

Monthly Bulletin

September 2021

What's Inside



Calendar

US Initial Jobless Claim (16,23,30-Sep)
ID Trade Balance (15-Sep)
ID BI-Meeting (21-Sep)
US FOMC Meeting (23-Sep)



Global Event

Salah satu hal yang ditunggu oleh pasar ialah signal dari member FOMC terkait *tapering* atas QE. Berdasarkan pidato Powell di 27-Aug-21, Pasar memberikan reaksi dengan volatilitas relatif rendah dibandingkan pada signal *tapering* di tahun 2013.



Indonesia

Pemerintah mengumumkan kelanjutan PPKM sd 6-Sep-21. Disaat yang bersamaan, aturan terkait pembatasan aktivitas sosial di perlonggar. Hal ini terlihat dari data mobilitas yang kembali ke level rata-rata sepanjang pandemi *covid-19*.



Equity Market

Kinerja IHSG ditutup sebesar +2.86% YTD atau +1.32% MoM (*cutoff date: 31-Aug-2021*). Top 3 *Leaders* 1) BBCA, 2) ASII , 3) BBRI dan Top 3 *Laggards* 1) ARTO, 2) EMTK, 3) BRIS. Investor asing melakukan *net buy* sebesar +1,017 mio USD di bulan Juli 2021.



Fixed Income Market

Imbal hasil 10 tahun obligasi bergerak menurun dari level 6.3% menjadi 6.0% di akhir bulan Agustus 2021. Hal ini selaras dengan penguatan IDR yang belakangan menyentuh level 14,463 dari level 14,268. Selain itu, kepemilikan investor asing bergerak flat pada level 22.5% selama bulan Agustus 2021.



Section

01



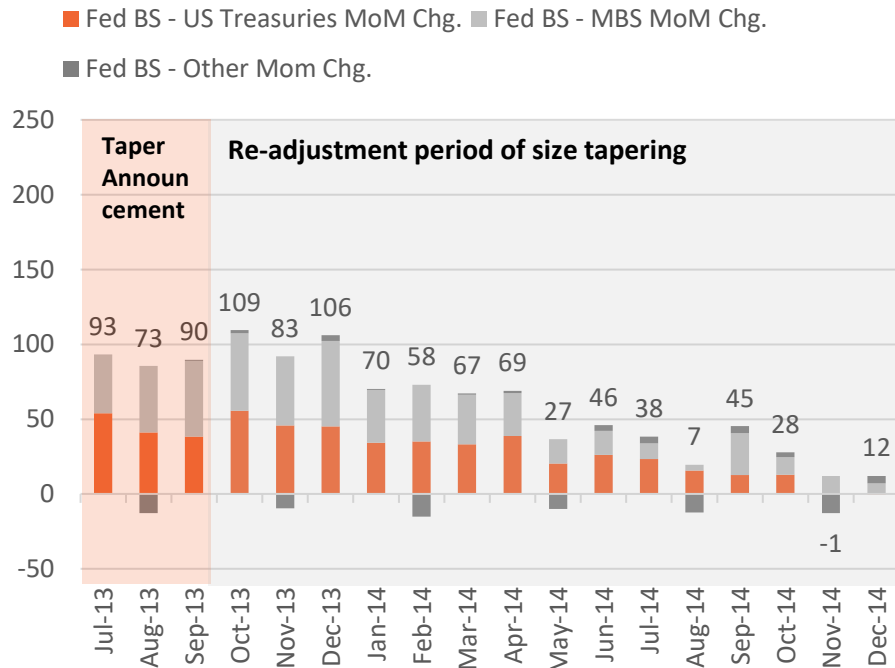
Macro updates

Tapering Is on the Horizon

We could see tapering the earliest at near end of year, gradual roll-out is the key

Fed Purchases on Treasuries and MBS

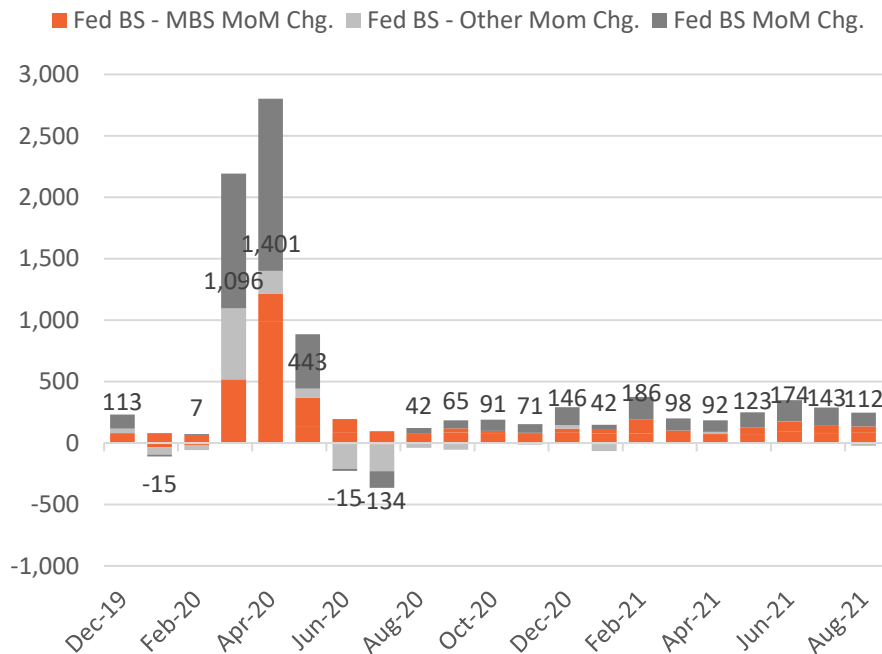
In bio USD each month



	IHSG	BINDO	USDIDR	Indo 10YR
Taper Tantrum (Jul-Aug'13)	-12.2%	-6.8%	-9.1%	1.26
Gradual Tapering from 2014 into 1Y phase-out throughout 2014.	24.6%	15.5%	-11.8%	-0.62
Total Return (Jul'13 -2014)	9.4%	7.6%	-19.8%	0.64

