

# Monthly Bulletin

June 2022

## What's Inside



### Calendar

US FOMC Meeting (15-May)  
US Housing Start (16-May)  
US Initial Jobless Claims (16-May)  
EU CPI (17-May)



### Global Event

Inflasi menjadi isu utama dari *sisi global macro*. Hampir seluruh negara dari berbagai *region* mencatatkan inflasi diatas ekspektasi. Hal ini mengkhawatirkan bagi investor global atas kepastian pertumbuhan ekonomi kedepan.



### Indonesia

Berbeda dengan negara lain, Pemerintah Indonesia mengajukan proposal untuk anggaran subsidi mempertimbangkan peningkatan harga *crude oil*. Hal ini mengakibatkan ekspektasi inflasi dalam tahun 2022 menurun dan selaras stabilitas yang terjadi di USDIDR.



### Equity Market

Kinerja IHSG ditutup sebesar +8.62% YTD atau -1.11% MoM (*cutoff date: 31-May-2022*). Top 3 *Leaders* 1) GOTO, 2) BYAN, 3) UNVR dan Top 3 *Laggards* 1) EMTK, 2) TLKM, 3) BBRI. Investor asing melakukan *net buy* sebesar -243 mio USD selama bulan May'22.



### Fixed Income Market

Yield 10 tahun obligasi terkoreksi sepanjang May'22 ke level 6.90-7.00%. Di saat bersamaan, Rupiah bergerak stabil di kisaran 14,500-14,600. Kepemilikan investor asing terlihat *bottom up* pada bulan May'22 di level 16.56%.



# Section 01



Macro Updates

# 3Q22 Key Macro Narrative

Despite of macro headwind, Indonesia is better-off than others

## Macro narrative for the next few quarters

Slower growth, Uncertainty on inflation and monetary tightening might create hiccup on markets

---

Terdapat beberapa perubahan besar yang terjadi sejak awal tahun 2022. Hal ini menyebabkan volatilitas untuk seluruh spektrum *risky asset* meningkat. Dibawah ini merupakan beberapa *key question* yang menurut kami menjadi faktor penentu dalam pergerakan asset:

### ⚠ Current narrative of macro background.

- Slower growth: Most of developed market show clear slowing growth while growth on emerging market is mixed.
- Peaking Inflation: Some countries have not shown peak inflation. However, in some major countries wages and retail sales have probably peaked in the past months.
- Monetary Tightening: Major central banks have already announced their plan to hike rates and to pressure demand through balance sheet reduction.

### ⚠ Things that exacerbate pressure on inflation and growth

- Pro-longed high prices of energy and agriculture commodities.

### ⚠ Things to be expected from the macro background

- USD seems to be pricing-in on higher interest rate while not pricing-in growth differential between regions.
- Asset valuation should be pressured until significant improvement on growth and/or liquidity. Both on rates and equities.

### ⚠ What things that might decouple from above condition ?

- Asia growth might diverge in the mid-term due to China reopening and latest stimulus package.

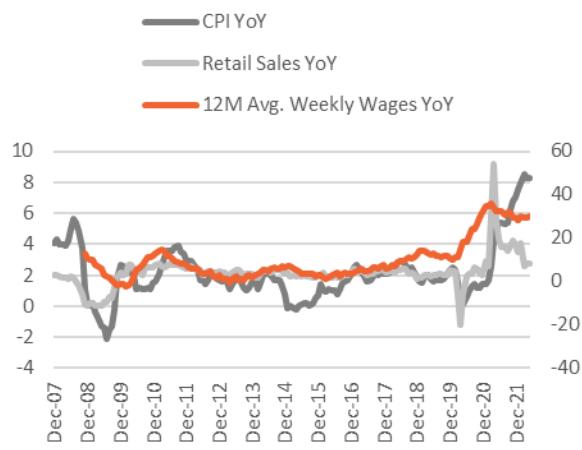
### ⚠ Indonesia currently at favorable position with commodity buffer on FX side and High base consumption base on growth side.

# Inflation Might Still be Elevated...

Few countries have shown higher inflation was not followed by retail sales

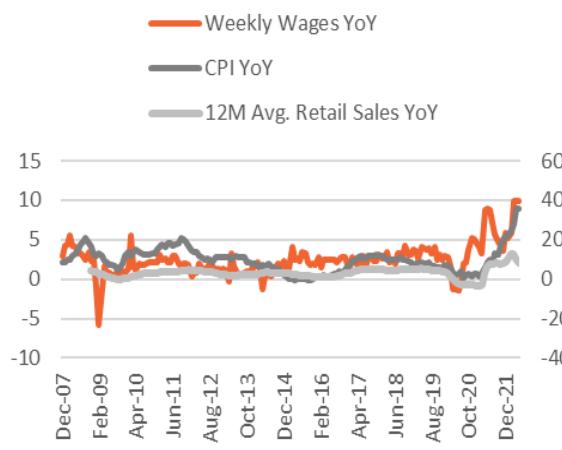
## United States

CPI YoY, Retail Sales, Wages



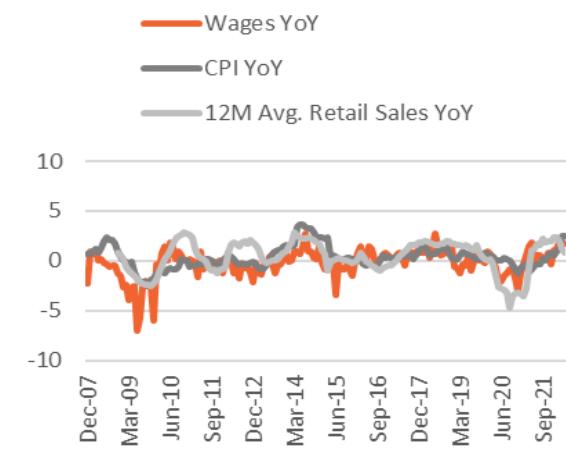
## United Kingdom

CPI YoY, Retail Sales, Wages



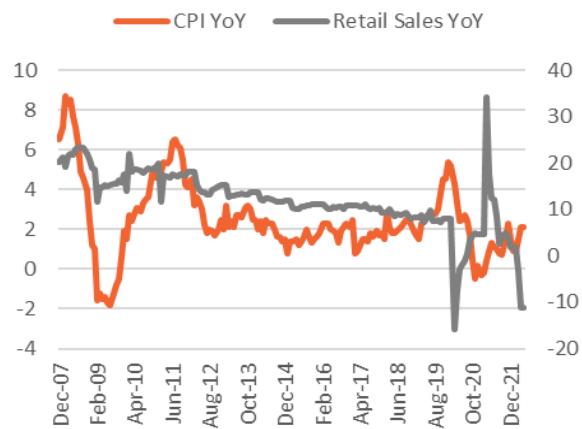
## Japan

CPI YoY, Retail Sales, Wages



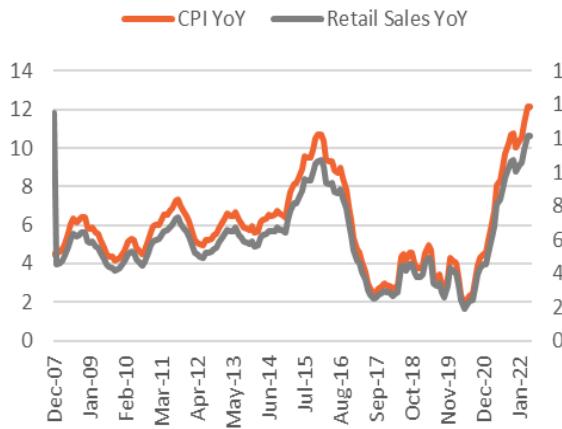
## China

CPI YoY, Retail Sales, Wages



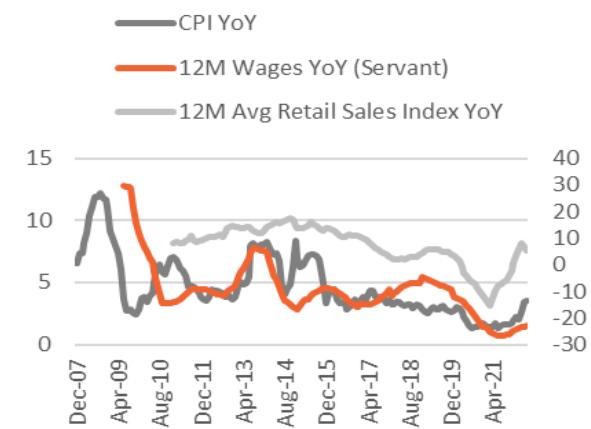
## Brazil

CPI YoY, Retail Sales, Wages



## Indonesia

CPI YoY, Retail Sales, Wages

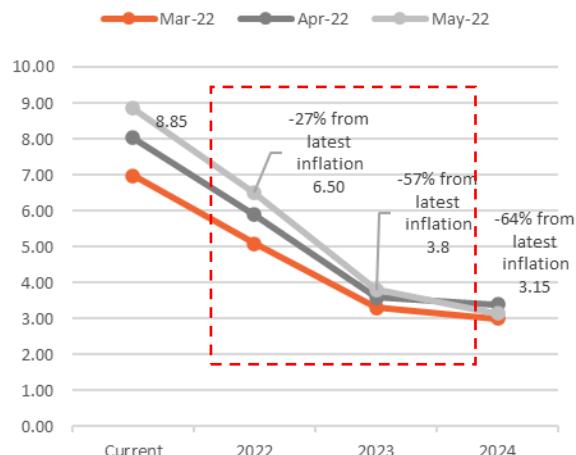


# Signs of Inflation could last longer than expected

Energy commodities curves are still moving upward

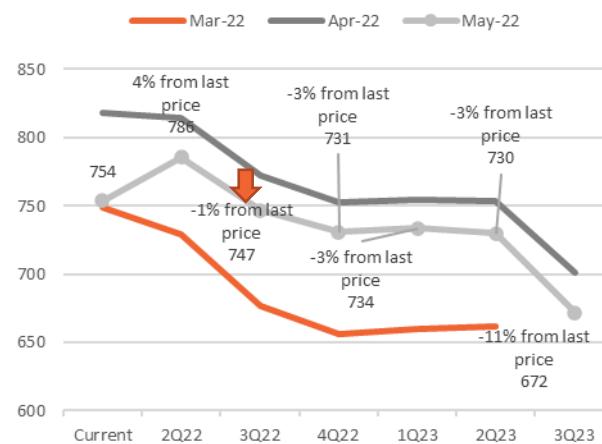
## Est. of Weight Avg Global CPI

In %



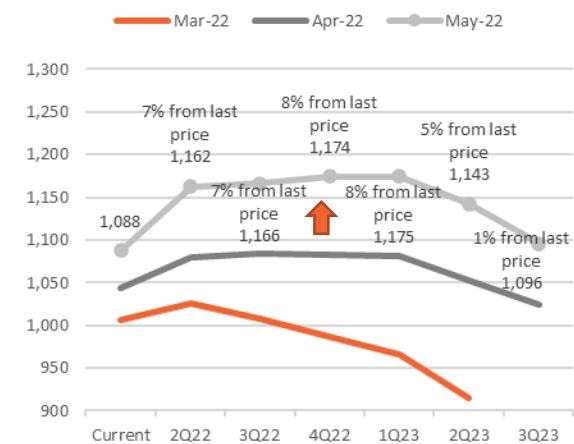
## Corn show small improvement

In %



## Wheat price still elevated along curve

In %



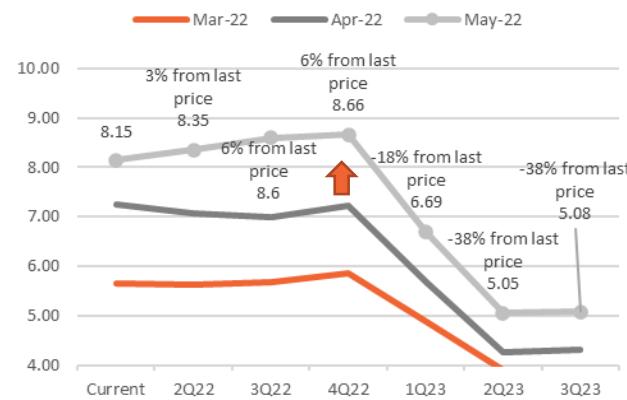
## Brent Oil still elevated

In %



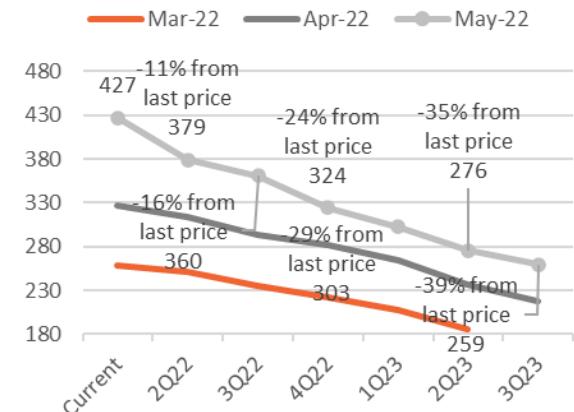
## Henry Hub price still elevated

In %



## Newcastle Price still elevated

In %



# Lates Update on US Inflation

Inflation still elevated but there's MoM slightly improvement on goods and services

