SYAILENDRA

Preferred Investment Partner

# Monthly Bulletin

January 2025

## What's Inside

**Calendar**

US – Change in NFP (10-Jan-25)

CN – Industrial Production YoY (17-Jan-25)

US – Trump Inauguration (20-Jan-25)

**Events**

**China**

Pemerintah China terus memberikan stimulus ekonomi untuk mengatasi *local government debt* dan juga memberikan signal atas stimulus ke depannya.

**Domestic**

Program Makan Bergizi Gratis (MBG) telah berjalan pada 6 Jan 2025.

**Equity Market**

IHSG mencatatkan kinerja sepanjang tahun 2024 sebesar -2.65% YoY (*cutoff date*: 30 Desember 2024). Di saat bersamaan, investor asing melakukan penjualan *(outflow)* sebesar 313 juta USD di bulan December.

Top 3 Leaders YTD 1) DSSA, 2) BREN, 3) AMMN, dan Top 3 Laggards 1) BBRI, 2) TLKM, 3) MDKA

**Fixed Income Market**

Yield SUN 10 tahun di akhir Desember'24 tercatat di level 7.019% meningkat 12bps dari akhir November'24 di 6.87%.

Kepemilikan investor asing di SUN terlihat *inflow* IDR *4.61trn* di bulan December'24


By Syailendra Research Team

Section

# 01

# Macro Updates

# 2025F Macro Background

## Evaluating and Updating our macro view this year

**Updates on Macro View So Far**

Explained

- Memasuki tahun 2025 dapat dikatakan merupakan tahun transisi baik dari sisi pemerintahan baru dan potensi rezim perekonomian baru. Hal ini terlihat jelas baik dari perubahan eksternal global ataupun internal domestik makro Indonesia. Hal ini memiliki implikasi atas pergerakan harga asset dan peningkatan volatilitas. Terdapat beberapa hal yang menurut kami akan menjadi penentu arah market kedepan :

  - **Kemenangan Trump di US (*Red-Sweep Scenario*) :** Kemenangan Trump di akhir 2024 memiliki implikasi yang berbeda dengan yang terjadi di tahun 2016. Hal ini karena partai *republican* memenangkan semua cabang pemerintahan (*presidency, senate* dan *house*). Hal ini memberikan keleluasaan bagi Trump untuk mengeksekusi wacana dan rencana yang dipaparkan sepanjang kampanye. Sebagian hal mungkin memiliki konsekuensi langsung terhadap EM termasuk Indonesia seperti: *1) Higher Trade Tariff,* 2) *Tax cut incentives, dan* 3) *Immigration Rules.*

  - **Pemerintah China terus melakukan penyesuaian kebijakan melalui Stimulus Ekonomi :** Komite dari *National People Congress of China* mengumumkan stimulus sebesar 10trn CNY (1.4trn USD), untuk mengatasi *local government debt* dan juga memberikan signal atas stimulus ke depannya.

  - **Indonesia berpotensi menjadi beneficiary atas strategi China+1** : Semenjak terjadinya *Trade War*, China telah merelokasi basis manufaktur ke berbagai negara termasuk *South East Asia,* seperti Vietnam dan Malaysia. Salah satu yang sudah terlihat ialah banyaknya beberapa smelter komoditas dari negara *china* yang mengembangkan operasi di Indonesia. Dengan meningkatnya tensi perang dagang, terdapat potensi lanjutan dari *supply chain* dioperasikan di Indonesia.

  - **Menurut kami global financial market telah dengan cepat mengasumsikan banyak hal pasca US election.** Hal-hal seperti trade war, mass deportation, US tax cut, dan implikasi nya terhadap USD dan US asset classes. Berbagai kebijakan akan terjadi secara gradual dan mungkin situasi ke depan tidak akan seperti yang banyak investor asumsikan saat ini. Perlu di ingat, President Trump suka pertumbuhan tapi tidak suka dengan *strong USD, high inflation* dan *high interest rates.*

  - **Kebijakan Pemerintahan Prabowo berpotensi dampak positif terhadap *mass population*** : Prioritas pemerintahan baru berpusat pada pengembangan SDM dan penguatan ekonomi masyarakat menengah bawah. Kebijakan tersebut termasuk: 1) Makan siang gratis, 2) Pengembangan 3 juta rumah 3) Pemberantasan *online gambling*, dan lainnya diharapkan dapat meningkatkan produktivitas SDM kedepan agar lebih bersaing. Disaat bersamaan isu pendanaan menjadi kekhawatiran dari sisi Investor, mengakibatkan ketidakpastian dari sisi *CoF* dan IDR.

# Major Policy of Trump 2nd Presidency

## What we know on Trump Policy and its Impact

### The Known Policy of Trump Administration

Explanation

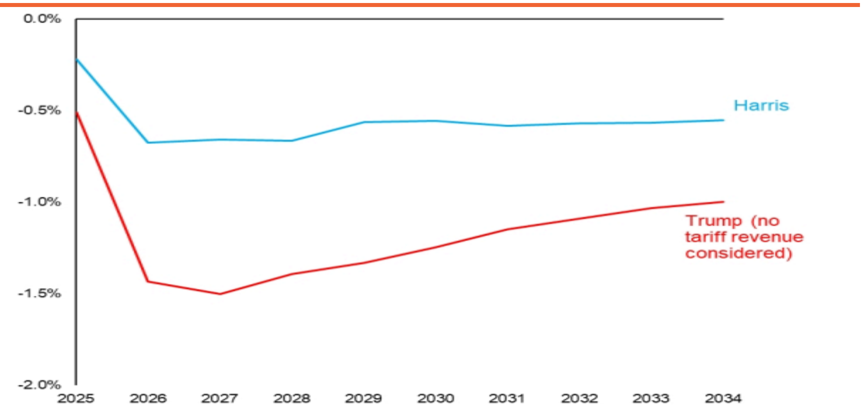
| No | Policy | Detail of Policy | Economic Impact | Comments |
|---|---|---|---|---|
| 1 | Trade Policy | 50-60% tariff on goods from China and 10% tariff on goods from RoW. | • DXY = **upside** risk<br>• Growth = mixed (consumer : downside , investment **upside** onshoring)<br>• inflation = **upside** risk | Change in tariff does not require congressional approval. |
| 2 | Immigration Policy | Mass deportation of undocumented imigrants with lowest estimate 11mio in midst 2022. | • Growth = **downside** risk<br>• Inflation = **upside** risk | Depend how widespread as the US could face labor shortage. |
| 3 | Fiscal Policy | Extension of tax-cut expire at end-25.<br>Cut spending on IRA. | • UST Rates = **upside** risk<br>• DXY = **downside** risk<br>• Inflation = upside risk<br>• Growth = **upside** risk | Trump is proposing adding total 4.1trn deficits over ten-year (1.2% GDP on average)<br>Risk on energy transition efforts and thus commodities. |

### US average tariff rates and campaign promises

In share of goods imports (%)


### Estimate fiscal deficit increase from Trump Administration

% relative to CBO baseline % of GDP





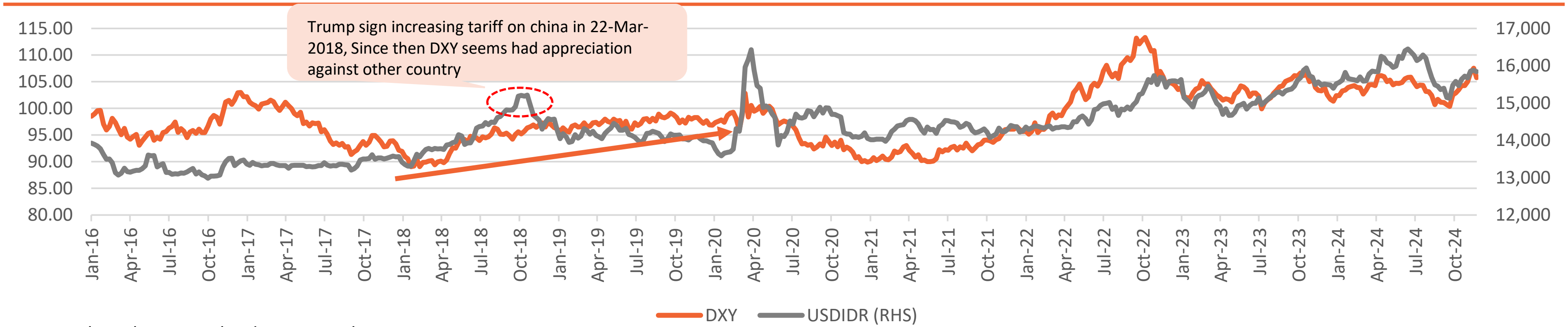

Source: Bloomberg, Syailendra Research

# What Have We Learned from Trump 1.0

## Upside risk from currency, less clear on rates and inflation

**DXY did sustain appreciation post Increase Tariff on China Import and IDR also weaken**

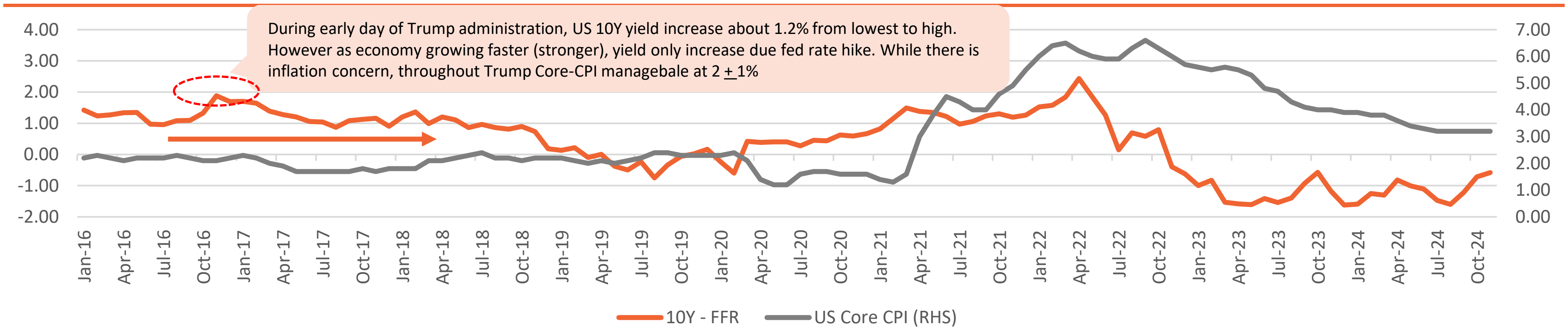
In unit of index and USDIDR




*Source: Bloomberg, Syailendra Research*

**Yet, Rates and Inflation less clear impact. Rates only move along with fed rate trajectory**

In % yoy, UST10YR – FFR (Upper)

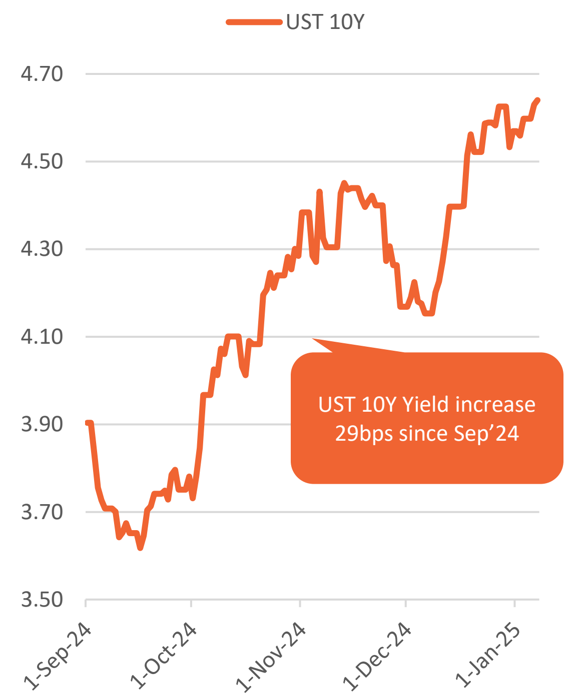



*Source: Bloomberg, Syailendra Research*

# Have The Market Priced-in Trump Trade ? (1)

## US financial market seems to priced-in lot of Trump's trade

**UST quickly spiked to 4.6%**
As per 1 Nov 2024

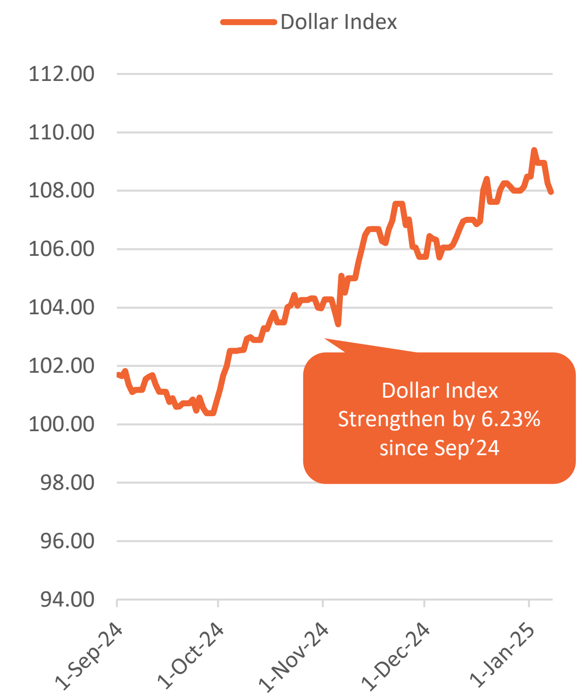



Source : Syailendra Research, Bloomberg

**S&P 500 consolidated yet still elevated**
As per 1 Nov 2024


Source : Syailendra Research, Bloomberg

**DXY reached 108**
As per 1 Nov 2024




Source : Syailendra Research, Bloomberg

- Menurut kami, *global financial market* telah dengan cepat mengasumsikan banyak hal pasca US election.
- Ini termasuk potensi tarif, resiko deportation untuk imigran, dan kelanjutan dari US tax cut.
- Berbagai kebijakan akan terjadi secara gradual dan mungkin situasi ke depan akan berbeda dari apa yang investor asumsikan saat ini.
- Perlu diingat bahwa President Trump suka pertumbuhan tapi tidak suka dengan *too strong USD, high inflation* dan *high interest rates.*