Indonesia asset during tapering issues

In % of change



Source: Syailendra Research, Bloomberg

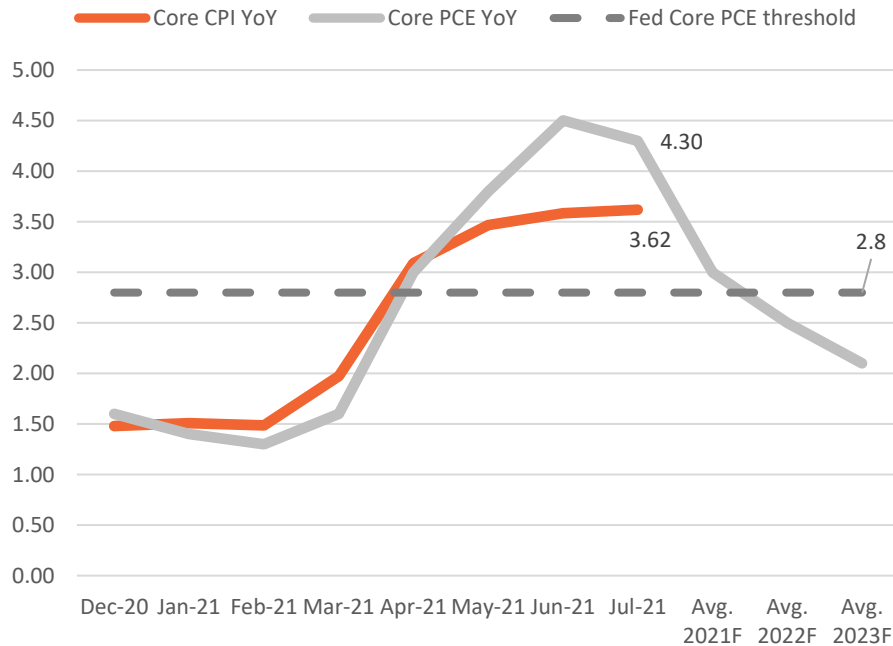
- 📌 Pasar memiliki ekspektasi instruksi rinci terkait *tapering* akan terjadi di Sep FOMC Meeting. Kemungkinan penurunan *asset purchase* sebesar 10-20bio of treasuries and 5-10bio MBS perbulan. Sehingga, terdapat perkiraan tapering akan berlangsung dalam 6-12 bulan.
- 📌 Reaksi pasar terhadap *early signal* akan tapering dari Powell tidak mengakibatkan volatilitas yang signifikan.

Rate Hike is Contingent on Improvement on Labor Data

Inflation support fed stance on tapering its asset purchase

Core CPI and PCE YoY

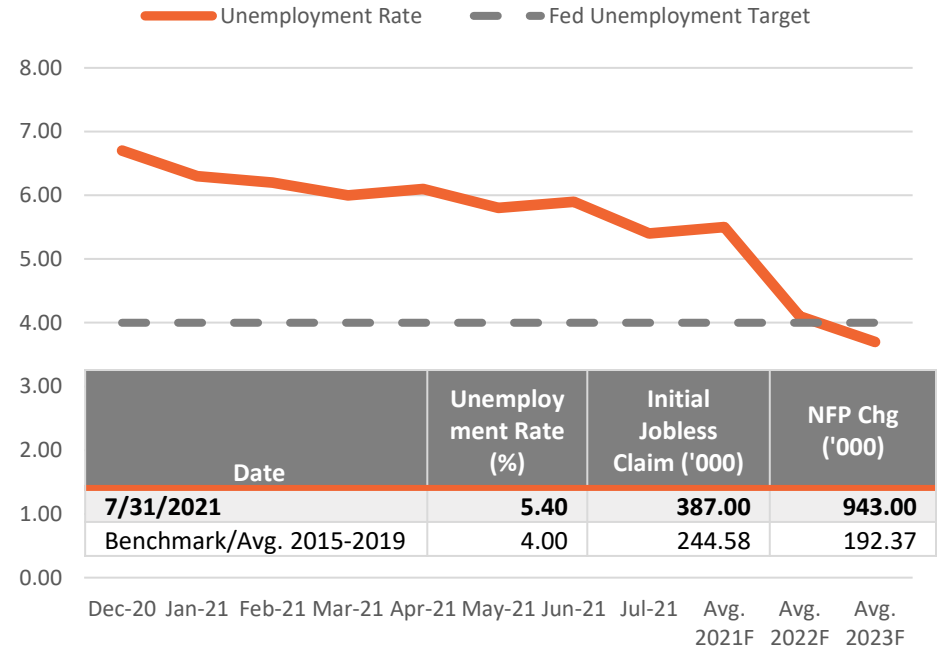
In %



Source: Syailendra Research, Bloomberg

Unemployment Rate (%)

In % of labor force



Source: Syailendra Research, Bloomberg

🏗️ Memahami dari pesan yang disampaikan Powell dalam pidatonya di *Jacksonhole*. Keputusan terkait *interest rate* akan berada pada timeline yang berbeda. Hal ini salah satunya didasarkan pada salah satu issue yang diangkat oleh Powell dimana dia masih melihat terdapat potensi perbaikan lebih lanjut untuk data *unemployment* yang merupakan salah satu mandat Fed sebagai bank sentral AS.

2022 Budget Outlook

Government was signalling to stay on track with fiscal deficit < 3% in 2023F

Comparison Government Budget for 2022 RAPBN

In trn IDR, % YoY

In tn IDR	2019	2020	2021 Outlook	2022 RAPBN	YoY vs 2021 Outlook	% of 2019 level
Government Revenue	1,960.6	1,647.7	1,734.9	1,840.7	6.1%	93.9%
Domestic Revenue	1,955.1	1,628.9	1,732.2	1,840.1	6.2%	94.1%
Tax Revenue	1,546.1	1,285.1	1,375.0	1,506.9	9.6%	97.5%
Non-Tax Revenue	409.0	343.8	357.2	333.2	-6.7%	81.5%
Grant	5.5	18.8	2.7	0.6		
Spending	-2,254.1	-2,646.0	-2,689.5	-2,753.6	2.4%	122.2%
Central Govt	-1,496.3	-1,833.0	-1,927.0	-1,983.3		
Transfer to region and village funds	-757.8	-813.0	-762.5	-770.3		
Primary balance	-73.1	-633.6	-595.3	-462.2		
Surplus/ (Deficit)	-293.5	-998.3	-954.6	-912.9		
% surplus/ (deficit) of GDP	-2.2%	-6.1%	-5.8%	-4.9%		
% of tax revenue of GDP	11.6%	7.9%	8.4%	8.0%		
PEN Programme		575.2	774.8	321.2	-58.5%	
Spending based on function						
Healthcare (inc. PEN)	113.6	172.3	326.4	255.3	-21.8%	
Social Safety (inc. PEN)	308.4	498.0	487.8	427.5	-12.4%	
Education (inc. PEN)	460.3	473.7	540.3	541.7	0.3%	
Infrastructure (inc. PEN)	415.0	423.0	417.0	385.0	-7.7%	

Source: Syailendra Research

- 🏠 Gambaran besar yang dapat dilihat dari postur RAPBN 2022 ialah pemerintah masih menargetkan tercapainya fiskal defisit 3% di tahun 2023. Di saat yang bersamaan program PEN dan *social safety spending* menurun. PEN fokus terhadap anggaran terkait kesehatan publik dan beberapa *social safety net*. Hal ini mengakibatkan anggaran PEN turun sebesar -58.5%

Fiscal Normalization in 2023, Is It Possible ?

