SYAILENDRA

Preferred Investment Partner

Monthly Bulletin

October 2024

What's Inside

Calendar

US Initial Jobless Claims (Oct 12)

MBA Mortgage Applications (Oct 25)

Events

Pemerintahan China memutuskan untuk memberikan stimulus untuk membantu pertumbuhan ekonomi, dimulai dari penerbitan obligasi sebesar ~$284 miliar, rate cut terhadap 1 year medium term lending facility dan main policy rate untuk mempermudah peminjaman dan mendukung pertumbuhan ekonomi, beserta stimulus untuk pasar saham di China.

Equity Market

IHSG mencatatkan kinerja di periode 9M24 sebesar +3.5 YTD (*cutoff date*: 30 September 2024). Di saat bersamaan, investor asing melakukan pembelian *(inflow)* sebesar +1,418mio USD.

Top 3 Leaders YTD 1) GOTO, 2) PANI, 3) DNET, dan Top 3 Laggards 1) BREN, 2) AMMN, 3) TPIA

Fixed Income Market

Yield SUN 10 tahun di akhir Agustus'24 tercatat di level 6.76% turun sedikit dari akhir Juli'24 di 6.72%.

Kepemilikan investor asing di SUN terlihat *inflow* sebesar +1,343mio USD

By Syailendra Research Team

Section

01

Macro Updates

2024F & 2025F Macro Background (1)

Evaluating and Updating our macro view this year

Updates on Macro View So Far
Explained

- Memasuki 4Q24 dan melihat dinamika pasar tidak dapat dipungkiri besarnya ketidakpastian atas *trend* macro untuk beberapa *quarter* kedepan sejalan dengan meningkatnya tekanan geopolitik di timur Tengah dan di US, data ekonomi US yang masih terus bergerak dan potensi stimulus ekonomi di China. Secaranya menyeluruh kami melihat beberapa kesimpulan yang dapat ditarik.
    - **Dalam 12 bulan ke depan, kita seharusnya dapat melihat penurunan data tenaga kerja :** Hal ini selaras dengan Fed *Summary economic projection* di bulan Sep'24. Trend yang terjadi dari sisi *vacancy rate* dan *unemployment rate* mendukung hal ini terlepas terdapat lonjakan NFP baru-baru ini ke level 254k.
    - **Pasar belum melakukan *priced-in* atas eskalasi terjadinya Perang di Timur Tengah :** Hal ini dapat dilihat dari War, analisis PCA atas *oil price* dimana kontribusi *geopolitik* jauh dibandingkan level 2022 saat konflik Ukraina-Rusia.
    - **Dari Pemilu Presiden di US ada potensi upside dan downside yang sulit diperhitungkan:** Kedua calon presiden memiliki rencana yang meningkatkan *fiscal deficit* US. Apabila Trump memenangkan kontes pemilu, kami menduga terdapat potensi efek *inflationary* dalam jangka pendek akibat kebijakan tarif ekspor-impor dan potensi penguatan USD sejalan dengan ini. Harris akan cenderung lebih EM *friendly*. Namun, dalam jangka menengah perlu dilihat apakah *fiscal deficit* yang akan terjadi di 2025-2026 akan memiliki transmisi yang sama ke ekonomi seperti yang terjadi di 2021-2023 di mana pertumbuhan laba emiten US menarik minat investor global.

2024F & 2025F Macro Background (2)

Evaluating and Updating our macro view this year

Updates on Macro View So Far
Explained

- Memasuki 4Q24 dan melihat dinamika pasar tidak dapat dipungkiri besarnya ketidakpastian atas *trend* macro untuk beberapa *quarter* kedepan sejalan dengan meningkatnya tekanan geopolitik di timur Tengah dan di US, data ekonomi US yang masih terus bergerak dan potensi stimulus ekonomi di China. Secaranya menyeluruh kami melihat beberapa kesimpulan yang dapat ditarik.

  - **Terlalu awal untuk menilai kebijakan Stimulus China :** Pasar global dalam beberapa minggu terakhir merespon secara positif kebijakan yang diambil PBOC untuk menstimulasi perekonomian China. *T*ujuan dari kebijakan ini lebih di target-kan untuk stabilisasi ekonomi. Hal ini didasarkan atas size dari stimulus dibandingkan *outstanding* inventory housing (*primary* and *secondary*) yang ada di China saat ini. Reaksi awal investor menurut kami lebih banyak unsur short-covering karena investor baik local China maupun global telah sangat *bearish* selama beberapa tahun belakangan*.*

  - **Terlepas dari *rate-cut* yang terjadi, Tingkat Likuiditas masih ketat** : Hal ini di akibatkan oleh tingginya issuance SRBI dimana beberapa minggu terakhir Kembali meningkat di level 15trn per minggu. Ini terlihat dari data perbankan atas *total likuiditas – net* yang berada di level terendah sejak 2020. Adapun hal positif-nya dimana jatuh tempo SRBI cocok dengan jatuh tempo SUN yang besar di tahun 2025.

  - **Ketatnya likuiditas juga mengakibatkan volatilitas IDR yang tinggi yang dipicu dari portfolio flow :** Kami mencoba untuk memodelkan IDR menggunakan beberapa data fundamental. Salah satu hal Kesimpulan yang diambil ialah varians antara model dan data actual dapat dijelaskan dari pergerakan 3M *portfolio flows* (EQ + FI). Apabila tidak terdapat lonjakan portfolio flows, Model ini mencatatkan IDR seharusnya stabil di level 15,250-15,500.

Rate Outlook Has Been Well Communicated

Market re-price rate outlook around dot plot and happen gradually

Fed has been doing very well on communicating rate outlook

Interest rate prob % for Fed Dec'24 meeting

FFR Rate **4.75 - 5.00%**

Interest Rate Probability for Meeting 18-Dec-24

Pasar memiliki ekspektasi 4x rate cut sampai dengan akhir tahun. Pasar pricing-in rate-cut secara berkala dalam 4 bulan terakhir

	Cumulative Probabilities					
Trading Days	3.75-4.00	4.00-4.25	4.25-4.50	4.50-4.75	4.75-5.00	5.00-5.25
29/12/2023	53%	18%	3%	0%	0%	0%
31/01/2024	73%	32%	7%	1%	0%	0%
29/02/2024	2%	12%	29%	57%	25%	6%
28/03/2024	1%	7%	24%	68%	34%	9%
30/04/2024	0%	0%	1%	6%	24%	69%
31/05/2024	0%	0%	1%	11%	34%	54%
28/06/2024	0%	0%	2%	19%	79%	36%
31/07/2024	0%	0%	8%	92%	27%	0%
30/08/2024	3%	22%	75%	30%	0%	0%
30/09/2024	14%	86%	38%	0%	0%	0%

Source: Bloomberg, Syailendra Research

Despite, Market still more dovish than Fed Guidance

Interest rate prob % for each fed meeting

	300-325	325-350	350-375	375-400	400-425	425-450	450-475	Notes
Nov-24	0.0%	0.0%	0.0%	0.0%	0.0%	34.1%	65.9%	Latest FFR : 4.75–5.00%
Dec-24	0.0%	0.0%	0.0%	0.0%	66.2%	33.8%	0.0%	2024 Dot Plot : 4.375
Jan-25	0.0%	0.0%	0.0%	79.5%	20.5%	0.0%	0.0%	
Mar-25	0.0%	0.0%	79.5%	20.5%	0.0%	0.0%	0.0%	
Apr-25	0.0%	48.9%	51.1%	0.0%	0.0%	0.0%	0.0%	
Jun-25	10.4%	89.6%	0.0%	0.0%	0.0%	0.0%	0.0%	
Jul-25	45.5%	54.5%	0.0%	0.0%	0.0%	0.0%	0.0%	
Sep-25	78.1%	22.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Oct-25	99.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2024 Dot Plot : 3.375 2026 & Terminal Rate : 2.875

Source: Bloomberg, Syailendra Research

- Komunikasi fed dengan pasar atas outlook tingkat suku bunga harus diapresiasi. Hal ini memberikan kepercayaan diri bagi investor untuk melakukan rebalancing dengan outlook bunga kedepan dimana pasar saat ini *pricing-in* rate-cut mencapai 3.00-3.25% atau 8x rate cut sampai dengan akhir Oct'24.

Understanding Reason of Rate Cut

Fed expect slowdown or shallow recession with gradual rate cut

Fed Summary Economic Projection signaling slowdown rather than deep recession
In each macro metrics

Variable	Latest (2Q or Aug'24)	Median					Notes
		2024	2025	2026	2027	Longer run	
Real GDP (%YoY%)	3.00	2.00	2.00	2.00	2.00	1.80	Expect deceleration of growth but not much different from long-run
June Proj.		2.10	2.00	2.00			
Unemployment rate (%)	4.20	4.40	4.40	4.30	4.20	4.20	Unemployment only slightly increase from current level
June Proj.		4.00	4.20	4.10		4.20	
PCE Inflation (%)	2.20	2.30	2.10	2.00	2.00	2.00	Inflation expected to continue. However, the model seems doesn't consider shock from commodities such as Oil
June Proj.		2.60	2.30	2.00		2.00	
Core PCE inflation	2.67	2.60	2.20	2.00	2.00		
June Proj.		2.80	2.30	2.00			
Fedderal Funds rate	5.00	4.40	3.40	2.90	2.90	2.90	Fed decide to rate cut faster depsite having similar terminal rate
June Proj.		5.10	4.10	3.10		2.80	

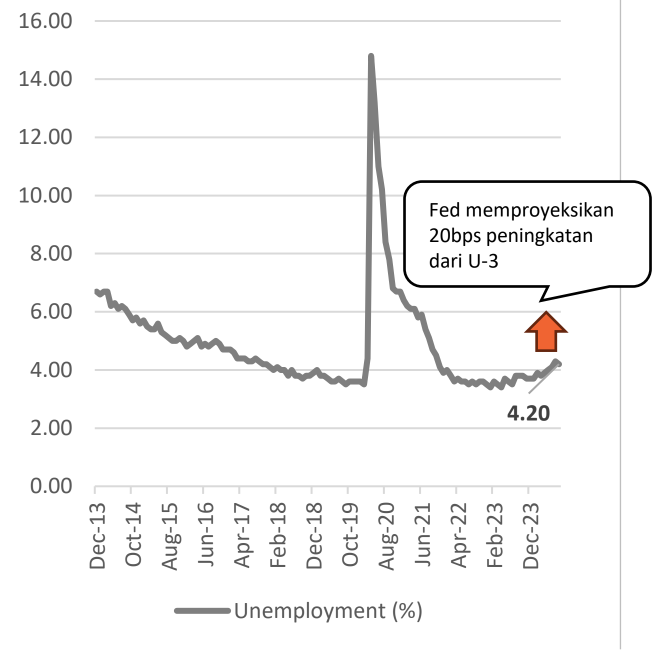
Source: Federal Reserve

- Berdasarkan data *summary of economi project* Sep’24, Terlihat bahwa fed mengkomunikasikan US economy dalam 2 tahun ke-depan mengalami perlambatan. Namun, disisi lain perlambatan ini terlihat gradual terlihat dari unemployment berada di level yang tidak jauh dari sekarang.
- Di sisi lain, Fed melakukan percepatan atas rate-cut dibandingkan SEP Jun’24 terlepas dari *terminal rate* yang sama di level 2.8-2.9%.