# Have The Market Priced-in Trump Trade ? (2)

## Market has assumed less rate cuts signaling concern on inflation risk

**Market Repricing 2025F above Dot Plot Guidance**
Interest rate prob % for each fed meeting

| Cum. Prob | 375-400 | 400-425 | 425-450 | Notes |
|---|---|---|---|---|
| Jan-25 | 0.0% | 7.0% | 93.1% | Latest FFR : 4.25 - 4.50% |
| Mar-25 | 0.0% | 45.0% | 55.1% | |
| Apr-25 | 2.0% | 64.6% | 35.4% | |
| Jun-25 | 0.4% | 99.6% | 0.0% | |
| Jul-25 | 17.0% | 83.1% | 0.0% | |
| Sep-25 | 38.3% | 61.7% | 0.0% | |
| Oct-25 | 49.0% | 51.1% | 0.0% | |
| Dec-25 | 60.8% | 39.2% | 0.0% | 2025F : 3.9<br>2026F : 3.4<br>Terminal : 3.0-3.1 |

*Source: Bloomberg, Syailendra Research*

**FOMC Signal Slower Rate Cut**
Dec'24 summary economic projection

| Variable | Latest | Median | | | | | Notes |
|---|---|---|---|---|---|---|---|
| | | 2024 | 2025 | 2026 | 2027 | Longer run | |
| Real GDP (%YoY%) | 3.10 | 2.50 | 2.10 | 2.00 | 1.90 | 1.80 | Expect deceleration of growth |
| Sep projection | | 2.00 | 2.00 | 2.00 | 2.00 | 1.80 | |
| Unemployment rate (%) | 4.20 | 4.20 | 4.30 | 4.30 | 4.30 | 4.20 | Unemployment only slightly increase from current level |
| Sep projection | | 4.40 | 4.40 | 4.30 | 4.20 | 4.20 | |
| PCE Inflation (%) | 2.40 | 2.40 | 2.50 | 2.10 | 2.00 | 2.00 | Inflation expected to normalized to 2ppt level yet also slower |
| Sep projection | | 2.30 | 2.30 | 2.10 | 2.00 | 2.00 | |
| Core PCE inflation | 2.81 | 2.80 | 2.80 | 2.50 | 2.20 | 2.00 | |
| Sep projection | | 2.60 | 2.60 | 2.20 | 2.00 | 2.00 | |
| FFR | 4.40 | 4.40 | 3.90 | 3.40 | 3.10 | 3.00 | Fed signal slower rate cut into 2026 |
| Sep projection | | 4.40 | 3.40 | 2.90 | 2.90 | 2.90 | |

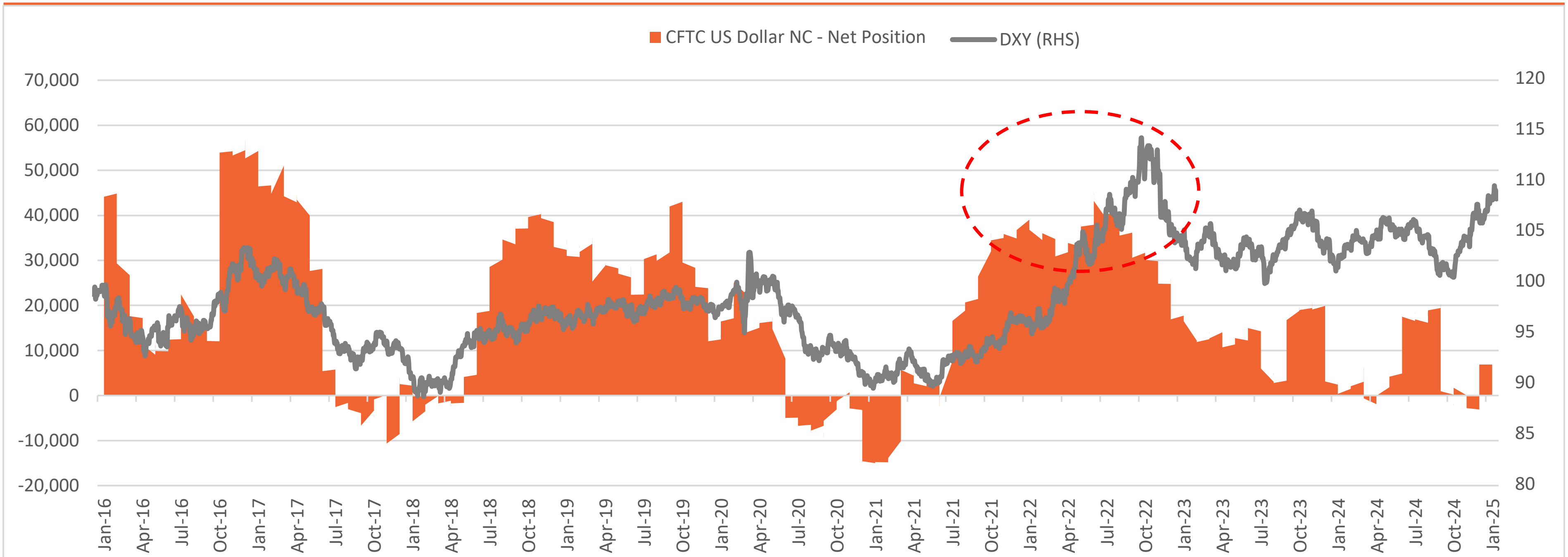
*Source: Bloomberg, Syailendra Research*

- Pasar saat ini memiliki ekspektasi yang cukup rendah untuk 1 tahun kedepan (*FFR : 4.25-4.50%*) dimana pasar hanya memiliki ekspektasi rate-cut sebanyak 2x ( Apr-Jun'25 dan Dec'25).
- Hal ini selaras dengan data *summary of economic projection* dari FOMC di bulan Dec'24

# Have The Market Priced-in Trump Trade ? (3)

## While DXY level elevated not with USD futures net open interest

**Net Open Interest does not show correlation with DXY price level this time unlike 2022 Fed Rate Hike**
In unit of contract and DXY unit index



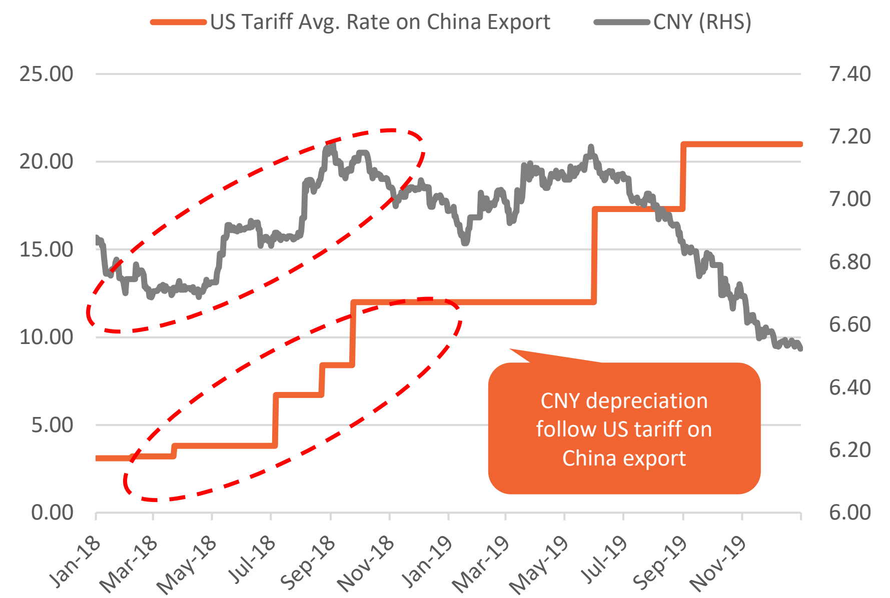

Source : Syailendra Research, Bloomberg

- Terdapat hal yang berbeda dengan penguatan USD yang terjadi saat ini dibandingkan *fed rate hike* 2022. *Speculative market* (*non-commercial*) untuk USD indeks tidak mencatatkan peningkatan *net open interest* yang signifikan.

# Have The Market Priced-in Trump Trade ? (4)

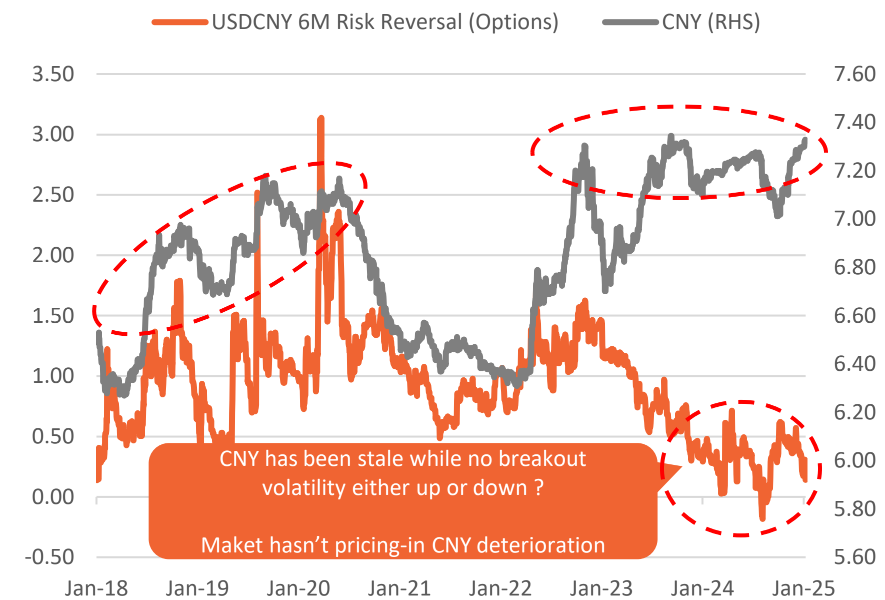
## CNY call-put premium option has not priced in potential weakness

**During 2018, CNY weaken along with increase in tariff**
In US Tariff to china export and CNY/USD




Source : Syailendra Research, Bloomberg

**No Spike CNY Risk Reversal = No Yet Priced-in Weak CNY**
In US Tariff to china export and CNY/USD



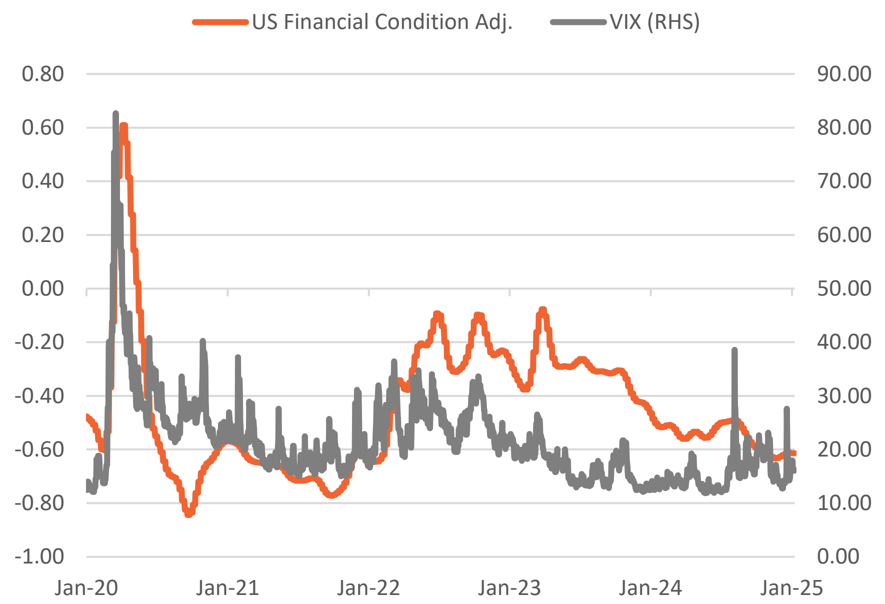

Source : Syailendra Research, Bloomberg, UBS
* Risk Reversal 25D = Call Vol – Put Vol (Options)

- Melihat periode 2018, Investor dapat menginterpolasi akan adanya pelemahan CNY apabila Trump melakukan peningkatan tarif dari 20% menjadi 60%. Namun apabila kita melihat *option market* untuk *offshore CNY* terlihat dari *metrics risk reversal* yang digunakan untuk melihat sebagai signal *direction* dari pasar spot.
- Market belum melakukan *price-in* atas pelemahan CNY ke depan.