## Inflation Breakdown YoY

In %

Date	All	Food	Energy	Commodities (Goods) ex Food & Energy	Services ex Energy & Shelter	Shelter	Other
12/31/2020	1.28%	0.55%	-0.45%	0.32%	0.33%	0.61%	-0.09%
1/31/2021	1.36%	0.54%	-0.25%	0.34%	0.23%	0.53%	-0.03%
2/28/2021	1.68%	0.51%	0.15%	0.27%	0.27%	0.48%	0.00%
3/31/2021	2.66%	0.49%	0.92%	0.34%	0.41%	0.56%	-0.06%
4/30/2021	4.15%	0.33%	1.73%	0.89%	0.77%	0.69%	-0.26%
5/31/2021	4.94%	0.30%	1.98%	1.33%	0.98%	0.72%	-0.36%
6/30/2021	5.34%	0.33%	1.76%	1.78%	0.94%	0.83%	-0.30%
7/31/2021	5.28%	0.48%	1.73%	1.73%	0.72%	0.91%	-0.29%
8/31/2021	5.21%	0.52%	1.83%	1.58%	0.66%	0.92%	-0.30%
9/30/2021	5.39%	0.64%	1.82%	1.51%	0.66%	1.03%	-0.28%
10/31/2021	6.24%	0.75%	2.23%	1.76%	0.75%	1.14%	-0.38%
11/30/2021	6.83%	0.86%	2.49%	1.96%	0.72%	1.26%	-0.46%
12/31/2021	7.10%	0.84%	2.16%	2.32%	0.75%	1.38%	-0.35%
1/31/2022	7.53%	0.93%	2.00%	2.56%	0.91%	1.44%	-0.32%
2/28/2022	7.91%	1.06%	1.94%	2.70%	0.96%	1.55%	-0.29%
3/31/2022	8.56%	1.18%	2.67%	2.52%	1.02%	1.62%	-0.45%
4/30/2022	8.22%	1.26%	2.49%	2.08%	1.13%	1.67%	-0.39%
5/31/2022	8.52%	1.36%	2.84%	1.81%	1.17%	1.77%	-0.43%

## Inflation Breakdown MoM

In %

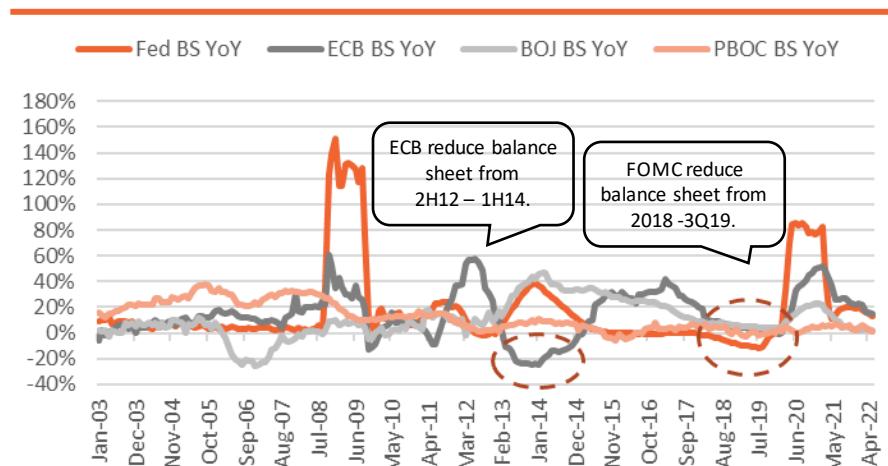
Date	All	Food	Energy	Commodities (Goods) ex Food & Energy	Services ex Energy & Shelter	Shelter	Other
12/31/2020	0.32%	0.05%	0.23%	0.01%	0.00%	0.05%	-0.01%
1/31/2021	0.24%	0.03%	0.18%	0.01%	0.00%	0.04%	-0.01%
2/28/2021	0.44%	0.02%	0.30%	-0.03%	0.09%	0.05%	-0.01%
3/31/2021	0.64%	0.02%	0.38%	0.03%	0.11%	0.09%	0.00%
4/30/2021	0.64%	0.05%	-0.08%	0.41%	0.15%	0.12%	-0.01%
5/31/2021	0.70%	0.06%	0.05%	0.37%	0.12%	0.10%	-0.01%
6/30/2021	0.88%	0.10%	0.15%	0.43%	0.08%	0.15%	-0.02%
7/31/2021	0.45%	0.09%	0.12%	0.09%	0.02%	0.14%	-0.01%
8/31/2021	0.33%	0.05%	0.14%	0.07%	0.00%	0.06%	0.01%
9/30/2021	0.41%	0.13%	0.09%	0.06%	0.00%	0.14%	0.00%
10/31/2021	0.87%	0.12%	0.28%	0.22%	0.10%	0.15%	-0.01%
11/30/2021	0.70%	0.11%	0.18%	0.18%	0.06%	0.15%	0.01%
12/31/2021	0.58%	0.06%	0.06%	0.26%	0.05%	0.14%	-0.01%
1/31/2022	0.65%	0.12%	0.07%	0.22%	0.16%	0.10%	-0.01%
2/28/2022	0.80%	0.14%	0.26%	0.10%	0.14%	0.17%	0.00%
3/31/2022	1.24%	0.13%	0.91%	-0.09%	0.17%	0.17%	-0.05%
4/30/2022	0.33%	0.12%	-0.22%	0.04%	0.25%	0.17%	-0.01%
5/31/2022	0.97%	0.16%	0.32%	0.15%	0.15%	0.20%	0.00%

# Historical Monetary Tightening

We have not seen the current pace

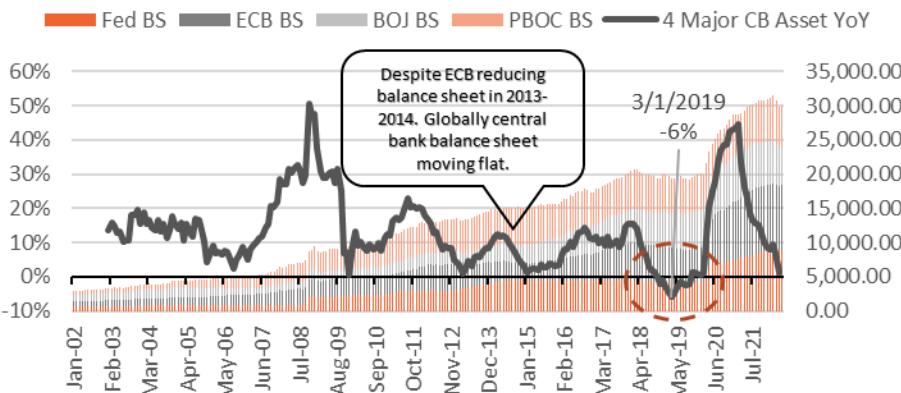
## Period of Central Bank Balance Sheet Reduction

In YoY %



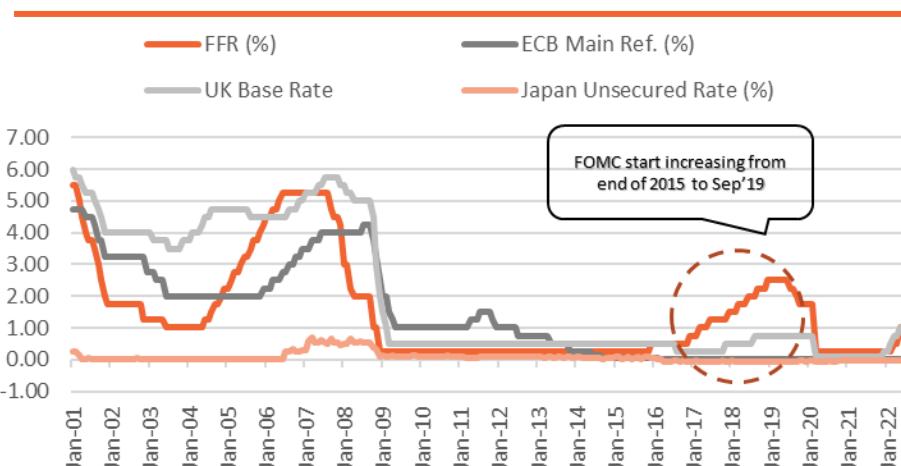
Yet, Globally liquidity felt reduction only during 2018-2019

Balance sheet adj to USD and in YoY%



## Period of Central Bank Tightening Rates

In %



Market already pricing-in 2% of hike within this 2Y

In %

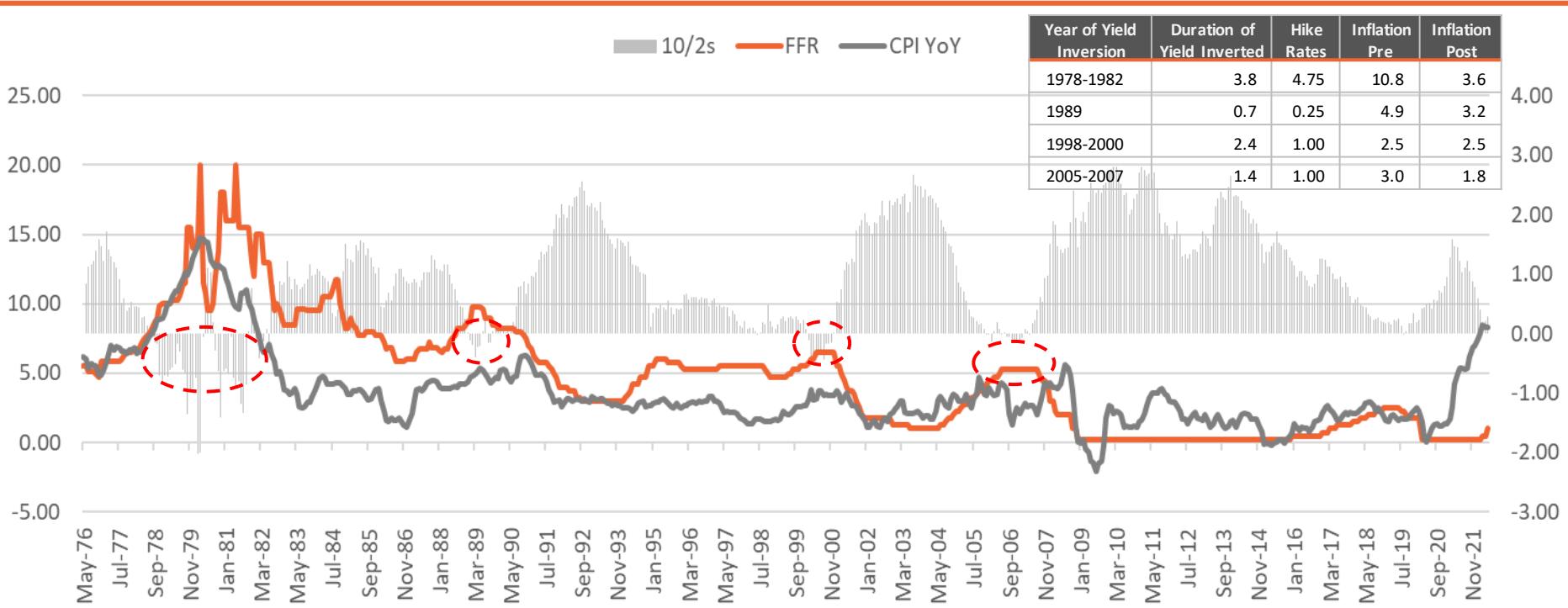
	Current (16-Jun)	Dec' 2022	Dec' 2023	2023 vs Current
US - FFR (%) [Futures]	1.75	3.45	3.55	1.80
UK - BOE Bank Rate (%)	1.00	2.82	3.25	2.25
EU - ECB Main Ref (%)	-0.50	1.27	2.03	2.25
JP - BOJ Rate (%)	-0.05	0.07		

# Historically, Inverted Yield was Followed by Tightening..

Tend to deliver lower inflation going forward

History of Inflation, Yield Spread, Fed Fund Rates

In %



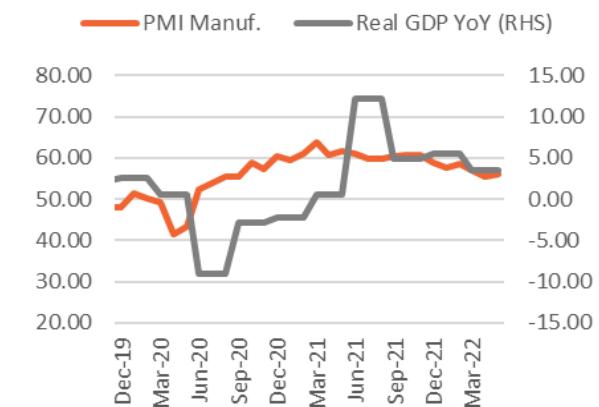
- ⚠ Berdasarkan hasil Analisa kami, di setiap *yield inversion* yang diikuti oleh peningkatan *fed fund rate* cenderung berhasil menekan laju inflasi. Hal ini diakibatkan oleh pengetatan kebijakan moneter yang cenderung menekan laju pertumbuhan *money supply* dan *demand* dari ekonomi.