US Labor Continue Normalizing

Some wages tracker already record near at 3%

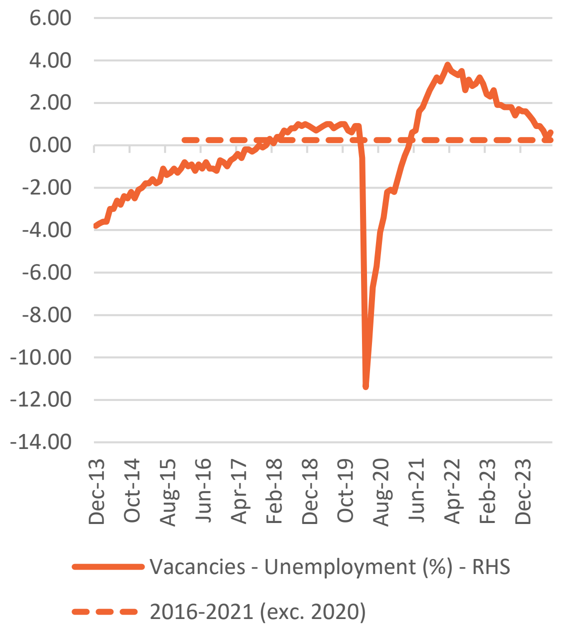
Fed expect unemployment to raise
In unemployment (%)



Fed memproyeksikan 20bps peningkatan dari U-3

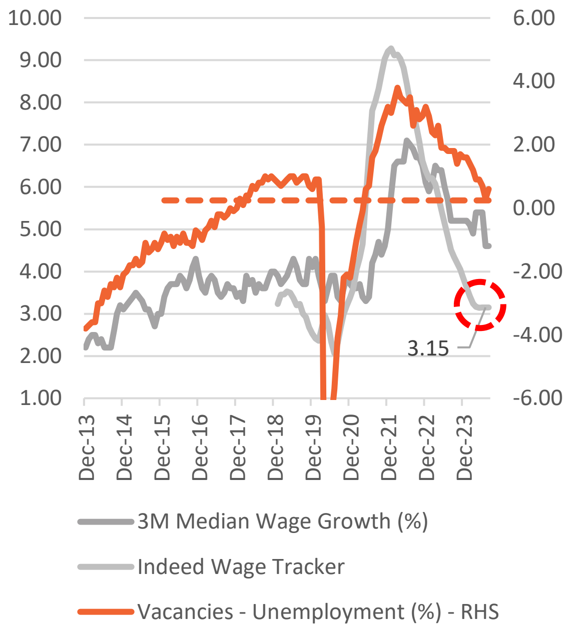
Source: Bloomberg, BLS

Then, Labor situation reach LT avg level
In vacancies – unemployment (%)



Source: Bloomberg, BLS

Expect downward pressure on wages
In wages growth yoy



Source: Bloomberg, Indeed

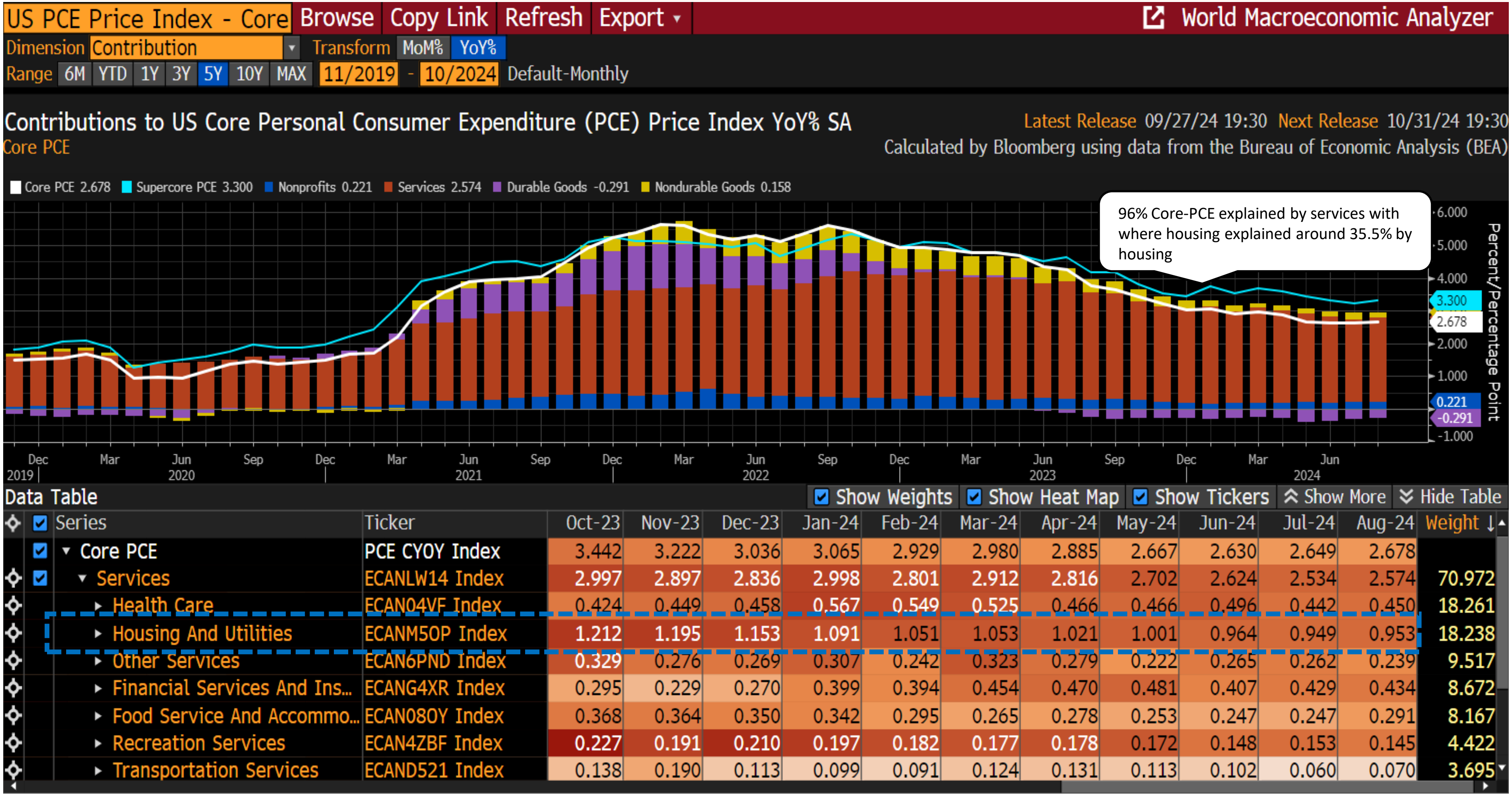
- Apabila US unemployment meningkat hal ini seharusnya memberikan tekanan untuk pencari kerja dimana vacancies-unemployment saat ini berada di level 0.6% vs rata-rata 2016-2021 (exc. 2020) 0.24%.
- Di saat yang bersamaan, tingkat pertumbuhan upah umum-nya berkisar di level 3% dimana indeed telah mengindikasikan (*wage tracker*) di level 3.15%. Adapun dari sisi *real wage* growth berkisar 0.5-1.0%
- Hal ini menandakan dengan wage growth 3%, inflasi mungkin bisa *sustain* pada level yang ditargetkan oleh Fed 2.0 - 2.3%

US Core PCE Range Bound at 2.6%

96% of could be explained from services sector where 35.5% coming from housing

US Core PCE YoY Breakdown

In % YoY



Contributions to US Core Personal Consumer Expenditure (PCE) Price Index YoY% SA

Core PCE

Latest Release 09/27/24 19:30 Next Release 10/31/24 19:30

Calculated by Bloomberg using data from the Bureau of Economic Analysis (BEA)

96% Core-PCE explained by services with where housing explained around 35.5% by housing

Data Table

☑ Series	Ticker	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Weight ↓
☑ ▾ Core PCE	PCE CYOY Index	3.442	3.222	3.036	3.065	2.929	2.980	2.885	2.667	2.630	2.649	2.678	
☑ ▾ Services	ECANLW14 Index	2.997	2.897	2.836	2.998	2.801	2.912	2.816	2.702	2.624	2.534	2.574	70.972
▸ Health Care	ECAN04VF Index	0.424	0.449	0.458	0.567	0.549	0.525	0.466	0.466	0.496	0.442	0.450	18.261
▸ Housing And Utilities	ECANM5OP Index	1.212	1.195	1.153	1.091	1.051	1.053	1.021	1.001	0.964	0.949	0.953	18.238
▸ Other Services	ECAN6PND Index	0.329	0.276	0.269	0.307	0.242	0.323	0.279	0.222	0.265	0.262	0.239	9.517
▸ Financial Services And Ins...	ECANG4XR Index	0.295	0.229	0.270	0.399	0.394	0.454	0.470	0.481	0.407	0.429	0.434	8.672
▸ Food Service And Accommo...	ECAN08OY Index	0.368	0.364	0.350	0.342	0.295	0.265	0.278	0.253	0.247	0.247	0.291	8.167
▸ Recreation Services	ECAN4ZBF Index	0.227	0.191	0.210	0.197	0.182	0.177	0.178	0.172	0.148	0.153	0.145	4.422
▸ Transportation Services	ECAND521 Index	0.138	0.190	0.113	0.099	0.091	0.124	0.131	0.113	0.102	0.060	0.070	3.695

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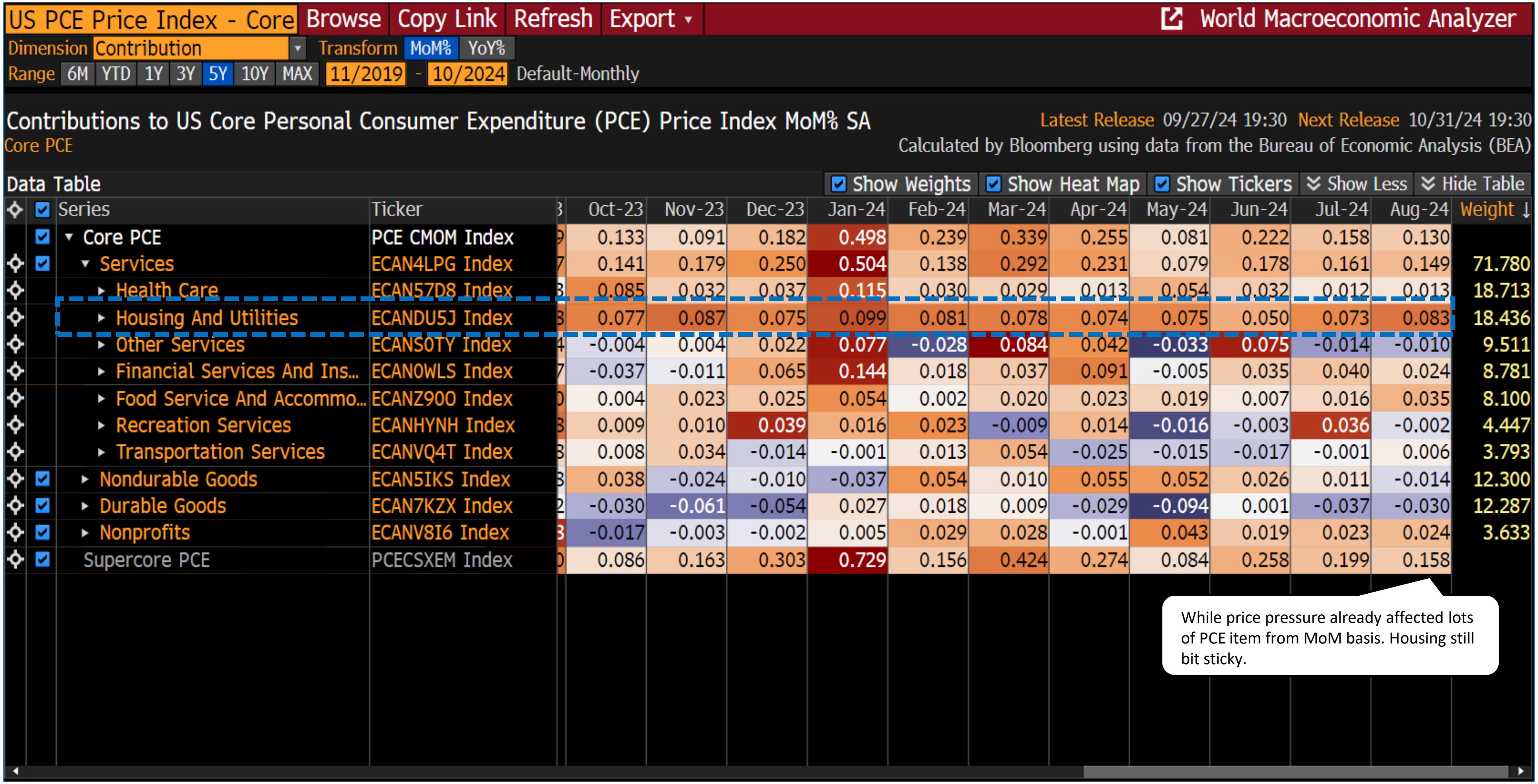
Source: Bloomberg, Syailendra Research

Most of PCE Items Have Cooled

Despite housing still on high level considering historical and other category

US Core PCE YoY Breakdown
In % YoY



Dimension Contribution
Transform MoM%
Range 5Y 11/2019 - 10/2024 Default-Monthly

Contributions to US Core Personal Consumer Expenditure (PCE) Price Index MoM% SA
Core PCE
Latest Release 09/27/24 19:30 Next Release 10/31/24 19:30
Calculated by Bloomberg using data from the Bureau of Economic Analysis (BEA)

Data Table

☑ Series	Ticker	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Weight ↓
☑ ▾ Core PCE	PCE CMOM Index	0.133	0.091	0.182	0.498	0.239	0.339	0.255	0.081	0.222	0.158	0.130	
☑ ▾ Services	ECAN4LPG Index	0.141	0.179	0.250	0.504	0.138	0.292	0.231	0.079	0.178	0.161	0.149	71.780
▸ Health Care	ECAN57D8 Index	0.085	0.032	0.037	0.115	0.030	0.029	0.013	0.054	0.032	0.012	0.013	18.713
▸ Housing And Utilities	ECANDU5J Index	0.077	0.087	0.075	0.099	0.081	0.078	0.074	0.075	0.050	0.073	0.083	18.436
▸ Other Services	ECANS0TY Index	-0.004	0.004	0.022	0.077	-0.028	0.084	0.042	-0.033	0.075	-0.014	-0.010	9.511
▸ Financial Services And Ins...	ECAN0WLS Index	-0.037	-0.011	0.065	0.144	0.018	0.037	0.091	-0.005	0.035	0.040	0.024	8.781
▸ Food Service And Accommo...	ECANZ900 Index	0.004	0.023	0.025	0.054	0.002	0.020	0.023	0.019	0.007	0.016	0.035	8.100
▸ Recreation Services	ECANHYNH Index	0.009	0.010	0.039	0.016	0.023	-0.009	0.014	-0.016	-0.003	0.036	-0.002	4.447
▸ Transportation Services	ECANVQ4T Index	0.008	0.034	-0.014	-0.001	0.013	0.054	-0.025	-0.015	-0.017	-0.001	0.006	3.793
☑ ▸ Nondurable Goods	ECAN5IKS Index	0.038	-0.024	-0.010	-0.037	0.054	0.010	0.055	0.052	0.026	0.011	-0.014	12.300
☑ ▸ Durable Goods	ECAN7KZX Index	-0.030	-0.061	-0.054	0.027	0.018	0.009	-0.029	-0.094	0.001	-0.037	-0.030	12.287
☑ ▸ Nonprofits	ECANV8I6 Index	-0.017	-0.003	-0.002	0.005	0.029	0.028	-0.001	0.043	0.019	0.023	0.024	3.633
☑ Supercore PCE	PCECSXEM Index	0.086	0.163	0.303	0.729	0.156	0.424	0.274	0.084	0.258	0.199	0.158	

While price pressure already affected lots of PCE item from MoM basis. Housing still bit sticky.