# Have The Market Priced-in Trump Trade ? (5)

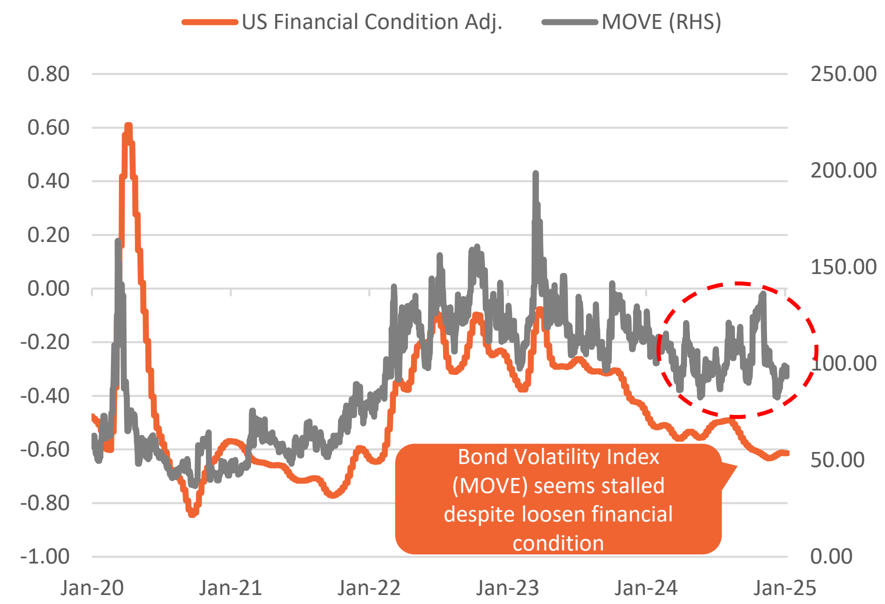
## Volatility between US equity and UST is very apparent

**Equity Volatility keeps getting lower possibly due loosen FCI**
In % UST 5Y breakeven and US economic surprise index




*Source: Bloomberg, Syailendra Research*

**Yet, on UST Volatility stay elevated**
In % UST 5Y breakeven and US economic surprise index



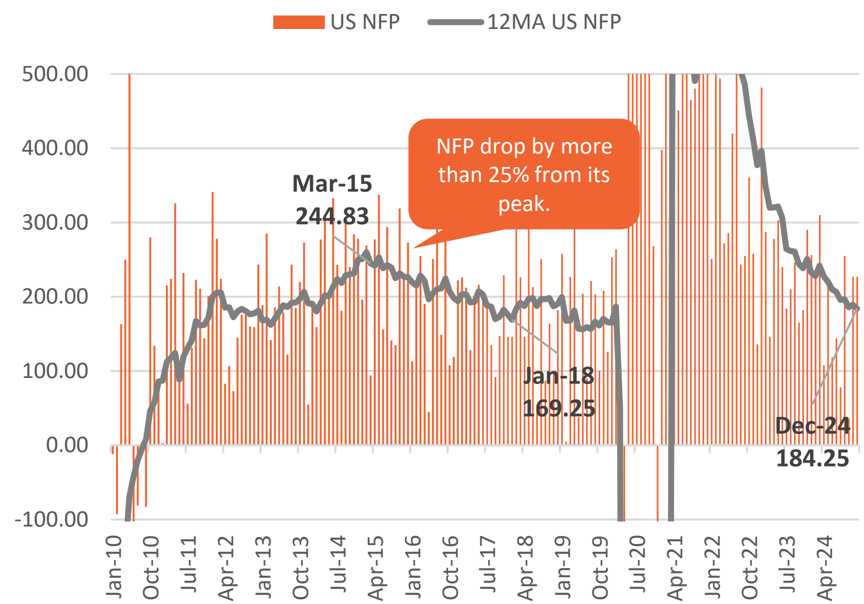

*Source: Bloomberg, Syailendra Research*

- Namun, dampak volatilitas belakangan hanya terlihat di UST dibandingkan *US equities*. Hal ini mengakibatkan apabila terjadi perlambatan risiko pelemahan di US *equity* berpotensi lebih besar.

# What US Slowdown Look Likes ?

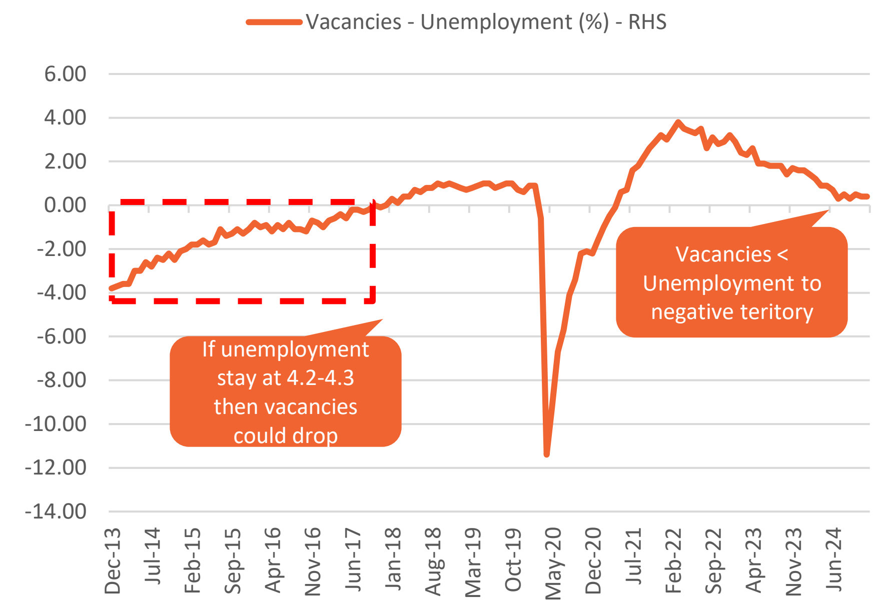
## What if US slowdown: NFP Trend in 2014-2018 and labor condition back to pre-covid

**UST Breakeven oftenly could be explained by Oil and Surprise**
In % UST 5Y breakeven and US economic surprise index




*Source: Bloomberg, Syailendra Research*

**UST Breakeven oftenly could be explained by Oil and Surprise**
In % UST 5Y breakeven and US economic surprise index




*Source: Bloomberg, Syailendra Research*

- Menurut kami, besar kemungkinan US akan mengalami perlambatan, kedua hal yang kami kira akan mengalami perlambatan ialah level NFP yang akan menurun dan mungkin stabil di 150K (20% penurunan dari level stabil 200K++ di tahun 2024) dan penurunan lowongan kerja (*vacancies*) karena *unemployment rate* terlihat sticky apabila mempertimbangkan NFP dan *jobless claim* beberapa bulan terakhir.

# Understanding China Stimulus Going Forward...

## Change in growth model, balancing property sector, supporting domestic

**Our View on China Economic Stimulus**
Explained

- Dalam beberapa bulan terakhir, Pemerintah china terus meluncurkan stimulus, kebijakan terakhir sebesar 10trn CNY (1.4trn USD). Hal ini mengantisipasi pelemahan domestic akibat peningkatan tariff oleh US.

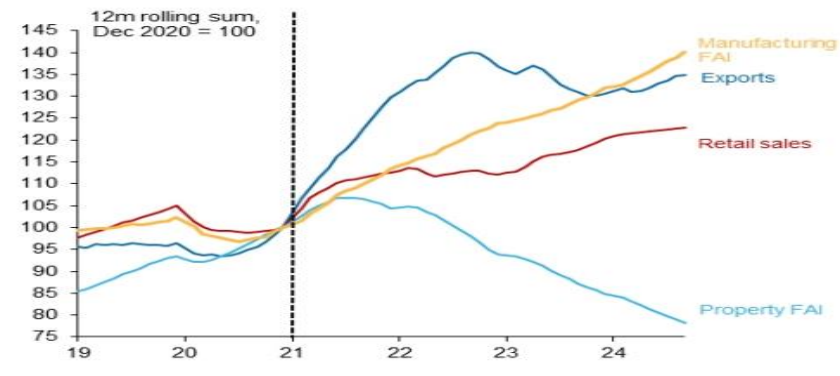
Untuk lebih memahami mengapa pemerintah china bergerak reaktif atas hal tersebut dikarenakan China sedang mengalami perubahan atas model ekonomi mereka :

- 2000s Supercycle : Growth driver from *external trade*
- 2010s Mini cycle post GFC : Perpindahan dari *external trade* menjadi domestic demand dan property.
- 2021s 2-speed post covid : Focus on domestic demand disaat bersamaan penurunan sektor property di-offset dari peningkatan *external trade*

Menurunnya surplus perdagangan China akan diikuti oleh stimulus tambahan.

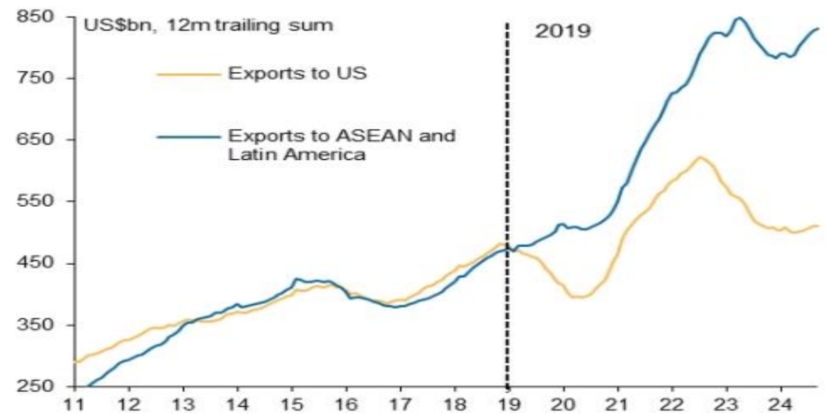
- Hal ini seharusnya berdampak positif bagi Indonesia dikarenakan hubungan perdagangan Indonesia-China dalam beberapa tahun terakhir telah meningkat.
- Adapun hal yang perlu dimonitor bagi investor yaitu potensi devaluasi/depresiasi CNY kedepan yang berpotensi memberikan efek ke IDR.

**How China Economy Change Post 2021**
Base of 2020 GDP, 12m rolling




*Source: Macquarie, NBS, WIND, Customs*

**China Re-route their Export to ASEAN and Other**
in US bio of 12m trailing

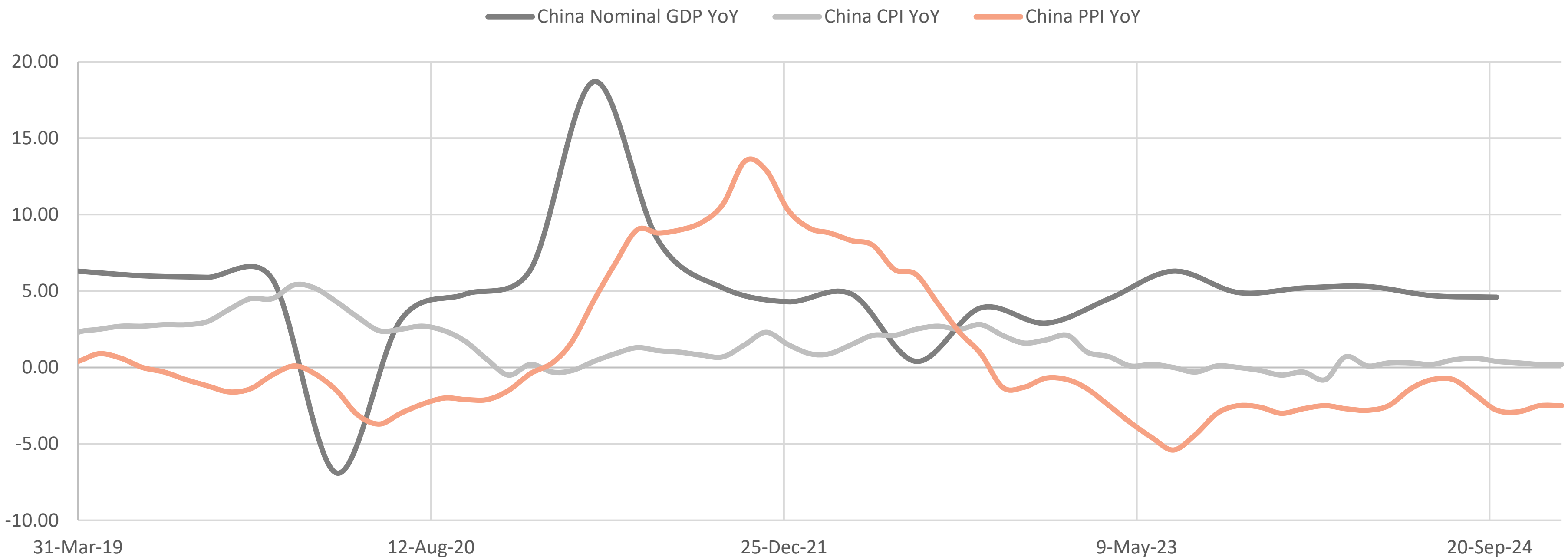



*Source: Macquarie, NBS, WIND, Customs*

# China Big Stimulus Could Be Game Changer

## China supply side seems to be the issue rather than demand side

**Since 2023, China PPI (Supply Side Proxy) weaken more that China CPI (Demand Side Proxy)**
In YoY%



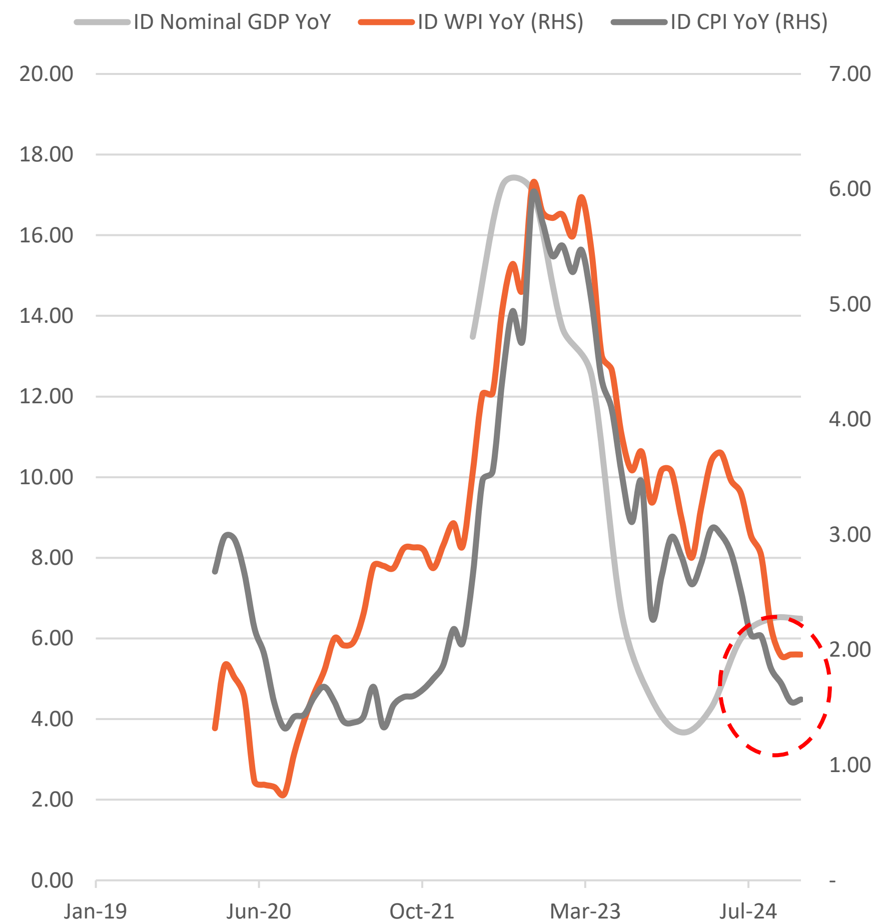

*Source: Bloomberg, Syailendra Research*

- Hal ini selaras mengingat terjadi penurunan signifikan di sektor properti akibat *issue oversupply*, namun kami melihat stimulus pemerintah untuk melakukan transformasi dapat mengembalikan momentum pertumbuhan china dan diharapkan terdapat efek ke negara-negara lainnya di EM.