# Slower Growth Globally

US and UK slowdown from High level of PMI while others are mixed

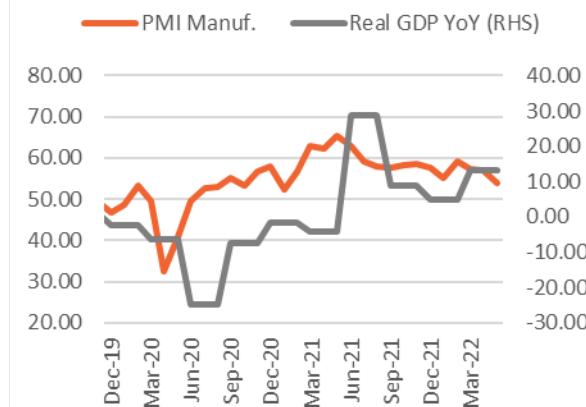
## United States

PMI Manuf. vs Real GDP YoY



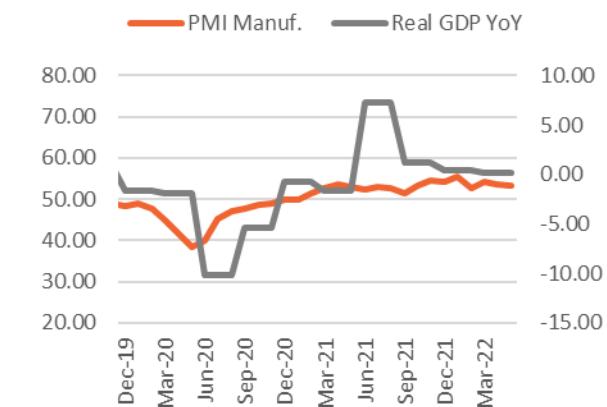
## United Kingdom

PMI Manuf. vs Real GDP YoY



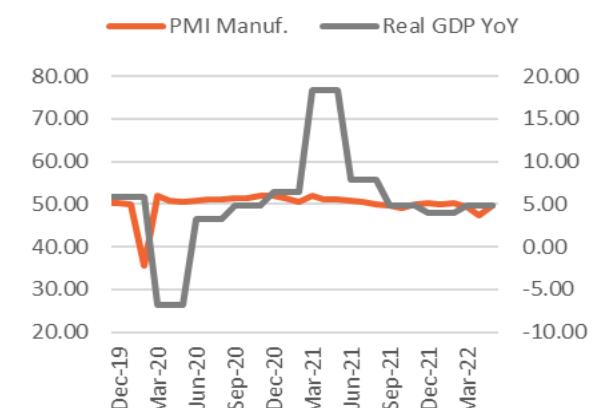
## Japan

PMI Manuf. vs Real GDP YoY



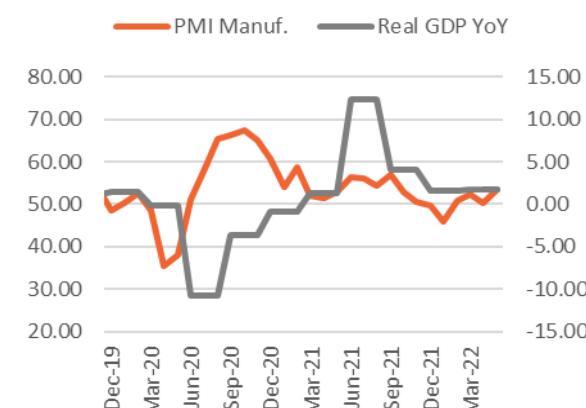
## China

PMI Manuf. vs Real GDP YoY



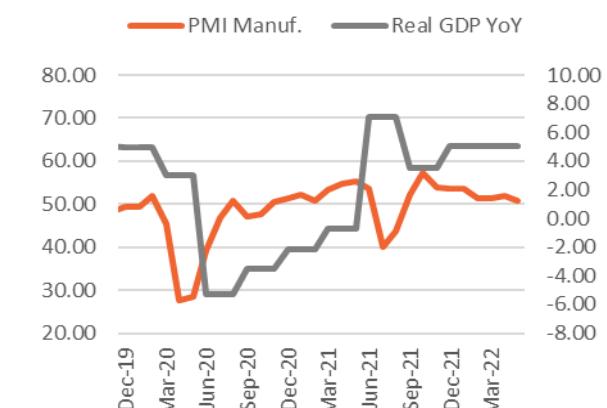
## Brazil

PMI Manuf. vs Real GDP YoY



## Indonesia

PMI Manuf. vs Real GDP YoY

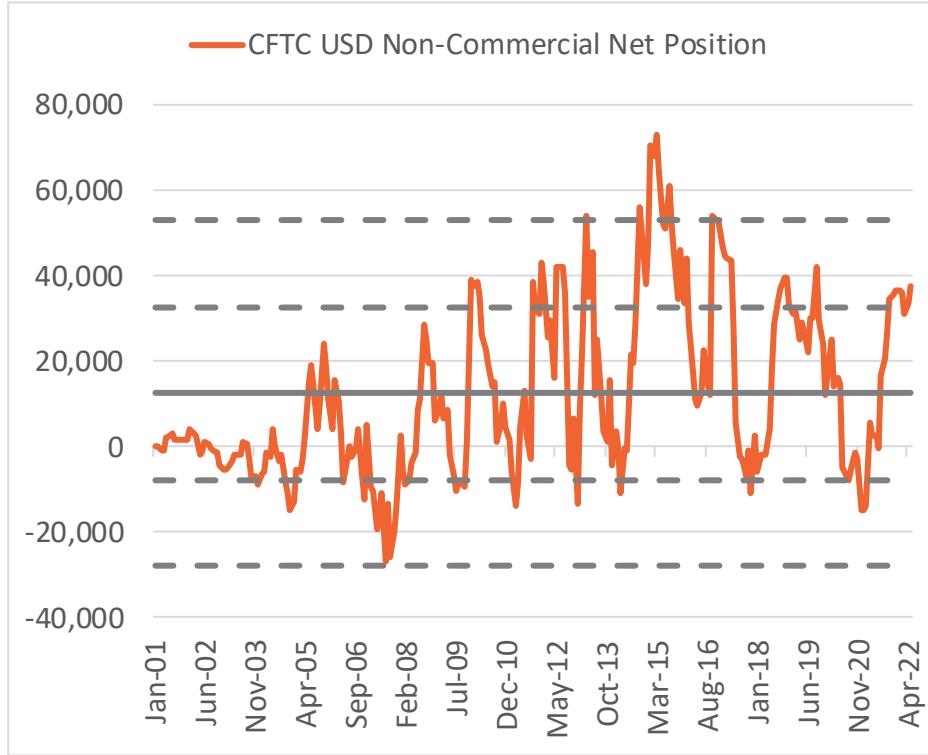


# Looking at Market Positioning on Few Asset Classes

Speculator seems to maintain position on USD and Gold

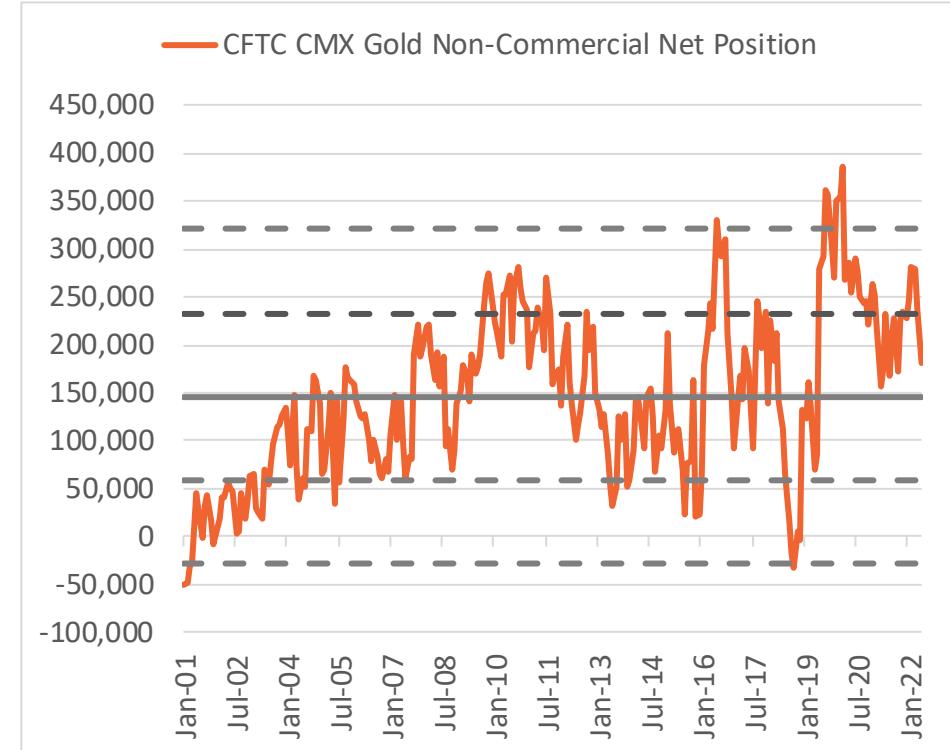
Dollar already reach its high in 2018-2019

In no of net-contract



Gold seems to hit its net-long peak since 2020

In no of contract



- ⚠ Berdasarkan data diatas, Terlihat posisi speculator masih berada di +1 Std Deviation dari long-term band. Hal ini merefleksikan investor masih cenderung *risk-off* sejak awal tahun .

# Last Month, China Announce Another Stimulus Package

## China System Loan seems to reach 2020 pace

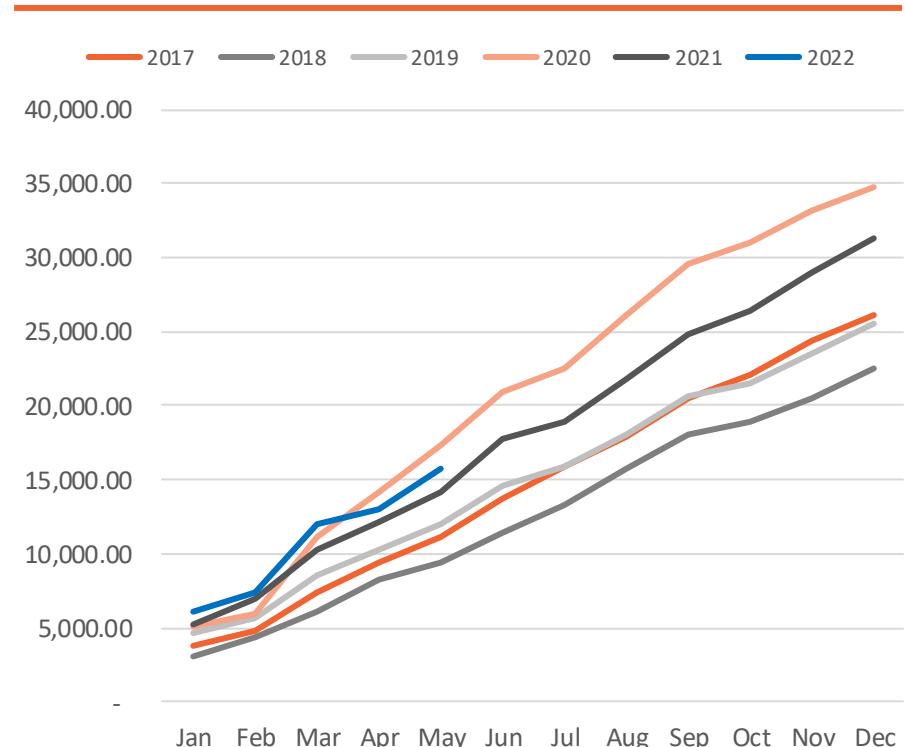
### Latest China Stimulus Package

In Illustration

Policy Type	Key Measures	Incremental changes
Fiscal	<ol style="list-style-type: none"><li>Additional tax rebates of RMB140bn, translating to annual rebate of RM 2.64bn.</li><li>RMB320bn in total social insurance contribution (pension, unemployment and workplace safety insurance) to be deferred to year end.</li><li>Proceeds from 2022's local government special bond quota (Rmb 3.65tn) to be largely utilized by end August.</li><li>Re-guarantee by the Financial Stability Guarantee Fund to rise by &gt;RMB1tn in 2022.</li></ol>	<ol style="list-style-type: none"><li>Tax rebates in 2021 and 2020 were RMB 1tn and 2.5tn each vs. 2.64 tn in 2022.</li><li>Social insurance contributions were cut by RMB 1.54tn in Feb - Dec 2020.</li><li>Of the total of RMB3.65tn special bond quota in 2022, Rmb1.4tn has been issued in the 4M22, leaving 2.25tn (or 63%) for the rest of 2022.</li><li>The re-guarantee business of the Financial Stability Guarantee Fund was RMB 7554.2bn in 2021, 2022 goal is up 33% yoy.</li></ol>
Financials	<ol style="list-style-type: none"><li>SME loan support facility may double in 2022.</li><li>Banks and SOE auto companies to work together to defer 6 months of principal and interest payments on RMB90bn of commercial vehicle loans.</li><li>Payment period of commercial acceptance bills to be cut from 1 yr to 6 months.</li><li>Internet platform companies encouraged to list domestic overseas.</li></ol>	Refinancing quota for inclusive finance loan will be doubled to RMB 80bn from 40bn.
Supply Chain	<ol style="list-style-type: none"><li>Travel restrictions on trucks from low-C OVID-risk areas will be lifted.</li><li>An additional RMB150bn in emergency loans to be provided to the civil aviation industry. Support the air transport industry to issue RMB200bn bonds.</li></ol>	In 2020, emergency loans to civil aviation were RMB110bn, the 2022 level implies 36% y-y increase.
Consumption & Investment	<ol style="list-style-type: none"><li>Ease car purchase restrictions and introduce RMB60bn car purchase tax cuts.</li><li>Continue with city-specific measures to support basic housing needs and upgrade demand.</li><li>Roll out new infra projects including irrigation, transport, renovation of old residential communities, and multi-purpose utility tunnels. Banks are encouraged to provide long-term loans.</li><li>Initiate a new round of rural road construction and renovation.</li><li>Support the issuance of RMB300bn railway construction bonds.</li></ol>	<ol style="list-style-type: none"><li>The RMB60bn cut in 2022 accounts for 17% of the 2021 car purchase tax income of RMB352bn.</li><li>NDRC approved RMB300bn issuance of railway construction bonds in Sep 2021.</li></ol>
Energy Security	<ol style="list-style-type: none"><li>Calibrate the coal mine capacity policy. Accelerate approvals for important coal mines.</li><li>Start a number of new hydropower and coal-fired power projects</li><li>Accelerate wind/solar infra construction</li></ol>	
Basic livelihood	The mechanism of raising social benefits pro rata with inflation will be promptly activated should the situation require.	

