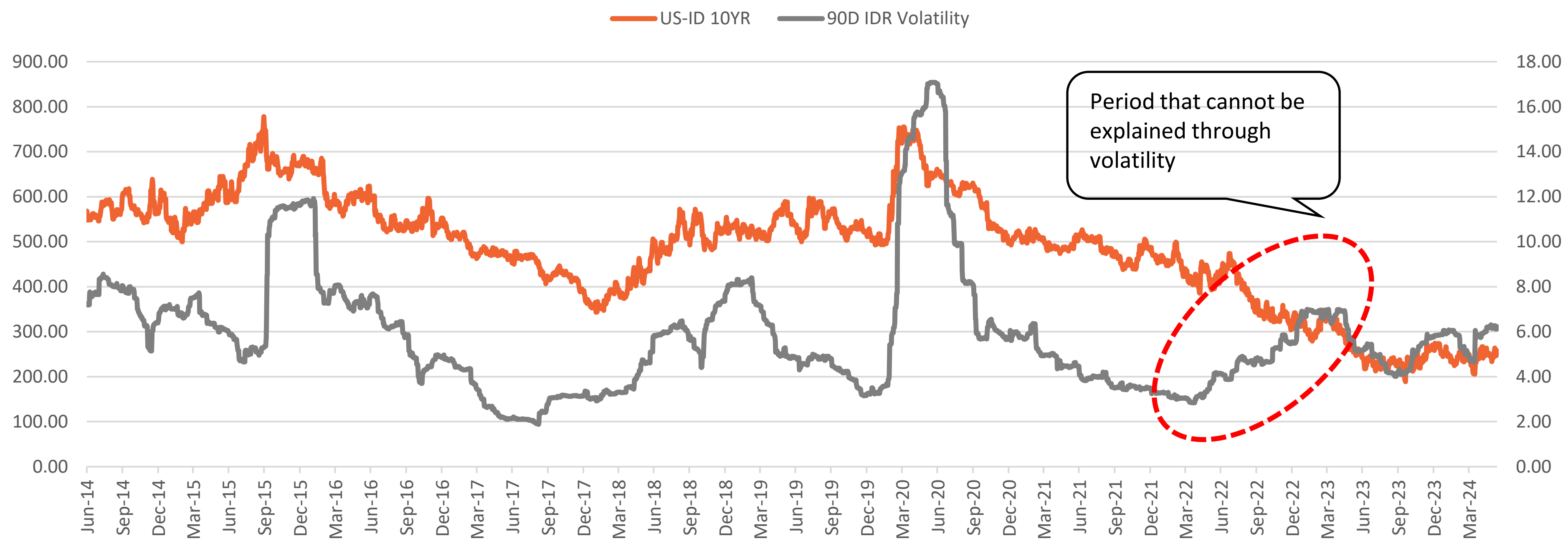
Country	10Y Yield (%)		Carry Spread to US 10Y			Inflation	Real Yield (%)	CAD	Fiscal Deficit	Credit Rating
	Current	YTD Chg. (bps)	2023	Current	Chg.	2024F	2024F Inflation	2023F	2023F	
Brazil	11.87	151	6.49	7.57	1.09	3.99	7.88	-1.50	-7.18	BB-
South Africa	12.27	90	7.49	7.97	0.47	5.00	7.27	-2.00	-4.95	BB
India	7.02	-17	3.31	2.72	-0.59	4.80	2.22	-0.80	-5.80	BBB-u
Italy	3.82	13	-0.19	-0.48	-0.29	2.30	1.52	0.85	0.20	BBBu
Portugal	3.11	49	-1.25	-1.19	0.07	2.30	0.81	1.10	0.20	BBB+u
Mexico	9.80	86	5.06	5.50	0.44	4.40	5.40	-0.80	-5.00	BBB+
Romania	6.85	63	2.35	2.55	0.20	5.60	1.25	-6.70	-5.80	BBB-
Hungary	6.74	87	1.99	2.44	0.45	4.30	2.44	0.60	-4.90	BBB-
Colombia	10.87	91	6.08	6.57	0.49	6.50	4.37	-3.10	-5.10	BBB-
Indonesia	6.90	44	2.57	2.59	0.02	2.96	3.94	-0.60	-2.30	BBB
Average Peers in BBB & BB*			-3.88	**3.62**			**5.18**			
Spain	3.25	27	-0.90	-1.05	-0.16	3.08	0.17	2.30	-3.20	Au
South Korea	3.42	24	-0.71	-0.88	-0.18	2.60	0.82	3.00	-1.70	AA
China	2.31	-25	-1.32	-2.00	-0.68	0.70	1.61	1.25	-4.80	A+
Chile	6.03	55	1.60	1.72	0.13	3.80	2.23	-3.60	-2.40	A+
Thailand	2.80	12	-1.20	-1.51	-0.30	0.80	2.00	2.40	-3.35	A-
Malaysia	3.84	11	-0.15	-0.46	-0.31	2.50	1.34	2.50	-4.40	A
Poland	5.60	40	1.31	1.29	-0.02	3.95	1.65	0.25	-5.30	A
Average Peers in A Credit			-3.88	**-0.41**			**1.40**			
United States	4.30	42				4.10	0.20	-3.1	-7.9	AA+u

