

# Monthly Bulletin

October 2022

## What's Inside



### Calendar

- US Non-Farm Payroll Chg (10-Oct)
- US FHFA Housing Price (20-Oct)
- ID 7D BI Repo Rate (20-Oct)
- US Initial Jobless Claim (13,20,27-Oct)



### Global Event

Peningkatan kebijakan moneter yang relative cepat membuat investor wait and see dalam beberapa bulan terakhir. Dimana focus investor global saat ini berada pada relaksasi kebijakan moneter oleh Fed.



### Indonesia

Dalam beberapa pekan terakhir Rupiah menjadi soratan investor, Hal ini diakibatkan penguatan USD yang relative cepat dalam beberapa minggu kebelakang. Investor juga menunggu kebijakan yang akan diambil oleh Bank Indonesia dalam mengantisipasi pelemahan rupiah kedepan.



### Equity Market

Kinerja IHSG ditutup sebesar +6.98% YTD atau -1.92 % MoM (*cutoff date: 29-Jul-2022*). Top 3 *Leaders* 1) BMRI, 2) BBRI, 3) BBCA dan Top 3 *Laggards* 1) GOTO, 2) BRMS, 3) ARTO. Investor asing melakukan *net buy* sebesar 209.2mio USD di bulan Sep'22



### Fixed Income Market

Yield 10 tahun obligasi bergerak flat sepanjang Sep'22 ke level 7.20 – 7.40%. Hal ini selaras dengan pelemahan rupiah yang berada sedikit di level 15,253 dari level sebelumnya di 14,800 Kepemilikan investor asing lanjut menurun ke level 14.18%



# Section 01



## Macro Updates

# 4Q22 Key Macro Narrative

## Market is waiting on Fed Pause or Pivot

### Macro narrative for the next few quarters

Market is waiting for fed pause or pivot while investor monitor labor market and core-inflation data

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Dibawah ini merupakan beberapa *key question* yang menurut kami menjadi faktor penentu dalam pergerakan asset dalam beberapa bulan kedepan:

#### ▲ Latar belakang makro.

- Fed Tightening Pause or Pivot : Pengetatan kebijakan moneter mengakibatkan pergerakan *asset price* tertekan dan volatilitas meningkat. *Pace* dari pengetatan kebijakan moneter tahun ini pun merupakan yang tercepat dibandingkan historis kebijakan moneter oleh Fed.
- Menurut kami terdapat beberapa hal yang dapat menjustifikasi Fed untuk melakukan *pause*:
  - *Weaker Labor Market* : Data US labor saat ini masih belum memperlihatkan *trajectory* yang jelas atas dampak pengetatan kebijakan moneter.
  - *Slowing Core-Inflation* : Kenaikan *US mortgage rate* berpotensi menurunkan aktivitas *housing sector* yang memberikan kontribusi dalam *core-inflation*.
  - *Extreme volatility* di financial market yang berdampak langsung terhadap *real sector*.

#### ▲ Hal-hal yang diharapkan dari latar belakang makro

- Volatilitas kurs IDR atau INDOGB dapat meningkat karena inflasi dan cadangan devisa yang lebih rendah.
- Bank Indonesia mungkin harus menjadi lebih hawkish meskipun ekonomi domestik belum sepenuhnya pulih.

#### ▲ Hal-hal apa saja yang dapat membantu atau memperburuk kondisi pasar?

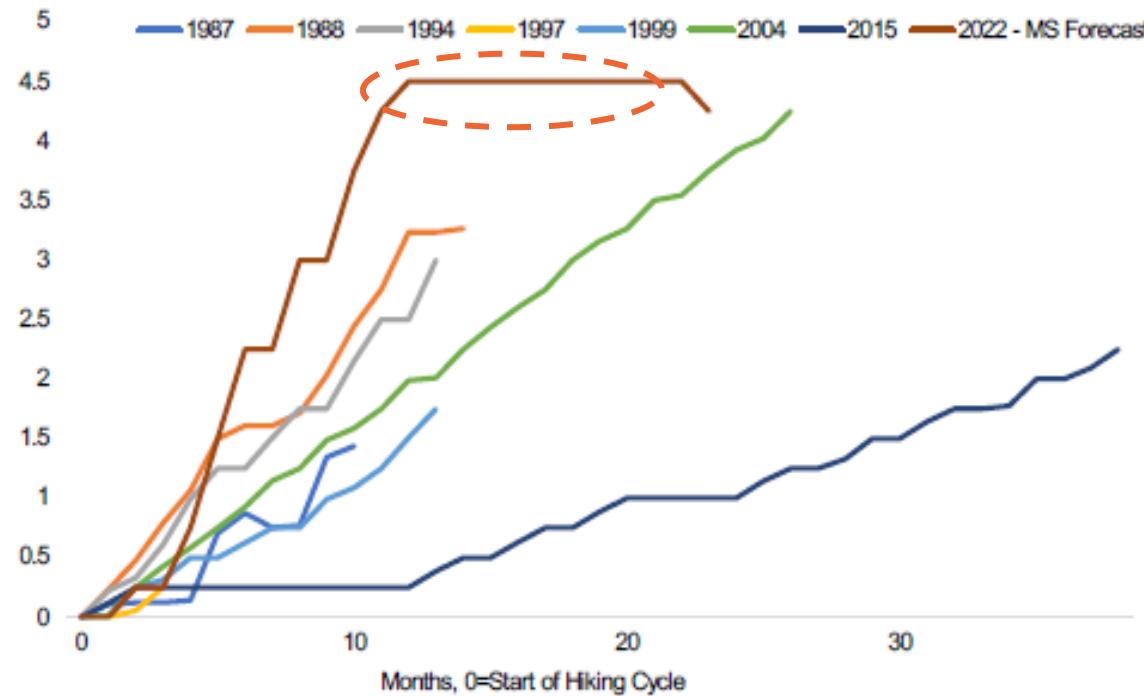
- Possibility of credit crunch might not be priced into the market

# 2022 Rate Cycle: The Most Hawkish So Far

Pace of rate hike almost double the pace of past cycles

## Federal Funds Rate

Cumulative change in fed funds rate from start to end of each hiking cycle



Source: Federal Reserve, Morgan Stanley Research

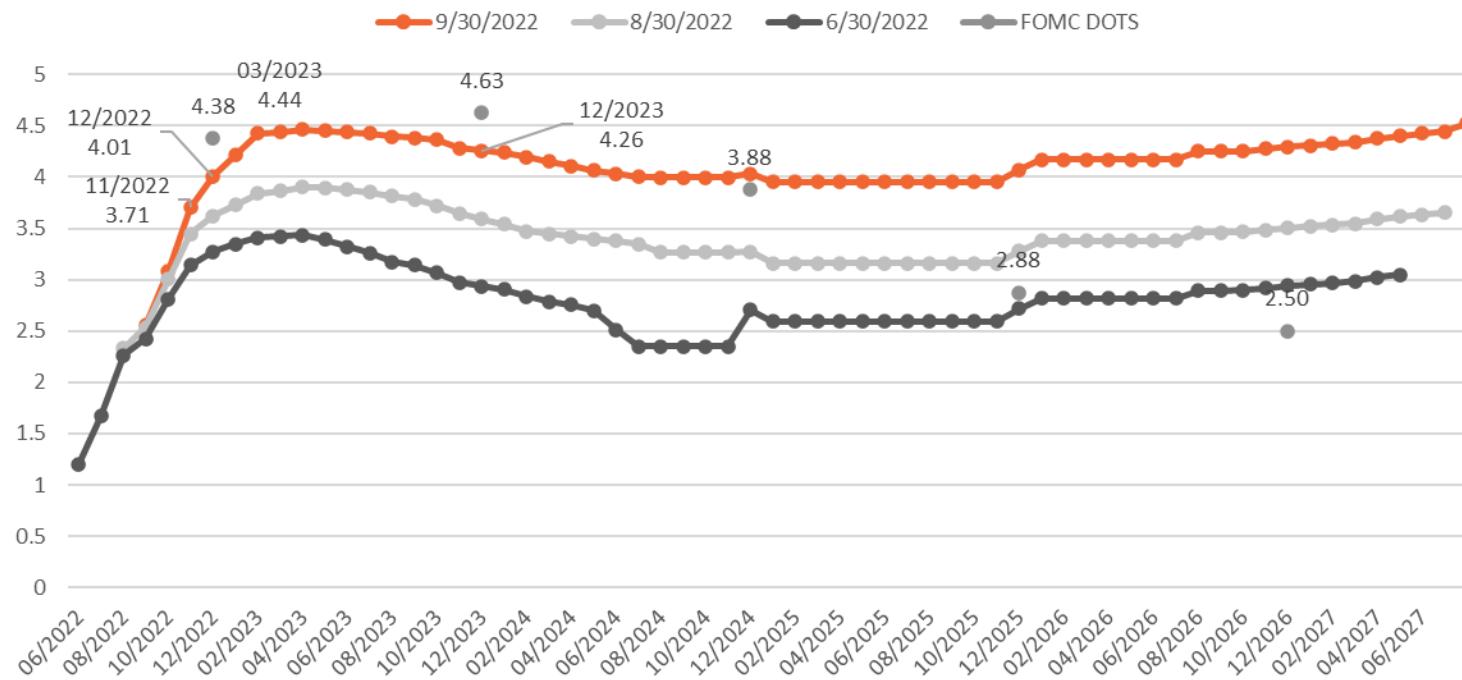
- ⚠️ Pasar keuangan global dalam tahun ini sangat dipengaruhi oleh inflasi dan respon kebijakan moneter *Fed*. Efek pengetatan sudah terasa dalam *volatilitas* baik di pasar global dan domestik.
- ⚠️ Berdasarkan pemahaman kami, perhatian investor saat ini berfokus menunggu momen *Fed* memberikan signal untuk melakukan *pause* ataupun relaksasi kebijakan moneter.