Some optimization in revenue and expenditure make 3% target possible

Governemnt iniatives on increasing tax revenue

In trn IDR, % YoY

Potential Additional Government Revenue from Tax Reform	in Rp tn		
VAT 12% + Exemption Review	64.0		
New Bracket Income Tax	13.0		
Undeclared Assets Incentives	50.0	-	70.0
Carbon tax	10.0	-	20.0
Total Additional Revenue	137.0	-	167.0
% of GDP	0.8%	-	0.9%

No.	Goods and Services are still exempted from VAT
1	Object that has been taxed by the local/regional government (restaurant, hotel, parking, and entertainment)
2	Money, gold allocated for FX reserve, and securities
3	Public service that could not be provided by other institution
4	Preacher service
5	Good, services, and activities related with export and downstream development

No.	VAT rate
1	General rate is planned to be increased to 12% fro 10%
2	Introducing multitariff system ranging from 5% until 25%

No.	Personnel Taxable Income	Current Tax Rate (%)	Proposed Rate (%)
1	Up to Rp50mn	5	5
2	>Rp50mn - Rp250mn	15	15
3	>Rp250mn - Rp500mn	25	25
4	> Rp500mn - Rp5bn	30	30
5	>Rp5bn*	30	35

Estimating RAPBN 2023 based on asimple assumption

Based on scenarios analysis

Desc	2022F	2023F	Chg. Only
Budget Deficit (% of GDP)	-4.85%	-3.00%	1.85%
Budget Deficit	-868.0	-579.9	288.1
Source of Saving/Consolidation			
Revenue (8% YoY growth)			147.3
Regular Spending (6% YoY growth)			-119.0
Reduction in expenditure			
Healthcare (from 255tn to 200tn)			55.0
Social Safety (rom 428tn to 308tn)			120.0
Other expenditure (from 212tn to 100tn)			100.0
Est. Saving from RAPBN 2023F			303.3
Lack/(Saving) of Saving to achieve 3%			-15.1

Source: Syailendra Research, Bloomberg

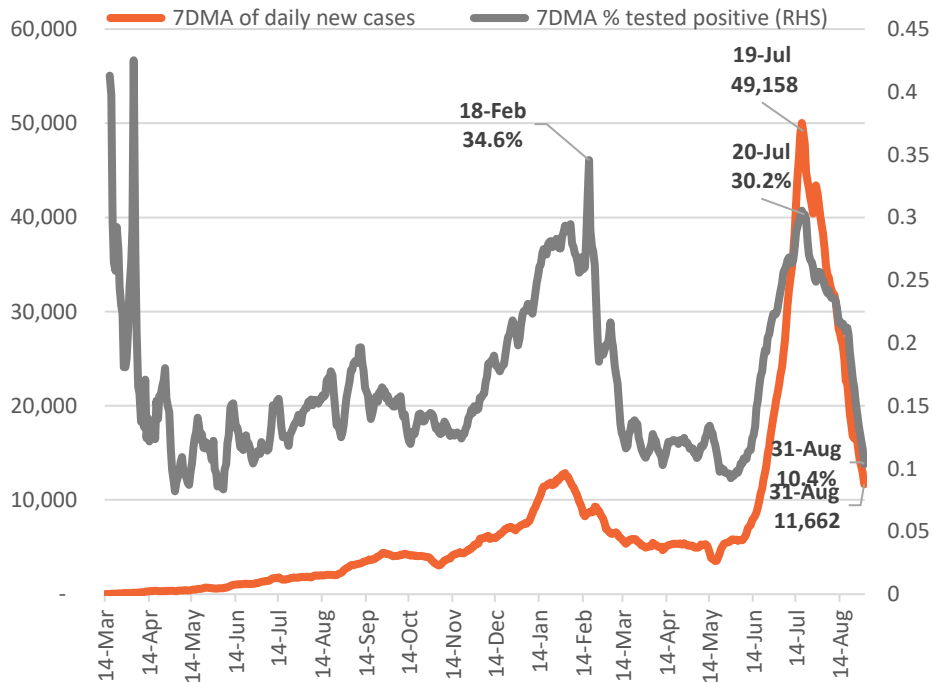
- 🏠 Mempertimbangkan penurunan beberapa biaya di RAPBN 2022. Apabila pemerintah melakukan hal yang sama untuk tahun 2023 dan potensi peningkatan pendapatan pajak. Target 3.0% fiskal defisit di 2023 berpotensi tercapai.

Indonesia Covid-19 Situation

Significant improvement across the board

7DMA Daily New Cases vs Infection Rate

In no of cases, %



Source: Syailendra Research, CLSA

- 🏠 Situasi perihal *covid-19* di Indonesia jauh menurun dari kondisi dalam 2 bulan kebelakang dengan rata-rata BOR 10 provinsi terbesar di Indonesia berada di level 30%.
- 🏠 Terlepas dari itu, Pemerintah masih cukup konservatif dalam pendekatan relaksasi PPKM. Beberapa daerah masih dikenakan PPKM Level 3 akibat masih tingginya beberapa kasus rawat inap *covid-19*. Perlahan pemerintah merelaksasi aturan terkait PPKM seperti

Top 10 Economic Indonesia Region BOR

In %

	28-Jun-21	7-Aug-21	29-Aug-21	% GDP
Avg. Top 10 Province	63%	61%	30%	77.6%
DKI Jakarta	90%	45%	19%	17.6%
East Java	78%	67%	28%	14.6%
West Java	90%	48%	20%	13.2%
Central Java	88%	52%	20%	8.5%
North Sumatera	33%	66%	43%	5.1%
Riau	32%	73%	43%	4.6%
Banten	92%	49%	18%	4.0%
East Kalimantan	54%	78%	51%	3.8%
South Sulawesi	23%	60%	34%	3.2%
South Sumatera	54%	73%	26%	2.9%