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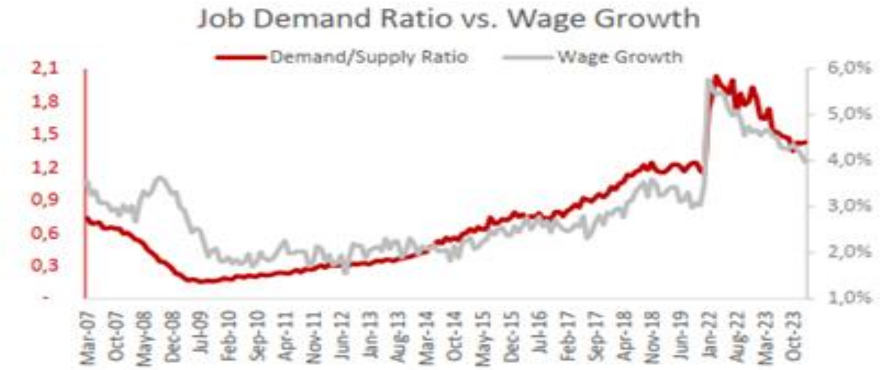
Source: Bloomberg, Syailendra Research

Lower Job Demand Should Pressure Down CPI

It could take a while from 5-6 months based on data analysis

Vacancies-Unemployment high correlation with wage growth

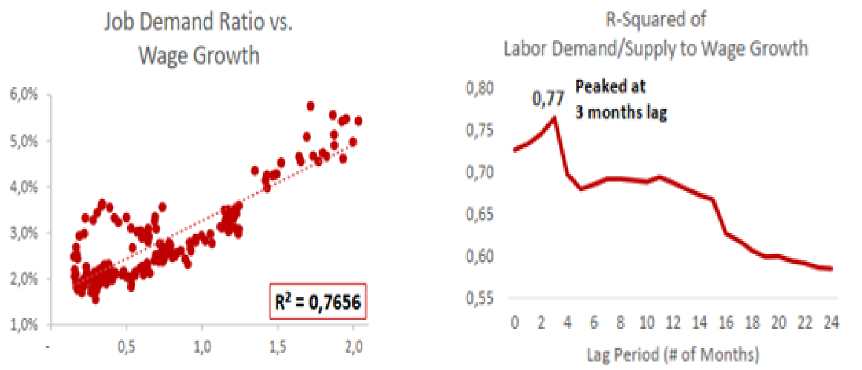
In (%)



Source: Verdhana Sekuritas

Lower Job had 3 month lagged impact to wages

Explained



Source: Verdhana Sekuritas

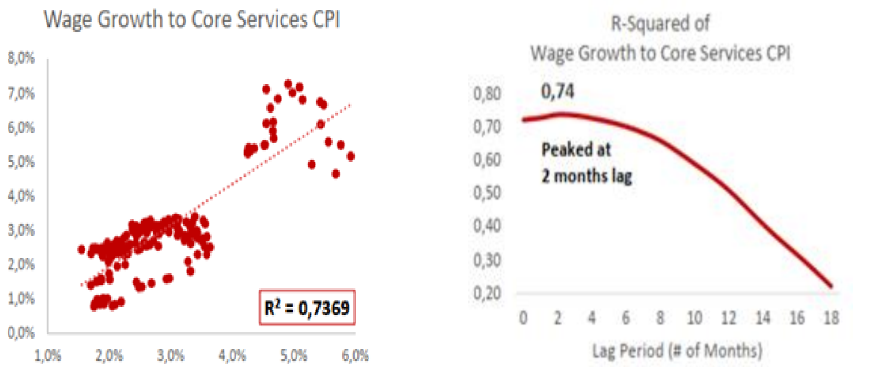
Wage growth had high correlation with CPI Core services

In (%)

Source: Verdhana Sekuritas

Lower Job had 2 month lagged impact to wages

Explained



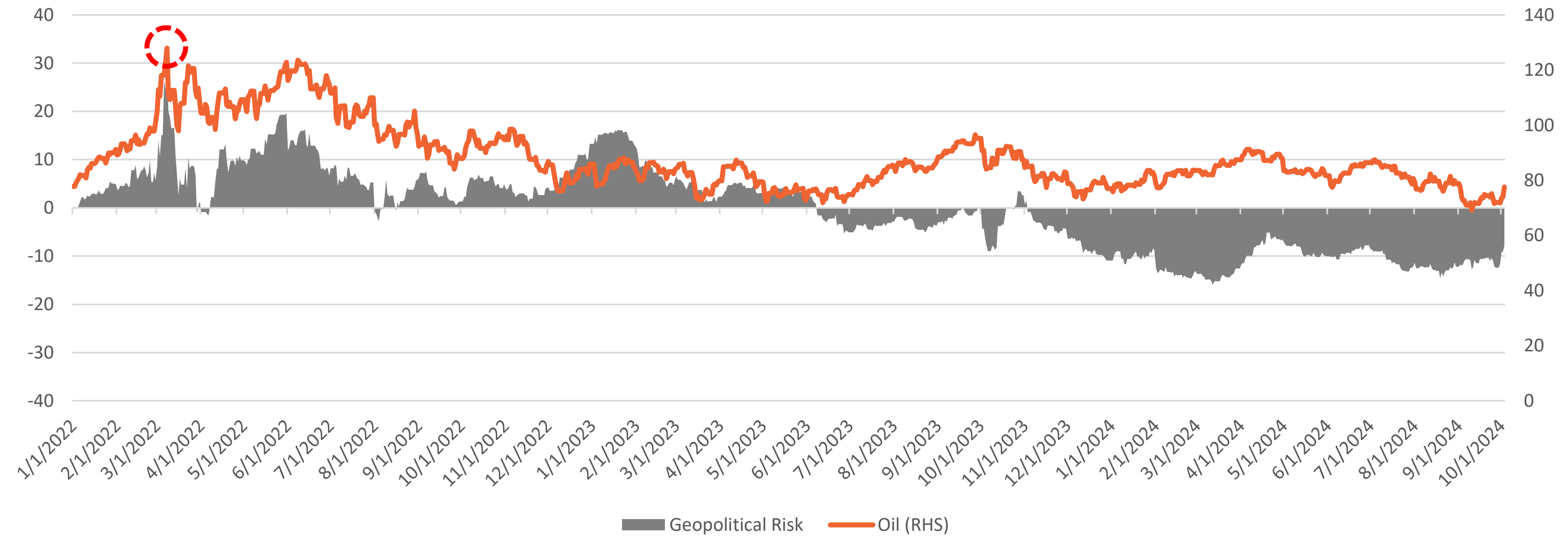
Source: Verdhana Sekuritas

How Much Oil Pricing-in Escalation in War

Market hasn't pricing-in regional wide conflict in comparison of 22 Ukraine-Russia

Using PCA in analyzing oil price movement, we could guess how much geopolitical factor-in the price

In bbl USD



Source: Bloomberg, Syailendra Research

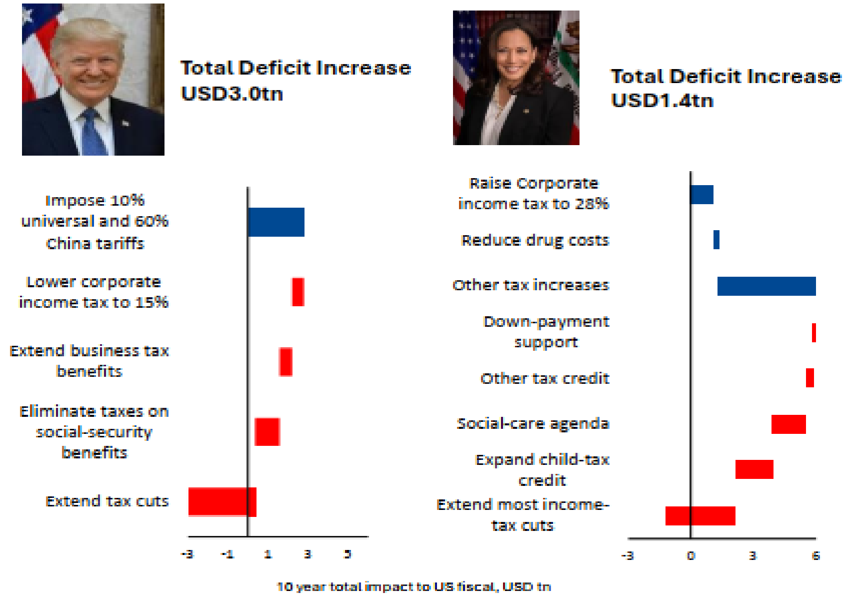
- Dalam beberapa terakhir, Brent telah bergerak dari level 70 USD/Bbl menjadi level 78 USD/Bbl. Berdasarkan *principal component analysis*, kontribusi atas faktor geopolitik meningkat namun belum sama dengan level konflik Ukraina dan Russia.

Both Candidates Are Expected to Increase Deficit, But…

Harris leading the polls but within margin of error

Both president expected to increase US deficits

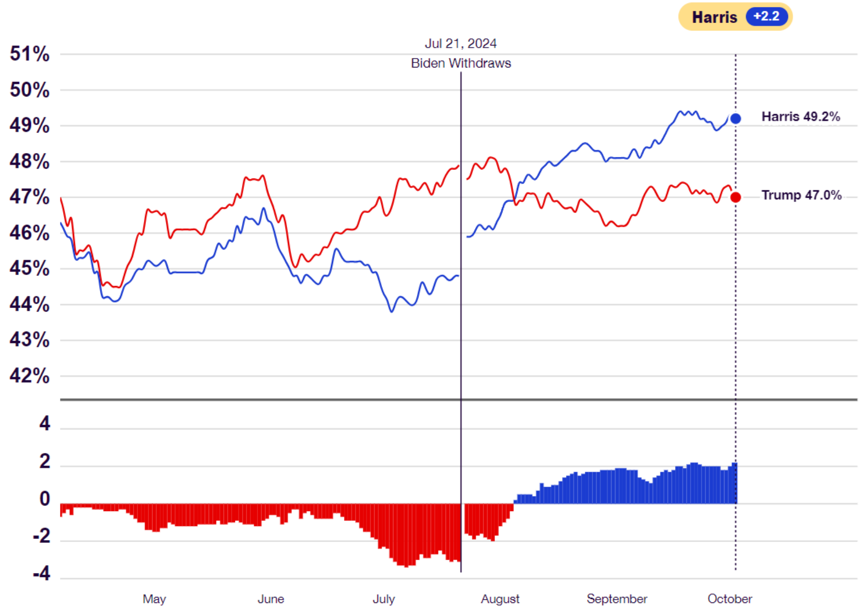
Illustrated



Source: BRI-Danareksa Research

Harris so far leading the election but within margin of error

In %



Source: Realclear Politics

- Kedua calon presiden memiliki rencana yang meningkatkan *fiscal deficit* US. Namun apabila Trump menang, kami menduga terdapat potensi efek *inflationary* dalam jangka pendek akibat kebijakan tarif impor dan potensi penguatan USD sejalan dengan ini. Sehingga Harris cenderung lebih EM *friendly*. Namun, dalam jangka menengah perlu dilihat apakah *fiscal deficit* yang akan terjadi di 2025-2026 akan memiliki transmisi yang sama ke ekonomi seperti yang terjadi di 2021-2023 dimana pertumbuhan laba emiten US menarik minat investor global.

What Do We Know about China Stimulus Program

Big Stimulus yet seems to target stabilize rather than energize the economy

Latest China Policy on Economy
Illustrated

Benchmark Rates

- 50bps cut on Reserve Req. Ratio with 1trn CNY potential liquidity
- 20bps cut on 7D Reverse Repo Rate
- 30bps rate cut on MLF term rate

Mortgage Loan Requirement

- 50bps reduction in mortgage rates
- Lowering min. down payment from 25 to 15%
- 300bio CNY property re-lending program

Stock Market Incentives

- 500bn CNY swap facility for brokerage, funds, insurance, etc.
- 300bio lending facility for buyback

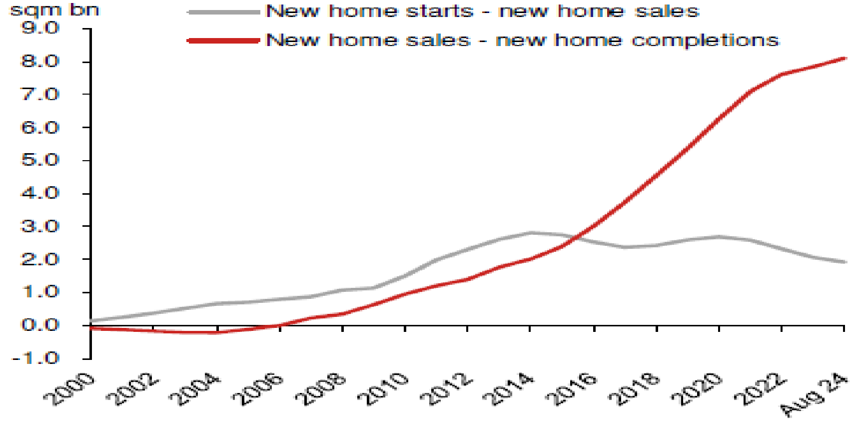
Cash Aid

- One-off cash handout for extreme poverty category and disadvantage group.