Source: Bloomberg, Syailendra Research

Potential Higher Risk Premium due FX Volatility

If IDR Volatility still on higher side, investor might demand higher premium

US Indo Carry Spread Tend to Follow its FX Volatility
In bps and % of annual vol



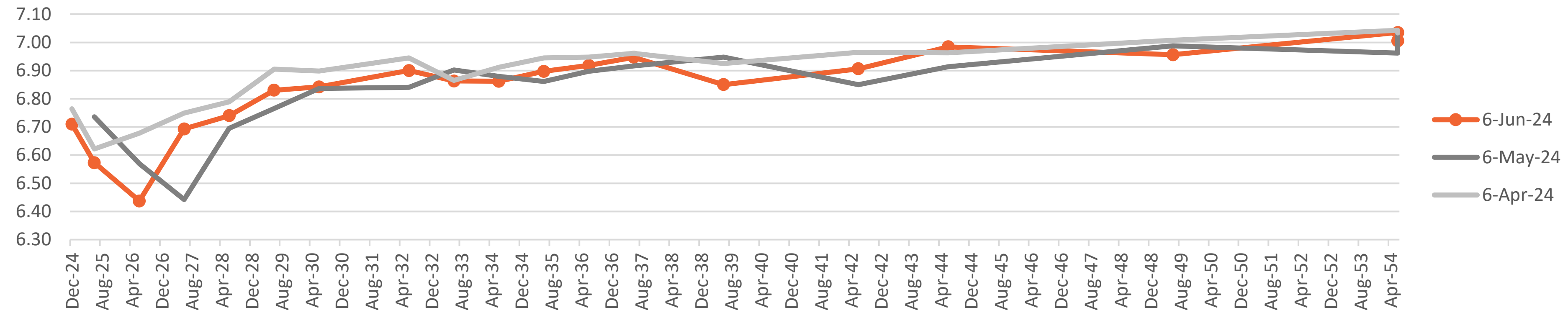
Source: Bloomberg, Syailendra Research

- Umumnya US Indo *carry spread* dapat dijelaskan oleh pergerakan atas volatilitas pasangan *currency* tersebut. Hanya di tahun 2022 terjadi *divergence* antara kedua hal tersebut. Karena, volatilitas IDR dalam beberapa bulan belakang meningkat kami melihat terdapat kemungkinan US Indo *carry spread* mengalami peningkatan. Saat ini US *Indo* carry spread berada di level 250bps.