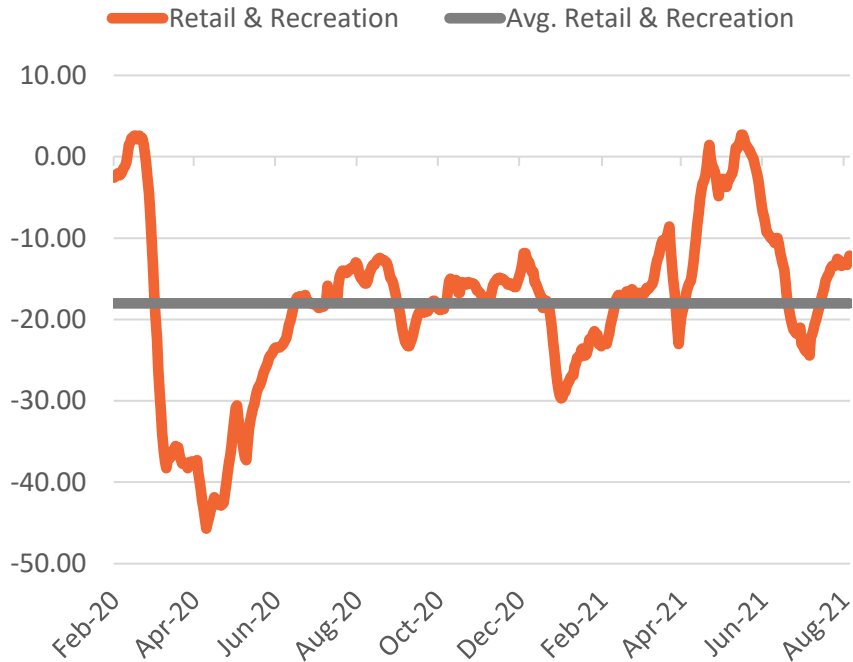
Source: Syailendra Research, MoH

Mobility Already at New Normal Level

Despite several extended PPKM, latest round is effective until 6-Sep-2021

7DMA Google Mobility Data – Retail & Recreation

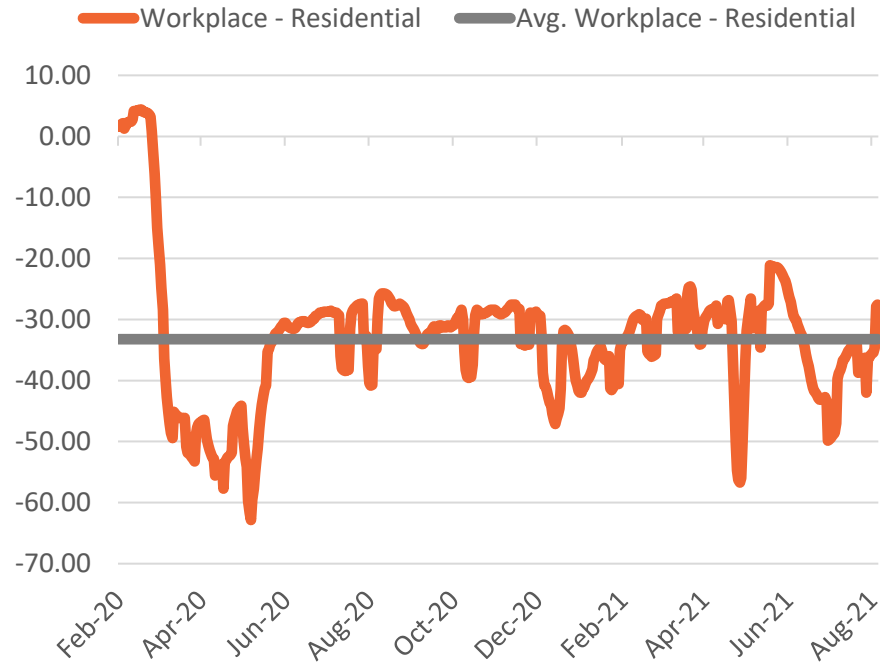
In % of benchmark (2019) mobility



Source: Syailendra Research, Google

7DMA Google Mobility Data – Workplace minus Residential

In % of benchmark (2019) mobility



Source: Syailendra Research, Google

- 🏠 Relaksasi aturan PPKM ini tercermin pada peningkatan mobilitas. Baik perihal rekreasi dan in-out pekerjaan telah berada di level rata-rata sejak pandemi mulai di tahun 2020.
- 🏠 Sehingga terdapat potensi *fast recovery* untuk di bulan Sep-2021.

Section
02



Bond Outlook

Market was slightly softened on 2nd Interest Hike

Post Jackson Hole economic summit, FFR futures Dec'22 hovering around 0.25%

Interest Rate Probability 1 Hike

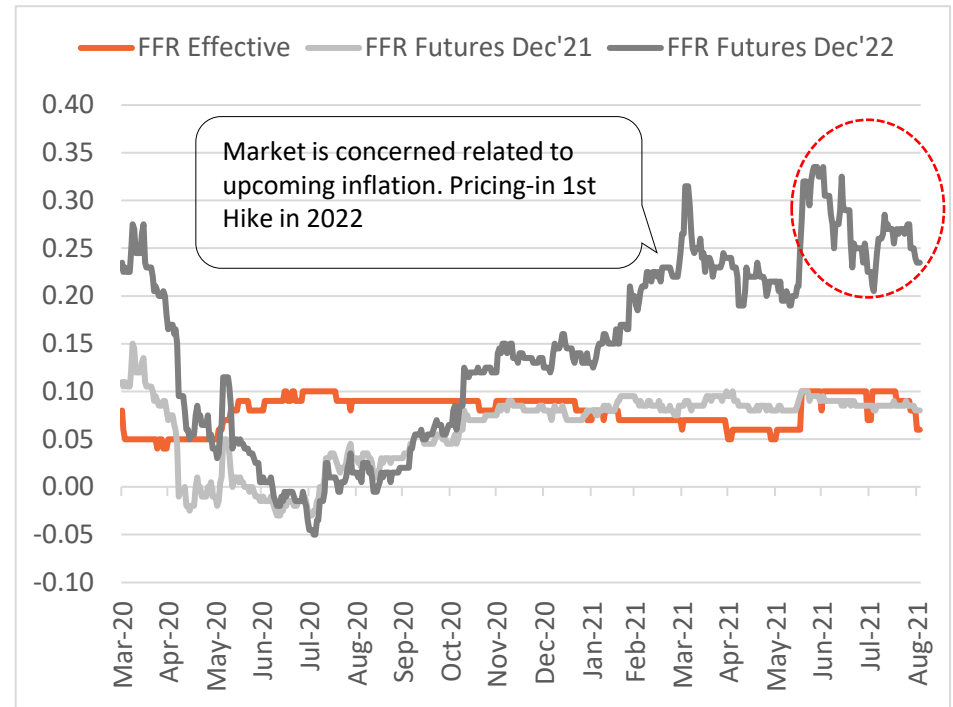
In % of hike probability

FOMC Meeting Date	% Hike/Cut		
	30-Jul-21	26-Aug-21	30-Aug-21
22-Sep-21	-4.80%	-5.90%	-12.10%
3-Nov-21	0.50%	3.40%	6.60%
15-Dec-21	0.30%	-1.90%	1.00%
26-Jan-21	-0.10%	1.90%	1.00%
16-Mar-22	3.10%	3.10%	0.00%
4-May-22	1.20%	1.20%	0.00%
15-Jun-22	7.30%	8.10%	7.60%
27-Jul-22	4.40%	7.60%	6.40%
21-Sep-22	19.00%	25.30%	20.00%
2-Nov-22	4.80%	10.30%	10.90%
14-Dec-22	28.20%	36.40%	31.10%
1-Feb-23	9.30%	12.40%	12.40%