### China Total Social Financing (All System Financing)

In bio CNY



- Pada 23 Mei 2022, Pemerintahan china mengumumkan 33 paket atas stimulus terkait dengan pertumbuhan ekonomi. Paket stimulus cenderung menggunakan berbagai instrumen, namun terlihat dari pertumbuhan *all-system financing* sudah menyerupai level 2020.

# Section 02



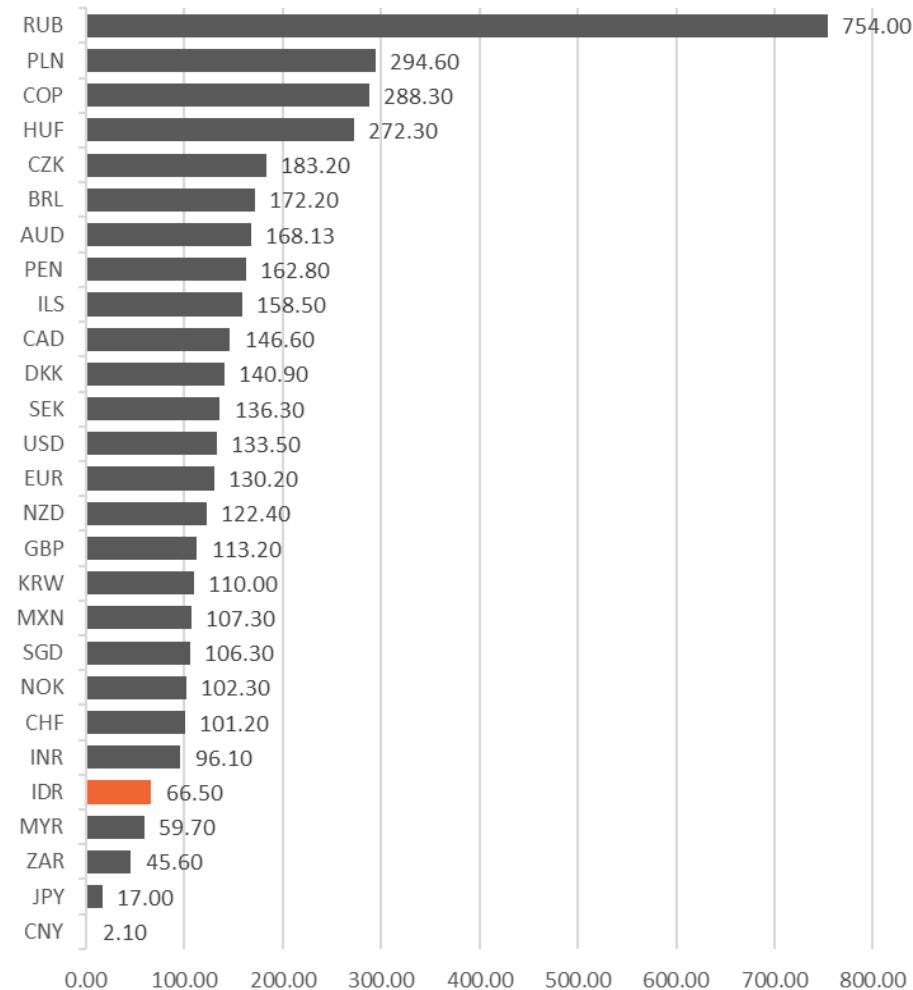
## Fixed Income

# Yield Seems to Get Pressured on the Back Inflation

Several European and latin countries still recording high level of inflation

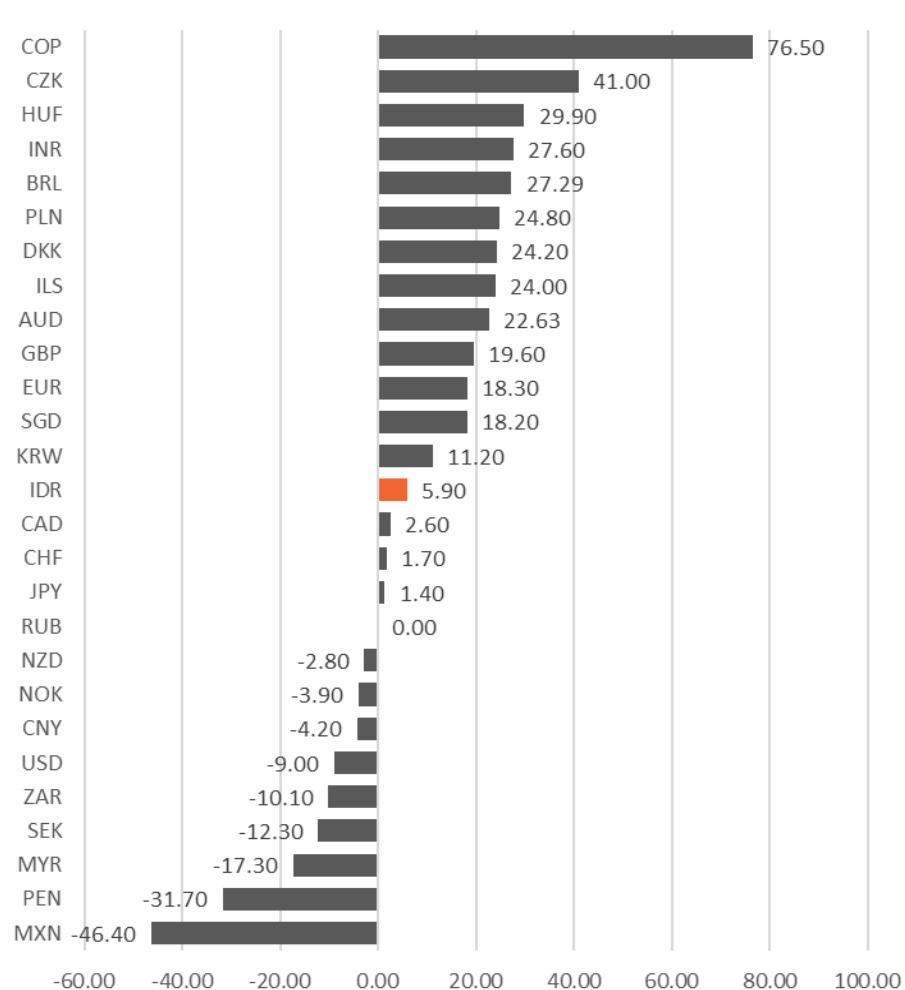
**YTD 10Y Govt Changes**

In bps



**MTD 10Y Govt Changes**

In bps

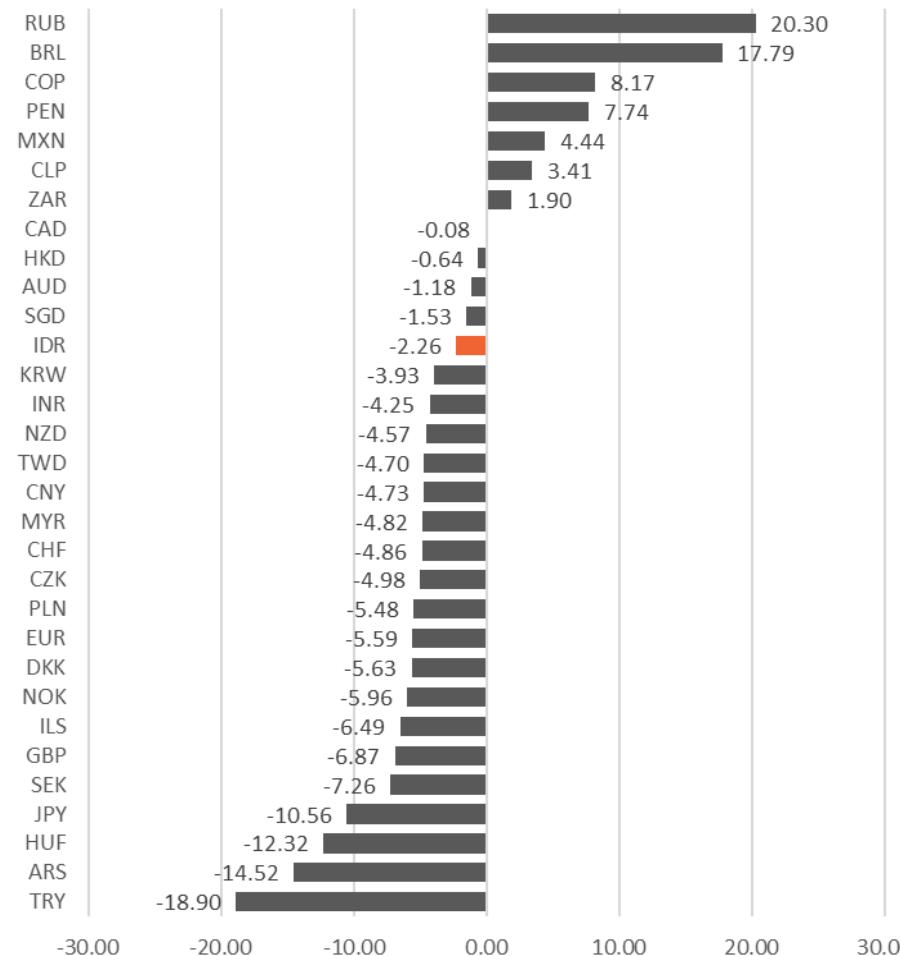


# Commodities Backed Country had its Currency Rebound

Despite high inflation, Ruble and Brazil positive against USD

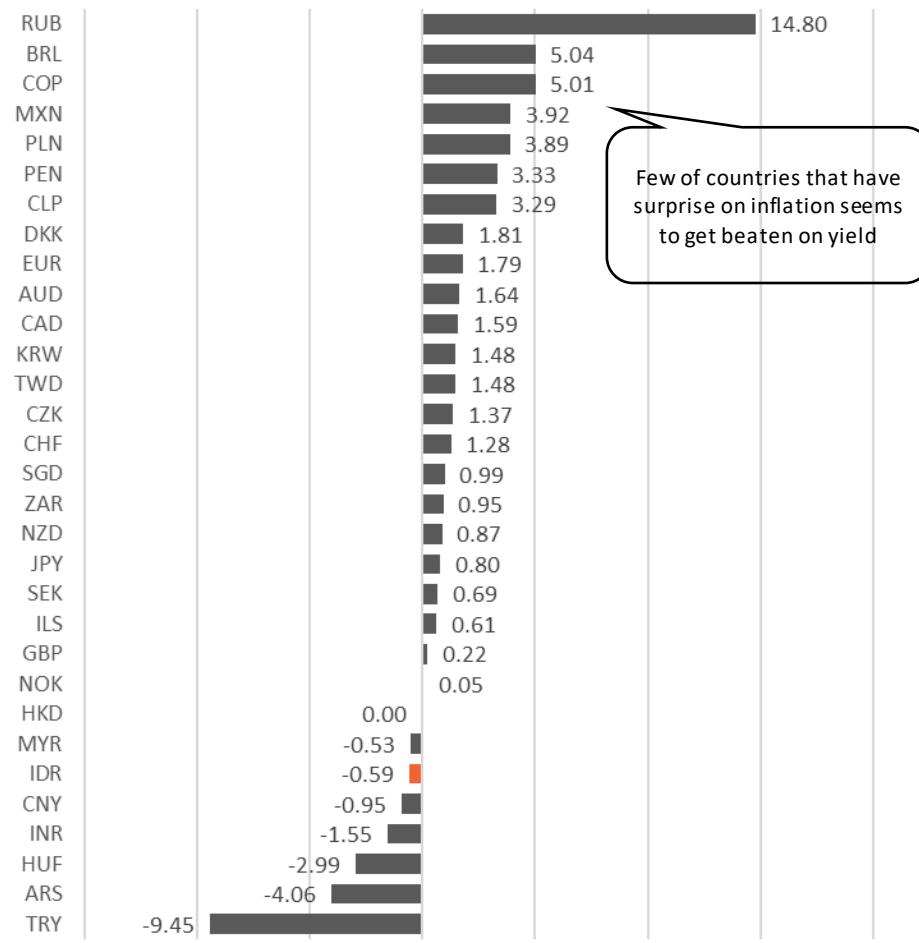
YTD Currency Chg. (USD as Base Currency)