INDOGB Curve Has Not Moved For 2 Months

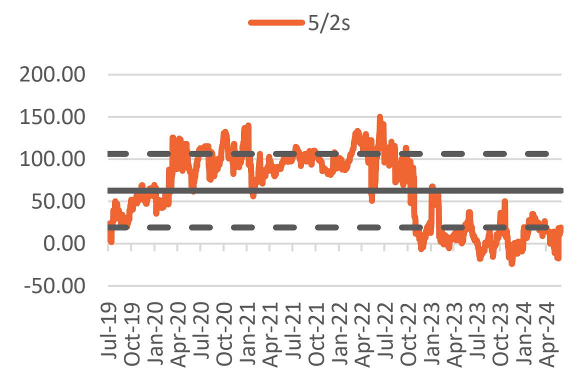
Some lower yield on the very short term (1-2Y Govt)

INDOGB Yield Curve
In ppt



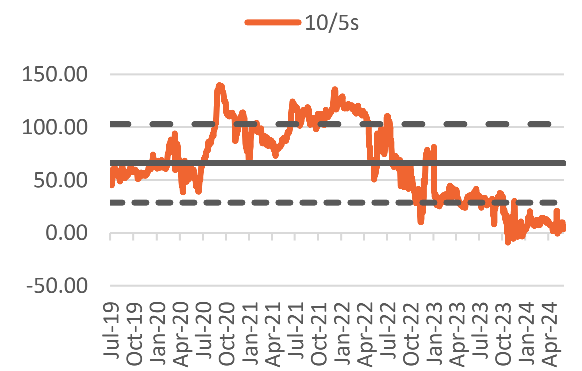
Source: Bloomberg, Syailendra Research

5/2s Historical Spread
In bps



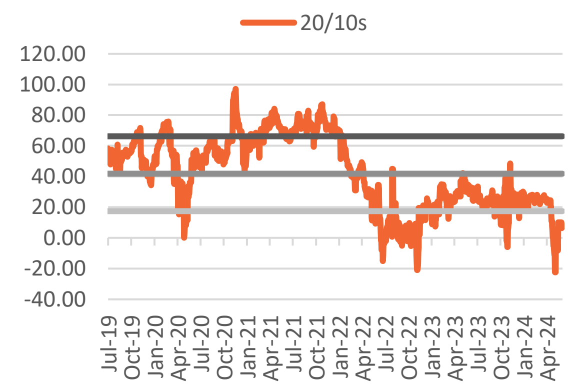
Source: Bloomberg, Syailendra Research

10/5s Historical Spread
In bps



Source: Bloomberg, Syailendra Research

20/10s Historical Spread
In bps



Source: Bloomberg, Syailendra Research

Updates on Government Bond Auction

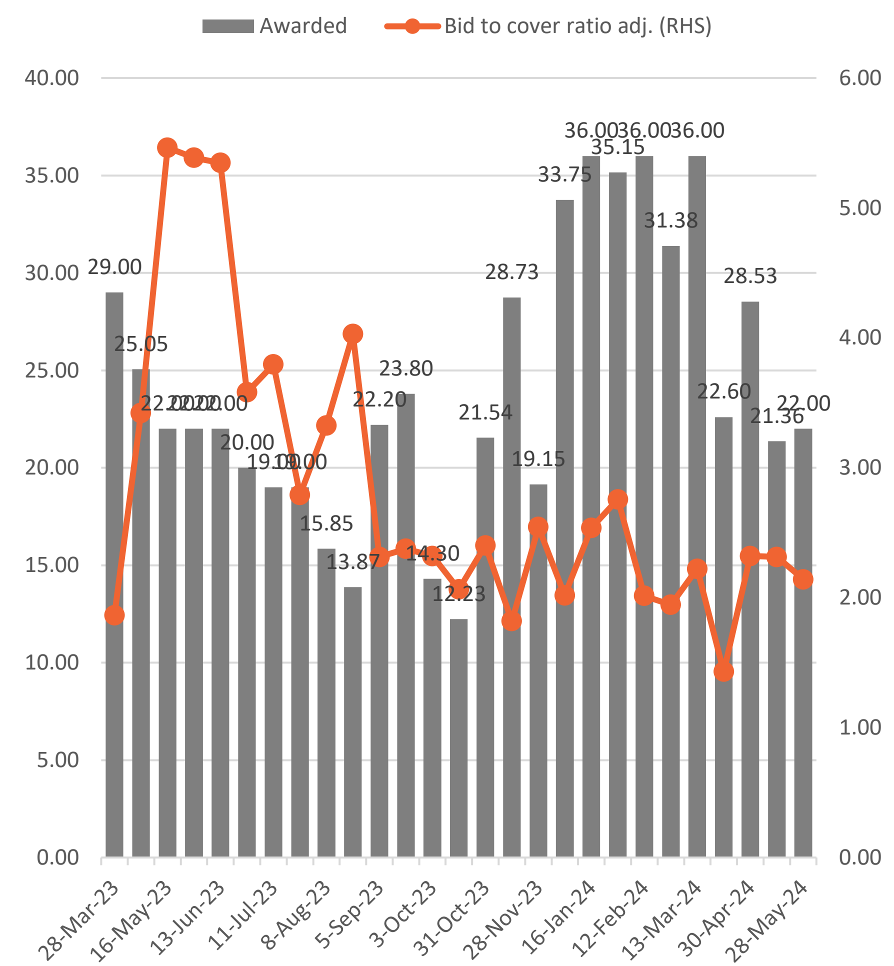
Frontload Intact and bid-award ratio has been stable around 2x

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

Government Securities	Govt Bond Issuance Realization YTD (28-May-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	458.66	937.99	479.33
Gross Local Currency Bonds	406.39		
Prefunding	39.07		
Auction Program	322.04	658.63	336.59
Retail Bonds	45.28	140.71	95.43
Private Placement		24.87	24.87
Gross Foreign Currency Bonds	52.27	113.78	61.51
Avg. Per 2 weeks auction	**33.90**		**23.21**

Source : Syailendra Research, DJPR

Bid-Awarded Ratio stable at 2.1-2.1x
In trn and time of bid size



Indonesia Bonds Ownership