Source: Syailendra Research, Bloomberg

FFR Effective and Futures Yield

In % YTM



Source: Syailendra Research, Bloomberg

- Reaksi pasar setelah *keynote* dari Powell yang memberikan signal atas kebijakan moneter kedepan. Konsensus mencatatkan sedikit peningkatan FFR sebesar 25bps di akhir tahun 2022 dengan probabilitas 30% di bandingkan 28% di awal Juli 2021. Hal ini mengalami penurunan setelah sebelumnya pasar sedikit khawatir terkait dengan peningkatan rate yang terlalu cepat.

2022 Bonds Supply Breakdown

Government bond issuance in 2022 likely similar to 2021

Comparison Government Budget for 2022 RAPBN

In trn IDR, % YoY

Desc	2021 Outlook	2022 RAPBN	Chg.
Fiscal Deficit	939.60	868.02	-71.58
Investment Financing	-167.20	-182.32	-15.12
Guarantee	-2.70	-1.13	1.57
Government Lending	1.40	-17.71	-19.11
Other Financing - Below the line financing (SAL)	187.30	77.30	-110.00
Debt Financing - Net	920.80	991.88	71.08
Maturing government bond	477.60	412.43	-65.17
Debt Financing - Gross	1,398.40	1,404.31	5.91
Government Bond Issuance	1,397.00	1,422.02	25.02
Regular rupiah bond auction (80-85%)	1,152.53	1,173.16	
Global bond (12-15%)	174.63	177.75	
Retail (4-6%)	69.85	71.10	

Source: Syailendra Research

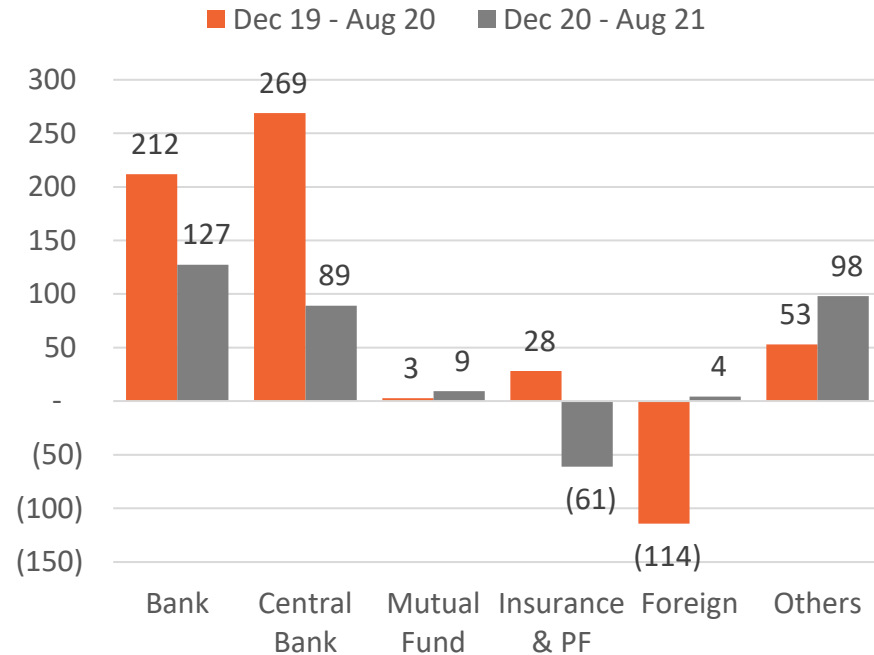
- 🏠 Terlepas penurunan fiskal defisit sebesar, supply dari penerbitan obligasi relatif akan sama diakibatkan penurunan dari *other financing* sebesar 110trn.

SBN Ownership

Banks and BI continue the purchase

Net New Ownership of SUN

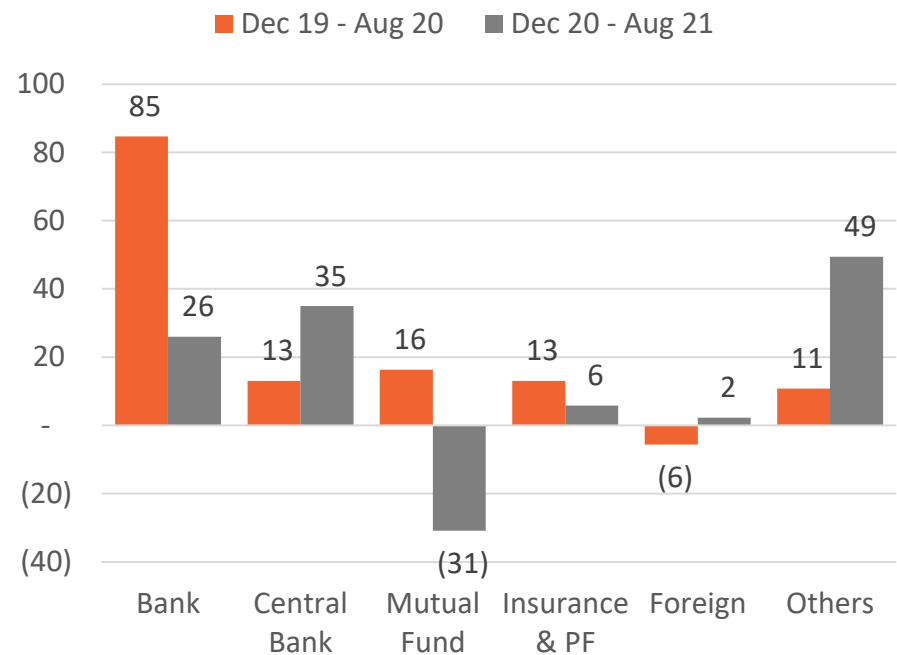
Based on ownership change YTD, in IDR tr



Source: DJPPR, Syailendra Research

Net New Ownership of SBSN

Based on ownership change YTD, in IDR tr



Source: DJPPR, Syailendra Research

- 🏠 Demand dari kategori individu dan lain-lain meningkat baik di pasar SUN sebesar 98trn dan SBSN sebesar 49trn.
- 🏠 Penurunan porsi SBSN di reksa dana sebesar 31trn diakibatkan PBS014 dengan total *outstanding debt* 75trn. Reksa dana belum menambah posisi akibat jatuh tempo PBS014.