In ppt



MTD Currency Chg. (USD as Base Currency)

In ppt



Few of countries that have surprise on inflation seems to get beaten on yield

# INDOGB Long-Term Valuation Still Attractive

INDOGB carry yield catch-up with similar other country sovereign bonds

## 10Y Emerging Market Comparison, Grey Highlights on Countries with Similar Rating

In %, ppt and bps, data as per Nov-21

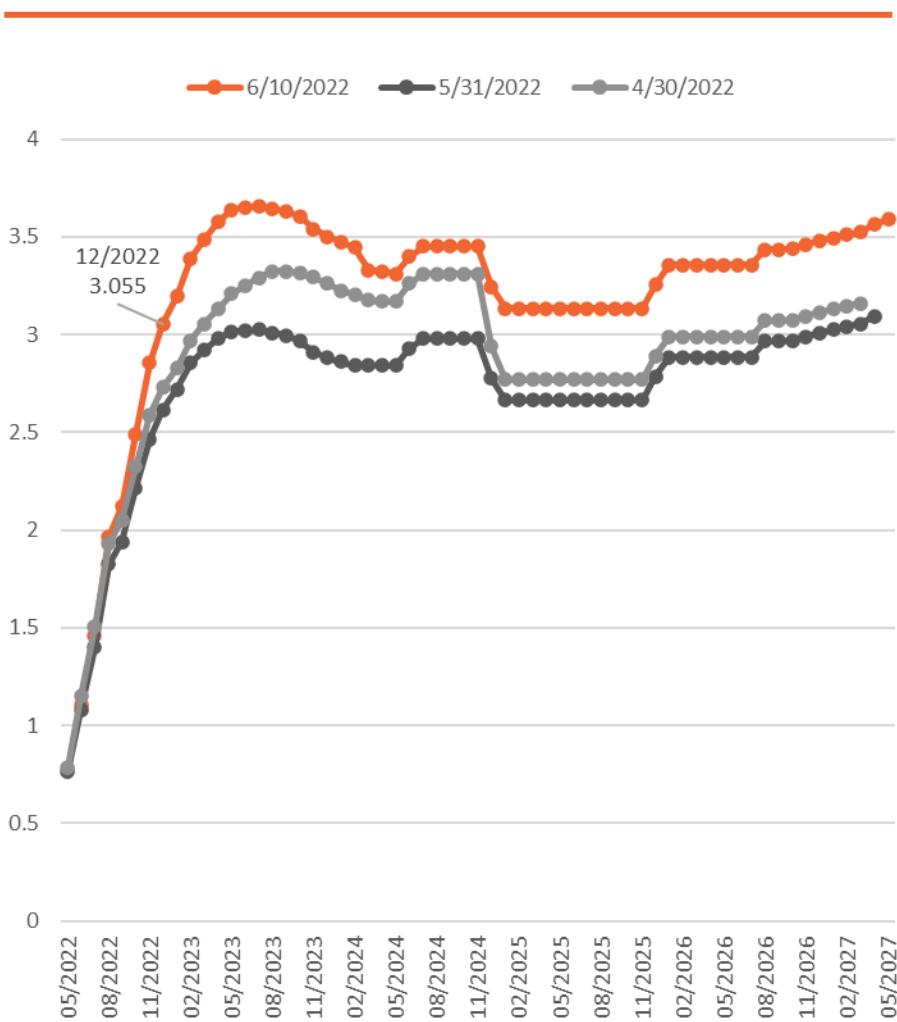
Country	10Y Yield (%)		Currency		Carry Yield	Inflation		Real Yield (%)		CAD	Fiscal Deficit	Credit	
	Current	YTD Chg. (bps)	YTD Chg (in ppt)	Current vs Forecast	2022F	Current	2022F	Current Inflation	2022F Inflation	2022F	2022F	Rating	Outlook
Colombia	11.08	288.30	-7.55	-4.50	6.57	9.23	7.75	1.85	3.33	-4.15	-6.00	BBB-	Stable
Romania	7.89	274.40	5.80	-0.54	7.35	13.76	11.00	-5.87	-3.11	-6.80	-7.00	BBB-	Stable
Hungary	7.20	272.30	14.06	7.89	15.09	9.50	9.35	-2.30	-2.15	-4.45	-5.30	BBB	Stable
Brazil	12.56	172.20	-15.10	-8.62	3.94	12.13	9.20	0.43	3.36	-1.00	-7.50	BB-	Stable
Vietnam	3.41	126.00	1.62	1.07	4.48	2.64	3.50	0.77	-0.09	0.00	-4.80	BB	Pos
South Korea	3.33	110.00	4.09	-0.20	3.12	4.80	4.10	-1.47	-0.77	3.30	-2.80	AA	Stable
Mexico	8.63	107.30	-4.25	-3.64	4.99	7.68	7.10	0.95	1.53	-0.80	-3.40	BBB+	Neg
India	7.42	96.10	4.44	0.83	8.24	7.79	5.40	-0.37	2.02	-1.50	-6.90	BBB-u	Stable
Thailand	2.85	95.80	2.43	2.14	4.99	4.65	4.70	-1.80	-1.85	-0.90	-4.55	A-	Stable
Indonesia	7.03	66.50	2.32	0.57	7.60	3.47	3.60	3.56	3.43	-0.20	-4.10	BBB	Stable
Malaysia	4.19	59.70	5.06	1.79	5.98	2.30	2.60	1.89	1.59	3.30	-5.95	A	Neg
South Africa	10.26	45.60	-1.86	-2.19	8.07	5.90	5.91	4.36	4.35	1.85	-5.40	BB	Pos
China	2.79	2.10	4.97	-0.42	2.37	2.10	2.20	0.69	0.59	1.45	-4.70	A+	Stable

# What Market Implies on The US Yield?

Significant flat yield curve from the short tail

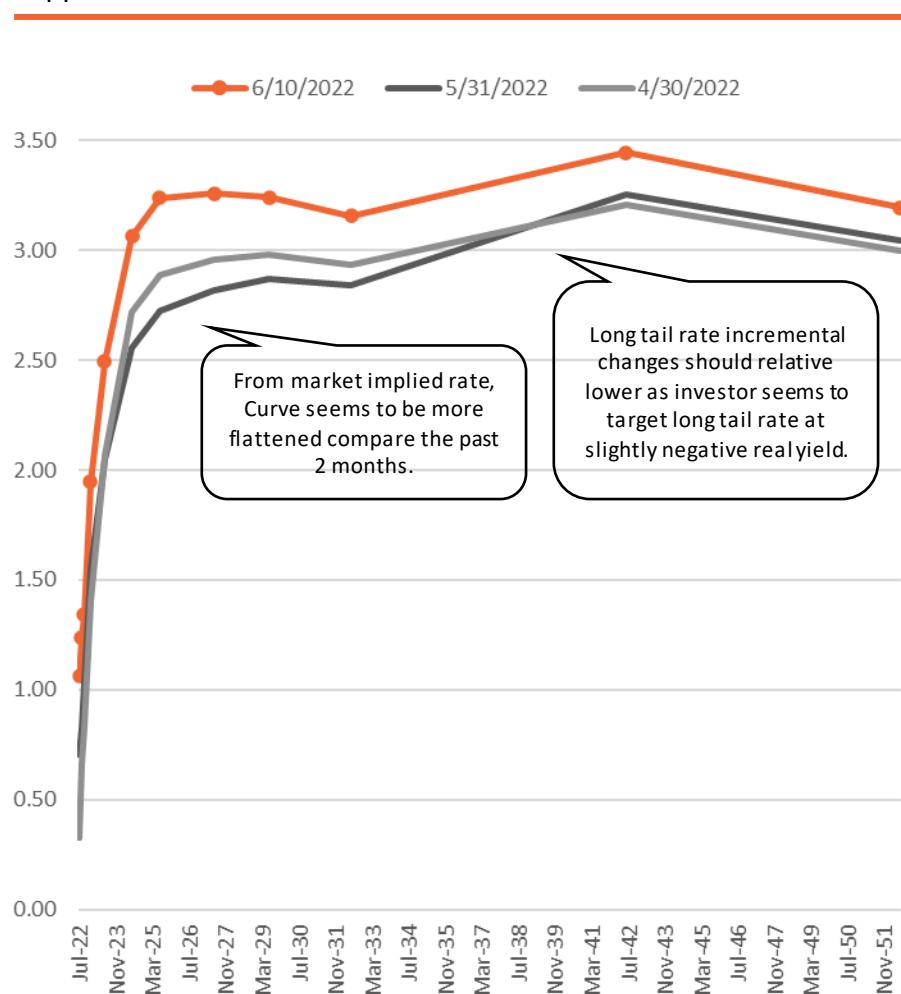
Fed Funds Rate

In ppt



US Curve

In ppt



# Indonesian Bonds Ownership

As of May'22, Government issuance seems to be quite low compared to target

## Ownership on Tradeable Indonesia Government Bonds

In trn IDR

### Ownership Level

Year	Bank	Central Bank	Mutual Fund	Insurance & PF	Foreign	Others	Total
<b>Yearly</b>							
2016	21.2%	8.9%	4.8%	18.4%	37.5%	9.2%	100.0%
2017	21.6%	8.6%	5.0%	16.6%	39.8%	8.4%	100.0%
2018	21.8%	9.2%	5.0%	17.5%	37.7%	8.8%	100.0%
2019	20.7%	9.9%	4.8%	17.1%	38.6%	8.9%	100.0%
2020	24.7%	22.6%	4.2%	14.0%	25.2%	9.4%	100.0%
2021	25.0%	26.1%	3.4%	14.0%	19.0%	12.4%	100.0%
YTD	24.6%	25.9%	3.1%	15.7%	16.5%	14.2%	100.0%

### Net flow

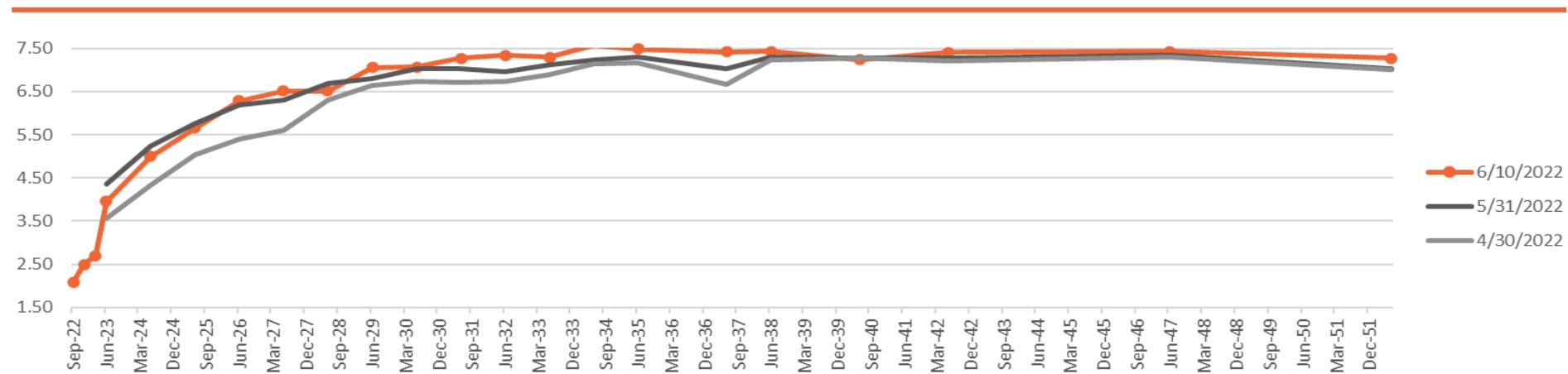
Year	Bank	Central Bank	Mutual Fund	Insurance & PF	Foreign	Others	Total
<b>Yearly</b>							
2016	27	8	24	104	107	41	311
2017	78	22	18	23	170	15	326
2018	64	38	15	66	57	30	269
2019	53	56	12	57	169	37	384
2020	384	602	30	71	-88	118	1,118
2021	217	346	-3	112	-83	219	808
YTD	10	23	-8	98	-98	100	<b>125</b>
<b>Interim</b>							
1Q22	21	10	-4	80	-43	86	150
QTD	-11	13	-4	18	-55	14	-25
MTD	-39	6	-4	8	-35	7	-57