# Market Had been surprised by Fed

More than 2 times fed surprised the market on terminal rate (peak of projected FFR)

## Federal Fed Funds Futures Yield – Interest Rate Probability

In % of yield federal fed funds future in each maturity contract



Source: Bloomberg, Syailendra Research

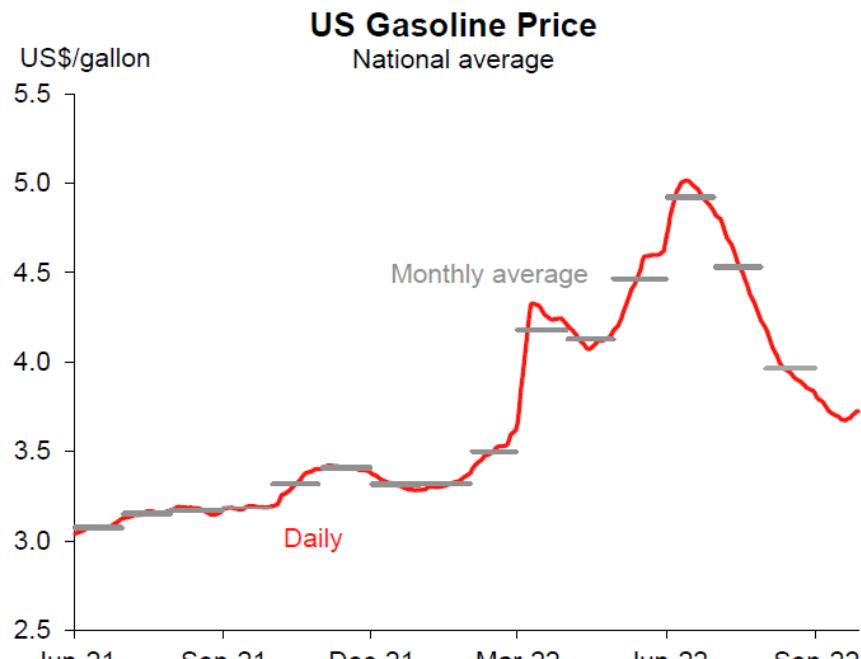
- Sejak awal fed memberikan *signal hawkish* untuk pengetatan kebijakan investasi. Terminal rate FFR telah bergerak 2x yang sebelumnya di Jun'22 di level 3.5% menjadi 4.0% dan akhirnya per terakhir berada di level 4.5%. Investor juga cenderung memperkirakan FFR akan stay diatas setidaknya sepanjang tahun 2023.
- Perubahan terminal rate ini diakibatkan oleh *surprise* dari inflasi. Maka possibilitas *surprise* dari labor, housing dan inflasi masih dapat mengakibatkan fed untuk menggerakan terminal rate.

# Market is pricing-in 2023 inflation around 3%

While investor shift focus to core-inflation

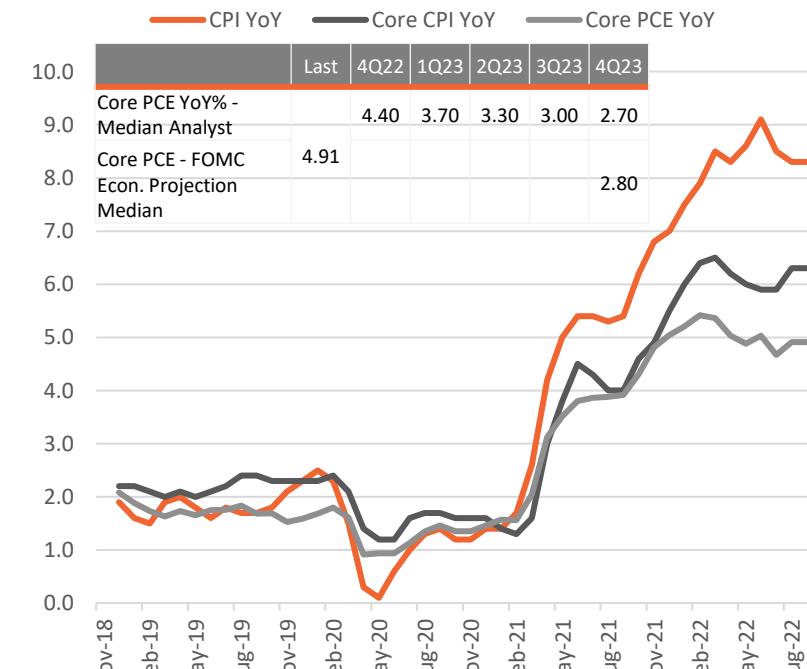
US Gasoline Price

In USD per gallon



Inflation Movement CPI, Core CPI and Core PCE

In %

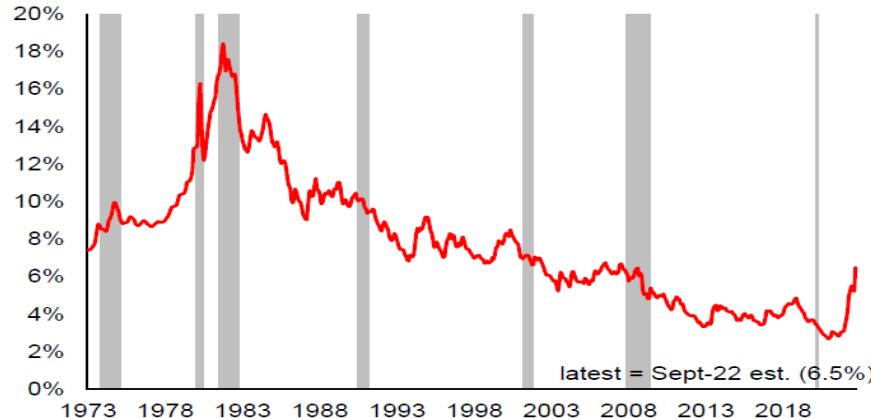


- Menurunnya harga BBM dan berbagai harga komoditas lain nya di Amerika telah membentuk ekspektasi pasar atas inflasi menurun sepanjang 2023, headline inflasi di 2023 bisa berada di bawah 3%.
- Namun investor, sejalan dengan The Fed, terlihat sekarang lebih terfokus untuk menekan laju *core inflation*, sehingga penurunan headline kelihatannya belum akan menyebabkan The Fed untuk merubah kebijakannya.