# What About Indonesia Growth ?

## Unlike China, Indonesia seems dragdown from demand side (CPI < WPI)

**Nominal GDP Diverge from Price Index (Demand Proxy)**
In YoY%




*Source: Bloomberg, Syailendra Research*

**Drop in Household Segment yet Boosted by Govt and Inv.**
In YoY%

| | Nominal GDP | House hold | NPISH | Government | GFCF | Export - Import | Others |
|---|---|---|---|---|---|---|---|
| Mar-21 | 1.26% | -0.52% | -0.03% | 0.26% | 0.51% | 0.56% | 0.49% |
| Jun-21 | 13.20% | 4.53% | 0.08% | 0.88% | 3.19% | 1.12% | 3.40% |
| Sep-21 | 11.02% | 1.65% | 0.06% | 0.07% | 2.30% | 2.12% | 4.82% |
| Dec-21 | 14.42% | 3.18% | 0.06% | 0.84% | 2.63% | 0.99% | 6.71% |
| Mar-22 | 13.48% | 4.08% | 0.10% | -0.43% | 2.62% | 1.35% | 5.77% |
| Jun-22 | 17.23% | 5.56% | 0.11% | -0.42% | 2.32% | 3.18% | 6.47% |
| Sep-22 | 17.09% | 6.21% | 0.14% | -0.10% | 3.18% | 0.15% | 7.51% |
| Dec-22 | 13.70% | 5.84% | 0.14% | -0.58% | 2.91% | 1.22% | 4.17% |
| Mar-23 | 12.49% | 5.78% | 0.14% | 0.27% | 2.28% | 0.89% | 3.13% |
| Jun-23 | 6.65% | 5.18% | 0.15% | 0.78% | 2.33% | -2.41% | 0.61% |
| Sep-23 | 4.50% | 4.38% | 0.11% | -0.33% | 2.33% | -1.75% | -0.23% |
| Dec-23 | 3.67% | 4.14% | 0.25% | 0.33% | 1.86% | -1.41% | -1.50% |
| Mar-24 | 4.28% | 4.40% | 0.32% | 1.27% | 1.45% | -1.15% | -2.01% |
| Jun-24 | 5.99% | 4.46% | 0.16% | 0.31% | 1.65% | 0.20% | -0.79% |
| Sep-24 | 6.49% | 3.89% | 0.17% | 0.60% | 1.99% | 0.05% | -0.20% |
| **2025F** | **5.10% (Real GDP) + 2% CPI** | | | | | | |
| **2026F** | **5.20% (Real GDP) + 2% CPI** | | | | | | |
| **2019-2024 (Ex-Covid)** | | | | | | | |
| Min | | 1.65% | 0.06% | -0.58% | 1.45% | -2.41% | |
| Average | 9.51% | 4.55% | 0.15% | 0.28% | 2.33% | 0.38% | 1.82% |
| Max | | 6.21% | 0.32% | 1.27% | 3.19% | 3.18% | |

QE effect

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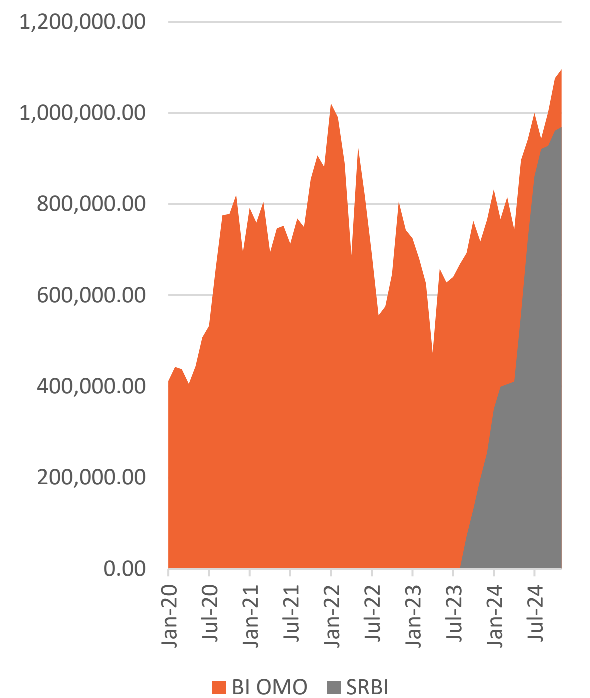
# Liquidity is Still Tight

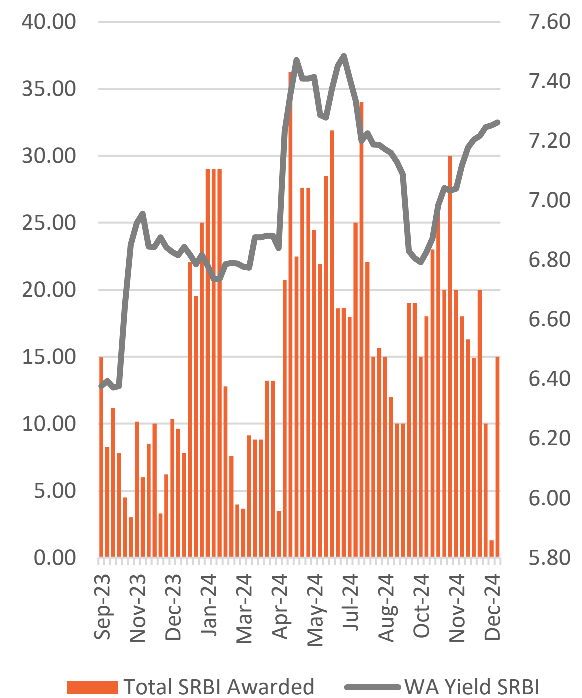
## Elevated OMO and SRBI might cause lowest banking excess liquidity

**SRBI = Majority of OMO**
In trn IDR



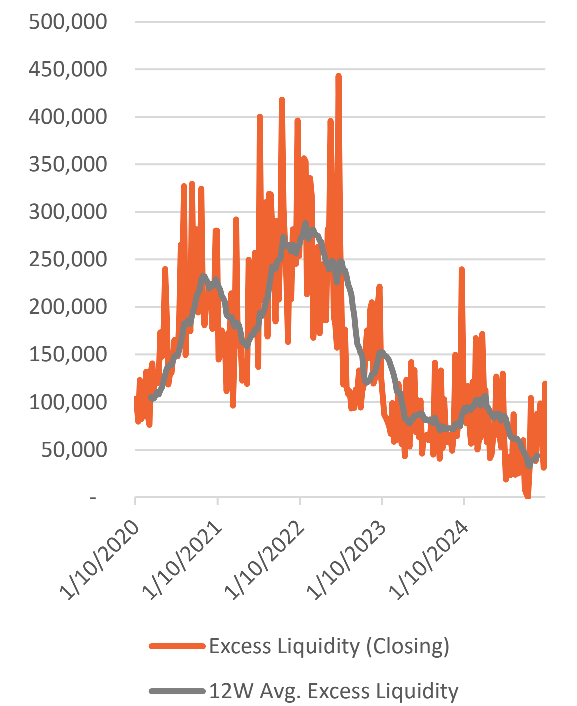

*Source: Blooomberg, BI*

**SRBI issuance already drop**
In trn IDR, yield awarded




*Source: Blooomberg, BI*

**Excess Liquidity breach new low**
In bio IDR



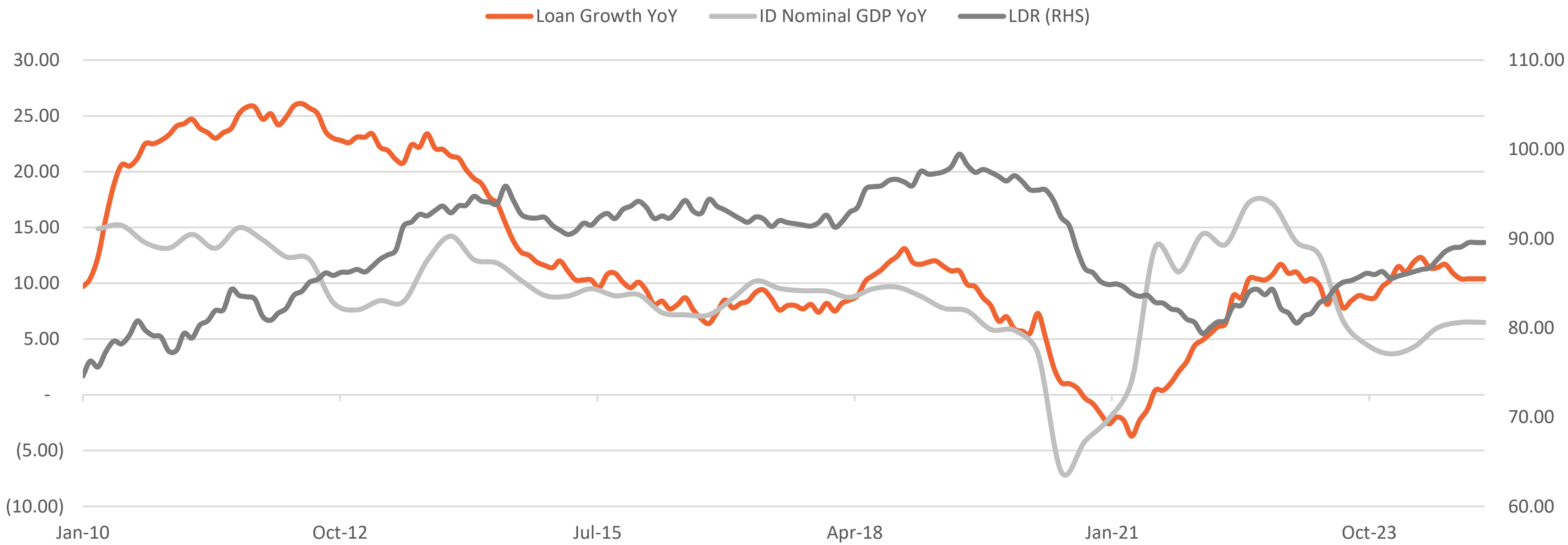

*Source: Blooomberg, BI*

- 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 level yang tinggi.

# Tight Liquidity, Weak Consumer, Credit ?

## Elevated OMO and SRBI might cause lowest banking excess liquidity

**We expect slower loan growth around 8-10% at most due tight liquidity (90% LDR) and unclear source of growth**
In % yoy




*Source: Bloomberg, Syailendra Research*

- Kami merasa tingkat pertumbuhan kredit untuk tahun 2025F akan kembali melambat dibawah level <10%. Hal ini didasarkan oleh belum jelasnya sumber pertumbuhan di tahun 2025F dan ketatnya tingkat likuiditas perbankan termasuk level LDR sistemik berada di level 90%

# Prabowo Key Policies Positive for Growth

## There are concerns on funding and currency impact

**Several Prabowo Key Policy with Grassroot economy as its center**
Explained

| No | Key Policy | Detail of Policy | Comments | Upside Risk | Downside Risk |
|---|---|---|---|---|---|
| 1 | Education Policy | Free Lunch Programme for Students | - Funding issue as implementation ramping-up<br>- Upside risk on economic growth especially on low to middle segment | • Growth<br>• Rates (CoF) | • Fiscal Balance<br>• Currency |
| 2 | Social Benefit Programme | 1. 3mio Housing Programme | | | |
| 3 | Economic Policy | Commodity Down streaming | - Expansion on other commodity | • Growth | |
| | | Food Estate, B50 biodiesel | - More on execution risk downside risk on inflation and currency (less dependent on import) | • Growth | • Inflation |
| | | SME Loan collection write-off | - Latest policy seems reasonable from economic perspective without incentivizing moral hazard | • Growth | |
| | | Eradication of online gambling | - Over 8.7mio people engaged in online gamble with 4.5trn deposit in digital wallet. 1H24 transaction reached 174trn IDR alone | • Growth | |
| 4 | Fiscal Policy | Higher Tax Ratio | - Unclear as means and instrument to increase tax. Indonesia also had the lowest tax revenue ratio | • Fiscal Balance<br>• Currency | • Rates (CoF) |
| | | Higher Military Spending | - Indonesia actually had the lowest military spending in % of GDP and per capita compare other ASEAN countries. | | • Fiscal Balance<br>• Currency |

*Source: Blooomberg, BI*

- Salah satu janji Prabowo ialah mencapai Tingkat pertumbuhan 8% untuk mencapai Indonesia Emas. Salah satu cara mencapainya ialah dengan mengkokohkan *standard of living* segmen terbelakang dan focus di SDM. Adapun program hilirisasi akan dilanjutkan. Terdapat beberapa ketertinggalan dari sisi pemerintahan dalam beberapa tahun terakhir yaitu perpajakan dan belanja militer.
- Hal-hal diatas menimbulkan banyak kekhawatiran oleh investor terkait kapasitas pemerintah untuk melakukan *funding* dan implikasi atas IDR Apabila terjadi peningkatan import signifikan.