Banks selling its treasury for fulfilling its liquidity management

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	23.0%	22.2%	3.1%	19.0%	14.1%	8.5%	10.2%	100.0%

Net flow

Year	Bank	Central Bank	Mutual Fund	Insurance & PF	Foreign	Retail	Others	Total
Yearly								
2016	49	-15	24	104	107	15	26	311
2017	92	8	18	23	170	2	13	326
2018	-10	112	15	66	57	13	17	269
2019	100	9	12	57	169	8	29	384
2020	794	192	30	71	-88	50	68	1,118
2021	216	347	-3	112	-83	90	129	808
2022	106	219	-12	218	-129	123	106	630
2023	-202	75	32	168	80	91	85	330
YTD	-177	182	-1	48	-35	55	31	103
Interim								
1Q	-81	123	1	20	-31	19	21	71
2Q	-95	59	-2	28	-4	36	10	32
Apr	-34	35	0	13	-20	29	4	27
May	-61	24	-2	15	16	7	5	5

Source : Syailendra Research, DJPR

Section

03

Equity

2024F Equity Narrative

Update on Our View

Updates on Our View this month
Explained

- Di 2Q24 ini, Kami melakukan revisi *downward* untuk earnings yang mengakibatkan kami perlu melakukan penurunan target IHSG di level 7,300. .Mempertimbangkan *higher for longer*, kami melihat baiknya untuk konservatif mengasumsikan valuasi IHSG di 14.30x untuk tahun 2024F. Hal ini termasuk memperhitungkan faktor non-fundamental yang belakangan ter-refleksi di indeks.