# Higher Mortgage Rate would Depress Housing

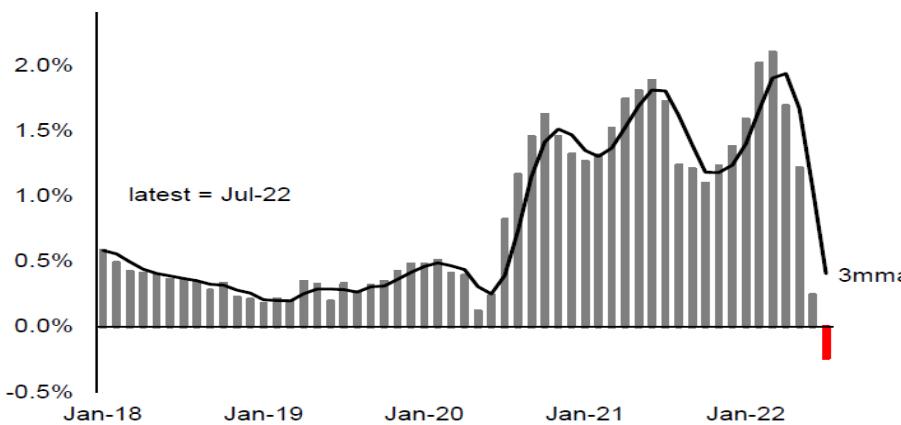
Housing price might decelerate further as payment is getting tougher

**US 30Y fixed mortgage rate**  
in % of national average

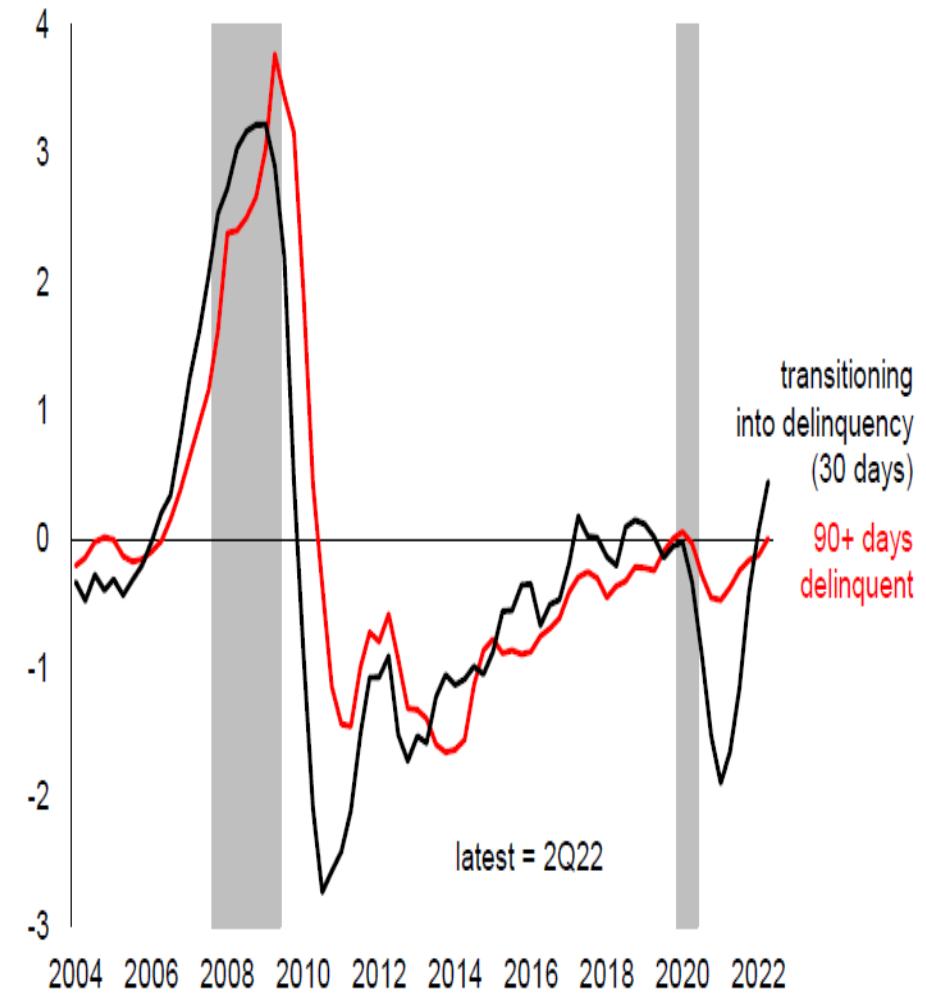


Source: Macquarie, Macrobond

**US Housing Price – Case Shiller Price Index**  
In MoM%



**Mortgage Balance Payment**  
In YoY%

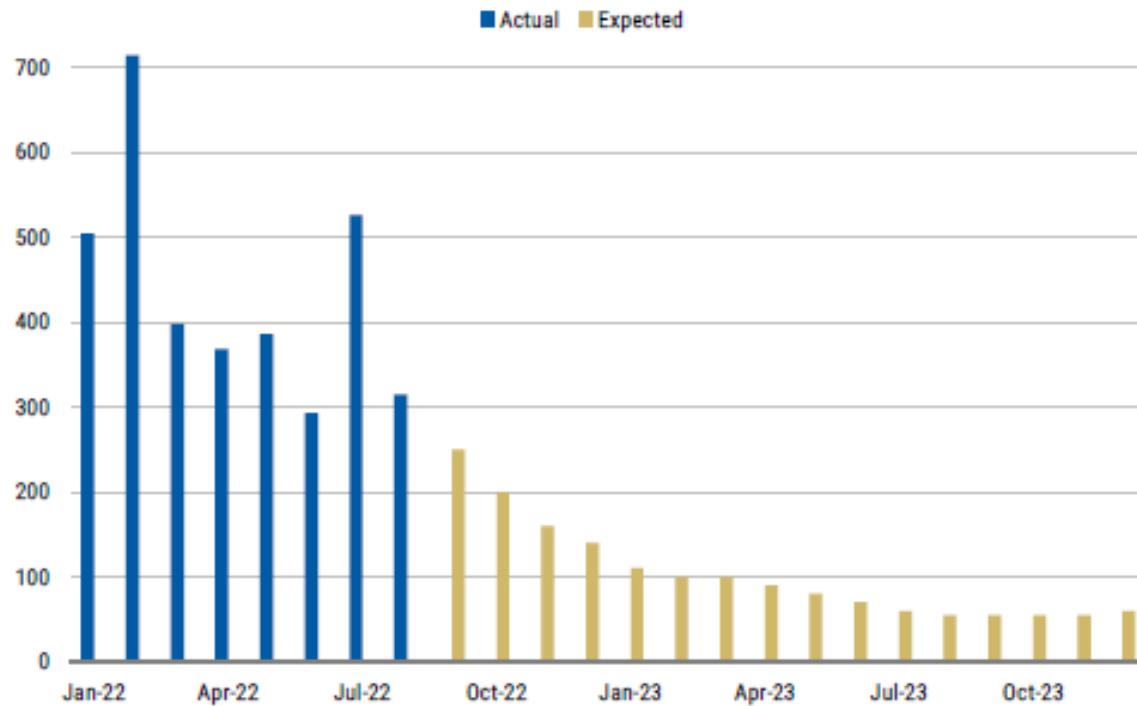


# Labor is the Key for The Fed to Pause

Market expect additional NFP to stable around 50-55k

## Change in Non-Farm Payroll

In thousand of job change



Source: Morgan Stanley

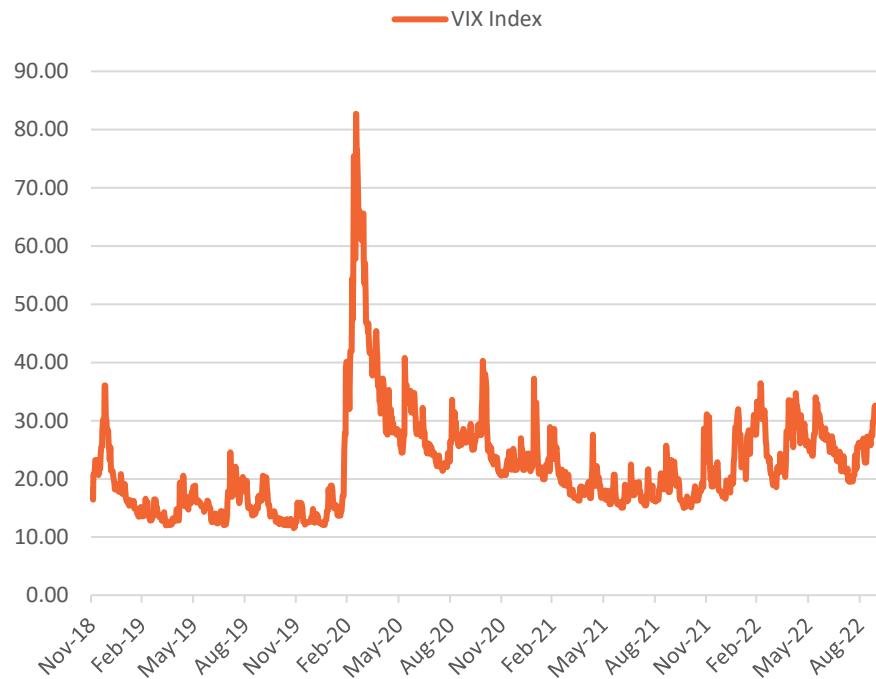
- ⚠ Salah satu faktor yang penting menjadi pertimbangan Fed dalam penentuan relaksasi kebijakan moneter ialah *labor market*. *Labor market* yang sangat ketat menyebabkan permintaan berbagai jenis barang dan jasa termasuk perumahan dan sewa naik tajam.
- ⚠ Apabila *labor market* mengalami penurunan signifikan dan stabil di level yang relative rendah. Besar kemungkinan Fed dapat melakukan *pause* atas kebijakan moneter. Hal ini mungkin baru terjadi di awal 2023.