Section
03



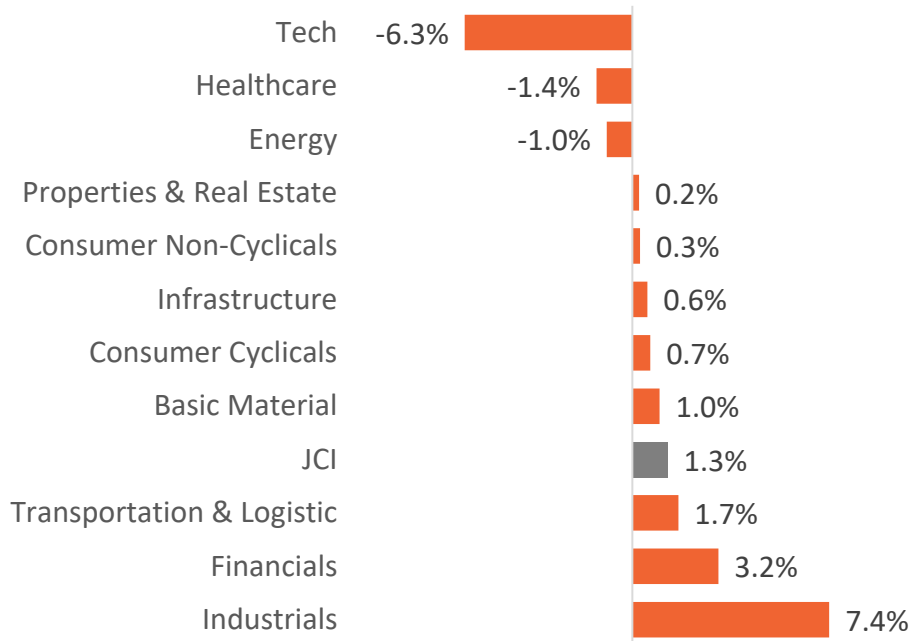
Equity Outlook

Market was Driven by Old Economy Stocks

Industrial and financial take the lead while tech had some correction

JCI Sectoral Movement MTD

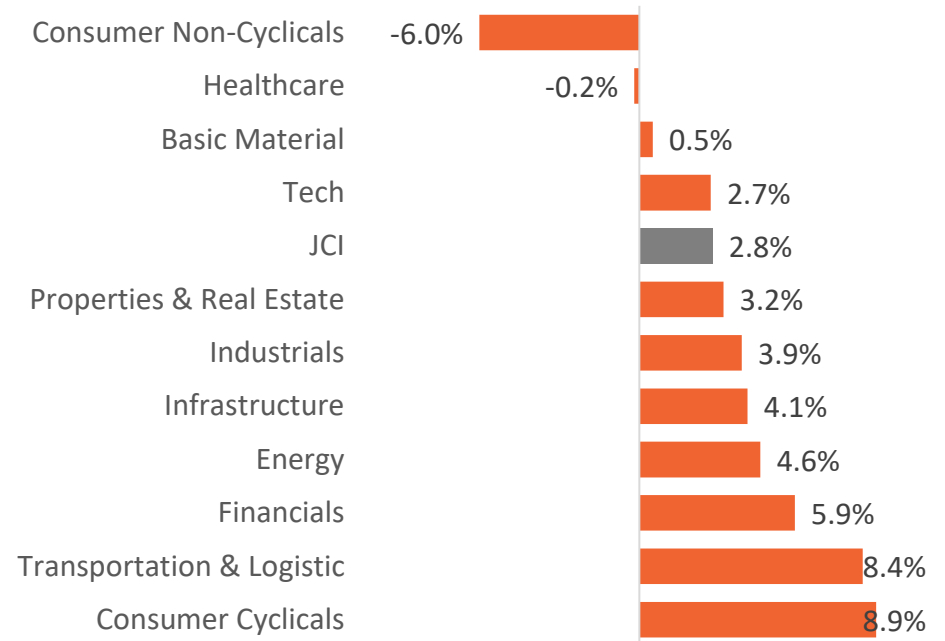
As of 31 Aug 2021



Source: DJPPR, Syailendra Research

JCI Sectoral Movement QTD

As of 31 Aug 2021



Source: DJPPR, Syailendra Research

- 🏠 Selama bulan Agustus 2021, IHSG mengalami peningkatan sebesar 1.3% MTD. Hal ini dikontribusi oleh sektor finansial dan industrial sebesar 3.2% dan 7.4% di saat yang bersamaan sektor teknologi mengalami penurunan sebesar -6.3%.
- 🏠 Namun, QTD sampai dengan agustus 2021, sektor teknologi mencatatkan kinerja yang relatif sama dengan IHSG sebesar 2.7% vs IHSG 2.8%

July Industry Sector Positioning

Broad based reduction with addition on tech and financial

Monthly Changes of Investor Position

In % of weight JCI (est)

Sector	Local									
	Institution		Mutual Funds		Pension Fund		Insurance		Individuals	
	Jul-21	Aug-21	Jul-21	Aug-21	Jul-21	Aug-21	Jul-21	Aug-21	Jul-21	Aug-21
Energy	0.14%	0.27%	0.17%	-0.36%	0.10%	-0.23%	0.12%	-0.24%	-0.02%	0.18%
Basic Industry	-0.24%	-0.12%	-0.17%	-0.50%	0.06%	-0.18%	-0.31%	0.12%	-0.30%	-0.31%
Industrial	-1.43%	0.31%	-1.62%	0.12%	-0.70%	0.20%	-1.39%	0.43%	-15.93%	0.10%
Consumer Non-Cyclical	-0.64%	-0.44%	-0.64%	-0.74%	-0.83%	-0.30%	-0.61%	-0.25%	-0.75%	0.20%
Consumer Cyclical	0.29%	-0.09%	0.25%	-0.27%	0.02%	0.19%	0.35%	-0.06%	0.28%	0.04%
Healthcare	-0.04%	-0.28%	0.07%	-0.44%	0.15%	-0.26%	-0.13%	-0.17%	0.24%	-0.02%
Financial	-0.11%	-0.12%	-0.05%	1.35%	0.41%	-0.37%	-0.23%	-0.89%	0.06%	1.13%
Property	-0.18%	-0.06%	-0.35%	-0.31%	-0.22%	0.09%	-0.07%	0.04%	-0.51%	-0.06%
Technology	1.59%	1.56%	1.75%	1.93%	0.62%	1.38%	1.62%	1.35%	16.95%	-1.36%
Infrastructure	0.59%	-0.51%	0.53%	-0.76%	0.35%	-0.47%	0.67%	-0.35%	0.05%	0.02%
Transportation & Logistics	0.02%	0.01%	0.04%	0.01%	0.11%	-0.01%	0.00%	0.01%	0.00%	0.07%