- Terlepas sentimen *higher for longer* yang masih ada, Tingkat valuasi IHSG tidak dapat di pungkiri mencapai level yang cukup rendah baik dibandingkan dengan historis ataupun peers. Hal ini mempertimbangkan tingkat pertumbuhan laba kembali ke level 8-10% di tahun 2025F.

- 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 local, terutama retail, maupun global, terutama passive funds, yang membuat kinerja IHSG ter-distorsi dan resiko volatilitas pasar meningkat.

- Posisi investor *global* yang cenderung masih *underweight* di *asset class equity* secara *global* khususnya di *emerging* market. Hal ini mengakibatkan *upswing* yang cukup cepat disaat *cut-rates* menjad lebih jelas. Konsensus saat ini memiliki ekspektasi pelonggaran terjadi di 2H24F sebanyak 1x *rate-cut*.

Global Indices Performance

Indonesia had been underperforming clouded by developed market

Global Indices Historical Performance

In % of return

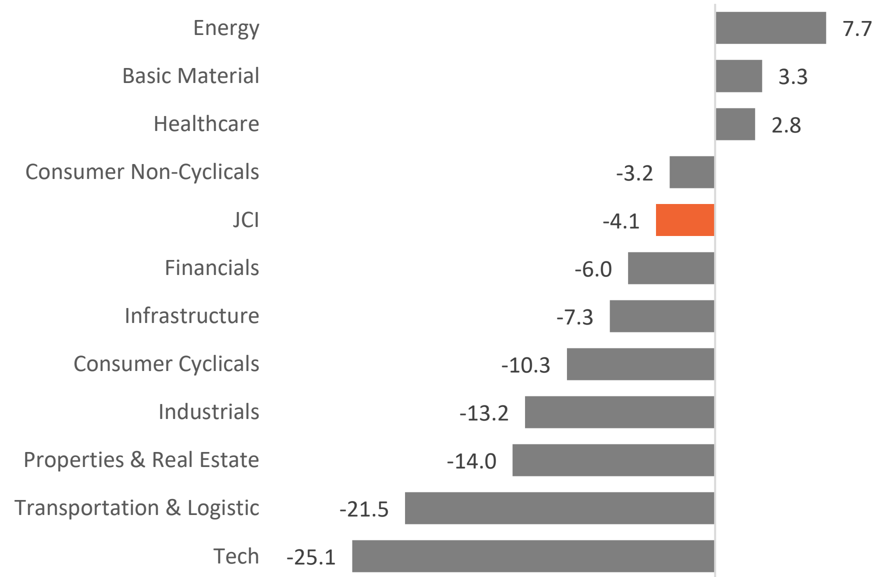
No	Country	YTD	1M	3M	6M	1Y	P/E	P/BV	ROE
Global Market									
1	Dow Jones (US)	1.42%	-2.41%	-1.11%	12.96%	13.48%	19.04	4.44	20.71
2	S&P 500 (US)	6.17%	-2.72%	2.13%	17.29%	22.93%	19.61	4.05	17.41
3	Nasdaq (US)	5.53%	-2.46%	1.36%	19.16%	31.13%	33.37	5.15	12.94
4	London (UK)	4.13%	-1.14%	3.50%	11.19%	6.94%	12.99	1.87	12.03
5	DAX (GR)	6.83%	-2.11%	5.78%	18.18%	13.80%	13.19	1.70	10.81
6	CAC (FP)	4.92%	-2.65%	4.25%	12.09%	7.20%	12.32	1.87	11.85
Asia Market									
1	Nikkei (JP)	14.26%	-4.02%	5.75%	19.68%	31.13%	30.85	1.86	8.08
2	Hang Seng (HK)	6.80%	7.53%	17.21%	5.67%	-8.66%	10.96	1.16	9.29
3	Shanghai (CN)	4.37%	0.97%	13.72%	3.17%	-6.57%	14.80	1.43	9.37
4	Shenzhen (CN)	5.05%	0.66%	13.36%	1.41%	-10.54%	14.40	1.74	11.65
5	NFT (IN)	4.22%	0.87%	3.64%	18.37%	24.80%	21.92	3.38	15.04
6	Kospi (KR)	1.07%	-2.52%	2.61%	14.53%	6.31%	11.78	0.98	7.29
ASEAN Market									
1	Singapore (SG)	1.75%	1.51%	3.68%	6.96%	0.45%	13.07	1.11	8.91
2	Kuala Lumpur (MK)	8.64%	2.09%	4.20%	9.76%	10.81%	15.10	1.33	10.26
3	Thailand (TH)	-3.72%	-1.18%	-1.50%	-2.90%	-10.81%	17.81	1.54	8.34
4	Vietnam (VN)	7.65%	-5.49%	3.74%	13.10%	15.94%	14.28	1.63	12.95
5	Philipines (PH)	3.05%	-4.51%	-0.90%	11.26%	-0.39%	14.96	1.61	10.08
Indonesia Market									
1	JCI / IHSG (ID)	-2.14%	-1.65%	-1.68%	5.42%	3.70%	15.45	1.94	12.12
2	JII / ISSI (ID)	-1.25%	-0.85%	-1.19%	2.32%	-0.24%	11.56	1.72	14.86
3	IDX30 (ID)	-7.99%	-7.35%	-8.80%	-1.87%	-8.53%	15.12	2.20	13.14
4	LQ45 (ID)	-7.40%	-7.19%	-8.73%	-0.02%	-5.95%	14.97	2.13	13.12