# Sharp Market Volatility could Change The Fed

New all time high volatility might make fed reconsider their position

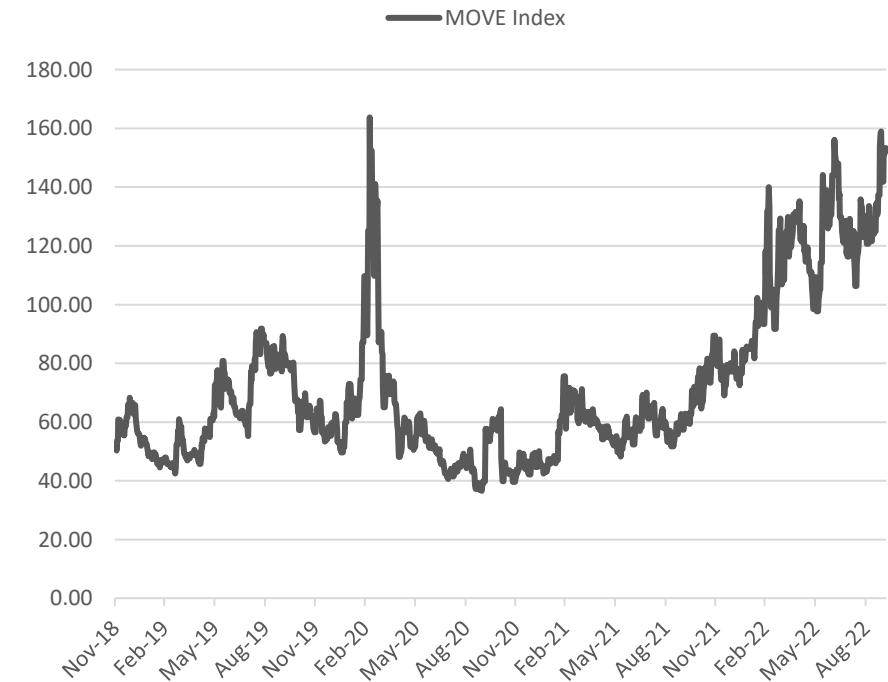
VIX Index

In %



MOVE Index

In %



Source: JPM

Source: JPM

- ⚠ Dampak volatilitas dari peningkatan FFR menurut kami belum berada di tingkat ekstreme. Tekanan lebih terlihat dari sisi bonds (MOVE Index) dibandingkan equity (VIX Index). Tekanan volatilitas pasar yang signifikan dapat mempercepat pause dari kebijakan moneter Fed.

# Historically, Post The Fed Lift-off Dollar could Weaken

## EM Equities tend to be beneficiaries during weak US Dollar

USD TWI...

In %



Source: CLSA, Federal Reserve, BIS, MSCI

...USD TWI tend to fall after the Fed lift off

In %

Episode	Date of Fed lift off	Fed lift off	TW\$ change	Local peak	TW\$ change	TW\$ change
			over the 120 days before	before / after Fed lift off	180 days after	365 days after
1	4 Dec 86		+0.2%		-31	-7.9%
2	4 Feb 94		+1.9%		-31	-3.2%
3	30 Jun 99		+0.3%		+12	-3.4%
4	30 Jun 04		+0.9%		-47	-8.0%
5	22 May 13*		+5.5%		+47	-2.6%
6	16 Dec 15		+1.7%		+35	-4.6%
<b>Average</b>			+1.7%		-3	-5.0%
<b>Current</b>	<b>17 Mar 22</b>		+2.1%		+173	+10.1%

Source: CLSA

Source: CLSA

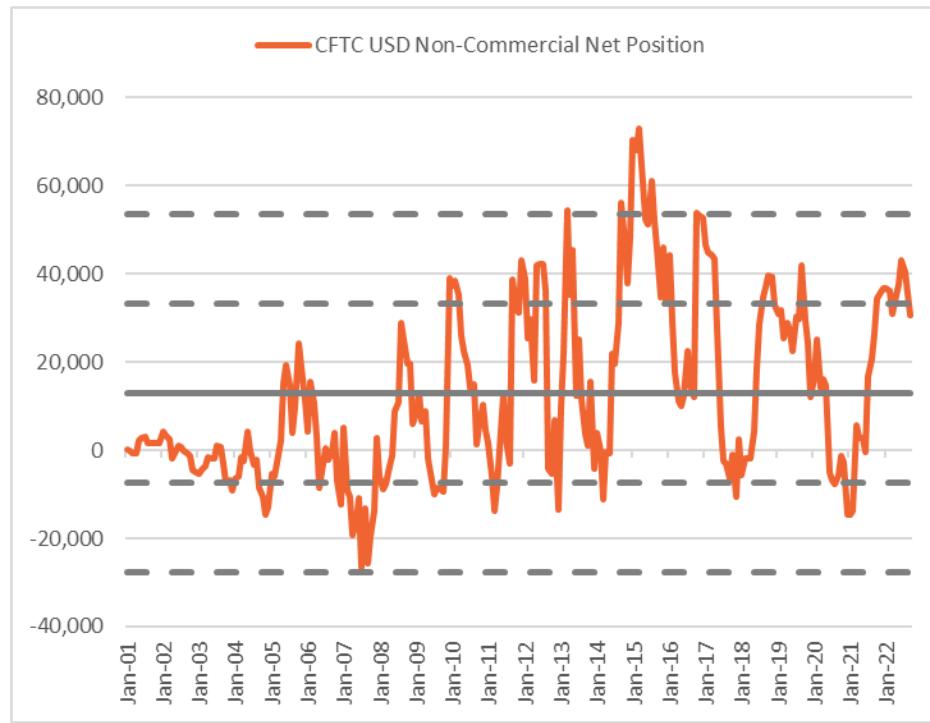
- Traded weight US Dollar mencatatkan new high sejak GFC. Terdapat potensi drawback untuk US Dollar apabila recovery di EM meningkatkan seiring dengan normalisasi inflasi seperti yang terjadi saat era globalisasi di awal 2000 sd 2008.
- Secara historis, USD secara rata-rata menurun 3-5% sejak The Fed berenti menaikkan suku bunga.

# 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

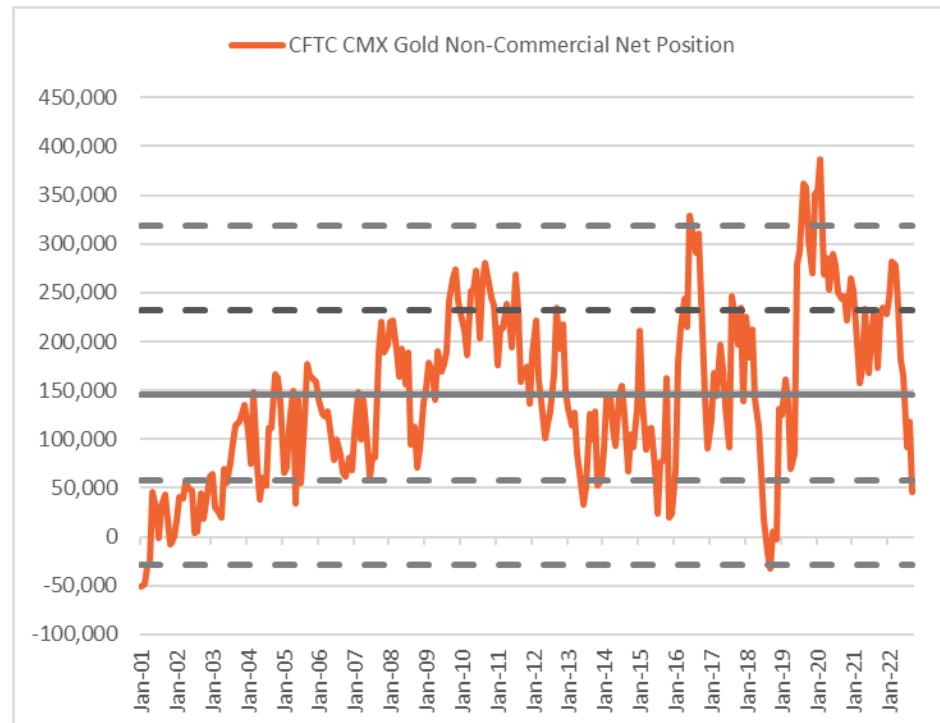
In no of net-contract



Source: Bloomberg

Gold seems to hit its net-long peak since 2020

In no of contract



Source: Bloomberg

- ⚠ 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.
- ⚠ Di saat bersamaan untuk aset emas, Posisi speculator sudah mencatatkan dibawah rata-rata. Hal ini diakibatkan *real yield* US yang telah memperlihatkan tanda-tanda *bottoming*.