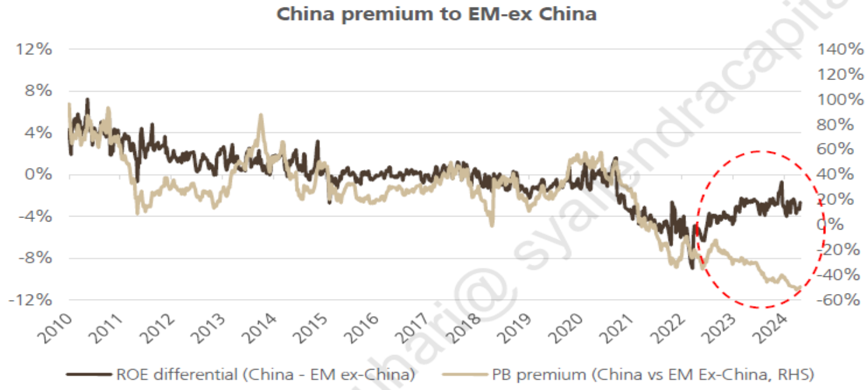
View :

- The size of china unsold flats was very big, it was estimated 3.9trn CNY not including unfinished properties.

China Property Problem wasn't going to solve just in 1-2Y
difference between home sales and completions



Reason why China : Valuation was very Cheap
Considering the ROE differential



Source: Nomura, UBS, BRI-Danareksa, Syailendra Research

What to Expect in Terms of China Rebalance

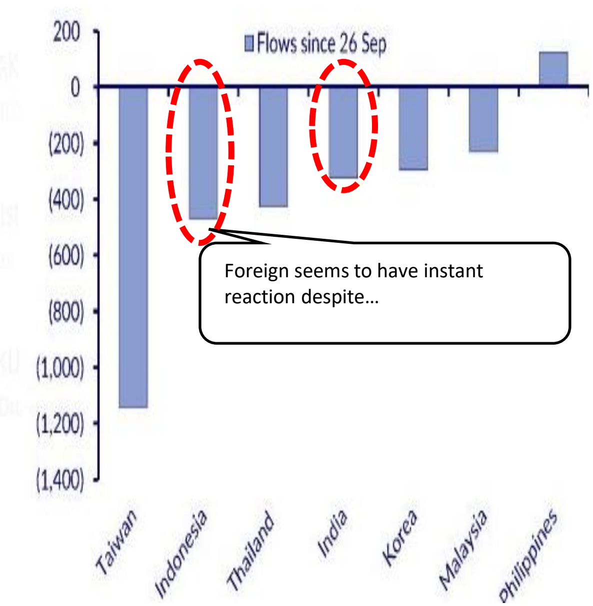
Majority should come from India as they have the biggest net foreign flows

Expected Flow on Asia from China Reb.
in mio USD

MSCI Index	Benc. Active AUM (bio USD)	Cur. Active W% China (%)	Chg. In W% to Neutral (%)	Expected Flow (bio USD)
ACWI	4,291	-0.2	0.2	9
EM	1,042	-1.6	1.6	17
Asia	263	-3.1	3.1	8
Total	**5,596**			**33**

Source: CLSA, Syailendra Research

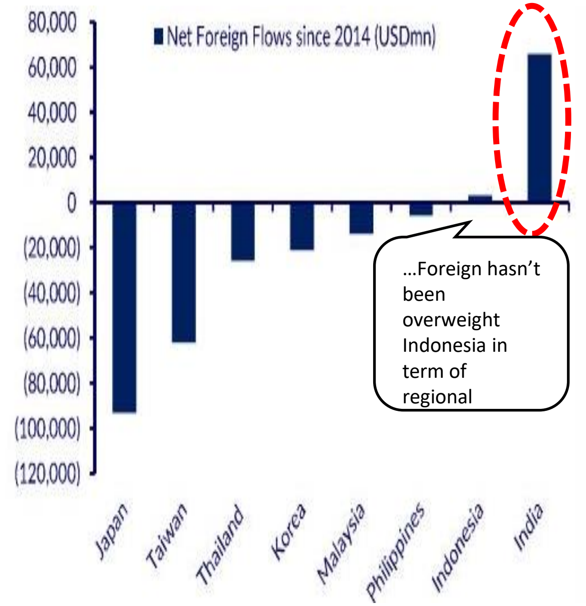
Net Foreign Equity Flow since 26-Sep
in mio USD



Foreign seems to have instant reaction despite…

Source: CLSA

Net Foreign Equity Flow since 2014
in mio USD



…Foreign hasn't been overweight Indonesia in term of regional

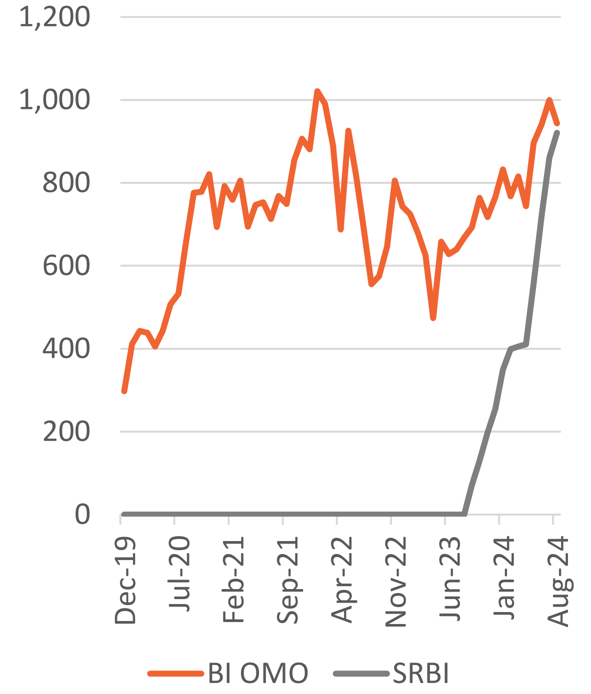
Source: CLSA

- Tak dapat dipungkiri, Indonesia terkena dampak saat sentimen stimulus china. Namun, melihat posisi foreign investor in regional. Apabila terdapat rebalancing menyeluruh dari China seharusnya regional yang terkena paling besar ialah India. Karena sejak 2014 foreign investor telah overweight regional India. . Namun, outflow india masih lebih kecil dibandingkan Indonesia

Liquidity was Still Tight despite Rate Cut

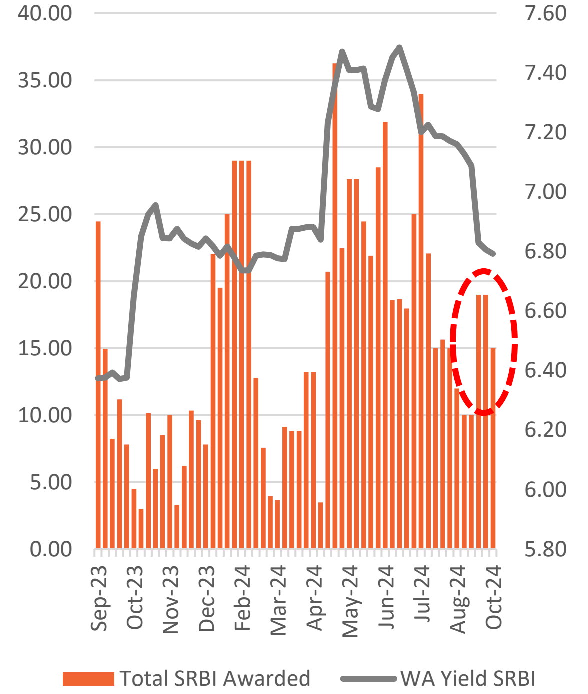
Elevated OMO and SRBI might cause lowest banking excess liquidity

SRBI = Majority of OMO
In trn IDR



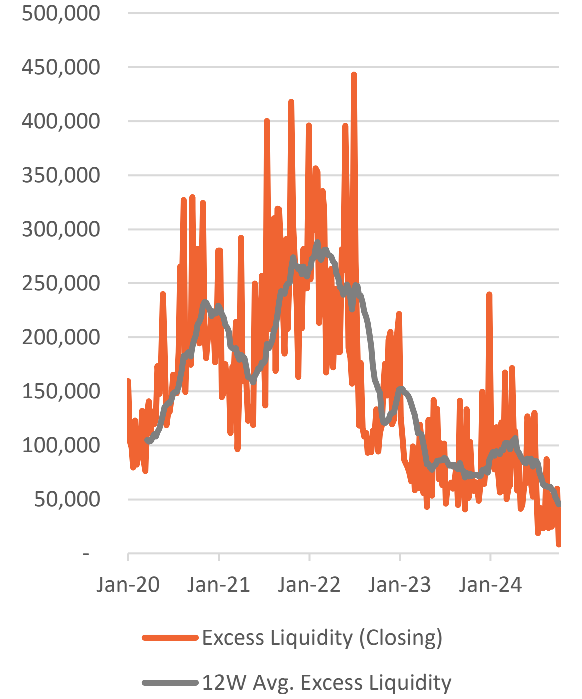
Source: Blooomberg, BI

SRBI Issuance increase in W4 Sep'24
In trn IDR, yield awarded



Source: Blooomberg, BI

Excess Liquidity breach new low
In bio IDR



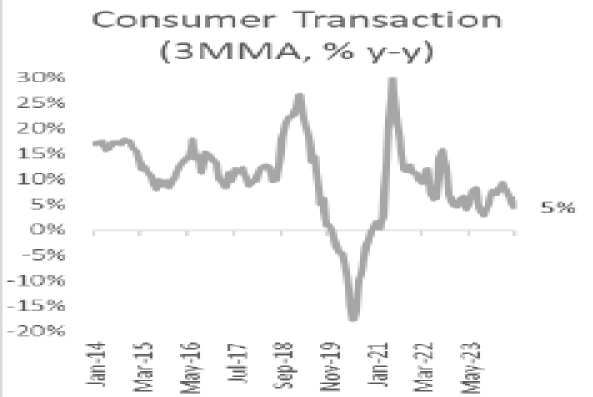
Source: Blooomberg, BI

- Terlepas dari pemotongan suku bunga yang terjadi di bulan lalu. Kami melihat likuiditas perbankan masih ketat, hal ini diakibatkan OMO BI yang masih berada di tinggi.

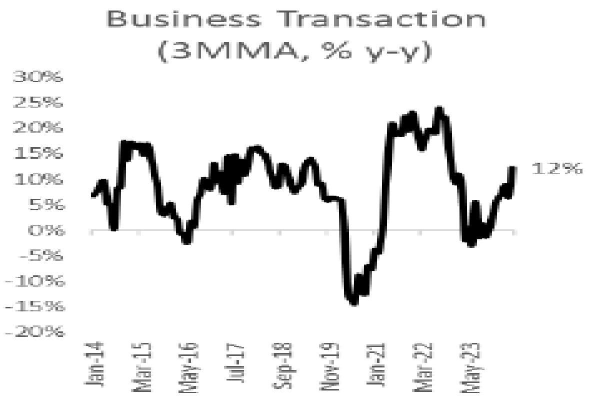
Despite, Tight Liquidity Things Improved