Source: Syailendra Research, Bloomberg

What Has Been Moving The Market ?

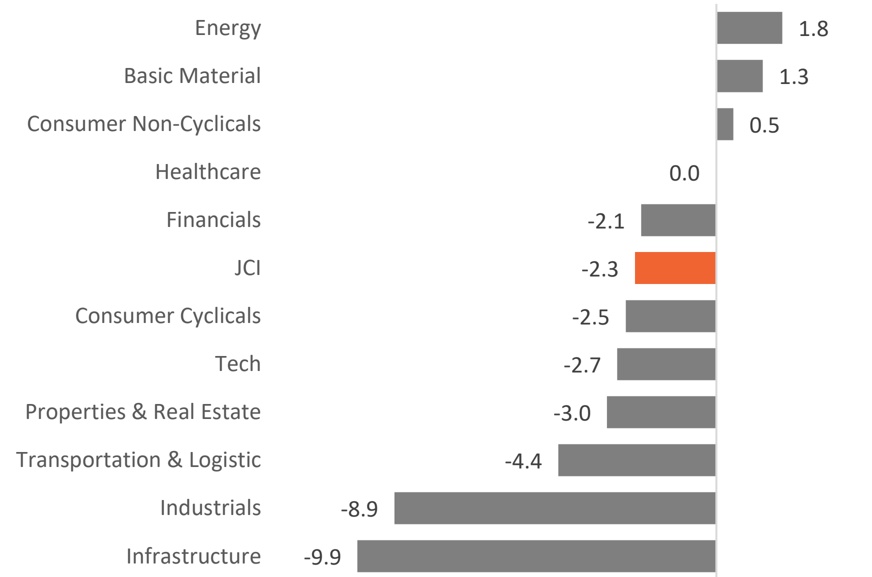
Performance has been dragged all sectors except energy