# Yield Curve is Getting Flatter

Market implying slower economic growth

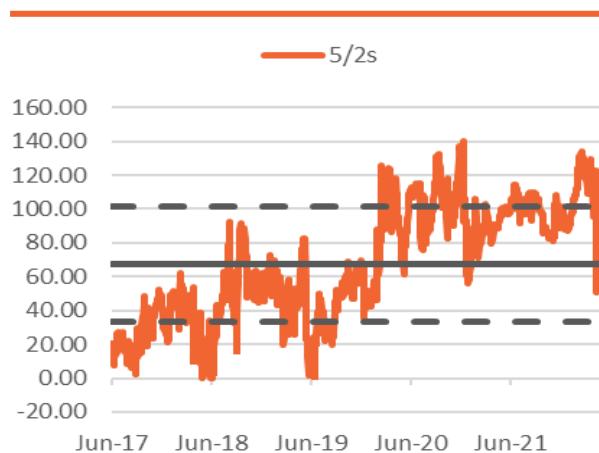
## INDOGB Yield Curve

In ppt



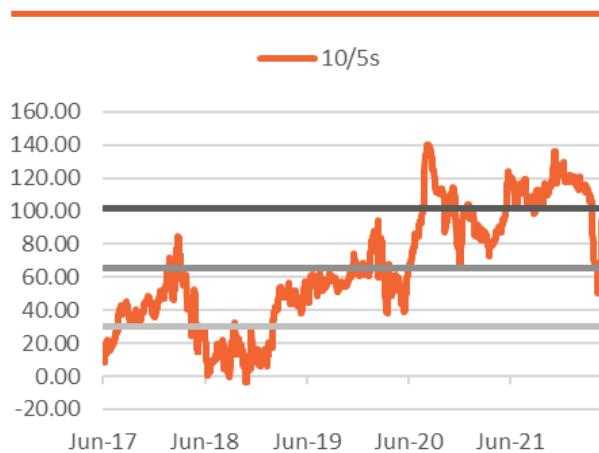
## 5/2s 5Y Historical Spread

In bps



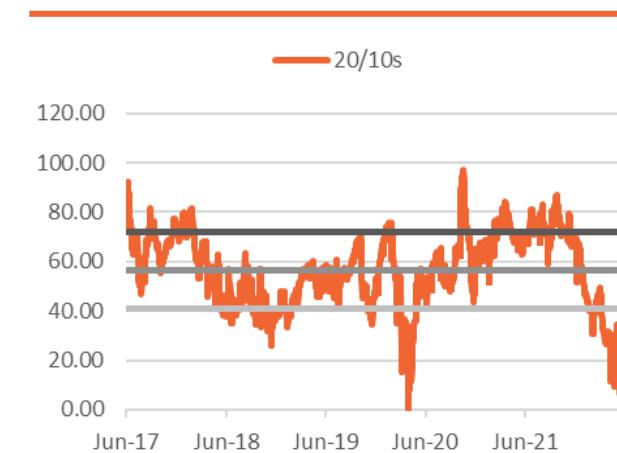
## 10/5s 5Y Historical Spread

In bps



## 20/10s 5Y Historical Spread

In bps



# Government Bond Outlook

Short-term: Long ; Long-term ; Long Recommendation

## Our View on Bonds and Rates Strategy

Explanation

Catalyst & Key Thesis	2020	2021	2022F	Notes
Valuation	Cheap	Neutral	Neutral	Tactically fair, still cheap on LT-valuation
Liquidity	Positive	Positive	Neutral	No dollar shortage based on current observation
Supply outlook	Positive	Positive	Positive	Government is guiding with lesser fiscal deficit might help with lack of foreign investor
Foreign position	Neutral	Positive	Positive	All-time low positioning
Credit Rating	Negative	Neutral	Neutral	Some concerns during 2020-2021
IDR Outlook	Neutral	Positive	Positive	Strong trade balance and CAD, depreciating IDR might attract short-term investors looking at IDR carry yield

Source Syailendra research, Bloomberg

- ⚠ Target 10Y yield base case berada di range 7.00 – 7.25 % dengan mempertimbangkan interest upcycle. Mempertimbangkan level yield saat ini, kami melihat saat ini merupakan buying opportunity untuk mengakumulasi secara gradual seiring dengan peningkatan benchmark rate oleh FOMC.
- ⚠ Untuk timing, likuiditas pada 1H22 tetap akan tinggi dan dapat memberikan support di pasar obligasi. Kami akan cenderung lebih cautious pada 2H22 terkait issuance per May'22 yang relative masih rendah berbanding dengan target issuance.

# Section 03



Equity

# Global Indices Performance

ASEAN and Indonesia market outperform global amid high commodity prices

## Global Indices Historical Performance

In % of return

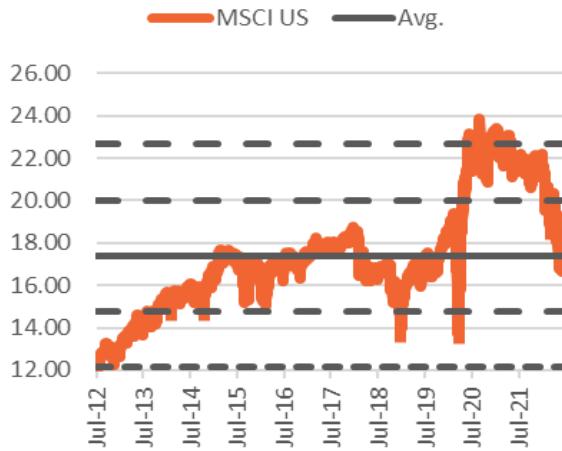
No	Country	YTD	1M	3M	6M	1Y	P/E	P/BV	ROE
<b>Global Market</b>									
1	Dow Jones (US)	-9.36%	-2.73%	-3.14%	-4.33%	-4.46%	17.31	4.19	29.97
2	S&P 500 (US)	-13.53%	-3.62%	-5.76%	-9.52%	-1.71%	18.15	3.84	22.98
3	Nasdaq (US)	-23.25%	-6.14%	-11.78%	-22.24%	-12.13%	25.38	5.05	34.27
4	London (UK)	-2.65%	-1.85%	-1.78%	0.34%	4.42%	12.83	1.82	15.08
5	DAX (GR)	-9.42%	2.92%	-1.23%	-4.71%	-7.29%	11.94	1.54	12.80
6	CAC (FP)	-9.82%	-0.60%	-4.20%	-3.75%	-0.24%	11.46	1.61	14.90
<b>Asia Market</b>									
1	Nikkei (JP)	-5.25%	1.61%	3.03%	-1.95%	-6.41%	15.39	1.62	9.85
2	Hang Seng (HK)	-7.34%	5.62%	-5.94%	-8.78%	-26.47%	10.98	1.12	11.25
3	Shanghai (CN)	-11.96%	7.09%	-7.68%	-10.59%	-11.51%	10.86	1.28	11.06
4	Shenzhen (CN)	-16.86%	4.35%	-10.54%	-15.33%	-23.11%	13.04	1.68	11.30
5	NFT (IN)	-3.60%	-3.83%	-0.44%	-2.35%	7.44%	18.92	2.90	15.92
6	Kospi (KR)	-9.80%	0.69%	0.34%	-5.39%	-15.77%	10.85	1.04	7.19
7	Kosdaq (KR)	-13.60%	0.13%	2.33%	-7.48%	-8.60%	NA	NA	NA
<b>ASEAN Market</b>									
1	Singapore (SG)	3.39%	-3.08%	-1.88%	6.29%	1.70%	12.84	1.06	8.81
2	Kuala Lumpur (MK)	1.72%	-1.70%	-1.36%	3.71%	-1.53%	15.05	1.51	10.32
3	Thailand (TH)	0.35%	-0.26%	-0.98%	6.04%	5.15%	17.27	1.69	8.22
4	Vietnam (VN)	-13.01%	-4.32%	-13.76%	-12.56%	-2.10%	12.70	2.11	19.24
4	Philippines (PH)	-7.63%	-1.30%	-6.07%	-5.92%	1.64%	16.30	1.58	8.61
<b>Indonesia Market</b>									
1	JCI / IHSG (ID)	8.62%	-1.11%	3.79%	9.41%	22.23%	16.48	2.13	-10.31
2	JII / ISSI (ID)	10.61%	0.42%	8.71%	12.09%	21.59%	11.97	1.82	12.38
3	IDX30 (ID)	13.66%	-3.11%	7.07%	13.62%	22.16%	14.49	2.27	15.44
4	LQ45 (ID)	13.46%	-2.64%	7.23%	13.51%	21.94%	14.19	2.25	15.52