Section

# 02

# Fixed Income

# 2025F Fixed Income Narrative

## No fundamental changes except concern on currency impact to rates

**Updates on Our View this month**
Explained

- Perubahan factor makro dan ketidakpastian diatas mengakibatkan perlu-nya tinjau ulang atas asumsi-asumsi yang digunakan untuk melihat prospek INDOGB kedepan. Berikut ini merupakan beberapa hal yang menurut kami perlu menjadi pertimbangan kedepan :

  - **Pasar melakukan revisi atas trajectory *rate* post US election:** Saat ini pasar memiliki ekspektasi 4x rate cut (Dec'24 : 1x, 2025 : 3x). Hal ini didasarkan kekhawatiran penguatan DXY dan inflasi akibat kebijakan Trump i.e Trade-Tariff, Tax-cut stimulus. Kami melihat level DXY saat ini mencerminkan sebagian kekhawatiran tersebut

  - ***Gross Bond Supply* meningkat dari 2024F, Tetapi terdapat beberapa hal yang mungkin menjadi surprise** : Apabila terdapat penggunaan SAL sebesar 150-200tr, *pre-funding* dan *debt switch* bahkan dengan asumsi kami -2.8% *fiscal deficit* masih mencerminkan *gross bond supply* yang reasonable.

  - **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. Namun, hal ini didasarkan akan menurunnya *auction reward* dari Bank Indonesia untuk SRBI agar tidak terjadi *crowding-out.*

- Banyaknya perubahan yang terjadi kami melihat pentingnya untuk melakukan scenario analisis untuk menentukan Fair Yield atas INDOGB dimana masing-masing scenario sebagai berikut : Bullish (Dovish) 6,75%, Base 7,00%, Bearish (Hawkish) 7,50%. Masing-masing asumsi dapat pada appendix kami.

# INDOGB Peers Comparison

## Other sovereign rates has been punished on the back currency performance

**EM Peers Yield Comparison**

In %

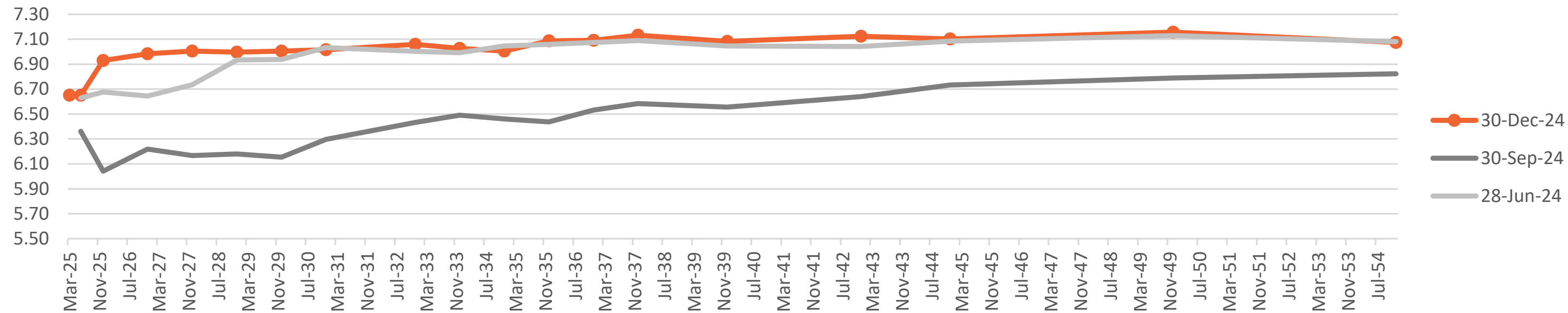
| Country | 10Y Yield (%) | | Spread to US 10Y | | | Currency | | Carry Yield | Inflation | Real Yield (%) | CAD | Fiscal Deficit | Credit Rating |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current | YTD Chg. (bps) | 2023 | Current | Chg. | YTD Chg (in ppt) | vs Cons. Forecast (2025F) | 2025F | 2025F | 2025F Inflation | 2025F | 2025F | |
| Brazil | 14.82 | 445 | 6.49 | 10.14 | 3.66 | -19.54 | -15.53 | -0.71 | 4.30 | 10.52 | -2.40 | -8.25 | BB |
| South Africa | 10.48 | -89 | 7.49 | 5.81 | -1.69 | -2.99 | 2.01 | 12.50 | 4.10 | 6.38 | -2.00 | -4.80 | BB |
| India | 6.76 | -42 | 3.31 | 2.08 | -1.22 | -3.09 | -1.35 | 5.41 | 4.80 | 1.96 | -1.20 | -4.90 | BBB-u |
| Italy | 3.71 | 2 | -0.19 | -0.97 | -0.78 | -6.69 | -5.79 | -2.08 | 2.00 | 1.71 | 1.20 | 0.30 | BBBu |
| Portugal | 3.00 | 37 | -1.25 | -1.68 | -0.43 | -6.69 | -5.79 | -2.79 | 2.00 | 1.00 | 1.40 | 0.30 | A-u |
| Mexico | 10.22 | 128 | 5.06 | 5.54 | 0.49 | -17.23 | -16.48 | -6.25 | 3.90 | 6.32 | -0.80 | -3.85 | BBB+ |
| Romania | 7.53 | 130 | 2.35 | 2.85 | 0.50 | -6.66 | -4.53 | 3.00 | 4.10 | 3.43 | -7.20 | -7.00 | BBB- |
| Hungary | 6.82 | 95 | 1.99 | 2.14 | 0.15 | -13.52 | -9.22 | -2.40 | 3.70 | 3.12 | 1.70 | -4.35 | BBB- |
| Colombia | 11.52 | 156 | 6.08 | 6.84 | 0.76 | -11.01 | -12.39 | -0.87 | 4.10 | 7.42 | -3.00 | -5.10 | BBB- |
| **Average Peers in BBB & BB*** | | | **3.39** | **3.53** | | | | | | **6.21** | | | |
| Spain | 3.23 | 24 | -0.90 | -1.45 | -0.55 | -6.69 | -5.79 | -2.56 | 2.00 | 1.23 | 3.10 | -2.90 | Au |
| South Korea | 2.80 | -37 | -0.71 | -1.87 | -1.17 | -11.74 | -7.00 | -4.19 | 1.90 | 0.90 | 3.75 | -1.00 | AA |
| China | 1.65 | -90 | -1.32 | -3.03 | -1.70 | -3.16 | -1.39 | 0.26 | 0.90 | 0.75 | 1.25 | -5.50 | A+ |
| Chile | 6.03 | 55 | 1.60 | 1.35 | -0.24 | -12.77 | -8.49 | -2.45 | 4.20 | 1.83 | -2.70 | -1.95 | A+ |
| Thailand | 2.33 | -35 | -1.20 | -2.35 | -1.15 | -1.25 | 0.41 | 2.74 | 1.20 | 1.13 | 2.90 | -4.20 | A- |
| Malaysia | 3.81 | 8 | -0.15 | -0.87 | -0.72 | 2.17 | 3.94 | 7.75 | 2.50 | 1.31 | 2.05 | -3.80 | A |
| Poland | 5.99 | 80 | 1.31 | 1.31 | 0.00 | -4.85 | -4.23 | 1.75 | 4.40 | 1.59 | -0.10 | -5.60 | A |
| **Average Peers in A Credit** | | | **-0.20** | **-0.99** | | | | | | **1.25** | | | |
| United States | 4.68 | 80 | | | | | | | 2.50 | 2.18 | -3.6 | -6.4 | AA+u |

*Source: Bloomberg, Syailendra Research*

# INDOGB Curve back to 1H24 Level

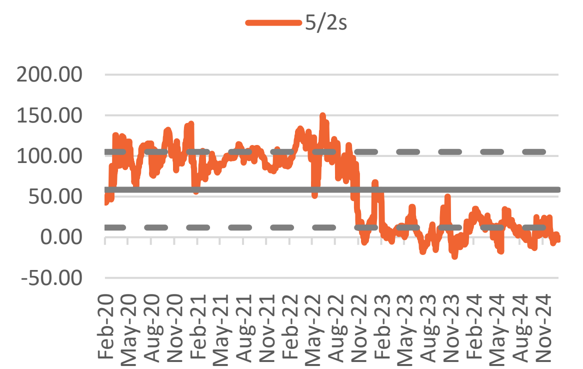
## Yield curve show some flattening pattern

**INDOGB Yield Curve**
In ppt



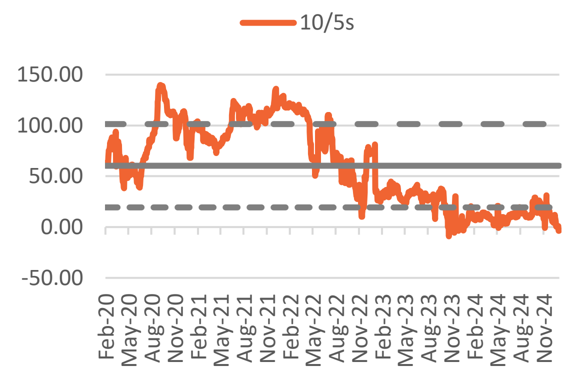

*Source: Bloomberg, Syailendra Research*

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



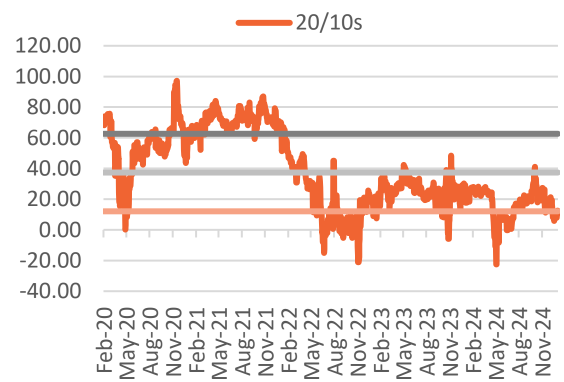

*Source: Bloomberg, Syailendra Research*

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




*Source: Bloomberg, Syailendra Research*

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




*Source: Bloomberg, Syailendra Research*

# Foreign Government Bond Flows

## Foreign flow into government relatively small compare past inflow

| Monthly Data | India | Indonesia | Korea | Philippines | Thailand | Malaysia | EM Asia ex. China | EM Asia ex-China ex-Malaysia | Japan |
|---|---|---|---|---|---|---|---|---|---|
| Apr-23 | 59 | 252 | 6,424 | 911 | -608 | -377 | 7,037 | 6,660 | 12,769 |
| May-23 | 418 | -58 | 11,935 | 451 | 699 | 842 | 13,446 | 14,288 | 10,095 |
| Jun-23 | 1,237 | 1,073 | 12,691 | -654 | -269 | 338 | 14,077 | 14,415 | -7,575 |
| Jul-23 | 379 | 590 | 5,046 | -654 | 958 | 1,655 | 6,320 | 7,975 | -7,875 |
| Aug-23 | 923 | -535 | 3,886 | 1,224 | -1,057 | -1,122 | 4,441 | 3,319 | -15,781 |
| Sep-23 | 197 | -1,093 | 4,047 | -290 | -618 | -114 | 2,243 | 2,129 | -3,634 |
| Oct-23 | 760 | -805 | 3,106 | -290 | 458 | -348 | 3,229 | 2,882 | -15,167 |
| Nov-23 | 1,677 | 1,505 | 2,221 | -924 | 474 | 713 | 4,953 | 5,666 | 9,948 |
| Dec-23 | 2,373 | 498 | 3,574 | 1,107 | -331 | -33 | 7,220 | 7,187 | -6,142 |
| Jan-24 | 2,535 | -53 | 1,297 | -885 | -112 | -382 | 2,781 | 2,399 | 4,931 |
| Feb-24 | 2,374 | -301 | 3,837 | -209 | -429 | 119 | 5,272 | 5,391 | 100 |
| Mar-24 | 2,224 | -1,313 | 1,454 | 47 | -255 | 163 | 2,156 | 2,318 | 5,871 |
| Apr-24 | -1,910 | -1,064 | 3,980 | 555 | -697 | 233 | 864 | 1,097 | -14,646 |
| May-24 | 1,005 | 1,199 | 2,749 | 2,737 | 511 | 707 | 8,201 | 8,908 | 3,930 |
| Jun-24 | 2,136 | 117 | 3,046 | 38 | -287 | -549 | 5,050 | 4,501 | -9,891 |
| Jul-24 | 2,615 | 305 | 1,958 | 38 | 779 | 1,099 | 5,695 | 6,793 | 8,947 |
| Aug-24 | 2,806 | 2,492 | 6,463 | -1,813 | 762 | 1,394 | 10,709 | 12,103 | 8,798 |
| Sep-24 | 2,295 | 1,343 | 7,260 | 2,228 | 129 | -155 | 13,255 | 13,099 | 188 |
| Oct-24 | -343 | 967 | 6,377 | 1,248 | -993 | -1,607 | 7,256 | 5,649 | 12,889 |
| Nov-24 | -114 | -805 | 2,763 | 224 | -854 | -318 | 1,214 | 896 | 4,443 |
| **Dec-24** | **1,578** | **412** | **1,955** | **224** | **356** | **-429** | **4,525** | **4,095** | **-6,835** |

| Yearly | India | Indonesia | Korea | Philippines | Thailand | Malaysia | EM Asia ex. China | EM Asia ex-China ex-Malaysia | Japan |
|---|---|---|---|---|---|---|---|---|---|
| **2024** | **17,199** | **3,300** | **43,139** | **4,430** | **-1,092** | **275** | **66,977** | **67,251** | **18,726** |
| 2023 | 8,445 | 5,142 | 60,647 | 2,130 | 319 | 3,767 | 76,682 | 80,449 | -36,506 |
| 2022 | -2,012 | -7,070 | 54,020 | 6,334 | 6,227 | -732 | 57,499 | 56,767 | -77,953 |
| 2021 | -1,525 | -4,906 | 106,256 | 3,900 | 6,550 | 2,976 | 110,274 | 113,251 | 111,916 |
| 2020 | -13,853 | -4,684 | 62,283 | 6,297 | -1,005 | 3,248 | 49,038 | 52,286 | -22,017 |
| 2019 | 3,489 | 11,767 | 45,764 | 1,034 | -502 | 4,303 | 61,552 | 65,854 | 88,890 |
| 2018 | -6,745 | 3,462 | 46,282 | 3,912 | 8,854 | -4,539 | 55,765 | 51,226 | 20,971 |
| 2017 | 22,970 | 12,062 | 32,426 | 440 | 10,621 | -621 | 78,519 | 77,898 | 37,722 |