YTD Sector Performance
In % YTD



Source: Syailendra Research, Bloomberg

1M Sector Performance
In % MTD



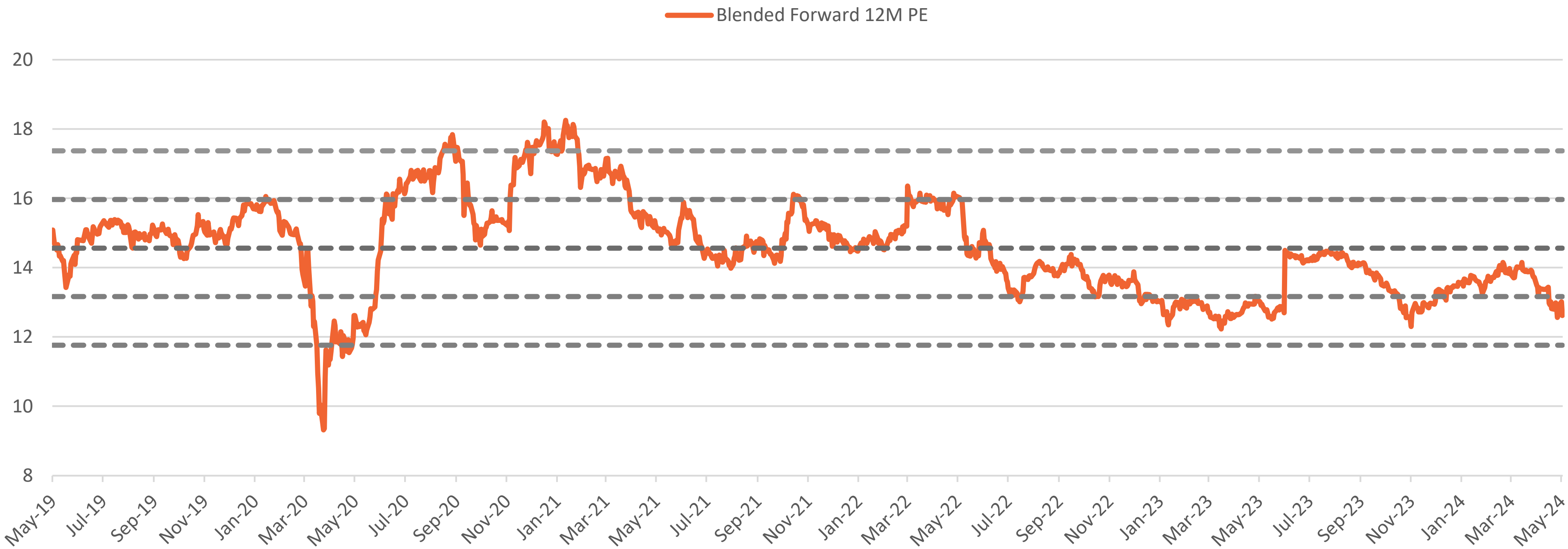
Source: Syailendra Research, Bloomberg

- IHSG bergerak negatif sebesar -2.3% MTD dan -4.1% YTD. Perlemahan ini bersifat umum akibat *foreign outflow* yang signifikan dan kinerja laba 1Q24 yang berada dibawa ekspektasi pasar.

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 IHSG BF12M terkonsolidasi di level 13-14x. Hal ini terlihat murah membandingkan historis valuasi IHSG 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.

Revision on JCI Target for 2024F and 2025F

Revision driven by earnings downgrade

JCI Earnings Growth Expectation 2024F & 2025F
In % YoY

Desc	2023	Current	2024F			2025F			Notes
			Bear	Base	Bull	Bear	Base	Bull	
JCI									
Current Price	7,273	6,971	7,096	7,309	7,629	7,675	7,858	8,040	P/E assume at -1 Std Deviation at 14.40x, plus flat on non-fundamental stocks (1.0x premium on valuation). No re-rating valuation going forward
EPS	495		495	510	532	535	548	561	
EPS Growth	3.71%		0.00%	3.00%	7.50%	5.00%	7.50%	10.00%	
P/E	14.7		14.4	14.4	14.4	14.4	14.4	14.4	
Index Target			7,100	7,300	7,600	7,600	7,800	8,000	
Projected Price Return			1.9%	4.7%	9.0%	9.0%	11.9%	14.8%	
MSCI Indonesia									
Current Price	6,758	6,758	6,657	6,923	7,156	7,269	7,442	7,616	Tingkat price return di MSCI Indonesia lebih rendah akibat perbdaan dari valuasi non-fundamental stocks
EPS	514.5		514.46	535.04	553.04	561.79	575.17	588.54	
EPS Growth	3.18%		0.00%	4.00%	7.50%	5.00%	7.50%	10.00%	
P/E	13.1		12.9	12.9	12.9	12.9	12.9	12.9	
Index Target			6,650	6,900	7,150	7,250	7,450	7,600	
Projected Price Return			-1.6%	2.1%	5.8%	7.3%	10.2%	12.5%	