# Most of Equity Regions already Derated

Further upgrade/(downgrade) also depend on earnings revision going forward

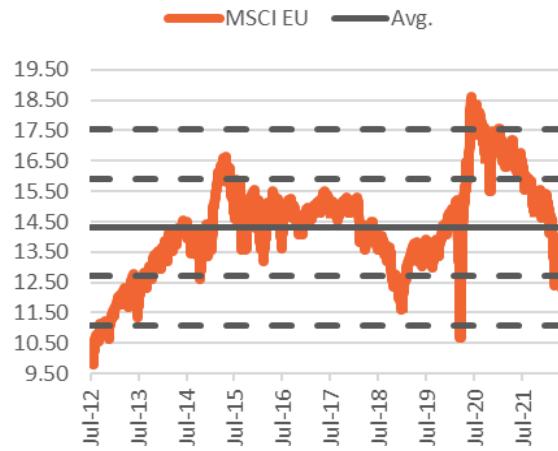
## United States

5Y Dev. Band of 12month blended forward PE



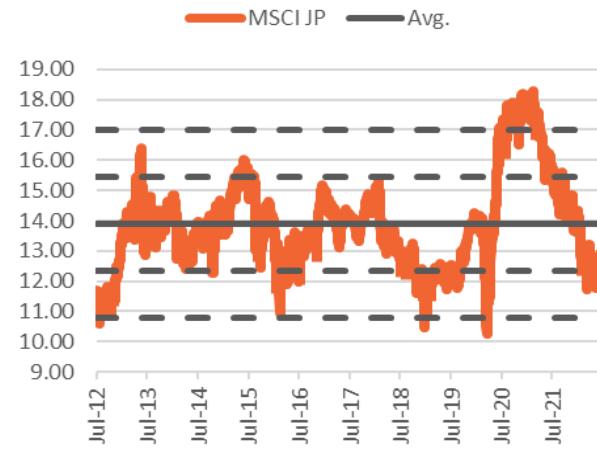
## United Kingdom

5Y Dev. Band of 12month blended forward PE



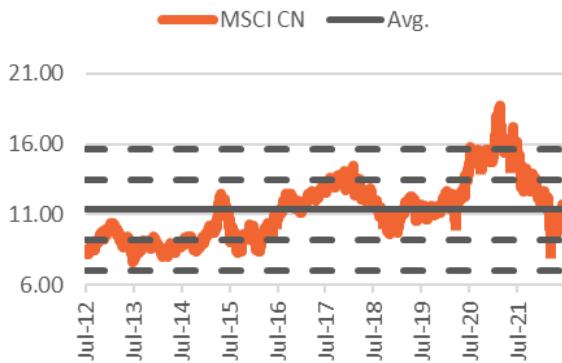
## Japan

5Y Dev. Band of 12month blended forward PE



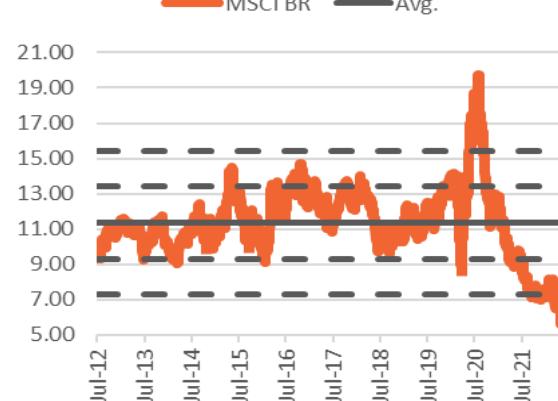
## China

5Y Dev. Band of 12month blended forward PE



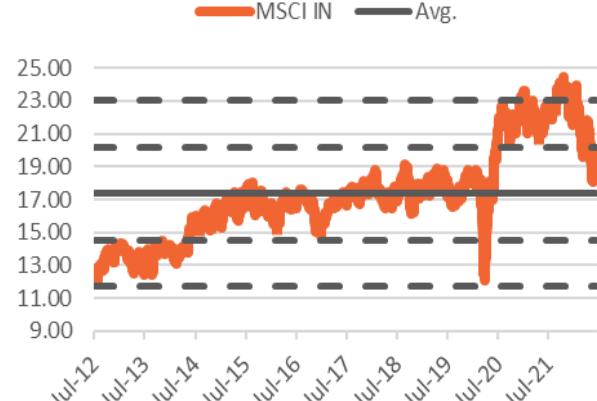
## Brazil

5Y Dev. Band of 12month blended forward PE



## Indonesia

5Y Dev. Band of 12month blended forward PE

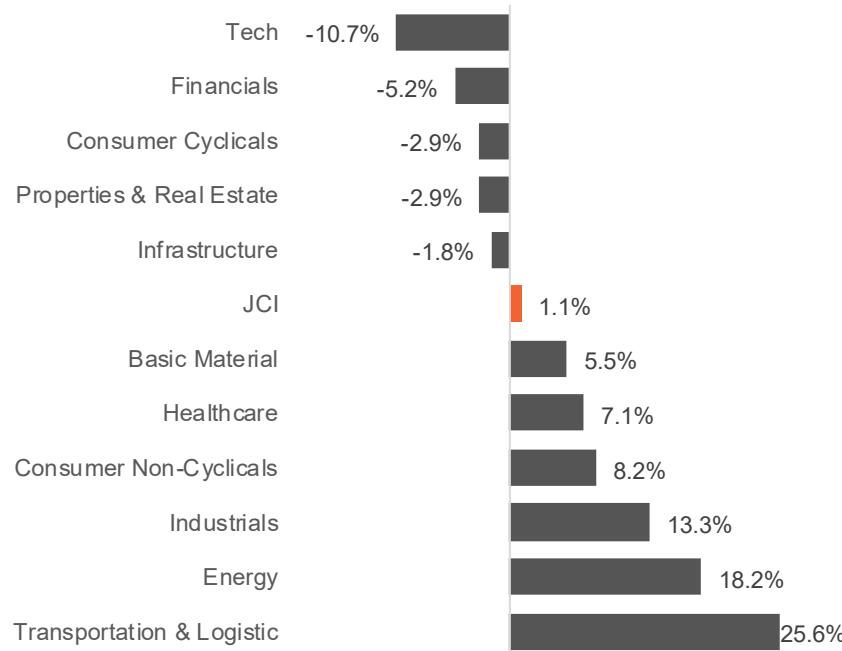


# Inflation and Rates Beneficiary Appreciated by Market

Energy sector leads the gain as commodity prices rising

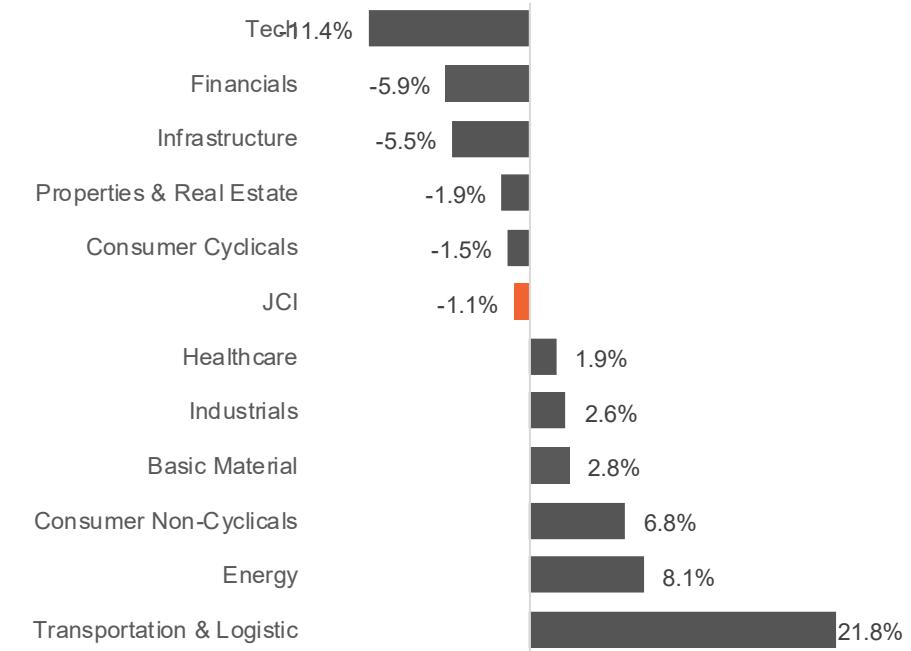
## JCI Sectoral Movement YTD

As of 31 May 2022



## JCI Sectoral Movement MTD

As of 31 May 2022



Source: Syailendra Research, Bloomberg

Source: Syailendra Research, Bloomberg

- Selama 5M22, IHSG *rally* sebesar 1.1%. Hal ini dikontribusi oleh sektor *transportation & logistic* seiring dengan meningkatnya aktivitas belanja yang mendorong volume. Kinerja sektor teknologi masih mengalami tekanan sejalan dengan kinerja sektor teknologi di bursa global.

# Foreign Equity Flow

Inflow to ASEAN market still continues

In US\$ Million	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China	EM Asi ex-China ex-Malaysia	Japan
Apr-21	-1,489	-244	68	-278	2,758	-107	-276	431	707	21,877
May-21	749	247	-7,964	-239	-1,911	-1,061	-40	-10,220	-10,181	-3,378
Jun-21	1,498	342	-792	-79	-1,814	-314	-283	-1,442	-1,159	-2,506
Jul-21	-1,706	67	-4,222	-183	-4,210	-522	-318	-11,094	-10,776	-3,388
Aug-21	1,012	312	-5,089	33	1,074	175	251	-2,232	-2,483	-2,020
Sep-21	1,139	728	884	-47	-440	338	179	2,781	2,603	2,944
Oct-21	-2,271	1,771	-3,228	8	-2,289	474	378	-5,158	-5,535	20,058
Nov-21	-756	-214	3,043	5	586	-324	41	2,380	2,339	-400
Dec-21	-1,741	-181	2,639	1,724	2,780	695	-270	5,645	5,915	-12,150
Jan-22	-4,817	425	-3,275	-56	-1,950	432	80	-9,161	-9,241	5,769
Feb-22	-5,018	1,220	418	141	-5,922	1,931	679	-6,552	-7,231	-8,050
Mar-22	-3,693	584	-3,640	-204	-9,428	1,006	783	-14,592	-15,375	-15,202
Apr-22	-3,816	2,783	-4,963	-99	-9,102	321	193	-14,683	-14,876	29,604
May-22	-4,871	-243	170	-350	57	592	18	-4,627	-4,645	-1,993
Yearly										
YTD	-22,215	4,769	-11,290	-568	-26,345	4,282	1,752	-49,615	-51,367	10,129
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	7,054	-796	2,456	23,068	20,613	3,710

# May Industry Sector Positioning

Most of Domestic Add Position to Overall Sector During May'22

## Monthly Changes of Investor Position

MoM of est. weight changes of investor portfolio

Sector	Local MoM (%) of est. ownership											
	Insurance			Pension Fund			Individual			Mutual Fund		
	Mar-22	Apr-22	May-22	Mar-22	Apr-22	May-22	Mar-22	Apr-22	May-22	Mar-22	Apr-22	May-22
Basic Industry	0.6%	0.4%	0.6%	0.2%	0.1%	0.5%	0.2%	0.0%	0.8%	-0.3%	-1.7%	2.4%
Consumer Non-Cyclical	0.0%	-0.3%	-0.1%	0.3%	-0.2%	0.0%	0.1%	-0.1%	0.2%	-0.2%	-0.5%	0.7%
Consumer Cyclical	-0.9%	-0.5%	1.2%	-0.5%	-0.1%	1.3%	0.1%	0.0%	0.7%	0.0%	0.1%	2.3%
Energy	-0.1%	0.5%	0.7%	-0.2%	0.3%	0.7%	2.1%	0.0%	4.6%	1.1%	0.4%	2.9%
Infrastructure	-1.0%	-1.6%	-0.2%	-0.1%	-0.2%	0.4%	0.0%	-0.7%	0.1%	-1.1%	-0.7%	0.5%
Healthcare	-0.2%	-0.1%	-0.1%	-0.2%	-0.1%	0.2%	0.0%	0.2%	0.1%	-0.2%	-0.2%	0.2%
Financial	-2.4%	-0.9%	0.2%	-1.7%	-0.6%	0.5%	-0.6%	-0.4%	-0.1%	-2.0%	-5.0%	1.4%
Industrial	0.7%	1.1%	0.6%	0.0%	0.8%	-1.1%	-0.2%	0.1%	0.0%	-0.4%	-0.2%	0.2%
Property	-0.1%	-0.2%	0.0%	0.1%	-0.1%	-0.1%	0.1%	-0.1%	0.1%	-0.1%	-0.2%	1.1%
Technology	0.0%	0.2%	-0.5%	-0.1%	0.0%	-0.3%	1.6%	1.9%	-4.9%	0.2%	0.0%	1.2%
Trans. And Logistics	0.0%	0.0%	0.1%	0.1%	0.2%	0.7%	0.0%	0.0%	0.2%	0.0%	0.1%	0.1%

Sector	Foreign MoM (%) of est. ownership											
	Insurance			Pension Fund			Individual			Mutual Fund		
	Mar-22	Apr-22	May-22	Mar-22	Apr-22	May-22	Mar-22	Apr-22	May-22	Mar-22	Apr-22	May-22
Basic Industry	0.2%	0.0%	0.2%	0.4%	-0.1%	0.3%	1.2%	0.2%	0.1%	0.6%	0.3%	0.2%
Consumer Non-Cyclical	0.2%	-0.4%	-0.2%	0.1%	-0.2%	-0.1%	-0.8%	0.6%	0.5%	0.2%	-0.1%	-0.1%
Consumer Cyclical	-0.1%	0.0%	0.5%	-0.2%	-0.1%	0.6%	0.6%	0.1%	-0.1%	0.0%	0.0%	0.6%
Energy	-0.1%	0.0%	0.2%	0.3%	0.4%	0.5%	6.5%	0.2%	0.2%	0.0%	0.3%	0.2%
Infrastructure	-0.7%	0.6%	-0.8%	1.0%	-0.2%	-0.7%	-0.1%	-2.2%	-0.1%	0.7%	0.0%	-0.7%
Healthcare	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%	-0.4%	-0.3%	-0.1%	0.0%	0.1%	0.2%
Financial	-2.0%	5.1%	0.8%	-0.7%	0.2%	-0.7%	-1.3%	0.9%	-8.3%	-0.8%	1.6%	-2.3%
Industrial	1.2%	0.7%	0.4%	0.7%	0.9%	0.2%	-0.1%	-0.1%	0.3%	1.0%	1.5%	0.3%
Property	0.0%	0.0%	0.0%	0.1%	0.1%	-0.1%	-0.1%	-0.1%	0.1%	0.1%	0.1%	0.0%
Technology	0.4%	0.1%	-0.2%	0.3%	0.1%	-0.2%	0.4%	-0.1%	-0.3%	0.3%	0.1%	-0.3%
Trans. And Logistics	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.2%	0.0%	0.0%	0.0%

Source: Syailendra Research (Internal methodology), threshold is 0.5% for material movement between sector

# 1Q22 Market Earnings Review

Market deliver earnings above than expectation

## 1Q22 Earnings Review

In YoY%

Headline Earnings	4Q21	1Q22	QoQ%	1Q21	1Q22	YoY%	3M21	3M22	YoY%	Cont. % YoY	Commentaries
Basic Material	5,227	9,009	72.3%	7,504	9,009	20.1%	7,504	9,009	20.1%	2.0%	
Consumer Cylical	3,381	3,233	-4.4%	1,624	3,233	99.1%	1,624	3,233	99.1%	2.1%	SRI excluded in current earnings review due 1Q21 significant loss.
Energy	24,205	21,933	-9.4%	5,685	21,933	285.8%	5,685	21,933	285.8%	21.4%	
Financial	48,725	44,480	-8.7%	29,771	44,480	49.4%	29,771	44,480	49.4%	19.4%	
Healthcare	2,095	1,718	-18.0%	1,964	1,718	-12.5%	1,964	1,718	-12.5%	-0.3%	
Industrial	8,512	11,861	39.3%	5,805	11,861	104.3%	5,805	11,861	104.3%	8.0%	
Infrastructure	9,303	8,255	-11.3%	8,148	8,255	1.3%	8,148	8,255	1.3%	0.1%	
Consumer Non-Cyclical	13,701	14,381	5.0%	13,729	14,381	4.8%	13,729	14,381	4.8%	0.9%	
Property	1,947	1,496	NA	1,262	1,496	18.5%	1,262	1,496	18.5%	0.3%	
Tech	5,083	18,884	271.5%	112	18,884	16816.7%	112	18,884	16816.7%	24.8%	Coming from non-operating income of EMTK Group, Excluded in looking at trend.
Transportation	800	1,299	62.4%	227	1,299	473.1%	227	1,299	473.1%	1.4%	
<b>Coverage Aggregate</b>	122,979	136,548	11.0%	75,829	136,548	80.1%	75,829	136,548	80.1%	80.1%	
<b>Ex-Financial &amp; Tech</b>	69,171	73,184	5.8%	45,946	73,184	59.3%	45,946	73,184	59.3%		
<b>Ex-Commodity &amp; Tech</b>	93,690	95,732	2.2%	70,033	95,732	36.7%	70,033	95,732	36.7%		
<b>Coverage Ratio</b>		<b>81.49%</b>			<b>81.49%</b>			<b>81.49%</b>			

Source Syailendra research, Bloomberg

- Berdasarkan data laporan keuangan yang telah dilaporakan emiten, terlihat IHSG mencatatkan setidaknya 80.1% YoY on 1Q22 or 11.0% QoQ. Hal ini salah satunya diakibatkan oleh efek low base dari sektor-sektor *retail*, commodity. Sektor industrial pun masih mengalami *low base* di 1Q21. Sehingga, salah satu kunci atas pertumbuhan *earnings* lebih tepat melihat 2Q22.