*Source: Syailendra Research*

# 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 |
|---|---|---|---|---|---|---|---|---|
| 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% |
| 2024 | 17.4% | 26.8% | 3.1% | 19.0% | 14.5% | 9.0% | 10.2% | 100.0% |

***Net flow***

| Year | Bank | Central Bank | Mutual Fund | Insurance & PF | Foreign | Retail | Others | Total |
|---|---|---|---|---|---|---|---|---|
| 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 | -444 | 522 | 9 | 104 | 35 | 107 | 67 | 400 |
| ***YTD*** | | | | | | | | |
| 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 |
| 4Q | -105 | 136 | 0 | 39 | 6 | 25 | 15 | 117 |
| **QTD** | | | | | | | | |
| Oct | -2 | -22 | 1 | 13 | 15 | 14 | 8 | 27 |
| Nov | -19 | 60 | 1 | 17 | -13 | 5 | 3 | 54 |
| Dec | -84 | 99 | -2 | 9 | 4 | 7 | 4 | 37 |

*Source : Syailendra Research, DJPPR*

# Indonesia Bonds Ownership - SRBI

## Sep-Oct'24 showing some crowding-out criteria

**Total SRBI - Net**
In IDR trn

| Total | Bank | Res. | Non-Res. | Others | Total |
|---|---|---|---|---|---|
| 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 |
| Sep-24 | 552.1 | 79.9 | 254.2 | 41.4 | 927.6 |
| Oct-24 | 586.3 | 83.6 | 262.2 | 28.6 | 960.7 |
| Nov-24 | 601.7 | 328.6 | 84.9 | 243.7 | 38.9 |
| **Dec-24** | **560.8** | **315.2** | **91.1** | **224.2** | **47.5** |

*Source : Bank Indonesia*

**Ownership of SRBI**
In IDR trn

| Total | Bank | Res. | Non-Res. | Others | Total |
|---|---|---|---|---|---|
| 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 |
| Sep-24 | 59.5 | 36.0 | 8.6 | 27.4 | 4.5 |
| Oct-24 | 61.0 | 36.0 | 8.7 | 27.3 | 3.0 |
| Nov-24 | 62.1 | 33.9 | 8.8 | 25.1 | 4.0 |
| **Dec-24** | **60.7** | **34.1** | **9.9** | **24.3** | **5.1** |

*Source : Bank Indonesia*

**Net Change of SRBI**
In IDR trn

| Total | Bank | Res. | Non-Res. | Others | Total |
|---|---|---|---|---|---|
| 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 |
| Sep-24 | 17.3 | 2.6 | 3.6 | -16.7 | 6.8 |
| Oct-24 | 34.2 | 3.7 | 8.0 | -12.9 | 33.1 |
| Nov-24 | 15.4 | 1.3 | -18.5 | 10.3 | 8.5 |
| **Dec-24** | **-40.9** | **6.2** | **-19.5** | **8.6** | **-45.6** |

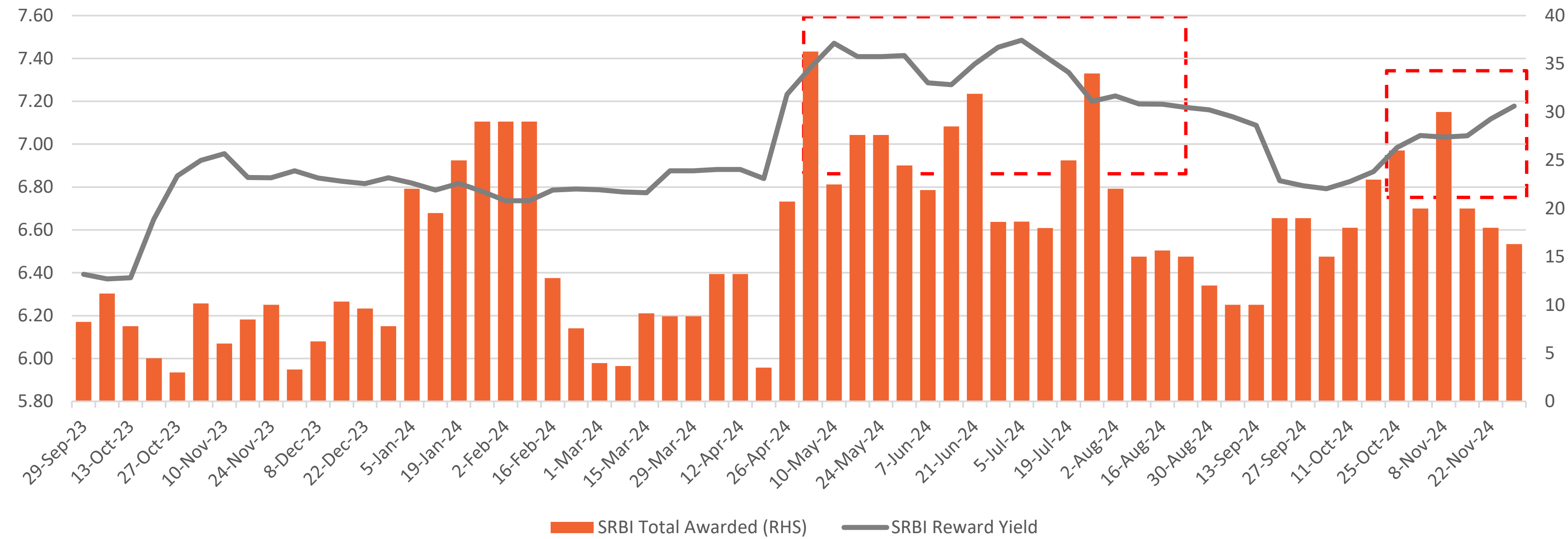
*Source : Bank Indonesia*

- Bulan Desember mencatatkan bahwa terdapat maturity dari SRBI yang mengakibatkan *negative net change* dari SRBI disertai dengan penurunan issuance.

# Indonesia Bonds Ownership - SRBI

## Higher Reward Rate and Yield possible crowding-out

**Average Yield 7ppt seems attract lot of investor so far**
In IDR trn




Source : Bloomberg, Syailendra Research

- Meningkatnya minat investor terhadap SRBI juga mungkin diakibatkan tingginya imbal hasil yang diberikan oleh SRBI dalam beberapa pekan terakhir dimana *avg. awarded yield* mencapai level diatas 7ppt.

# INDOGB Fair Yield for 2025F

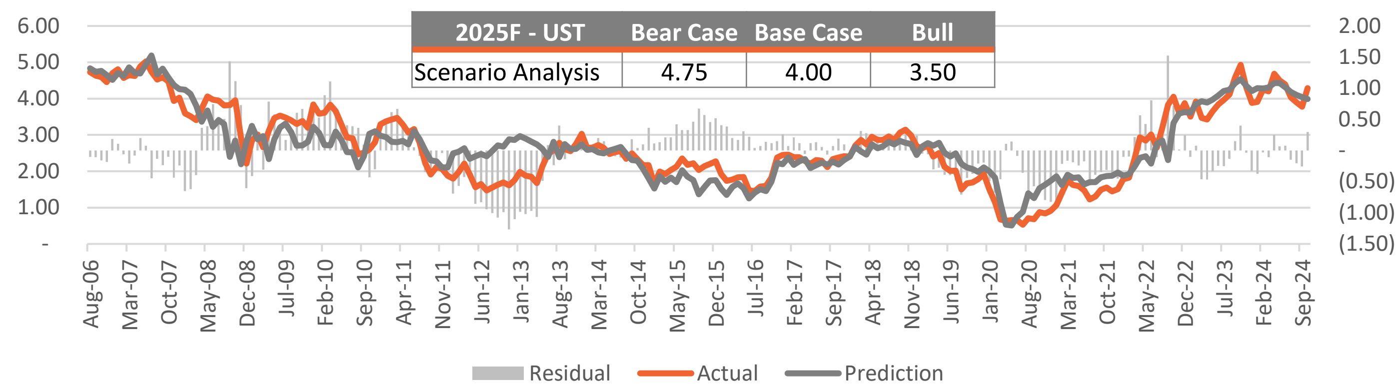
## We believe with 3x rate cut next year, INDOGB should be at 7%

**Modelling UST 10Y with base case scenario at 4.00**

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 |

Source : Syailendra Research, Bloomberg



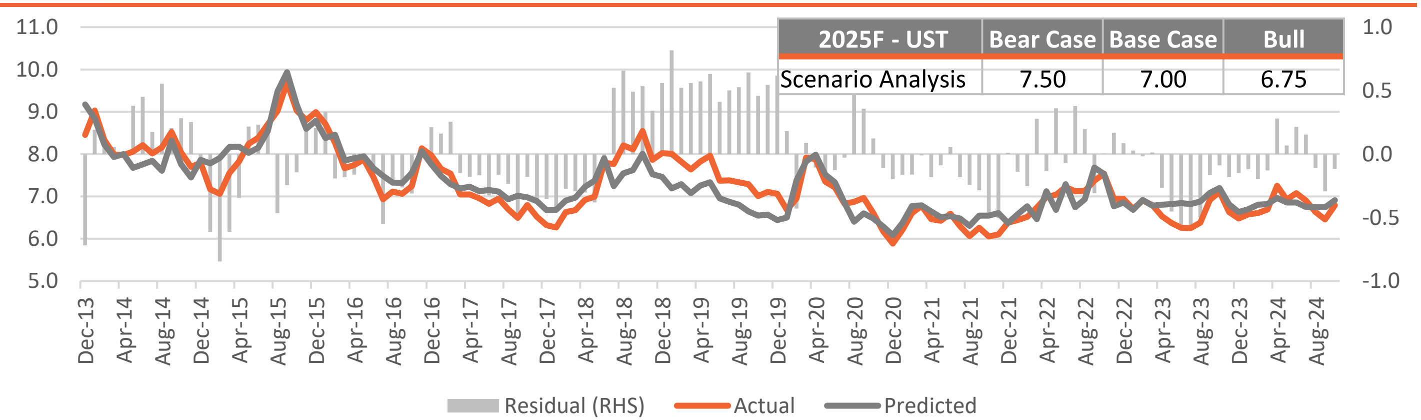

| 2025F - UST | Bear Case | Base Case | Bull |
|---|---|---|---|
| Scenario Analysis | 4.75 | 4.00 | 3.50 |

**Modelling INDOGB 10Y with base case scenario at 7.00**

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 |

Source : Syailendra Research, Bloomberg




| 2025F - UST | Bear Case | Base Case | Bull |
|---|---|---|---|
| Scenario Analysis | 7.50 | 7.00 | 6.75 |

Section

# 03

# Equity

# 2025F Equity Narrative

## Non-Fundamental Issue, Bottom-Picking and Currency Risk

**Updates on Our View this month**
Explained

- Pasca US election *uncertainty global* baik dari *geopolitical* maupun *currency* meningkat. Kami melihat beberapa kesimpulan yang dapat ditarik dari sisi pengelolaan portfolio :

  - **Weighting yang 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 walaupun terdapat revisi atas potensi *rate-cut* :** mengingat sektor finansial sebesar 30% dari bobot IHSG dan merupakan Indonesia merupakan perbankan dengan ROE terbesar di regional.