Sector	Foreign									
	Institution		Mutual Funds		Pension Fund		Insurance		Individuals	
	Jul-21	Aug-21	Jul-21	Aug-21	Jul-21	Aug-21	Jul-21	Aug-21	Jul-21	Aug-21
Energy	0.18%	-0.22%	0.10%	-0.16%	0.25%	-0.43%	0.11%	-0.01%	0.01%	0.69%
Basic Industry	-0.23%	-0.17%	-0.22%	0.12%	-0.32%	0.25%	-0.04%	0.14%	0.14%	0.52%
Industrial	-0.50%	0.00%	-0.70%	0.09%	-0.18%	-0.37%	0.21%	0.32%	-0.23%	0.77%
Consumer Non-Cyclical	-0.15%	-0.42%	-0.06%	-0.43%	-0.41%	-0.55%	-0.03%	-0.01%	-0.36%	0.71%
Consumer Cyclical	0.07%	-0.02%	0.08%	-0.04%	0.03%	-0.11%	-0.01%	0.48%	5.33%	-11.96%
Healthcare	-0.01%	-0.11%	-0.04%	-0.05%	0.05%	-0.33%	0.08%	0.03%	0.03%	0.26%
Financial	-0.51%	0.29%	-0.37%	0.27%	-0.49%	1.09%	-1.99%	-2.28%	1.72%	3.32%
Property	-0.07%	-0.04%	-0.10%	-0.02%	-0.02%	-0.12%	-0.02%	0.04%	-7.39%	2.73%
Technology	0.55%	0.92%	0.78%	0.78%	0.04%	1.41%	0.09%	0.47%	0.31%	0.99%
Infrastructure	0.67%	-0.56%	0.45%	-0.57%	1.04%	-0.82%	1.60%	0.83%	0.41%	1.89%
Transportation & Logistics	0.00%	0.00%	0.00%	0.01%	0.00%	-0.01%	0.00%	0.00%	0.03%	0.06%

Source: CGS-CIMB, threshold is 0.25% for material movement between sector

Foreign Equity Flow

Indonesia and India record positive inflow

(in US\$ mn.)	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China
Jul-20	1,153	-264	725	-124	269	-323	-601	835
Aug-20	6,096	-581	-2,295	-261	-2,183	-887	-356	-468
Sep-20	-767	-1,049	-990	-306	-1,425	-738	-476	-5,751
Oct-20	2,506	-252	-434	-156	-609	-701	-161	193
Nov-20	9,559	245	5,205	-169	4,507	1,081	-251	20,178
Dec-20	7,267	-279	-614	-171	2,285	82	-147	8,424
Jan-21	1,978	775	-5,254	-273	-3,389	-365	-208	-6,735
Feb-21	3,016	258	-1,781	-191	-3,224	-621	-215	-2,759
Mar-21	2,333	-186	-1,312	-483	-5,523	-1	-7	-5,179
Apr-21	-1,489	-244	68	-278	2,758	-107	-276	431
May-21	749	247	-7,964	-239	-1,911	-1,061	-40	-10,220
Jun-21	1,498	342	-792	-79	-1,814	-314	-283	-1,442
Jul-21	-1,706	67	-4,222	-183	-4,210	-522	-318	-11,094
Aug-21	1,012	312	-5,089	33	1,074	175	251	-2,232
Yearly								
YTD	7,391	1,571	-26,348	-1,694	-16,241	-2,815	-1,094	-39,231
2020	23,373	-4,320	-20,082	-2,513	-15,997	-8,287	-5,782	-33,607
2019	14,234	-1,306	924	-240	9,377	-1,496	-2,683	18,811
2018	-4,557	-3,656	-5,676	-1,080	-12,231	-8,913	-2,885	-38,999
2017	8,014	-2,960	8,267	1,095	6,587	-796	2,456	22,664
2016	2,903	1,259	10,480	83	10,956	2,240	-628	27,294