Money velocity improved on the back of business transaction rather consumer

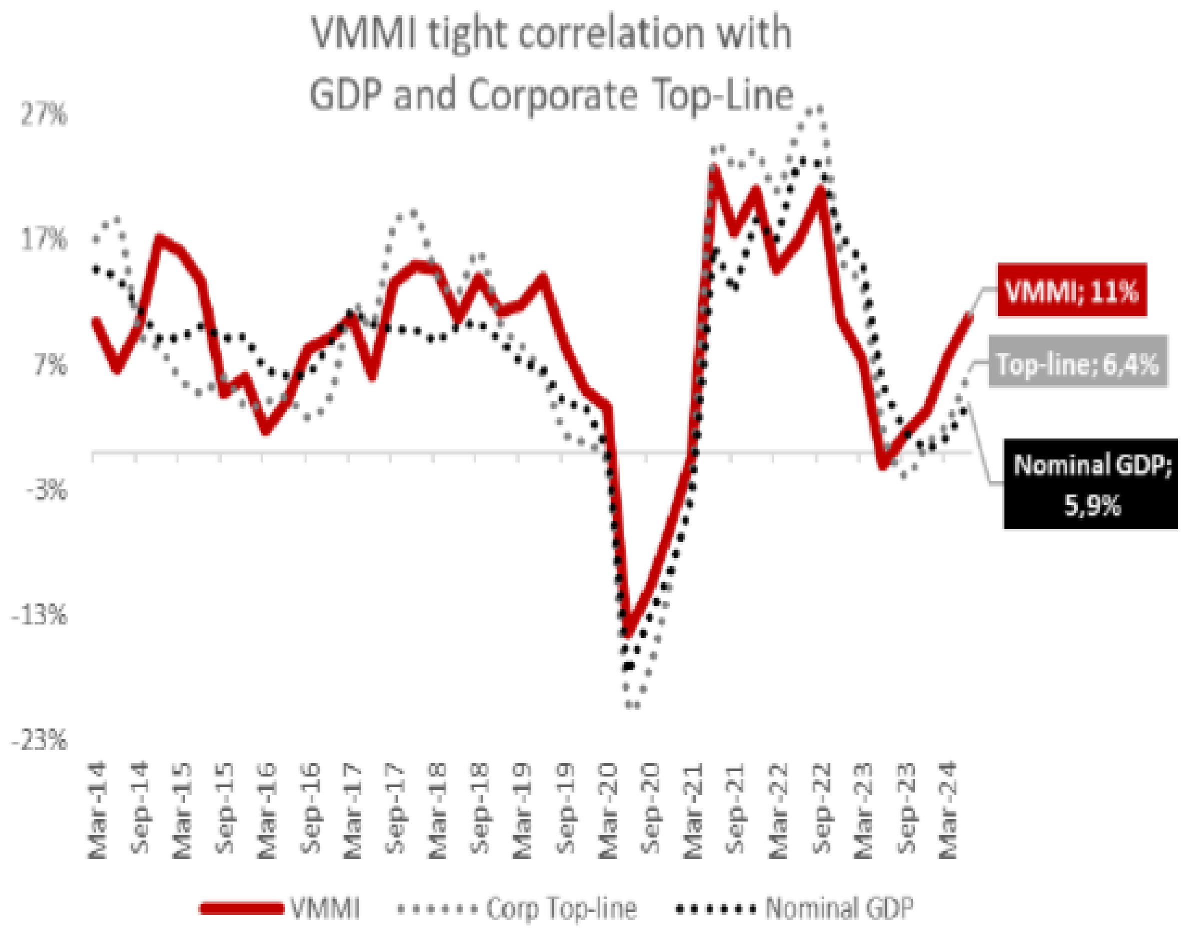
Trend of Consumer Transcation
In 3MMA % yoy



Trend of Business Transcation
In 3MMA % yoy



Overall transaction has been improved since 2023
In % yoy



SYAILENDRA

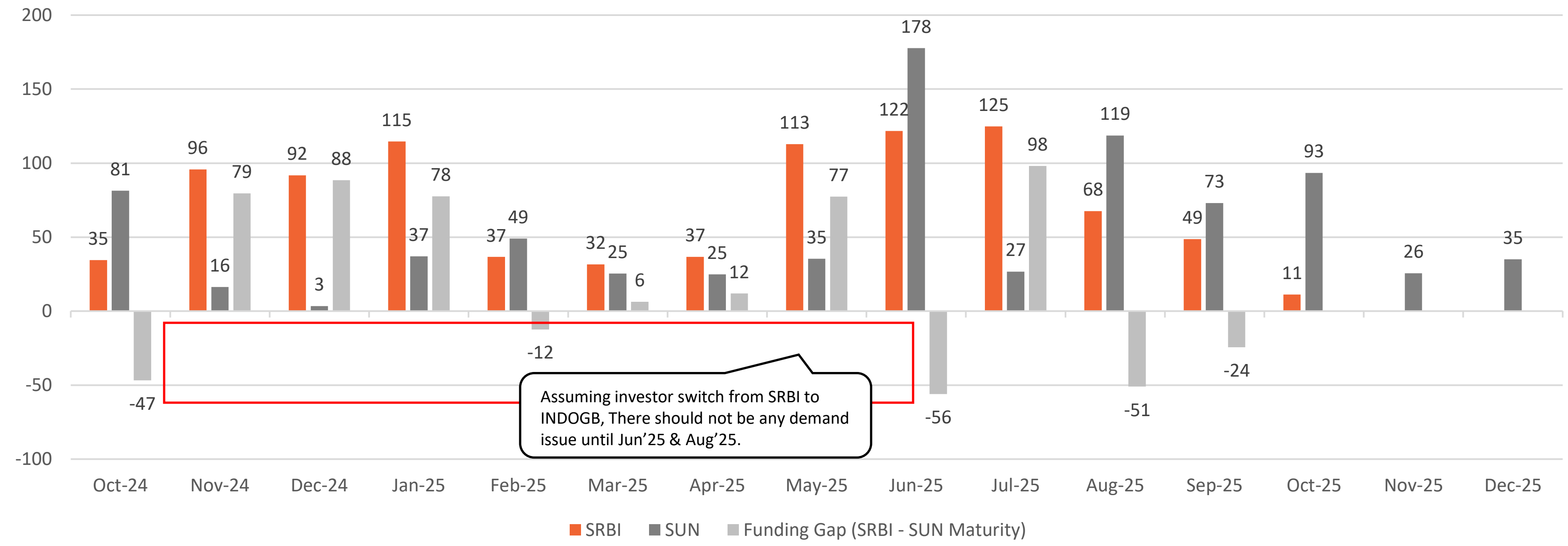
Source: Nomura, UBS, BRI-Danareksa, Syailendra Research

The Good News was SRBI might help Govt Funding Gap

SRBI Maturity coincide with SUN Maturity in 2025F

SRBI and Indo govies maturity profile more or less match

In trn IDR



Assuming investor switch from SRBI to INDOGB, There should not be any demand issue until Jun’25 & Aug’25.

- Tingginya SRBI ini dapat menjadi hal baik mengingat tingginya jatuh tempo SUN Indonesia memasuki tahun 2025. Berdasarkan pemetaan diatas setidaknya *funding gap* akan aman sampai dengan Jun’25.

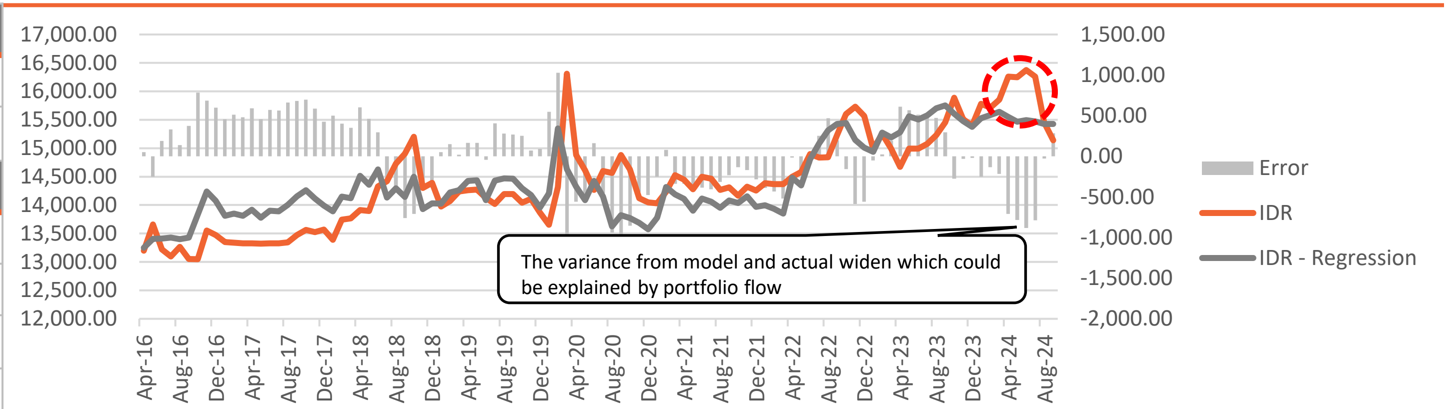
IDR Could Over or Undershoot due to Flows…

Despite our base model expecting IDR around 15,250-15,500

From IDR modelling, 1H24 IDR was an overshoot.

In trn IDR

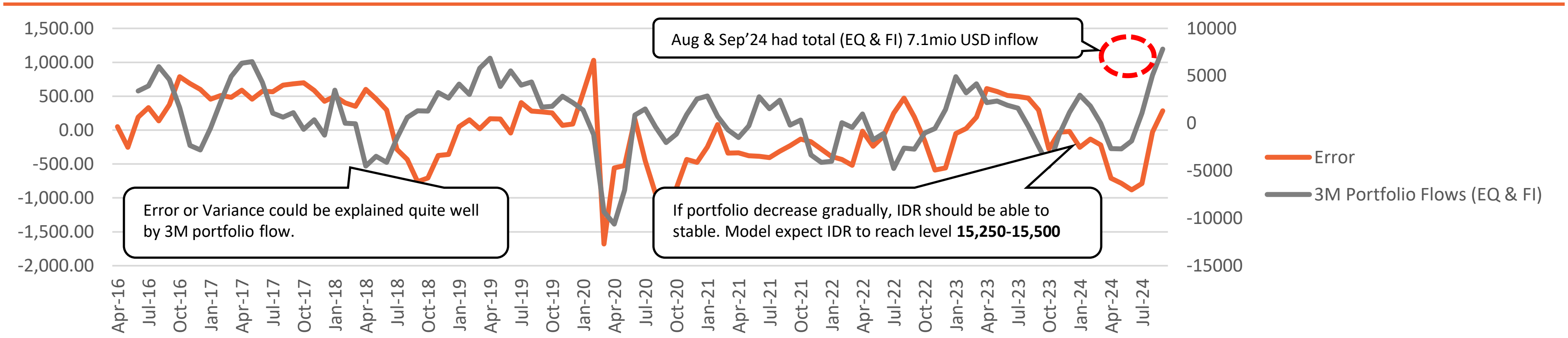
Regression Statistics		
R Square	65.5%	
Adjusted R Square	64.5%	
	Coef.	*P-value*
Intercept	12,467.7	0.0%
DXY	32.4	1.4%
Fed/7D BI Rate Spread	-592.7	0.0%
3M IDR NDF Points	4.0	0.0%



The variance from model and actual widen which could be explained by portfolio flow

However, Past 2 months IDR Appreciation also affected by huge inflow in Aug & Sep'24

In mio USD



Aug & Sep'24 had total (EQ & FI) 7.1mio USD inflow

Error or Variance could be explained quite well by 3M portfolio flow.

If portfolio decrease gradually, IDR should be able to stable. Model expect IDR to reach level **15,250-15,500**

Source: Syailendra Research

Section

02

Fixed Income

2024F & 2025F Fixed Income Narrative

Potential faster rate-cut following higher issuance on INDOGB

Updates on Our View this month
Explained

- Memasuki 4Q24 dan melihat dinamika pasar tidak dapat dipungkiri besarnya ketidakpastian atas *trend* macro hal ini terlihat dari volatilitas yang terjadi di *govies*. Dibawah merupakan pandangan dan asumsi kami melihat 2025F :

  - **Kami melihat *reasonable* untuk FFR berakhir di range 3.25-3.50% pada tahun 2025 :** Apabila *rate-cut* diikuti dengan perlambatan secara gradual. Menurut kami, yield curve *steepening* juga akan berjalan secara gradual. Sehingga, Long-term yield bisa menurun tidak hanya short-term yield curve.

  - ***Gross Bond Supply* meningkat dari 2024F, Tetapi terdapat beberapa hal yang mungkin menjadi surprise** : Berdasarkan laju *auction* saat ini. Tinggi potensi *pre-funding* mencapai level 100-150trn. Hal ini cukup sesuai mempertimbangkan kebutuhan yang besar untuk tahun 2025F. Apabila terdapat penggunaan SAL sebesar 150trn bahkan dengan asumsi kami -2.8% *fiscal deficit*. Peningkatan *auction* setiap 2 minggu seharusnya *reasonable*. Dari *awarded auction* 35trn (YTD Oct'24) menjadi 37.5trn di tahun 2025F or 5-7.5% yoy.

  - **Maturity dari SRBI diharapkan dapat membantu Issuance Maturity dari INDOGB :** Adapun hal positif-nya dimana jatuh tempo SRBI cocok dengan jatuh tempo SUN yang besar di tahun 2025.