  - **Risiko *foreign outflow* diakibatkan US dominance narrative** : YTD Indonesia mencatatkan +**3.6bio** USD diikuti oleh kinerja IHSG YTD +**4.14%**. Di sisi lain periode yang dapat dijadikan komparasi ialah tahun 2018 di saat Trump melakukan peningkatan tarif untuk pertama kali, 2018 mencatatkan *foreign outflow* sebesar **-3.6bio** USD diikuti kinerja IHSG sebesar **-2.54%.**

- Beradasarkan hal-hal diatas, 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 9-10% dan kami menaruh valuasi di level yang sama mengutamakan prinsip konservatif. Target IHSG Headline untuk 2025F di level 7,500

# Global Indices Performance

## Indonesia had been underperforming compare to peers

**Global Indices Historical Performance**

In % of return

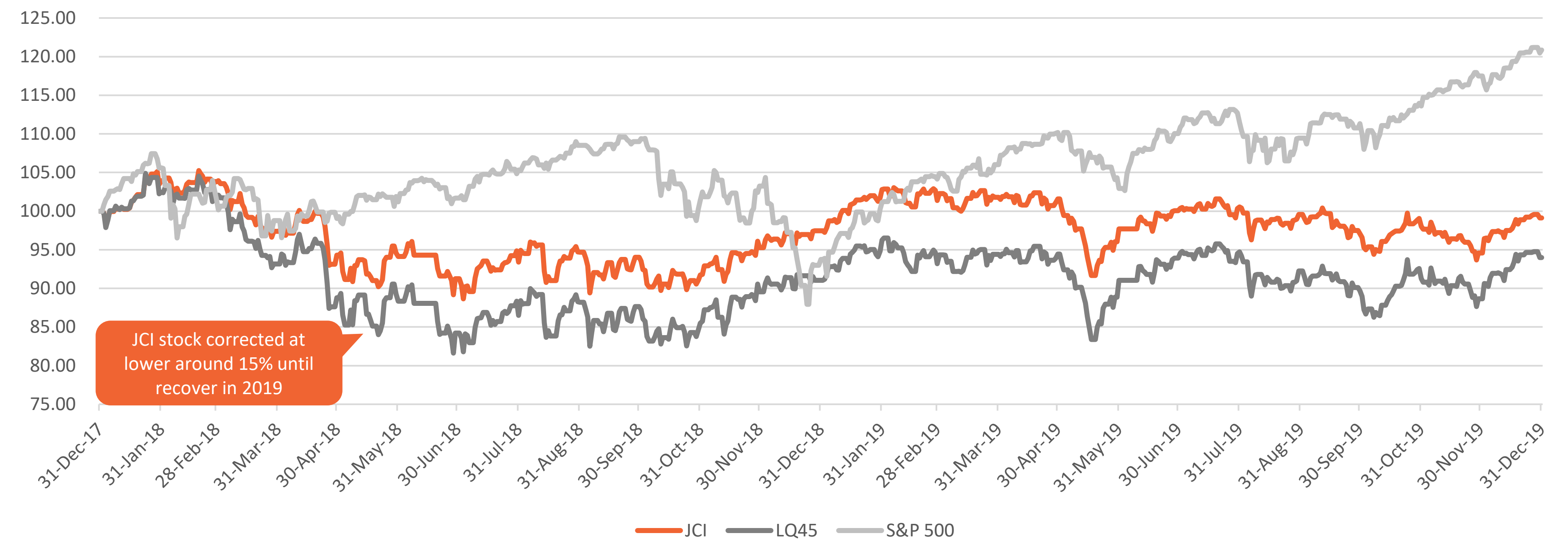
| No | Country | YTD | 1M | 3M | 6M | 1Y | P/E | P/BV | ROE |
|---|---|---|---|---|---|---|---|---|---|
| **Global Market** | | | | | | | | | |
| 1 | Dow Jones (US) | 12.96% | -5.20% | 0.58% | 8.83% | 12.96% | 16.49 | 3.91 | 22.60 |
| 2 | S&P 500 (US) | 23.84% | -2.08% | 2.51% | 8.18% | 23.84% | 17.74 | 3.60 | 19.13 |
| 3 | Nasdaq (US) | 29.81% | 1.40% | 7.13% | 9.89% | 29.81% | 24.95 | 4.43 | 17.02 |
| 4 | London (UK) | 17.47% | -4.01% | 2.58% | 12.55% | 17.47% | 12.72 | 1.60 | 11.77 |
| 5 | DAX (GR) | 18.85% | 1.44% | 3.02% | 9.18% | 18.85% | 10.49 | 1.29 | 11.71 |
| 6 | CAC (FP) | -3.04% | 1.08% | -4.22% | -2.22% | -3.04% | 11.97 | 1.59 | 13.03 |
| **Asia Market** | | | | | | | | | |
| 1 | Nikkei (JP) | 19.22% | 4.41% | 5.21% | 0.79% | 19.22% | 17.14 | 1.66 | 9.64 |
| 2 | Hang Seng (HK) | 17.56% | 3.18% | -5.17% | 13.11% | 17.56% | 7.30 | 0.83 | 10.91 |
| 3 | Shanghai (CN) | 14.53% | 2.43% | 2.12% | 14.83% | 14.53% | 8.61 | 1.01 | 11.60 |
| 4 | Shenzhen (CN) | 16.55% | 2.11% | -0.47% | 15.52% | 16.55% | 9.07 | 1.16 | 12.75 |
| 5 | NFT (IN) | 8.81% | -2.01% | -8.39% | -1.52% | 8.81% | 17.96 | 2.79 | 15.44 |
| 6 | Kospi (KR) | -9.63% | -2.30% | -7.47% | -14.24% | -9.63% | 8.78 | 0.81 | 9.20 |
| **ASEAN Market** | | | | | | | | | |
| 1 | Singapore (SG) | 17.14% | 1.51% | 5.87% | 13.89% | 17.14% | 10.09 | 1.07 | 10.60 |
| 2 | Kuala Lumpur (MK) | 12.58% | 2.72% | -0.68% | 2.99% | 12.58% | 12.28 | 1.18 | 9.50 |
| 3 | Thailand (TH) | -1.10% | -1.91% | -3.36% | 7.63% | -1.10% | 12.77 | 1.25 | 9.75 |
| 4 | Vietnam (VN) | 12.58% | 1.72% | -1.24% | 2.14% | 12.58% | 8.09 | 1.26 | 15.57 |
| 5 | Philipines (PH) | 1.22% | -1.29% | -10.23% | 1.82% | 1.22% | 10.06 | 1.25 | 12.81 |
| **Indonesia Market** | | | | | | | | | |
| 1 | JCI / IHSG (ID) | -2.65% | -0.48% | -5.95% | 0.23% | -2.65% | 12.60 | 1.68 | 13.25 |
| 2 | JII / ISSI (ID) | 1.41% | -0.83% | -4.85% | 3.05% | 1.41% | 12.12 | 1.34 | 11.00 |
| 3 | IDX30 (ID) | -14.48% | -3.48% | -12.21% | -4.40% | -14.48% | 11.92 | 1.68 | 14.00 |
| 4 | LQ45 (ID) | -14.83% | -3.52% | -11.96% | -6.88% | -14.83% | 11.97 | 1.66 | 13.82 |

*Source: Bloomberg, Syailendra Research*

# Indo vs US Equities during Trade War

## Stock price was hit due IDR depreciation from 13.5k to 15k follows CNY

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




Source : Bloomberg, Syailendra Research

- Dampak pasar saham Indonesia terlihat akibat transmisi IDR yang melemah dari level 13,500 menjadi 15,000. Hal ini selaras dengan pelemahan Yuan dari 6.25 ke level 6.8-6.9. Setelah IDR dan Yuan lebih stabil di 2019, kinerja IHSG sedikit lebih membaik.
- Namun sepanjang 2018-2019, market mengalami stagnasi.

# Equity Peers Comparison

## Market much more positive on 2026 rather than 2025 earnings

**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** | **13.3** | **12.3** | **7.8%** | **8.2%** | **1.6** | **1.5** | **11.9** | **12.1** |
| **Indonesia*** | **11.4** | **10.4** | **7.2%** | **10.1%** | **1.8** | **1.6** | **16.1** | **16.1** |
| Malaysia | 14.2 | 13.1 | 8.7% | 7.6% | 1.4 | 1.3 | 9.7 | 10.0 |
| Phillipines | 10.5 | 9.5 | 10.4% | 10.4% | 1.4 | 1.3 | 13.7 | 13.8 |
| Singapore | 13.5 | 12.6 | 5.8% | 6.9% | 1.7 | 1.6 | 12.2 | 12.4 |
| Thailand | 16.0 | 14.7 | 13.6% | 8.4% | 1.6 | 1.6 | 10.2 | 10.5 |
| **MSCI AxJ** | **12.7** | **11.2** | **12.4%** | **12.8%** | **1.6** | **1.4** | **12.0** | **12.4** |
| Hong Kong | 11.6 | 10.8 | 6.5% | 7.2% | 0.9 | 0.8 | 7.5 | 7.6 |
| India | 22.1 | 19.2 | 15.5% | 15.0% | 3.4 | 3.1 | 14.7 | 15.1 |
| Korea | 8.2 | 7.1 | 18.3% | 15.0% | 0.9 | 0.8 | 10.6 | 11.0 |
| Taiwan | 17.1 | 15.0 | 18.2% | 14.3% | 3.0 | 2.8 | 17.2 | 18.9 |
| **MSCI EMEA** | **10.2** | **9.1** | **15.2%** | **12.0%** | **1.3** | **1.1** | **12.6** | **12.0** |
| South Africa | 9.2 | 8.0 | 29.4% | 14.5% | 0.9 | 0.7 | 9.6 | 8.4 |
| Turkey | 6.2 | 4.5 | 33.0% | 36.5% | 0.9 | 0.8 | 15.1 | 16.6 |
| **MSCI LATAM** | **8.1** | **7.3** | **14.7%** | **9.8%** | **1.2** | **1.1** | **15.1** | **15.0** |
| Brazil | 7.2 | 6.5 | 14.7% | 10.2% | 1.2 | 1.1 | 16.0 | 16.5 |
| Mexico | 10.1 | 9.4 | 16.0% | 7.8% | 1.3 | 1.1 | 13.4 | 11.6 |
| **MSCI EMEA** | **10.2** | **9.1** | **15.2%** | **12.0%** | **1.3** | **1.1** | **12.6** | **12.0** |
| **MSCI World** | **19.4** | **17.5** | **9.4%** | **11.0%** | **3.2** | **3.0** | **15.5** | **16.0** |
| Australia | 18.3 | 17.9 | 0.1% | 2.3% | 2.3 | 2.2 | 12.4 | 12.1 |
| Europe | 13.7 | 12.5 | 5.4% | 9.3% | 1.9 | 1.8 | 13.2 | 13.5 |
| Japan | 15.7 | 14.3 | 0.4% | 9.2% | 1.4 | 1.3 | 8.9 | 9.3 |
| USA | 22.2 | 19.8 | 12.4% | 12.2% | 4.5 | 4.1 | 18.9 | 19.4 |
| **Local Index** | | | | | | | | |
| JCI* | 11.1 | 10.1 | 7.1% | 10.5% | 0.0 | 1.4 | 0.1 | 14.1 |

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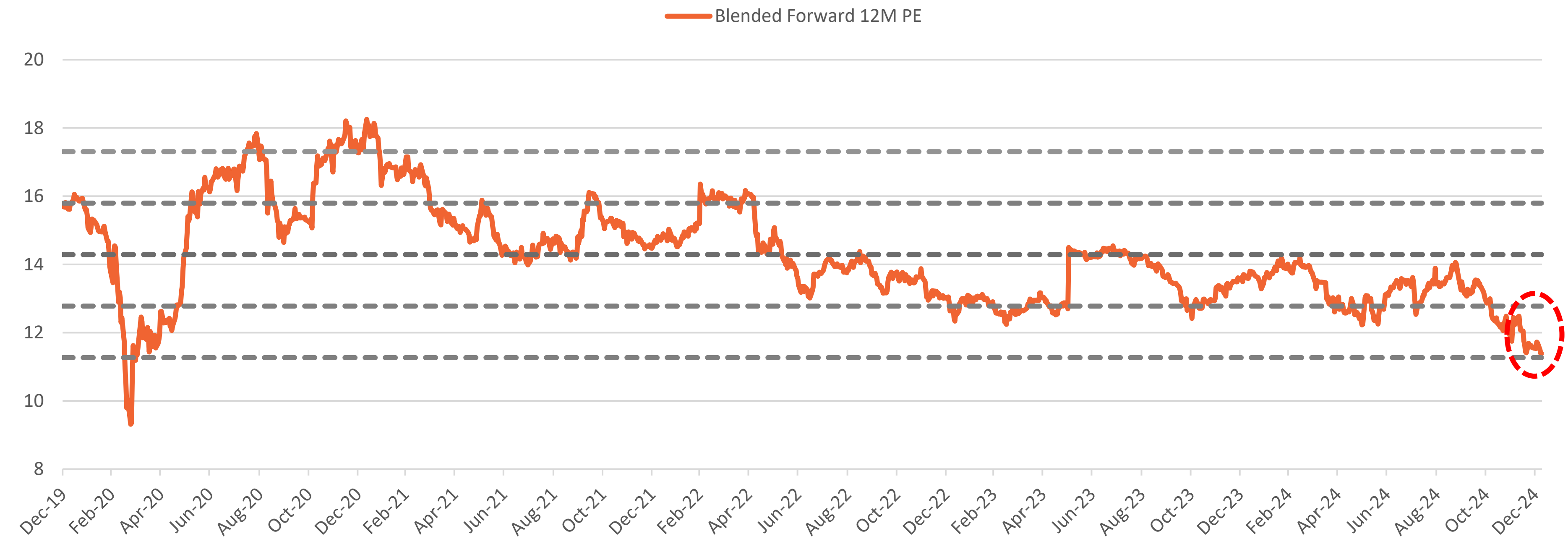
*Source: Syailendra Research, Bloomberg*