# Section 02



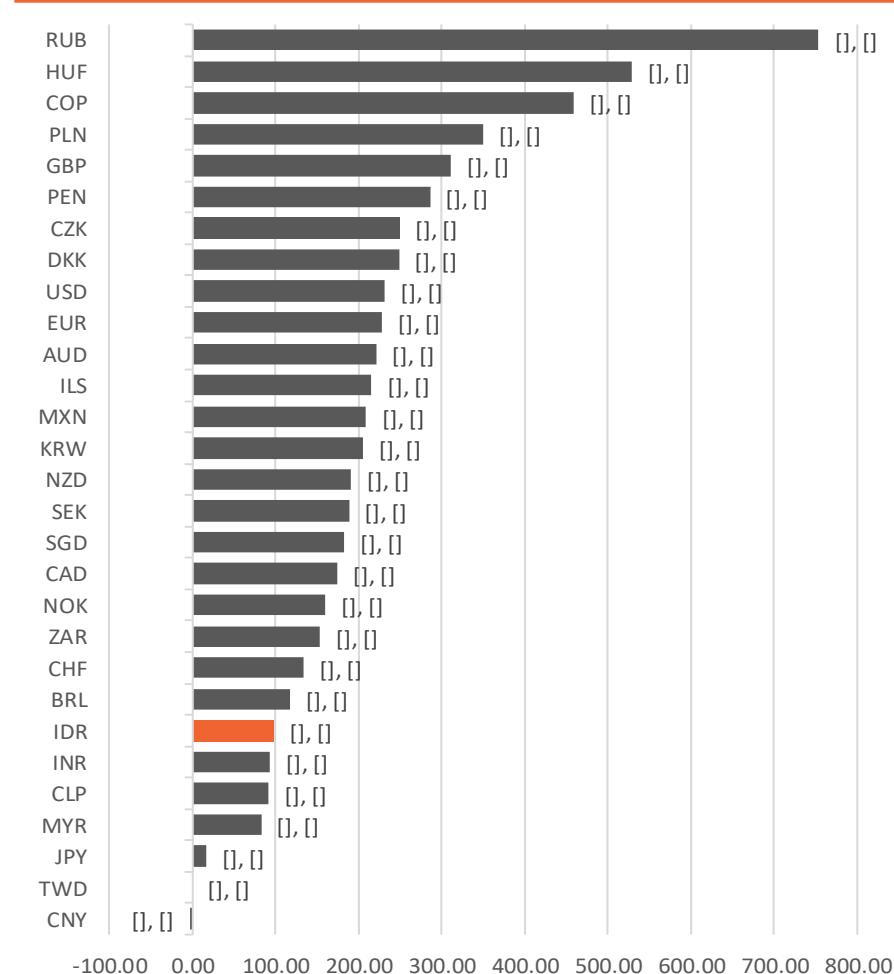
## Fixed Income

# Government Treasury Yield Movement Sep'22

INDOGB still one of the less affected compare to other peers

**YTD 10Y Govt Changes**

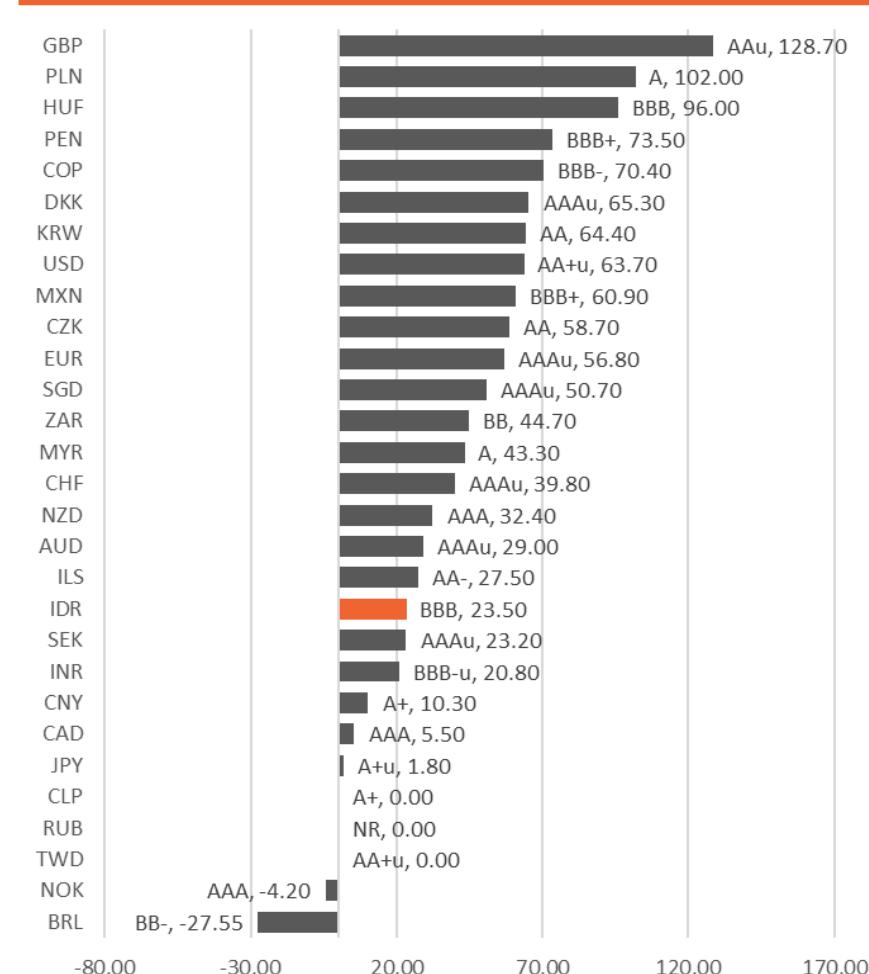
In bps



Source: Syailendra Research, Bloomberg

**MTD 10Y Govt Changes**

In bps



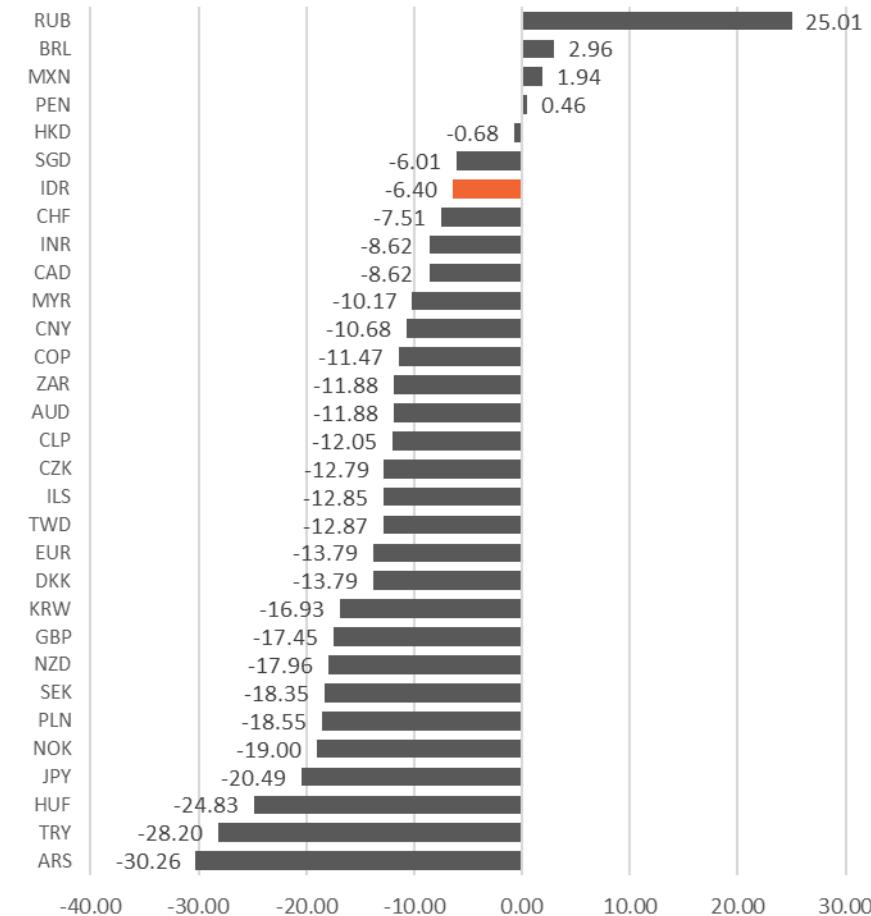
Source: Syailendra Research, Bloomberg

# Currency Price Movement Sep'22

Most of currency depreciated against USD throughout this year

**YTD Currency Chg. (USD as Base Currency)**

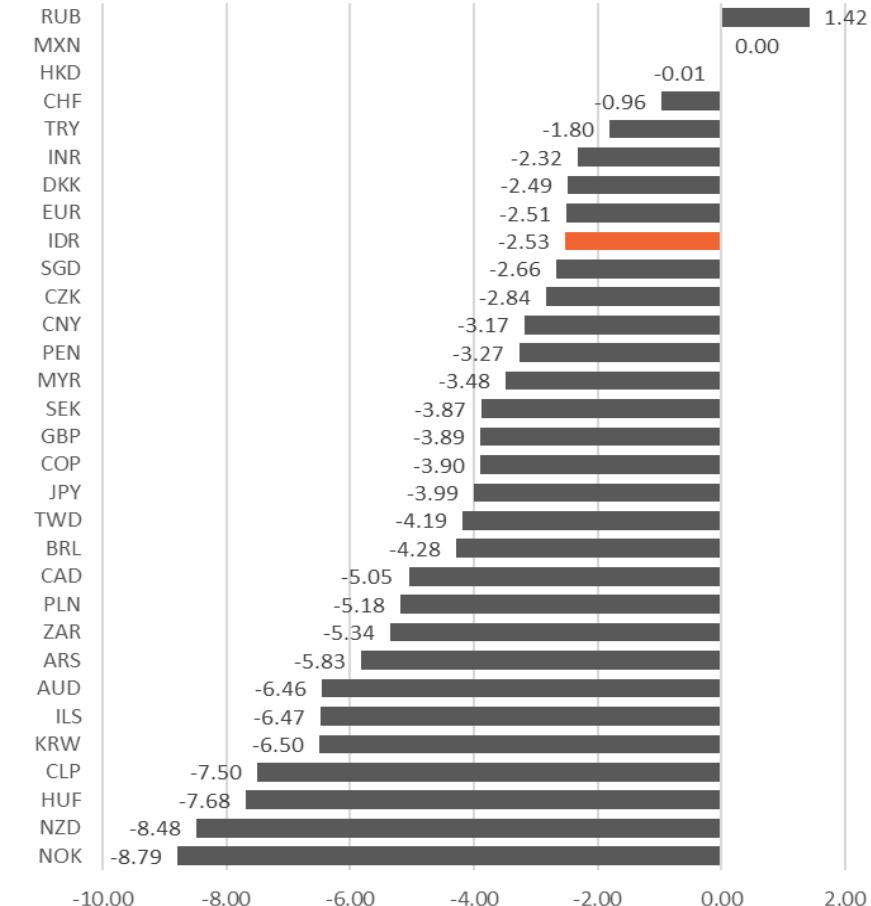
In ppt



Source: Syailendra Research, Bloomberg

**MTD Currency Chg. (USD as Base Currency)**

In ppt



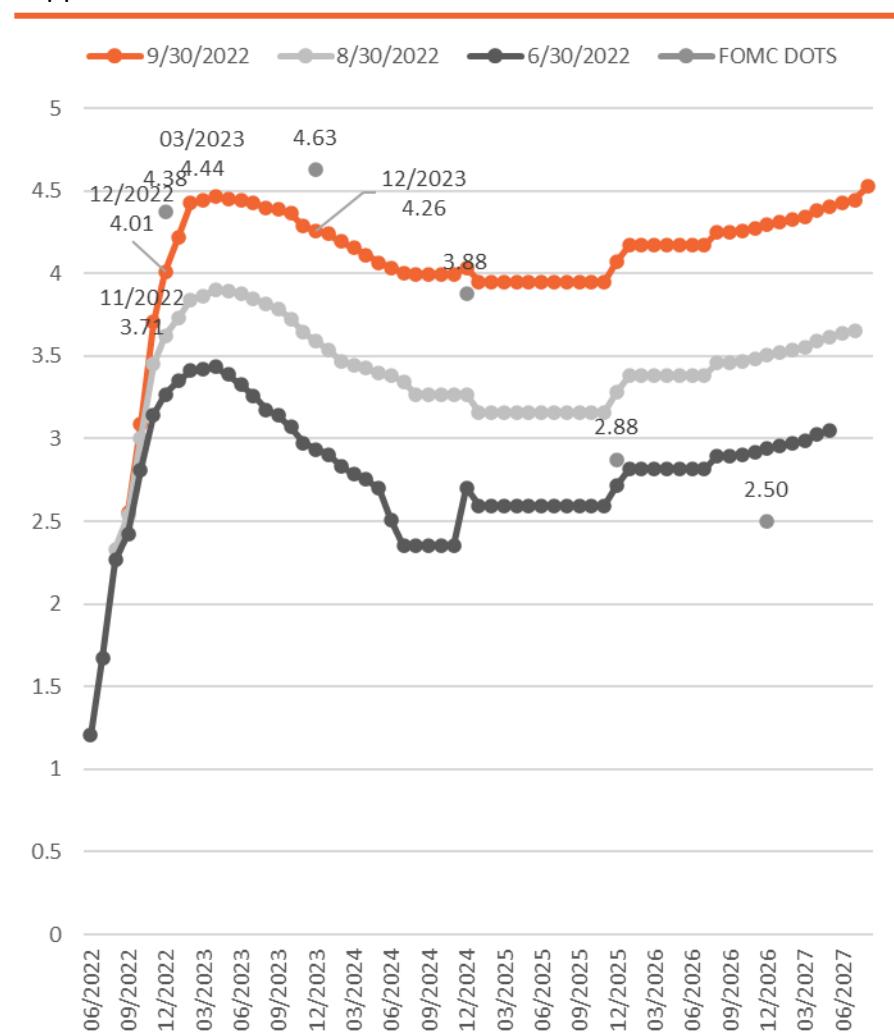
Source: Syailendra Research, Bloomberg

# What Market Implies on The US Yield?

Terminal rate is moving in the past 3 months

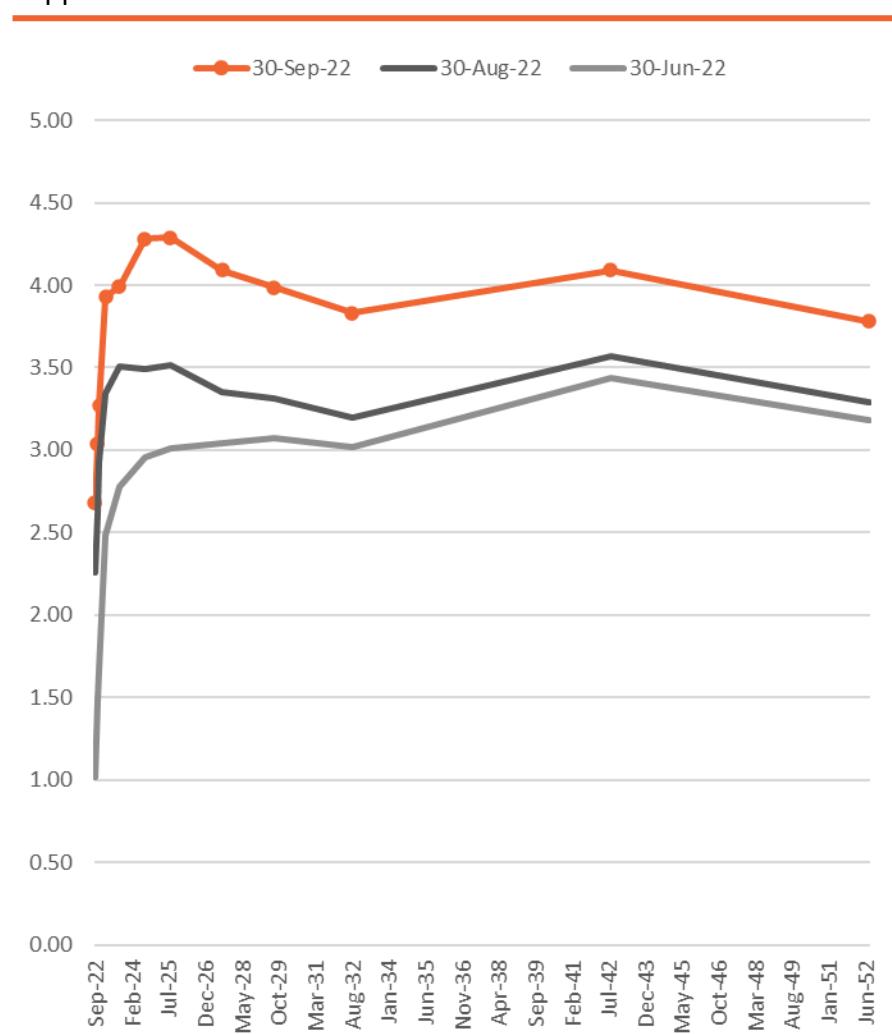
## Fed Funds Rate

In ppt



## US Curve

In ppt



# Indonesian Bonds Ownership

Foreign bondholder still recording negative outflow to new all time low

## Ownership on Tradeable Indonesia Government Bonds

In trn IDR

### Ownership Level

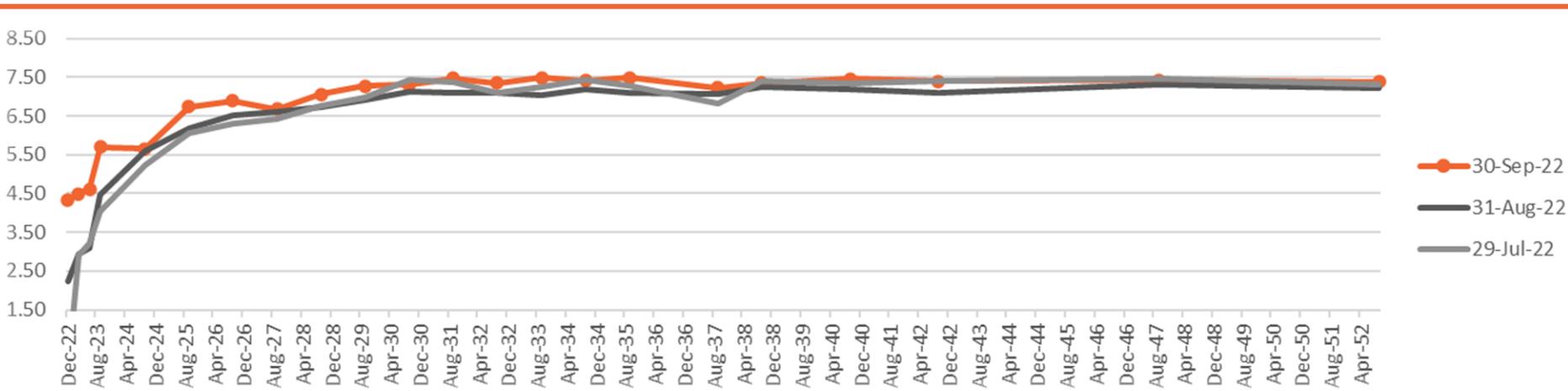