- Berdasarkan hal-hal diatas dan asumsi makro yang kami gunakan Inflasi US kecenderungan menurun diikuti oleh perlambatan ekonomi dari US, IDR berada di level 15,500 , UST 3.5%, dan beberapa hal lainnya. Kami melihat **Fair Yield** untuk **INDOGB 10Y** di level **6.25** dengan range antara worst dan best case scenario dari 7.20-6.00

INDOGB Peers Comparison

INDOGB spread already in par with peers except 4 high yield countries

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.	2025F	2025F Inflation	2025F	2025F	
Brazil	12.19	182	6.49	8.18	1.70	3.70	8.49	-1.79	-6.98	BB
South Africa	10.45	-93	7.49	6.44	-1.05	4.30	6.15	-2.20	-4.55	BB
India	6.82	-37	3.31	2.82	-0.49	4.50	2.32	-1.05	-4.90	BBB-u
Italy	3.57	-12	-0.19	-0.43	-0.24	1.85	1.72	1.50	0.35	BBBu
Portugal	2.77	14	-1.25	-1.23	0.02	1.85	0.92	1.40	0.35	A-u
Mexico	9.55	62	5.06	5.55	0.49	3.80	5.75	-0.60	-4.00	BBB+
Romania	6.70	48	2.35	2.70	0.36	3.85	2.85	-6.40	-5.50	BBB-
Hungary	6.51	64	1.99	2.51	0.52	3.60	2.91	1.60	-4.40	BBB-
Colombia	10.29	33	6.08	6.28	0.21	4.20	6.09	-3.20	-5.00	BBB-
Indonesia	6.75	30	2.57	2.75	0.17	2.75	4.00	-1.00	-2.70	BBB
Average Peers in BBB & BB*			**-3.88**	**3.56**			**5.47**			
Spain	3.02	4	-0.90	-0.98	-0.09	2.20	0.82	2.40	-2.90	Au
South Korea	3.12	-5	-0.71	-0.88	-0.18	2.00	1.12	3.40	-1.00	AA
China	2.18	-37	-1.32	-1.82	-0.50	1.40	0.78	1.20	-4.95	A+
Chile	5.25	-23	1.60	1.24	-0.35	3.87	1.38	-2.80	-2.10	A+
Thailand	2.55	-12	-1.20	-1.45	-0.25	1.40	1.15	3.10	-4.00	A-
Malaysia	3.76	3	-0.15	-0.24	-0.09	2.60	1.16	2.40	-3.70	A
Poland	5.47	28	1.31	1.46	0.15	4.40	1.07	0.25	-5.50	A
Average Peers in A Credit			**-3.88**	**-0.38**			**1.07**			
United States	4.00	12				2.20	1.80	-3.3	-6.5	AA+u

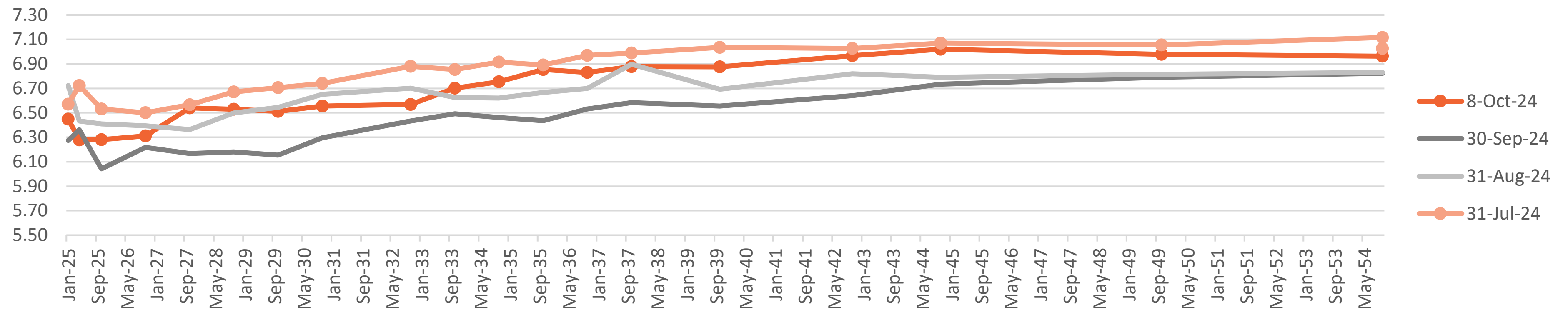
Source: Bloomberg, Syailendra Research

INDOGB Curve back to Jul’24 Level

Middle to Long curve spread increase since mid Sep’24

INDOGB Yield Curve

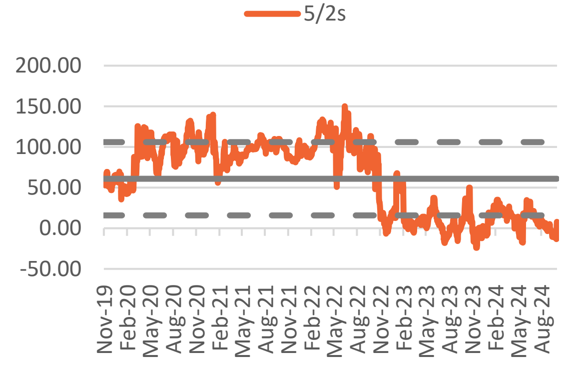
In ppt



Source: Bloomberg, Syailendra Research

5/2s Historical Spread

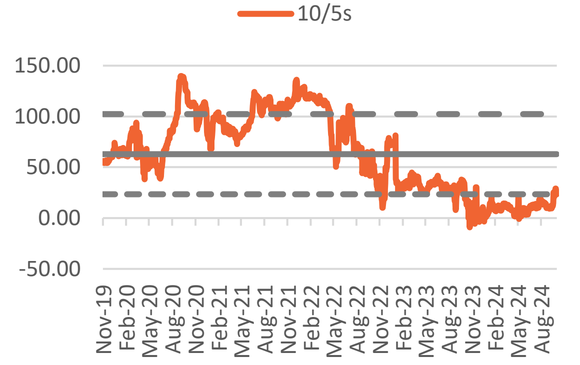
In bps



Source: Bloomberg, Syailendra Research

10/5s Historical Spread

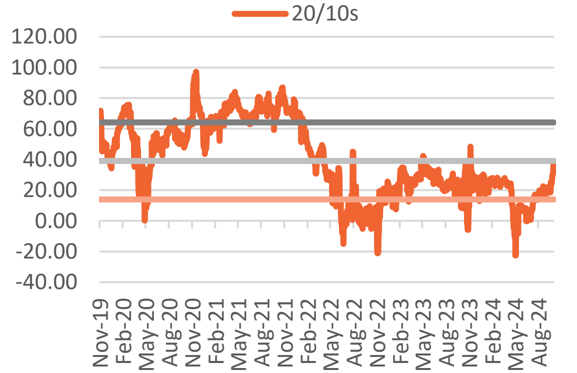
In bps



Source: Bloomberg, Syailendra Research

20/10s Historical Spread

In bps



Source: Bloomberg, Syailendra Research

Updates on Government Bond Auction

Current auction pace implying 150trn pre-funding for next year budget

Current Pace implying 150trn in pre-funding

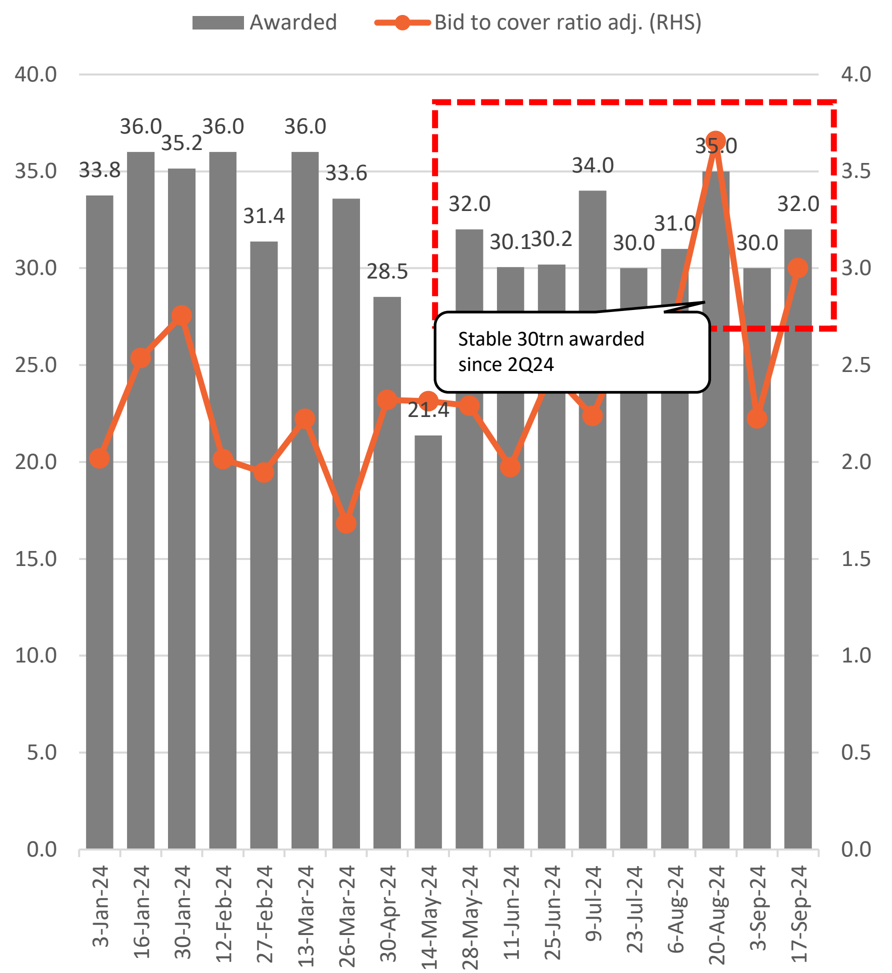
In IDR trn

Government Securities	Govt Bond Issuance Realization YTD (6-Aug-24)	Calculation Forecast 2024	Remaining Issuance Target
Fiscal Deficit (% GDP)			
Budget Deficit		-609.70	
% of GDP		**-2.70**	
Nominal GDP		22,581.48	
Component of Deficit Fin.			
Deficit Financing		609.70	
Debt Financing			
Government bonds - nett		451.90	
Loan program - nett		101.20	
Investment Financing		-92.00	
Loan Financing		-2.60	
Liability Financing		-0.80	
Others		152.00	
Gross Bond Supply			
Government bonds - nett		451.90	
SUN Maturity in 1Y		563.44	
Gross Bond Supply		**1,015.34**	
Issuance Bonds			
Gross Bond Supply	890.86	1,165.34	274.48
Gross Local Currency Bonds	759.53		
Prefunding	39.05	**150.00**	110.95
Auction Program	608.10	712.94	104.84
Retail Bonds	108.61	152.32	43.71
Private Placement	3.77	26.92	23.15
Gross Foreign Currency Bonds	131.31	123.16	-8.15
Avg. Per 2 weeks auction	**34.98**		**28.77**

Source : Syailendra Research, DJPR

Bid-Awarded Ratio bounce back

In trn and time of bid size



Stable 30trn awarded since 2Q24

Liquidity Need to Get Better to Reach 40trn per 2W

However, Looking pre-funding and SAL it might not reach 40trn

Govt Bond Issuance Realization 2024 YTD

In IDR trn

Government Securities	Govt Bond Issuance Realization YTD (6-Aug-24)	Calculation Forecast 2024	Remaining Issuance Target
Fiscal Deficit (% GDP)			
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Gross Foreign Currency Bonds	131.31	123.16	-8.15
Avg. Per 2 weeks auction	**34.98**		**28.77**

Govt Bond Issuance Realization 2025F

In IDR trn

Government Securities	Outlook in 2024	APBN 2025	APBN 2025 (SC Views)	Chg.	Chg. YoY
Fiscal Deficit (% GDP)					
Budget Deficit	609.7	616.2	682.0		
% of GDP	-2.7	-2.5	-2.8		
Component of Deficit Financing					
Deficit Financing	609.7	616.2	682.0	72.3	11.9%
Debt Financing	553.1	775.8			
Government bonds - nett	451.9	642.6	558.7	106.8	23.6%
Loan program - nett	101.2	133.2	133.2		
Investment Financing	-92.0	-154.5	-154.5		
Loan Financing	-2.6	-5.4	-5.4		
Liability Financing	-0.8	0.0	0.0		
Others (Prefunding Usage)	152.0	0.3	**150.0**		
Gross Bond Supply					
Government bonds - nett	451.9	642.6	558.7	89.0	19.7%
SUN Maturity in 1Y	563.4	723.3	723.3	83.1	14.8%
Prefunding (Fundraising)	150.0		0.0		
Gross Bond Supply	**1,165.3**	**1,365.9**	**1,281.9**	322.1	27.6%
Issuance Bonds					
Gross Bond Supply	1,165.3	1,365.9	1,281.9	322.1	27.6%
Gross Local Currency Bonds					
Prefunding	**150.0**				
Auction Program	712.9	959.1	900.1	108.7	15.3%
Retail Bonds	152.3	204.9	192.3	25.8	17.0%
Private Placement	26.9	36.2	34.0	4.6	17.0%
Gross Foreign Currency Bonds	123.2	165.7	155.5	33.0	26.8%
Avg. Per 2 weeks auction	**36.0**	**40.0**	**37.5**	1.5	4.3%

Source : Syailendra Research, DJPR

Indonesia Bonds Ownership

Banks continue to sell-off its INDOGB position during 3Q24

Ownership on Tradeable Indonesia Government Bonds
In IDR Trn

Year	Bank	Central Bank	Mutual Fund	Insurance & PF	Foreign	Retail	Others	Total
Yearly								
2016	22.5%	7.6%	4.8%	18.4%	37.5%	3.3%	5.9%	100.0%
2017	23.4%	6.8%	5.0%	16.6%	39.8%	2.9%	5.6%	100.0%
2018	20.3%	10.7%	5.0%	17.5%	37.7%	3.1%	5.7%	100.0%
2019	21.1%	9.5%	4.8%	17.1%	38.6%	2.9%	5.9%	100.0%
2020	35.5%	11.7%	4.2%	14.0%	25.2%	3.4%	6.0%	100.0%
2021	34.0%	17.1%	3.4%	14.0%	19.0%	4.7%	7.7%	100.0%
2022	32.0%	19.2%	2.7%	16.4%	14.4%	6.5%	8.8%	100.0%
2023	26.5%	19.4%	3.2%	18.5%	14.9%	7.7%	9.8%	100.0%
YTD	19.5%	25.0%	3.2%	18.7%	14.7%	8.7%	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	-339	386	10	64	29	82	51	283
Interim								
1Q	-81	123	1	20	-31	19	21	71
2Q	-133	120	1	42	-3	44	21	92
3Q	-124	143	8	2	62	19	9	120