# Looking into Earnings Revision 2022F and 2023F

Market seems upgrade on 2022F yet slightly downgrade on 2023F

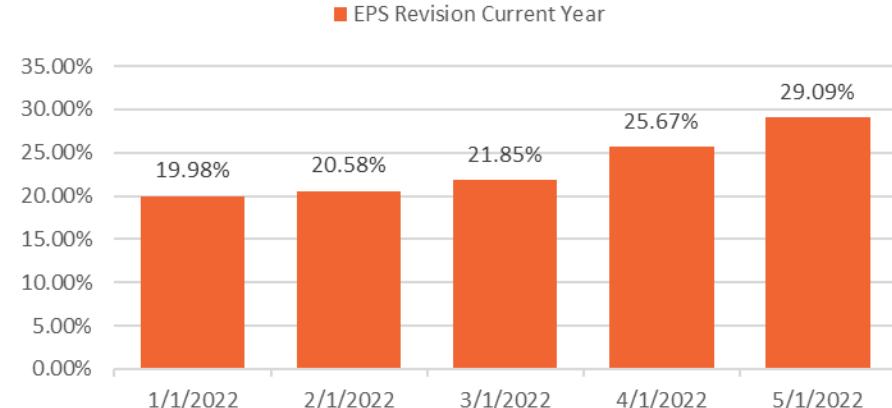
## Next Year Earnings Upgrade/(Downgrade) – MSCI Indonesia

Next Year Earnings vs Current Year Earnings YoY%



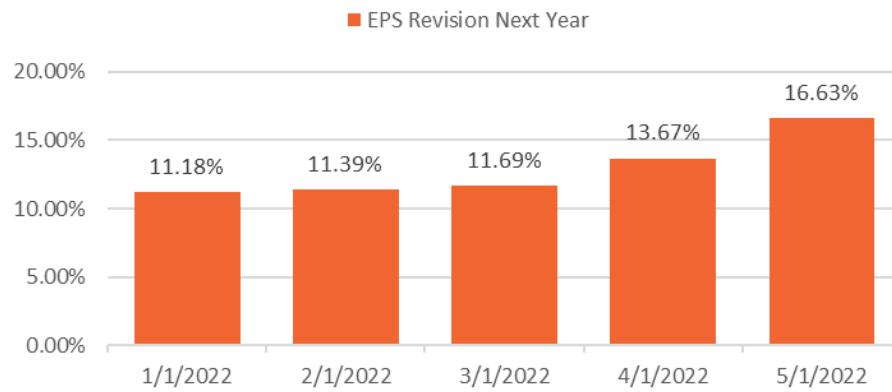
## EPS Growth Revision of Current Year (MSCI Indonesia)

In YoY%



## EPS Growth Revision of Next Year (MSCI Indonesia)

In YoY%

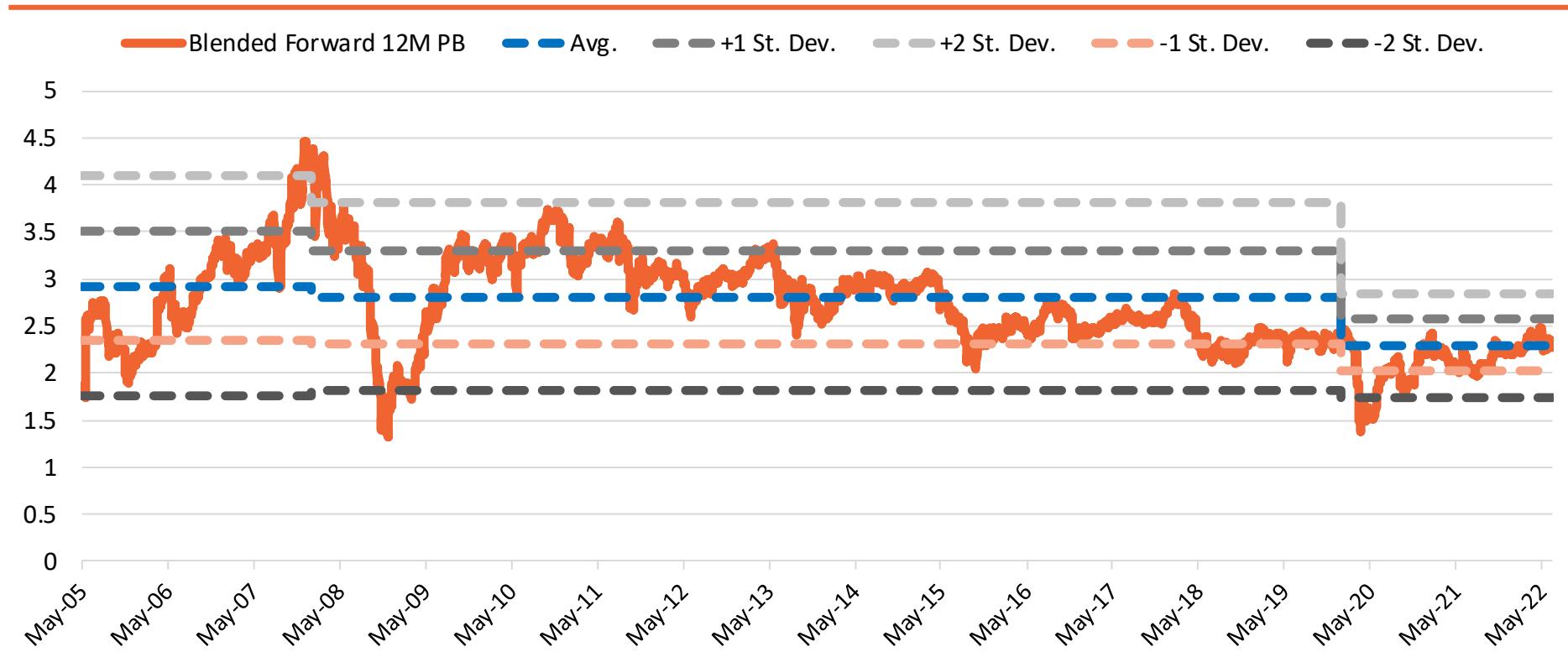


# MSCI Indonesia Historical Valuation

MSCI Indonesia price to book had been sideways since 1Q21

## MSCI Indonesia Blended 12M Forward P/B

Since 2005 For Year >2019 using 5 Year BEst 12M BF P/B, since Dec' 2016



Source Syailendra research, Bloomberg

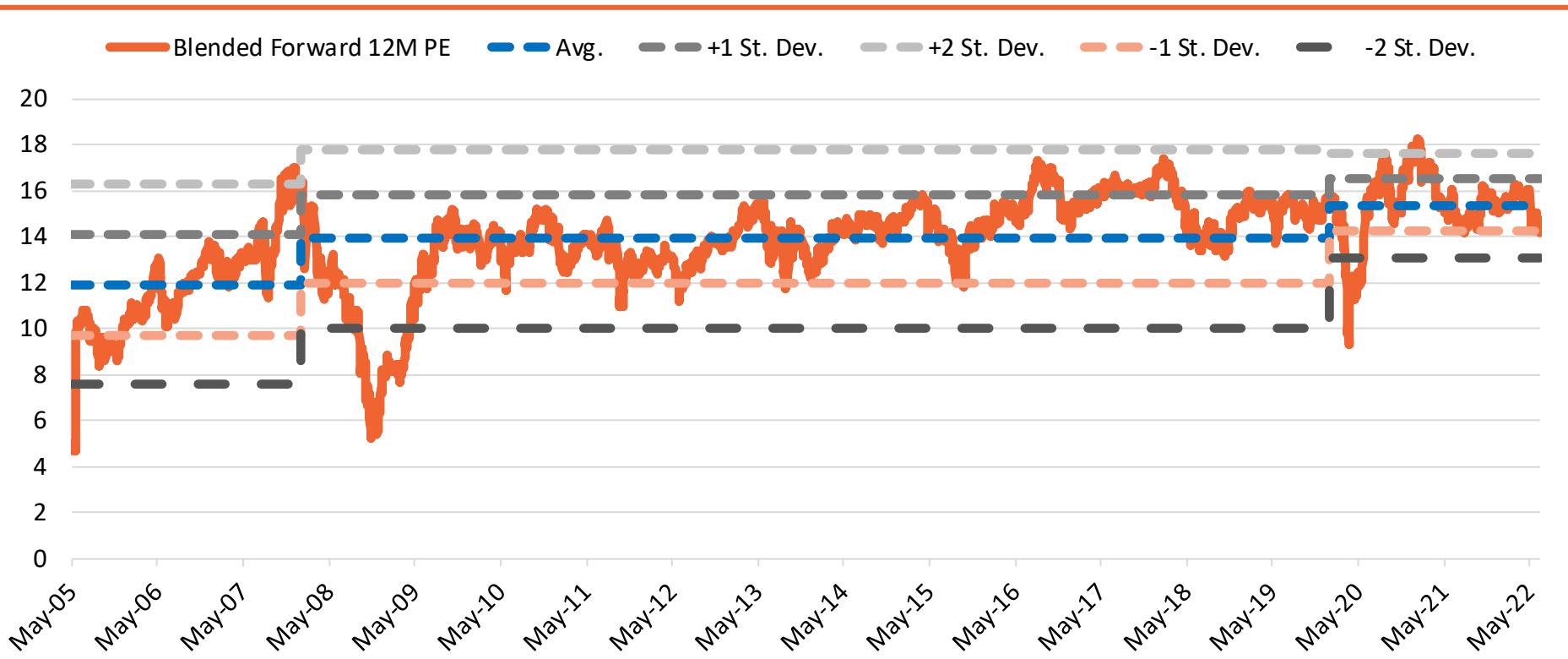
- ⚠ Di saat yang bersamaan valuasi MSCI Indonesia menggunakan price to book masih dapat dikatakan memiliki potensi upside. Secara historis sejak 2016, P/B MSCI Indonesia berkisar di antara 2.0x – 2.2x dibandingkan level saat ini masih berada di 2.2x diantara level -1 S.D. dan 5 year average.

# MSCI Indonesia Historical Valuation

Market valuation has been sideways since 4Q21

## MSCI Indonesia Blended 12M Forward P/E

Since 2005 For Year >2019 using 5 Year Best 12M BF P/E, since Dec' 2016



Source Syailendra research, Bloomberg

- ⚠ Sejak akhir 2020, Valuasi MSCI Indonesia cenderung menurun sesuai dengan normalisasi laba. MSCI Indonesia cenderung bergerak di 5Y average sd -1 Std. Dev (14.21 – 15.36x). Saat ini Valuasi MSCI Indonesia berada di 15.00x. Pergerakan sideways ini sesuai dengan ketidakpastian yang diakibatkan dari pasar global.

# Equity Outlook

Short-Term : Neutral to Bullish , Long-Term : Bullish

## Our View on Bonds and Rates Strategy

Explanation

Catalyst & Key Thesis	2020	2021	2022F	Notes
Valuation	Rich	Rich	Neutral	Earnings catch-up with valuation become near mean 5Y P/E
Earnings Growth	Negative	Positive	Positive	JCI deliver 25% was still higher than majority of EM market
Liquidity	Positive	Positive	Neutral	No dollar shortage based on current observation
Foreign position	Neutral	Positive	Positive	Foreign ownership in nominal near historical level yet in % of market cap still quite low.
IDR Outlook	Neutral	Positive	Positive	Strong trade balance and CAD, if IDR depreciate might attract short-term investor looking its carry yield

Source Syailendra research, Bloomberg

- ⚠ Untuk strategi *equity* kami melihat beberapa sektor yang berpotensi menjadi *beneficiary* dengan kondisi: 1) *high commodity price & inflation*, 2) *rising interest*, 3) *domestic economy recovery*, 4) *Foreign flow beneficiary*:
  - Banks
  - Commodity related
  - Telco and few domestic big caps
- ⚠ Target IHSG *base case* berada di 7,400-7,600. Hal ini didasarkan pada 2022 *earnings growth* 17 dan P/E bergerak relatif flat.

# Section 04



## Appendix

# Syailendra Benchmark View

2022F and 2023F

## Syailendra Macro Indicator and Benchmark

In each unit

Desc.	Unit	Syailendra							
		21E		22E			23E		
		Base	Bear	Base	Bull	Bear	Base	Bull	
<b>Macro Indicator</b>									
GDP Growth YoY	Average full year	3.50	3.50	5.00	6.00	4.80	5.20	5.60	
Inflation YoY	Average full year	2.20	4.50	3.50	3.00	4.00	3.00	2.50	
Fiscal Deficit (% of GDP)	End of year	-5.80	-4.80	-4.30	-4.35	-3.50	-3.00	-2.75	
Current Account (% of GDP)	Average full year	-0.2 sd +0.2	-0.80	-0.30	0.20	-1.80	-1.40	-1.00	
USDIDR	End of year	14,200	15,000	14,500	14,000	15,200	14,800	14,400	
<b>Rates</b>									
BI Rates	End of year	3.75	4.50	4.00	3.75	4.75	4.25	4.00	
10 YR Govt Bond Yield IDR	End of year	6.25	7.75	7.25	6.75	8.00	7.50	7.00	
<b>Equities</b>									
JCI	End of year	6,500	6,800	7,500	7,900	7,500	8,250	8,700	
Earnings Growth	End of year	30.0%	30.0%	30.0%	30.0%	10.0%	10.0%	10.0%	
P/E 1FY	End of Year	17.60	14.50	16.00	16.50	14.50	16.00	16.50	
P/E Band	End of Year	+0.75 Mean	-1.0 Std Dev	-0.5 Std Dev	-0.10 St Dev	-1.0 Std Dev	-0.5 Std Dev	-0.10 St Dev	

Source : Bloomberg

# 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 2793 9900  
F. : +62 21 2972 1199