Year	Bank	Central Bank	Mutual Fund	Insurance & PF	Foreign	Retail	Others	Total
<b>Yearly</b>								
2016	21.2%	8.9%	4.8%	18.4%	37.5%	3.3%	5.9%	100.0%
2017	21.6%	8.6%	5.0%	16.6%	39.8%	2.9%	5.6%	100.0%
2018	21.8%	9.2%	5.0%	17.5%	37.7%	3.1%	5.7%	100.0%
2019	20.7%	9.9%	4.8%	17.1%	38.6%	2.9%	5.9%	100.0%
2020	24.7%	22.6%	4.2%	14.0%	25.2%	3.4%	6.0%	100.0%
2021	25.0%	26.1%	3.4%	14.0%	19.0%	4.7%	7.7%	100.0%
YTD	24.8%	25.9%	3.1%	16.5%	14.3%	6.4%	8.9%	100.0%
<b>Net flow</b>								
Year	Bank	Central Bank	Mutual Fund	Insurance & PF	Foreign	Retail	Others	Total
<b>Yearly</b>								
2016	27	8	24	104	107	15	26	311
2017	78	22	18	23	170	2	13	326
2018	64	38	15	66	57	13	17	269
2019	53	56	12	57	169	8	29	384
2020	384	602	30	71	-88	50	68	1,118
2021	217	346	-3	112	-83	90	129	808
YTD	96	103	-2	188	-161	103	95	422
<b>Interim</b>								
1Q22	21	10	-4	80	-43	49	37	150
2Q22	7	15	-1	38	-68	11	18	19
3Q22	68	79	3	71	-50	43	41	253
MTD	29	34	-1	33	-31	33	20	117

# Yield Curve is Getting Flatter

Market implying slower economic growth with long duration getting richer

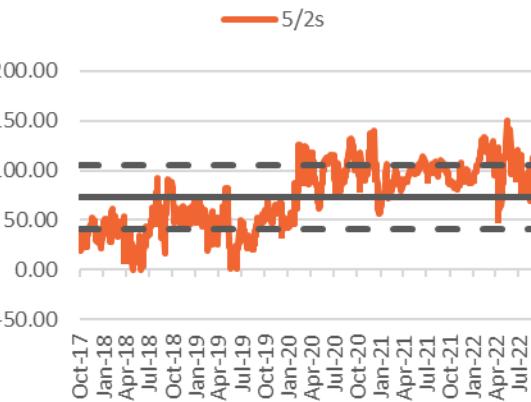
## INDOGB Yield Curve

In ppt



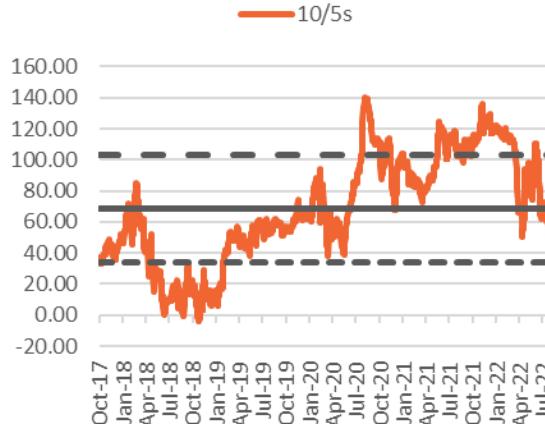
## 5/2s 5Y Historical Spread

In bps