Source : Syailendra Research, DJPPR

Indonesia Bonds Ownership

Banks doesn't add more position on SRBI despite sell-off in INDOGB

Total SRBI - Net

In IDR trn

Total	Bank	Res.	Non-Res.	Others	Total
Oct-23	116.1	0.2	13.9	0.0	130.2
Nov-23	159.2	0.2	37.3	1.1	197.7
Dec-23	189.3	0.2	62.2	2.8	254.5
Jan-24	264.5	0.2	83.7	1.6	350.0
Feb-24	297.0	0.2	87.7	14.5	399.4
Mar-24	311.7	1.0	82.4	9.9	405.0
Apr-24	320.4	2.0	75.2	13.2	410.7
May-24	384.6	7.0	152.2	14.5	558.2
Jun-24	461.3	41.4	192.5	25.9	721.1
Jul-24	537.7	63.8	236.0	22.8	860.3
Aug-24	534.8	77.3	250.6	58.1	920.8

Source : Bank Indonesia

Ownership of SRBI

In IDR trn

Total	Bank	Res.	Non-Res.	Others	Total
Oct-23	89.2	10.8	0.1	10.7	0.0
Nov-23	80.5	18.9	0.1	18.9	0.5
Dec-23	74.4	24.5	0.1	24.4	1.1
Jan-24	75.6	24.0	0.1	23.9	0.5
Feb-24	74.4	22.0	0.0	22.0	3.6
Mar-24	77.0	20.6	0.3	20.3	2.4
Apr-24	78.0	18.8	0.5	18.3	3.2
May-24	68.9	28.5	1.3	27.3	2.6
Jun-24	64.0	32.4	5.7	26.7	3.6
Jul-24	62.5	34.9	7.4	27.4	2.7
Aug-24	58.1	35.6	8.4	27.2	6.3

Source : Bank Indonesia

Net Change of SRBI

In IDR trn

Total	Bank	Res.	Non-Res.	Others	Total
Oct-23	49.6	0.1	9.0	0.0	58.7
Nov-23	43.1	0.0	23.4	1.1	67.5
Dec-23	30.1	0.0	24.9	1.8	56.8
Jan-24	75.2	0.0	21.6	-1.2	95.6
Feb-24	32.5	0.0	4.0	13.0	49.4
Mar-24	14.7	0.8	-5.3	-4.6	5.6
Apr-24	8.7	1.0	-7.2	3.3	5.8
May-24	64.2	5.0	77.0	1.3	147.5
Jun-24	76.7	34.4	40.3	11.4	162.8
Jul-24	76.4	22.5	43.5	-3.1	139.2
Aug-24	-2.9	13.5	14.6	35.3	60.5

Source : Bank Indonesia

- Terlepas dari penjualan yang dilakukan oleh perbankan di INDOGB, posisi sektor perbankan untuk SRBI tidak terdapat pertambahan di bulan Aug'24.

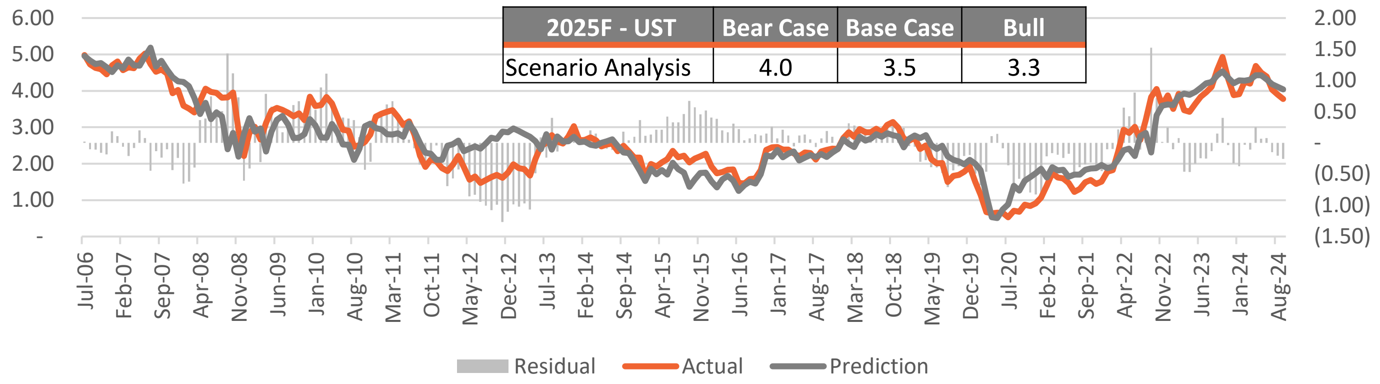
INDOGB Fair Yield for 2025F

We believe with 6x rate cut next year, INDOGB should be at 6.25

Modelling UST 10Y with base case scenario at 3.5

In YTM

Parameter	Results
Adjusted R Square	83.3%
Output Summary	
Intercept	-1.5
FFR Effective	0.4
Inflation Expectation	1.5
Core CPI vs Expectation	-0.1
Unemployment U-3	-0.1

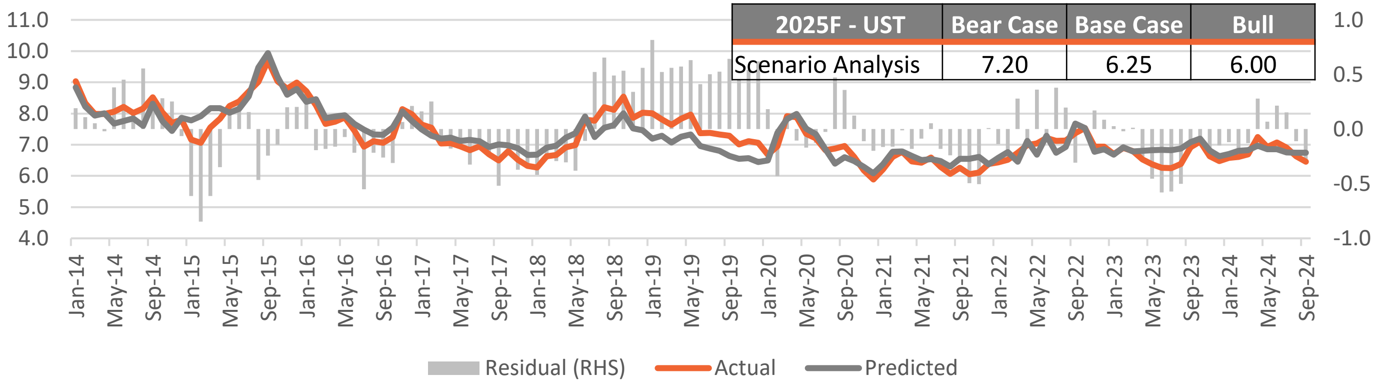


2025F - UST	Bear Case	Base Case	Bull
Scenario Analysis	4.0	3.5	3.3

Modelling INDOGB 10Y with base case scenario at 6.25

In YTM

Base Scenario	Results
Adjusted R Square	80.19%
Output Summary	
Intercept	6.08
USGG10YR	0.30
CDS 5YR	0.01
NDF 3M Pts	0.00328
USDIDR	-0.00008



2025F - UST	Bear Case	Base Case	Bull
Scenario Analysis	7.20	6.25	6.00

Section

03

Equity

2024F & 2025F Equity Narrative

Non-Fundamental Issue, Bottom-Picking and Interest Rate Beneficiary

Updates on Our View this month

Explained

- Memasuki 4Q24 dan melihat dinamika pasar tidak dapat dipungkiri besarnya ketidakpastian atas *trend* macro untuk beberapa *quarter* kedepan. Secaranya menyeluruh kami melihat beberapa kesimpulan yang dapat ditarik dari sisi pengelolaan portfolio :
    - **Weighting yang semakin besar dari saham-saham non-fundamental :** dimana memiliki 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.
    - **Fokus pengelolaan dengan mengedepankan Fleksibilitas dan Sektor Neutral** : Hal ini dapat kami lakukan dengan melakukan pendekatan *Bottom-up/Stock Picking Strategy* tanpa melihat tematik sektor,
    - **Adapun *interest rate outlook* dapat membantu kinerja IHSG :** mengingat sektor finansial sebesar 30% dari bobot IHSG dan merupakan Indonesia merupakan perbankan dengan ROE terbesar di regional.
- Di 3Q24, Kami melakukan pendekatan yang berbeda untuk level IHSG dimana terdapat dua *price-level* yaitu JCI Adj. dan JCI Headline. Hal ini diakibatkan kontribusi saham-saham non-fundamental yang terjadi dalam 2 tahun terakhir.
- Konsensus melihat pertumbuhan laba memasuki 2025F dan 2026F akan Kembali diatas level 10% dan kami menaruh valuasi di level yang sama mengutamakan prinsip konservatif. Target IHSG Headline untuk 2025F di level 8200.

Global Indices Performance

It had been good quarter for equity overall yet big cap was hit

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)	12.31%	1.85%	8.21%	6.34%	26.33%	20.64	4.46	18.19
2	S&P 500 (US)	20.81%	2.02%	5.53%	9.67%	34.38%	20.93	4.09	17.61
3	Nasdaq (US)	21.17%	2.68%	2.57%	11.05%	37.60%	35.84	5.43	13.23
4	London (UK)	14.51%	2.80%	9.71%	8.27%	22.82%	14.65	1.79	10.66
5	DAX (GR)	15.36%	2.21%	5.97%	4.50%	25.60%	12.41	1.48	10.72
6	CAC (FP)	1.23%	0.06%	2.09%	-6.95%	7.02%	12.43	1.88	12.88
Asia Market									
1	Nikkei (JP)	13.31%	-1.88%	-4.20%	-6.07%	19.03%	23.15	1.91	10.35
2	Hang Seng (HK)	23.97%	17.48%	19.27%	27.76%	18.66%	9.51	1.05	10.04
3	Shanghai (CN)	12.15%	17.39%	12.44%	9.71%	7.27%	13.44	1.34	9.26
4	Shenzhen (CN)	17.10%	20.97%	16.07%	13.58%	8.90%	13.10	1.58	11.50
5	NFT (IN)	18.77%	2.28%	7.50%	15.60%	31.43%	22.44	3.55	15.31
6	Kospi (KR)	-2.34%	-3.03%	-7.31%	-5.58%	5.20%	16.40	0.96	4.93
ASEAN Market									
1	Singapore (SG)	10.65%	4.13%	7.58%	11.21%	11.43%	11.20	1.09	9.99
2	Kuala Lumpur (MK)	13.35%	-1.78%	3.70%	7.35%	15.78%	15.78	1.29	9.73
3	Thailand (TH)	2.33%	6.60%	11.37%	5.14%	-1.54%	19.86	1.47	7.59
4	Vietnam (VN)	13.98%	0.32%	3.42%	0.30%	11.59%	15.01	1.73	12.32
5	Philipines (PH)	12.75%	5.44%	13.42%	5.35%	15.05%	12.58	1.56	11.26
Indonesia Market									
1	JCI / IHSG (ID)	3.51%	-1.86%	6.57%	3.28%	8.47%	17.12	1.97	11.07
2	JII / ISSI (ID)	6.58%	0.50%	8.30%	8.11%	4.45%	13.34	1.86	14.51
3	IDX30 (ID)	-2.59%	0.72%	8.89%	-3.75%	-2.23%	17.16	2.23	13.24
4	LQ45 (ID)	-3.26%	-0.59%	5.77%	-4.77%	-1.45%	16.41	2.10	13.05

Source: Syailendra Research, Bloomberg

Equity Peers Comparison

Indonesia valuation and earnings comparable with peers

Global Indices Historical Performance

In % of return

Desc.	P/E		EPS Growth		P/B		ROE	
	2025	2026	2025	2026	2025	2026	2025	2026
MSCI SEA	**13.4**	**12.4**	**8.1%**	**8.2%**	**1.6**	**1.5**	**11.9**	**12.2**
Indonesia	**13.5**	**12.1**	**9.0%**	**11.2%**	**2.2**	**2.0**	**16.4**	**17.0**
Malaysia	13.9	13.0	9.2%	7.2%	1.4	1.3	9.8	10.1
Phillipines	12.3	11.3	10.6%	8.0%	1.7	1.5	13.5	13.3
Singapore	12.7	12.0	5.1%	6.0%	1.5	1.4	11.7	11.9
Thailand	16.1	14.8	13.4%	8.6%	1.7	1.6	10.6	10.8
MSCI AxJ	**13.3**	**11.8**	**14.2%**	**12.6%**	**1.7**	**1.5**	**12.2**	**12.5**
Hong Kong	14.2	13.1	6.8%	7.9%	1.1	1.0	7.5	7.8
India	22.9	21.4	16.8%	7.2%	4.0	3.6	17.1	16.0
Korea	7.9	7.1	25.1%	11.6%	0.9	0.8	11.2	11.4
Taiwan	16.6	14.5	16.7%	14.4%	2.7	2.4	15.9	16.7
MSCI EMEA	**9.9**	**9.0**	**16.9%**	**10.7%**	**1.5**	**1.2**	**15.0**	**12.5**
South Africa	9.8	8.7	26.5%	13.1%	1.7	0.9	16.5	9.2
Turkey	4.1	3.1	71.4%	30.8%	0.7	0.6	17.5	17.2
MSCI LATAM	**8.6**	**7.9**	**17.1%**	**9.5%**	**0.6**	**0.4**	**6.6**	**5.4**
Brazil	7.9	7.3	18.1%	9.5%	1.2	1.1	15.5	15.5
Mexico	10.9	10.1	12.7%	8.0%	1.8	1.6	16.6	15.9
MSCI EMEA	**9.9**	**9.0**	**16.9%**	**10.7%**	**1.5**	**1.2**	**15.0**	**12.5**
MSCI World	**18.4**	**16.8**	**11.0%**	**9.9%**	**3.1**	**2.8**	**15.7**	**15.8**
Australia	18.1	17.5	2.0%	3.6%	2.4	2.3	12.8	12.8
Europe	13.7	12.7	7.6%	8.4%	1.9	1.8	13.3	13.5
Japan	14.9	13.2	2.2%	12.8%	1.4	1.3	9.3	9.7
USA	20.8	18.8	13.8%	10.6%	4.3	3.8	19.3	19.0
Local Index								
JCI	13.6	12.1	6.2%	12.2%	1.9	1.8	14.4	15.1