Source: Syailendra Research, Bloomberg

- Berdasarkan hal-hal sebelumnya kami melihat perlunya *downgrade* JCI untuk 2024F dari level 7300. Hal ini juga diakibatkan karena pertumbuhan laba yang dibawah ekspektasi dari sebelumnya. 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
Aug-22	6,791	508	3,012	-153	-4,124	1,603	460	8,098	7,638	-2,895
Sep-22	-1,624	209	-1,805	-216	-5,748	-655	-355	-10,194	-9,839	-20,995
Oct-22	1,026	730	2,129	-12	-3,031	227	-128	941	1,069	12,213
Nov-22	4,679	45	3,028	99	6,476	847	-61	15,113	15,175	9,544
Dec-22	-167	-1,344	-1,305	-109	-2,885	369	-309	-5,750	-5,441	-1,053
Jan-23	-3,660	-204	5,240	122	7,241	545	-82	9,202	9,284	2,226
Feb-23	-639	377	919	-142	1,107	-1,273	-40	309	349	-821
Mar-23	1,816	272	-689	-498	-30	-917	-301	-347	-46	-21,946
Apr-23	1,923	828	616	34	-2,553	-231	-56	562	618	34,505
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	4,016	506	3,816	-46	-93	-1,145	-609	6,444	7,053	-14,157
Apr-24	-1,097	-1,141	1,794	-412	-4,828	108	-288	-5,864	-5,576	19,808
May-24	-3,023	-881	-676	-174	2,708	-455	0	-2,500	-2,500	9,910

Yearly	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia	Japan
YTD	-2,762	-335	13,307	-423	2,610	-2,281	-474	9,641	10,115	40,122
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
2019	14,234	-1,306	924	-240	9,377	-1,496	-2,683	18,811	21,493	-28
2018	-4,617	-3,656	-5,676	-1,080	-12,196	-8,913	-2,885	-39,024	-36,138	-50,284
2017	7,951	-2,960	8,267	1,095	7,415	-796	2,456	23,429	20,973	3,710
2016	2,903	1,259	10,480	83	11,130	2,240	-628	27,468	28,096	-39,762
2015	3,274	-1,580	-3,580	-1,194	3,384	-4,372	-5,062	-9,130	-4,068	3,523

Source: Syailendra Research

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	5.05	4.80	4.90	5.00	5.00	5.10	5.20
Inflation YoY	Average full year	3.72	2.75	3.00	3.25	2.75	3.00	3.25
Fiscal Deficit (% of GDP)	End of year	-3.74	-2.50	-2.30	-2.10	-2.95	-2.80	-2.65
Current Account (% of GDP)	Average full year	-0.14	-1.00	-0.80	-0.60	-1.25	-1.00	-0.75
USDIDR	End of year	15,397	16,200	15,900	15,500	16,250	16,000	15,500
Rates								
Central Bank Rates Indonesia*	End of year	6.00	6.50	6.25	6.00	6.00	5.75	5.25
10 YR Govt Bond Yield IDR	Average full year	6.48	7.25	6.75	6.50	6.50	6.25	6.00
Equities								
JCI	End of year	7,272	7,100	7,300	7,600	7,600	7,800	8,000
Earnings Growth*	End of year	7.5%	0.0%	3.0%	7.5%	5.0%	7.5%	10.0%
P/E*	End of year	14.7	14.4	14.4	14.4	14.4	14.4	14.4

Source: Syailendra Research, Bloomberg

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