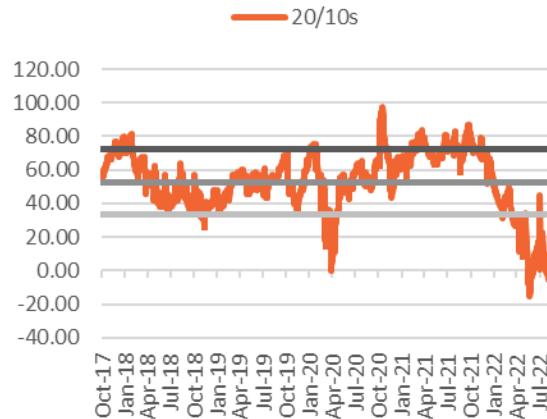
## 10/5s 5Y Historical Spread

In bps



## 20/10s 5Y Historical Spread

In bps



# Government Bond Outlook

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

Indonesia 10Y IDR Yield

In %



Indonesia 10Y USD Yield

In %



Source Syailendra Research, Bloomberg

- ⚠️ Kombinasi beberapa faktor i.e *peaking crude oil* dan *peningkatan coal*. Probabilitas *trade balance* menurun relatif kecil. *Trade balance* berpotensi tren menurun apabila diikuti oleh peningkatan impor barang modal.
- ⚠️ IDR menembus level 15,000 merupakan salah satu dampak portfolio outflow akibat global monetary policy. Namun, current account indonesia yang relatif lebih baik dibandingkan peers tetap membuat IDR menjadi salah satu negara yang terdampak relatif rendah.
- ⚠️ Faktor likuiditas masih cukup *ample* walaupun dibandingkan dengan 2020 dan 2021 cenderung menurun.
- ⚠️ Target 10Y yield base case berada di range 7.25 – 7.50 % dengan mempertimbangkan interest upcycle. Mempertimbangkan level yield saat ini kami sedikit netral mempertimbangkan meningkatnya *interest differential* antara US dan Indonesia dan transmisi pelamahan IDR yang sedang terjadi.