# 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 : Bloomberg, Syailendra Research

- IHSG mengalami penurunan valuasi yang lumayan signifikan dalam 2 bulan terakhir. Hal ini terlihat IHSG mencapai PE 11-12x dimana ini merupakan level PE -2 Std Dev dalam 5 ttahun terakhir.
- 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 | 30.2 | 8.8 | 2.7 | 11.3 | 3.4 |
| Communication Services | 6.6 | 6.7 | 0.4 | 6.1 | 0.4 |
| Consumer Staples | 6.8 | 12.3 | 0.8 | 10.3 | 0.7 |
| Materials | 3.3 | 22.3 | 0.7 | 14.8 | 0.5 |
| Consumer Discretionary | 1.2 | 15.9 | 0.2 | 13.0 | 0.2 |
| Health Care | 2.3 | 13.0 | 0.3 | 11.3 | 0.3 |
| Industrials | 3.7 | 2.5 | 0.1 | 2.1 | 0.1 |
| Information Technology | 0.0 | 13.4 | 0.0 | 7.5 | 0.0 |
| Utilities | 0.7 | -1.9 | 0.0 | -2.3 | 0.0 |
| Real Estate | 1.2 | 0.3 | 0.0 | 3.5 | 0.0 |
| Energy | 2.4 | 3.7 | 0.1 | 0.9 | 0.0 |
| **Subtotal** | **58.2** | **9.2** | | **9.5** | |

Source : Syailendra Research, Bloomberg

### Net Profit Growth Outlook 2025F and 2026F

In % YoY

| Sector | Weight | 2025F | | 2026F | |
|---|---|---|---|---|---|
| | | NPAT Growth | Cont. | NPAT Growth | Cont. |
| Financials | 30.2 | 8.6 | 2.6 | 10.4 | 3.1 |
| Communication Services | 6.6 | 8.7 | 0.6 | 6.5 | 0.4 |
| Consumer Staples | 6.8 | 14.8 | 1.0 | 13.2 | 0.9 |
| Materials | 3.4 | 20.2 | 0.7 | 19.1 | 0.6 |
| Consumer Discretionary | 1.2 | 16.3 | 0.2 | 15.2 | 0.2 |
| Health Care | 2.3 | 14.8 | 0.3 | 11.9 | 0.3 |
| Industrials | 3.7 | 2.4 | 0.1 | 4.6 | 0.2 |
| Information Technology | 0.0 | 13.4 | 0.0 | 7.4 | 0.0 |
| Utilities | 0.7 | -0.2 | 0.0 | 2.3 | 0.0 |
| Real Estate | 1.2 | 0.9 | 0.0 | 2.5 | 0.0 |
| Energy | 2.4 | 5.0 | 0.1 | 1.7 | 0.0 |
| **Subtotal** | **58.3** | **9.6** | | **10.0** | |

Source : Syailendra Research, Bloomberg

- Konsensus telah melakukan *downward revison* atas tingkat pertumbuhan laba JCI ke level untuk tahun 2025F ke level 9% dari sebelumnya di level 10%.
- Salah satu sektor yang memiliki ekspektasi tingkat pertumbuhan tinggi ialah *materials, consumer discretionary, healthcare* .

# Our View on Sectoral (1)

## Our Thesis and Views on Sector

**Sectoral view and its thesis**
Explained

| Sector | Industry | SC View | Reasons / thesis |
|---|---|---|---|
| Communication Services | Telecommunication Services | OW | 1. Competition landscape to remain competitive. However, we still anticipate c**ontinued ARPU and marketshare improvements for ISAT and EXCL**<br>**2. EXCL-FREN merger :** positive for the whole sector. In the short-term ISAT & TLKM might become the beneficiary in term of ARPU however we look EXCL valuation and prospect of synergy inc. better balance-sheet could be an opportunity in the mid term. |
| Consumer Staples | FMCG | N | **1. Valuations** reasonable (some companies were undemanding) however earnings visibility was less compare to sales visibility due commodity impact.<br>**2. FMCG sales** have been quite strong driven by volume. We expect the trend to be continue on top of Prabowo programs that boost consumer purchasing power. |
| Consumer Staples | Plantations | UW | 1. CPO stock price already catching-up with the commodity price. At current CPO, it became risk due high base effect.<br>2. Reversal of CPO levy also partially priced-in on the stock price. With B40 around the corner and the POGO spread being as high as it currently is, there is a possibility that the levy will be hiked to accomodate for this. Based on our estimates, the levy would need to be hiked to 25-30% to accomodate for B40. This is a big risk and has the potential to kill CPO prices locally. |
| Consumer Staples | Poultry | UW | 1. While broiler price stay elevated above 20k+ at year end, we still conservative whether there will be structural change impact from Prabowo MBG program.<br>2. Lower GPD import quota still need to be monitor as the impact not directly on those years. |
| Consumer Staples | Tobacco | UW | 1. Wide price gap between tier-1 cigs compared to lower tiers will continue to **shrink tier-1 cigs market share**<br>2. Increasing **illegal cigarettes**, disrupting the cigs market. |
| Health Care | Health Care | N | 1. Overall hospitals should remain able to deliver a teens topline growth in 2025F. One of the best performing sector in JCI.<br>**2. SILO** plan to do asset injections from REITS and cleaning up their asset ownership structure should continue after CVC took over majority control, this should be interesting for a 2-3 years investment horizon. |



Source : Syailendra Research, Bloomberg

# Our View on Sectoral (2)

## Our Thesis and Views on Sector

**Sectoral view and its thesis**
Explained

| Sector | Industry | SC View | Reasons / thesis |
|---|---|---|---|
| Consumer Discretionary | Automobiles | N | 1. 4W sales continue to decline, with ASP under pressure from weaker demand.<br>2. Yet valuation were cheap even could be considered as dividend stock<br>3. Selective players can seek growth from non-auto business. |
| Consumer Discretionary | Retailing | OW | 1. We are expecting a better buying power situation compared to 2024, especially considering the **potential of stimulus for the middle-class**.<br>2. 5-7% minimum wage hike shouldnt be a big issue for retailers, as they've always able to pass it on to their cust. |
| Financials | Financials | OW | 1. We expect the **tight liquidity in the banking system to prevail into 2025**. These come from crowding out from government retail bond issuances coupled with the BI's SRBI/SVBI issuances that will persist. Despite still tight liquidity; we think overall CoF to remain largely fla. These would mean NIMs to stablise or slightly fall.<br>2. We see BBRI valuation currently very cheap. This implying no growth from its micro segment going forward. We believe there could be opportunity on the stock despite lack of catalyst as of now. |
| Real Estate | Residential | OW | 1. Continuance of property incentive by the new government could support elevated presales<br>2. Valuation of property companies come back to level before rate hike. |
| Real Estate | Industrial Estate | UW | 1. Overhang on China +1 narrative due to **restrictive China Foreign Investment policy**.<br>2. Lack of clarity on industrial presales despite China+1 potential. |
| Industrials | Toll Roads | OW | 1. Consensus has priced in the risk of interest expense<br>2. Strong top-line growth driven by tariffs etc.<br>3. Prabowo had said on the public to stop investment to new toll road at the moment. |

Source : Syailendra Research, Bloomberg

# Our View on Sectoral (3)

## Our Thesis and Views on Sector

**Sectoral view and its thesis**
Explained

| Sector | Industry | SC View | Reasons / thesis |
|---|---|---|---|
| Energy | Coal | N | **Thermal Coal**<br>1. **ICI prices have shown recovery**, normalizing at current levels. As the northern hemisphere experiences winter, we expect this to be a slight tailwind for ICI prices.<br>2. Valuation undemanding for the sector. |
| Energy | O&G | OW | 1. Oil price already stable hovering at 70 USD/Bbl. Valuation also undemanding at the moment.<br>2. Oil Enabler (Offshore marine services) had better condition as their charter rate now near price level during 2013-2014. |
| Materials | Metals | OW | Volume and margin story in nickel<br>1. **Volume-driven growth and margin recovery** due to new projects and expected RKAB approval.<br>2. NCKL and MBMA/MDKA, being **integrated producers, are likely to benefit from rising NPI prices and ore premiums.** |
| Other | Cement | UW | 1. No visibility on 3mio housing program despite slight boost demand for the cement industry.<br>2. Lack of catalyst and earnings visibility from company. |

Source : Syailendra Research, Bloomberg

# 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**

Explained

| Desc7 | 2023 | 2024 | 2025F | | | 2026F | | |
|---|---|---|---|---|---|---|---|---|
| | | | 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.<br>2. Categorize JCI weighting based on three category (fundamental-cover, non-fundamental, non-cover).<br>3. Create return contribution (mirror to SOTP) for each category as follows :<br>• Earnings Growth x PE Re-rating for Fundamental Coverage<br>• -25%/Flat/+25% from Non-Fundamental<br>• -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** | **6,545** | **7,464** | **8,282** | **7,081** | **7,908** | **8,736** |
| Non-Fundamental Factor | -520 | -925 | -233 | -925 | -1,616 | -233 | -925 | -1,616 |
| **JCI Index Adj. (Base 2023)** | **6,753** | **6,137** | **6,317** | **6,575** | **6,634** | **6,867** | **6,975** | **7,084** |
| **Our JCI Price Level Target (Inc. Non-Fundamental)** | | | **6,550** | **7,500** | **8,250** | **7,100** | **7,900** | **8,700** |
| **Price Return YoY%** | | | -7.2% | 6.2% | 16.9% | -5.3% | 5.3% | 16.0% |
| **Assumption** | | | | | | | | |
| **Fundamental-Coverage** | | | | | | | | |
| EPS Growth | -1.39% | 0.00% | 5.00% | 10.00% | 12.50% | 7.50% | 10.00% | 12.50% |
| P/E | 14.5 | 11.9 | 11.9 | 11.9 | 11.9 | 11.9 | 11.9 | 11.9 |

# Flow Driven Equities

## Trading risk and oppor. from flows (past 2 years inc. names into MSCI and FTSE)

**Non-Fundamental Stock Contribution to Index Return 2023**
In points and return %

| No | Ticker | 2023 | Cont. Return |
|---|---|---|---|
| 1 | BREN | 251.6 | 3.7% |
| **2** | **AMMN** | **119.2** | **1.7%** |
| **3** | **TPIA** | **85.9** | **1.3%** |
| **4** | **CUAN** | **55.8** | **0.8%** |
| **5** | **BRPT** | **39.1** | **0.6%** |
| 6 | PANI | 16.6 | 0.2% |
| 7 | DSSA | 10.8 | 0.2% |
| 8 | DCII | 6.7 | 0.1% |
| 9 | FILM | 6.1 | 0.1% |
| 10 | SGER | 5.5 | 0.1% |
| 11 | DNET | 3.1 | 0.0% |
| 12 | BRMS | 2.6 | 0.0% |
| 13 | SRAJ | -0.8 | 0.0% |
| 14 | KPIG | -1.0 | 0.0% |
| 15 | MSIN | -9.4 | -0.1% |
| 16 | BYAN | -22.2 | -0.3% |
| 17 | BEBS | -49.8 | -0.7% |
| | **Non-Fundamental Contribution** | **519.7** | |
| | **JCI Start** | **6850.6** | |
| | Fundamental Contribution | -97.5 | -1.3% |
| | Non-Fundamental Contribution | 519.7 | 7.1% |
| | Net Gain/(Loss) | 422.2 | |
| | **JCI End** | **7272.8** | 5.8% |

**Non-Fundamental Stock Contribution to Index Return 2024**
In points and return %

| No | Ticker | 2024 | Cont. Return |
|---|---|---|---|
| 1 | DSSA | 103.4 | 1.4% |
| **2** | **TPIA** | **77.7** | **1.1%** |
| 3 | BREN | 71.5 | 1.0% |
| 4 | PANI | 56.0 | 0.8% |
| **5** | **AMMN** | **54.4** | **0.7%** |
| 6 | BRMS | 31.1 | 0.4% |
| 7 | DNET | 22.5 | 0.3% |
| 8 | KPIG | 10.5 | 0.1% |
| 9 | BYAN | 7.5 | 0.1% |
| 10 | SRAJ | 7.2 | 0.1% |
| 11 | MSIN | 5.1 | 0.1% |
| 12 | FILM | -0.8 | 0.0% |
| 13 | DCII | -1.0 | 0.0% |
| 14 | SGER | -2.1 | 0.0% |
| 15 | BEBS | -2.9 | 0.0% |
| **16** | **CUAN** | **-9.9** | **-0.1%** |
| **17** | **BRPT** | **-25.6** | **-0.4%** |
| | **Non-Fundamental Contribution** | **404.9** | |
| | **JCI Start** | **7272.8** | |
| | Fundamental Contribution | -597.8 | -8.2% |
| | Non-Fundamental Contribution | 404.9 | 5.6% |
| | Net Gain/(Loss) | -192.9 | |
| | **JCI End** | **7079.9** | -2.7% |



Source : Syailendra Research, Bloomberg

: Included into MSCI/FTSE

# Foreign Equity Flows

## JCI end-up having outflow in 4Q24

| Monthly Data | India | Indonesia | Korea | Philippines | Taiwan | Thailand | Malaysia | EM Asia ex. China | EM Asia ex-China ex-Malaysia | Japan |
|---|---|---|---|---|---|---|---|---|---|---|
| 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 |
| Oct-24 | -10,945 | -719 | -3,404 | 22 | 1,130 | -845 | -413 | -15,173 | -14,761 | 16,610 |
| Nov-24 | -2,680 | -1,063 | -3,203 | -349 | -8,045 | -398 | -699 | -16,437 | -15,739 | -1,834 |
| **Dec-24** | **1,321** | **-313** | **-1,530** | **-103** | **708** | **-308** | **-637** | **-863** | **-226** | **-7,151** |

| Yearly | India | Indonesia | Korea | Philippines | Taiwan | Thailand | Malaysia | EM Asia ex. China | EM Asia ex-China ex-Malaysia | Japan |
|---|---|---|---|---|---|---|---|---|---|---|
| **2024** | **-174** | **2,295** | **632** | **4** | **-14,720** | **-4,240** | **-654** | **-16,858** | **-16,203** | **-18,184** |
| 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 |

*Source: Syailendra Research*

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