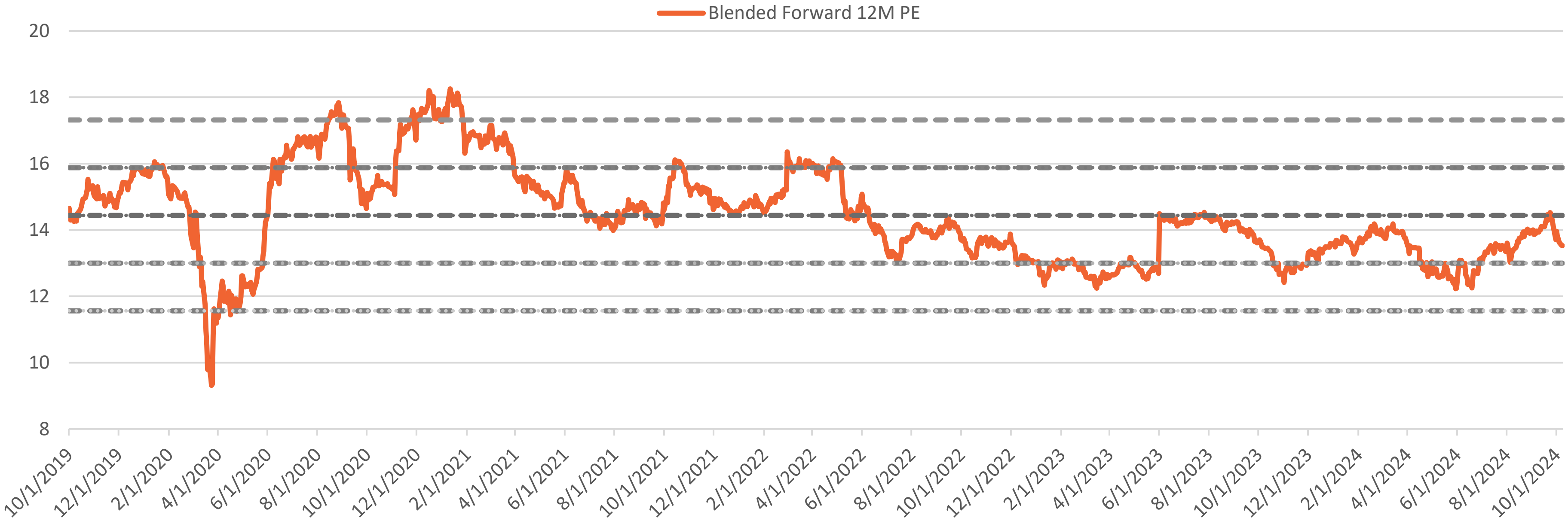
Source: Syailendra Research, Bloomberg

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.

2025F Earnings Outlook

Market expect earnings growth back to above 10%

EBIT/PPOP Growth Outlook 2025F and 2026F

In % YoY

Sector	Weight	2025F		2026F	
		EBIT/PPOP Growth	Cont.	EBIT/PPOP Growth	Cont.
Financials	30.3	11.2	3.4	10.7	3.2
Communication Services	6.7	9.2	0.6	6.5	0.4
Consumer Staples	6.8	11.2	0.8	15.6	1.1
Materials	3.3	26.4	0.9	25.6	0.8
Consumer Discretionary	1.2	17.0	0.2	13.2	0.2
Health Care	2.3	12.9	0.3	13.1	0.3
Industrials	3.7	2.5	0.1	-1.0	0.0
Information Technology	0.0	13.4	0.0	7.5	0.0
Utilities	0.7	-5.1	0.0	0.2	0.0
Real Estate	1.3	0.8	0.0	6.1	0.1
Energy	4.4	-5.1	-0.2	-3.3	-0.1
Subtotal	**60.8**	**9.9**		**9.8**	

Source : Syailendra Research, Bloomberg

Net Profit Growth Outlook 2025F and 2026F

In % YoY

Sector	Weight	2025F		2026F	
		NPAT Growth	Cont.	NPAT Growth	Cont.
Financials	30.8	11.9	3.7	12.6	3.9
Communication Services	6.7	13.7	0.9	5.8	0.4
Consumer Staples	6.8	13.3	0.9	18.3	1.2
Materials	3.3	23.4	0.8	25.1	0.8
Consumer Discretionary	1.4	39.9	0.6	19.2	0.3
Health Care	2.3	12.8	0.3	16.2	0.4
Industrials	3.6	3.7	0.1	2.5	0.1
Information Technology	0.0	13.4	0.0	7.2	0.0
Utilities	0.7	-2.8	0.0	-1.8	0.0
Real Estate	1.3	-2.5	0.0	7.3	0.1
Energy	4.4	-3.7	-0.2	-2.2	-0.1
Subtotal	**61.3**	**11.5**		**11.5**	

Source : Syailendra Research, Bloomberg

- Konsensus memiliki ekspektasi kembalinya tingkat pertumbuhan laba JCI ke level diatas 10%. Salah satu sektor yang memiliki ekspektasi tingkat pertumbuhan tinggi ialah *materials* seperti sektor *nickel,* TINS, BRMS.

2025F Earnings Outlook : Revision So Far

Cement has the biggest downward revision with few other companies

2025F Net Profit Has Been Downgraded by 5%

In % YoY

Sector	Weight	2025F		Notes
		Revision	Cont.	
Financials	30.78	-3.58	-1.10	Biggest revision coming from BBRI
Communication Services	6.72	-8.07	-0.54	Biggest revision coming from TLKM
Consumer Staples	6.65	-6.19	-0.41	Biggest revision coming from CPIN and AMRT
Materials	4.89	-32.99	-1.61	Biggest revision coming from cement, nickel and ANTM.
Consumer Discretionary	1.41	-13.36	-0.19	
Health Care	2.30	-3.15	-0.07	
Industrials	3.45	-4.95	-0.17	
Information Technology	0.00	0.00	0.00	
Utilities	0.68	41.85	0.29	
Real Estate	1.31	-6.80	-0.09	
Energy	4.36	11.01	0.48	
Subtotal	**62.55**	**-5.48**		

Top Ten Companies with Earnings Upgraded

In % YTD

No	Top Ten Revision	Sector	Earnings Revision 2025F
1	SRTG	Financials	38.83
2	PTBA	Energy	33.73
3	ADMR	Materials	32.37
4	JPFA	Consumer Staples	26.26
5	BSDE	Real Estate	23.19
6	SIDO	Consumer Staples	22.62
7	UNTR	Energy	19.70
8	EXCL	Communication Services	16.11
9	HRUM	Energy	14.37
10	JSMR	Industrials	11.55

Top Ten Companies with Earnings Upgraded

In % YTD

No	Bottom Ten Rev.	Sector	Earnings Revision 2025F
1	MDKA	Materials	-61.59
2	BBYB	Financials	-60.34
3	ENAK	Consumer Discretionary	-59.36
4	LPKR	Real Estate	-47.80
5	WINS	Energy	-43.76
6	GGRM	Consumer Staples	-43.73
7	INKP	Materials	-42.09
8	MBMA	Materials	-41.96
9	ASRI	Real Estate	-41.95
10	PRDA	Health Care	-41.63

How Do We Intepret JCI Level Now

We saw two price level of JCI with and without non-fundamental factor

How do we come-up with JCI Level in midst of non-fundamental stocks

Ilustrated

Desc	2023	2024F			2025F			2026F		
		Bear	Base	Bull	Bear	Base	Bull	Bear	Base	Bull
Our Methodology to Forecast JCI										
JCI Equity Return and Composition (%)	100.0%	1. Identify 2023-2024 return contributed from non-fundamental stocks. 2. Categorize JCI weighting based on three category (fundamental-cover, non-fundamental, non-cover). 3. Create return contribution (mirror to SOTP) for each category as follows : • Earnings Growth x PE Re-rating for Fundamental Coverage • -25%/Flat/+25% from Non-Fundamental • -10%/Flat/+10% from Non-Coverage								
Fundamental-Coverage	65.8%									
Non-Fundamental	19.6%									
Non-Coverage	14.6%									
Result										
JCI Price Level	**7,273**	**7,060**	**7,742**	**8,491**	**7,342**	**8,204**	**8,951**	**7,954**	**8,713**	**9,471**
Non-Fundamental Factor	-459	-346	-794	-1,242	-262	-794	-1,326	-262	-794	-1,326
JCI Index Adj.	**6,813**	**6,714**	**6,948**	**7,249**	**7,080**	**7,410**	**7,625**	**7,692**	**7,918**	**8,145**
Our JCI Price Level Target (Inc. Non-Fundamental)	**7,273**	**7,100**	**7,700**	**8,500**	**7,400**	**8,200**	**8,900**	**8,000**	**8,800**	**9,500**
Price Return YoY%		-2.4%	5.9%	16.9%	-3.9%	6.5%	15.6%	-2.4%	7.3%	15.9%
Assumption										
Fundamental-Coverage										
EPS Growth	-1.39%	0.00%	3.00%	7.50%	5.00%	10.00%	12.50%	7.50%	10.00%	12.50%
P/E	14.5	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2

Foreign Equity Flows

JCI still record positive inflow due outflow begin at end of Sep'24

Monthly Data	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia	Japan
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
May-24	-3,023	-881	-676	-174	2,708	-455	314	-2,186	-2,500	9,910
Jun-24	3,111	-92	3,821	-104	1,773	-950	-13	7,546	7,559	-1,086
Jul-24	3,347	411	1,240	60	-11,562	-47	282	-6,269	-6,551	527
Aug-24	1,393	1,847	-2,078	143	-2,519	-170	587	-797	-1,384	-9,821
Sep-24	**5,944**	**1,418**	**-5,727**	**346**	**-3,642**	**867**	**110**	**-684**	**-794**	**-35,744**

Yearly	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia	Japan
YTD	**12,131**	**4,390**	**8,768**	**434**	**-8,513**	**-2,689**	**1,094**	**15,615**	**14,522**	**-25,809**
2023	21,427	-353	10,705	-863	6,933	-5,507	-514	31,827	32,341	29,092
2022	-15,392	4,058	-7,860	-1,029	-38,259	6,616	1,451	-50,416	-51,867	23,345
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

Rolling our Macro and Benchmark Assumption for 2024F, 2025F and 2026F

Syailendra Macro Indicator and Benchmark
In each unit

Desc	Unit	Syailendra								
		2024F			2025F			2026F		
		Bear	Base	Bull	Bear	Base	Bull	Bear	Base	Bull
Macro Indicator										
GDP Growth YoY	Average full year	4.80	4.90	5.00	5.00	5.10	5.20	5.10	5.20	5.30
Inflation YoY	Average full year	2.00	2.50	3.00	2.25	2.75	3.25	2.50	2.75	3.25
Fiscal Deficit (% of GDP)	End of year	-2.50	-2.30	-2.10	-2.95	-2.80	-2.65	-2.95	-2.80	-2.65
Current Account (% of GDP)	Average full year	-1.00	-0.80	-0.60	-1.50	-1.25	-1.00	-1.75	-1.25	-1.00
USDIDR	End of year	16,100	15,800	15,500	16,000	15,500	15,250	15,750	15,500	15,250
Rates										
Central Bank Rates Indonesia*	End of year	5.75	5.50	5.25	4.75	4.50	4.25	4.75	4.25	4.00
10 YR Govt Bond Yield IDR	Average full year	7.00	6.50	6.25	7.20	6.25	6.00	6.25	5.75	5.50
Equities										
JCI Headline	End of year	7,100	7,700	8,500	7,400	8,200	8,900	8,000	8,800	9,500
JCI Adj.	End of year	6,700	6,900	7,200	7,100	7,400	7,600	7,700	7,900	8,200
Earnings Growth*	End of year	0.00%	3.00%	7.50%	5.00%	10.00%	12.50%	7.50%	10.00%	12.50%
P/E*	End of year	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2

Source: Syailendra Research, Bloomberg

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