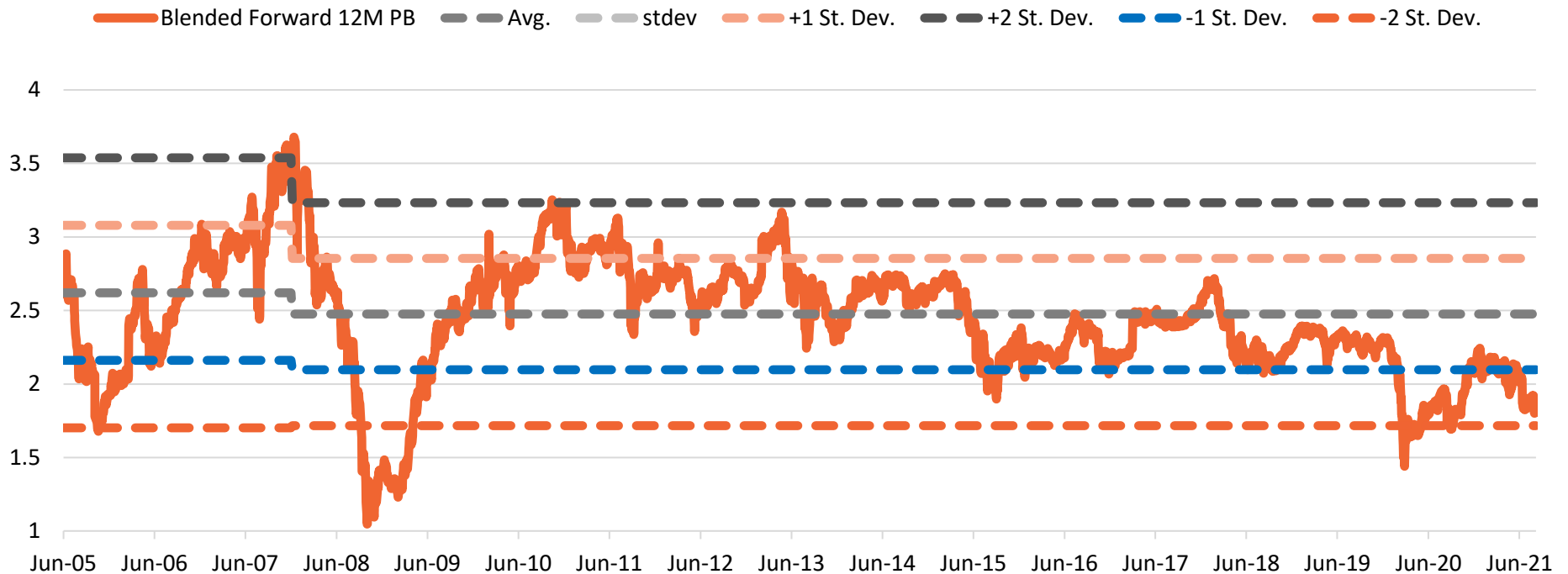
Source: Syailendra Research, Bloomberg

JCI Historical Valuation

However, JCI price to book is still cheap in historical sense

JCI Blended 12M Forward P/B

In times of P/B with 2005-2007, 2008-2019, and 2020-2021 deviation band



Source: Bloomberg, Syailendra Research

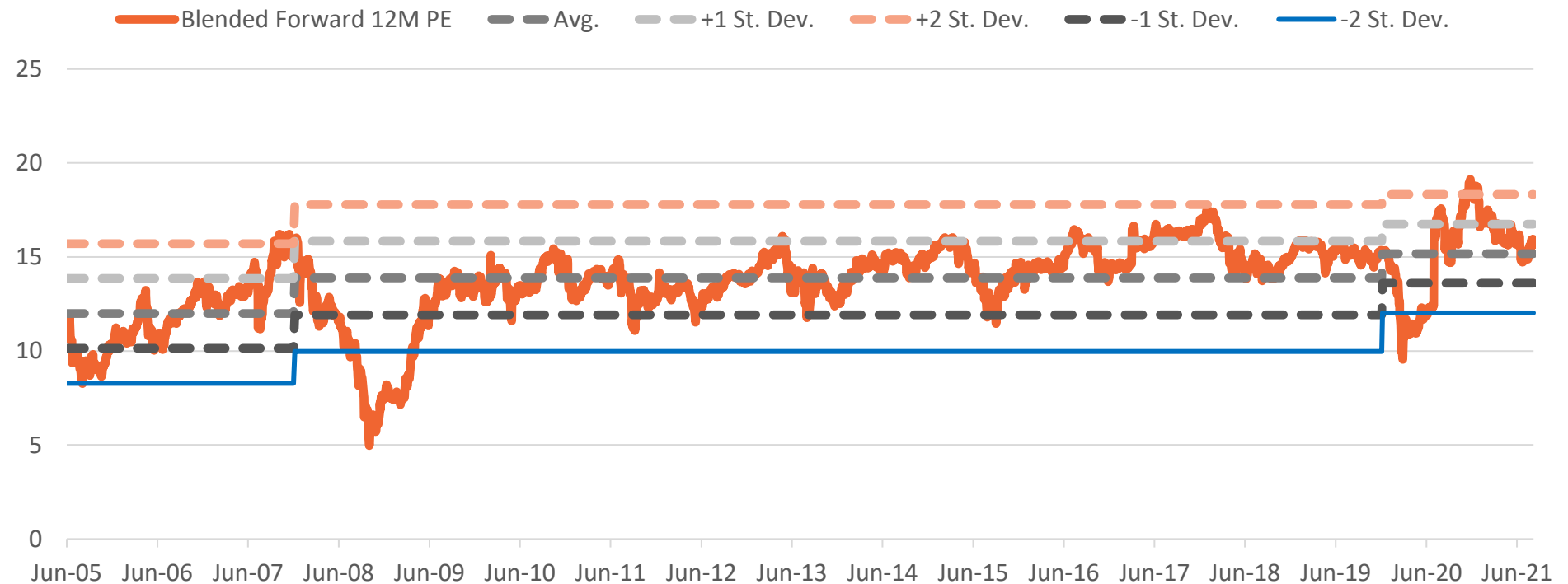
- Di saat yang bersamaan valuasi JCI menggunakan *price to book* masih dapat dikatakan memiliki potensi *upside*. Secara historis sejak 2015, P/B JCI berkisar di antara 2.1x – 2.5x dibandingkan level saat ini masih berada di 2.00x mendekati level -2 Std. (Deviasi di 1.71x).

JCI Historical Valuation

JCI price to earnings down to its mean

JCI Blended 12M Forward P/E

In times of P/E with 2005-2007 and 2020-2021 P/E band



Source: Bloomberg, Syailendra Research

- ⚠️ Dalam 3 bulan kebelakang, IHSG mengalami koreksi bergerak relatif *flat* 5,900 - 6,000. Di saat yang bersamaan, ekspektasi laba tidak menurun signifikan. Hal ini terlihat pada P/E menurun di antara level rata-rata dan +1 Std Dev.

Disclaimer



This document is prepared by PT Syailendra Capital (“Syailendra”) and is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. Accordingly, this document and its contents may not be reproduced, redistributed, transmitted or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

The information contained in this document does not constitute an offer to sell securities or the solicitation of an offer to buy, or recommendation for investment in, any securities in any jurisdiction. The information in this document is not intended as financial advice and is only intended for professionals with appropriate investment knowledge who can be classified as a ‘Professional Client’ under the Rules & Regulations of the appropriate financial authority. Moreover, none of the documents are intended as a prospectus within the meaning of the applicable laws of any jurisdiction and none of the documents are directed to any person in any country in which the distribution of such presentation is unlawful.

This document provides general information only. The information and opinions in the document constitute a judgment as at the date indicated and are subject to change without notice. The information may therefore not be accurate or current. The information and opinions contained in this document have been compiled or arrived at from sources believed to be reliable in good faith, but no representation or warranty, express, or implied, is made by Syailendra, as to their accuracy, completeness or correctness and Syailendra does also not warrant that the information is up to date. Moreover, you should be aware of the fact that investments in undertakings, securities or other financial instruments involve risks. Past results do not guarantee future performance. Syailendra accepts no liability for any loss arising from the use of material presented in this presentation.

SYAILENDRA 

PT Syailendra Capital

District 8 Treasury Tower
39th Fl Unit 39A, SCBD Lot 28
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190

P. : +62 21 51400888

F. : +62 21 51400967

www.syailendracapital.com