# Section 03



Equity

# Global Indices Performance

Monetary Tightening Policy Lead Market Correction in Sep'22

## Global Indices Historical Performance

In % of return

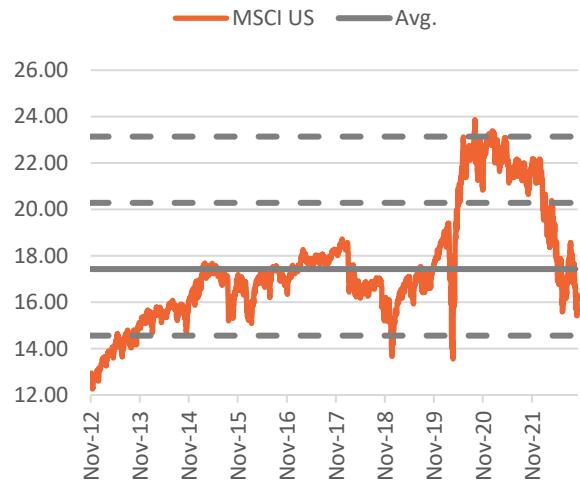
No	Country	YTD	1M	3M	6M	1Y	P/E	P/BV	ROE
<b>Global Market</b>									
1	Dow Jones (US)	-21.08%	-9.64%	-6.66%	-18.46%	-15.12%	15.41	3.66	28.56
2	S&P 500 (US)	-24.97%	-10.05%	-5.28%	-22.09%	-16.76%	16.02	3.40	22.25
3	Nasdaq (US)	-32.82%	-11.00%	-4.11%	-26.77%	-26.81%	23.84	4.24	24.56
4	London (UK)	-13.39%	-5.48%	-2.21%	-16.45%	-8.10%	11.37	1.69	15.20
5	DAX (GR)	-23.74%	-6.53%	-5.24%	-17.06%	-20.62%	9.92	1.30	12.92
6	CAC (FP)	-19.67%	-7.21%	-2.71%	-14.53%	-11.62%	9.19	1.41	16.70
<b>Asia Market</b>									
1	Nikkei (JP)	-9.91%	-8.01%	-1.73%	-7.46%	-11.94%	14.17	1.50	10.43
2	Hang Seng (HK)	-25.48%	-13.67%	-21.21%	-22.53%	-29.92%	9.55	0.97	11.31
3	Shanghai (CN)	-16.43%	-6.28%	-11.01%	-7.41%	-15.24%	10.69	1.25	11.03
4	Shenzhen (CN)	-22.69%	-6.65%	-15.16%	-10.56%	-21.81%	12.42	1.62	11.20
5	NFT (IN)	-0.64%	-3.74%	8.33%	-2.31%	-2.97%	20.20	2.99	15.58
6	Kospi (KR)	-27.61%	-12.05%	-7.59%	-21.53%	-29.76%	9.37	0.85	6.93
7	Kosdaq (KR)	-34.95%	-15.60%	-9.76%	-28.37%	-32.95%	-	-	-
<b>ASEAN Market</b>									
1	Singapore (SG)	0.12%	-3.37%	0.90%	-9.07%	1.41%	11.95	1.03	9.10
2	Kuala Lumpur (MK)	-9.65%	-7.77%	-3.43%	-11.91%	-9.31%	13.50	1.36	10.25
3	Thailand (TH)	-3.69%	-2.10%	0.39%	-5.76%	-1.52%	15.34	1.61	8.59
4	Vietnam (VN)	-23.81%	-11.51%	-5.47%	-24.05%	-15.64%	10.69	1.79	18.79
4	Philipines (PH)	-16.71%	-14.19%	-6.73%	-19.90%	-17.43%	13.63	1.41	8.46
<b>Indonesia Market</b>									
1	JCI / IHSG (ID)	6.98%	-1.66%	1.87%	-0.18%	11.99%	15.28	2.00	-7.68
2	JII / ISSI (ID)	7.98%	-2.05%	1.85%	2.20%	12.42%	11.12	1.70	14.55
3	IDX30 (ID)	7.54%	-1.57%	1.01%	-2.34%	12.29%	16.74	2.25	-9.20
4	LQ45 (ID)	8.60%	-1.01%	1.97%	-1.24%	13.05%	16.55	2.21	-8.57

# Most of Equity Regions already Derated

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

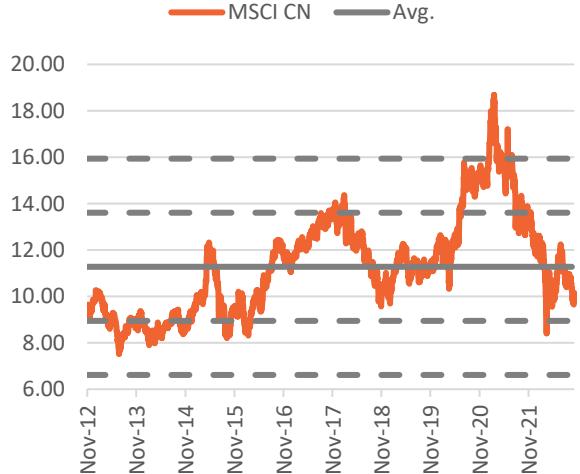
## United States

5Y Dev. Band of 12month blended forward PE



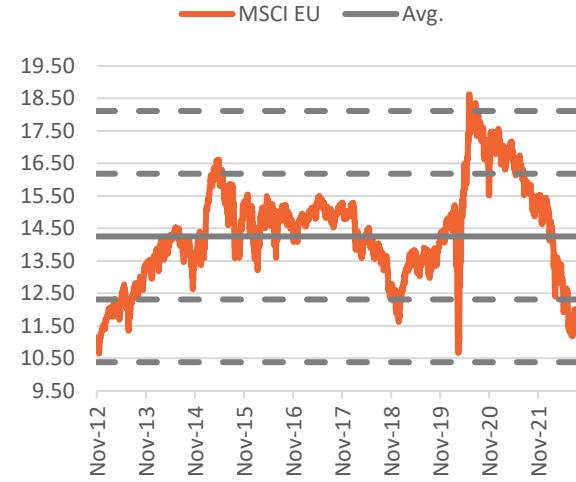
## China

5Y Dev. Band of 12month blended forward PE



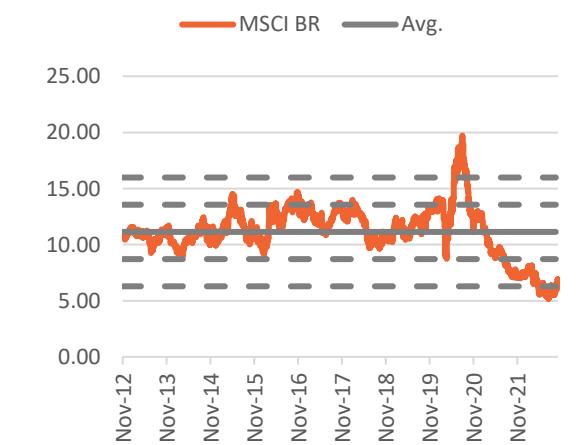
## European Union

5Y Dev. Band of 12month blended forward PE



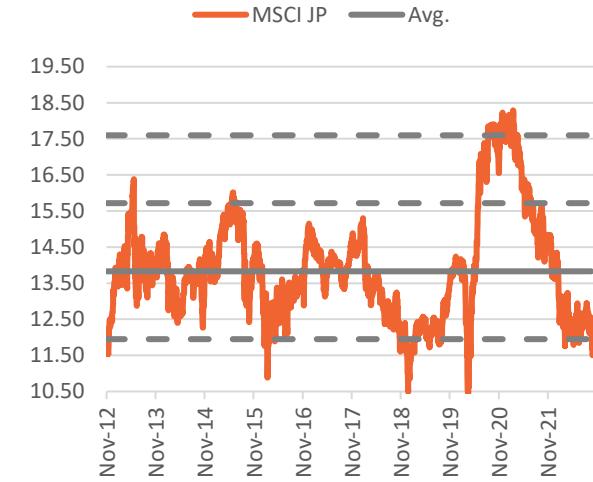
## Brazil

5Y Dev. Band of 12month blended forward PE



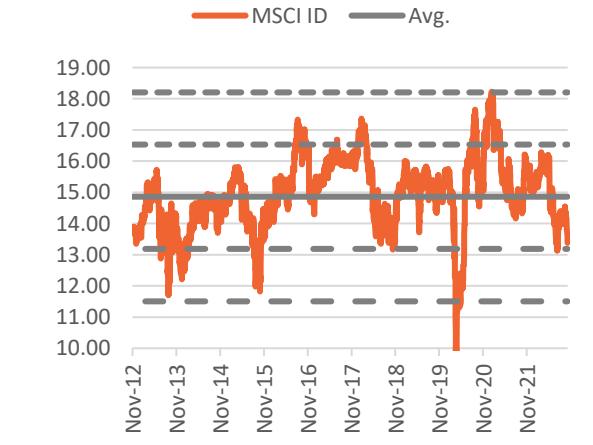
## Japan

5Y Dev. Band of 12month blended forward PE



## Indonesia

5Y Dev. Band of 12month blended forward PE

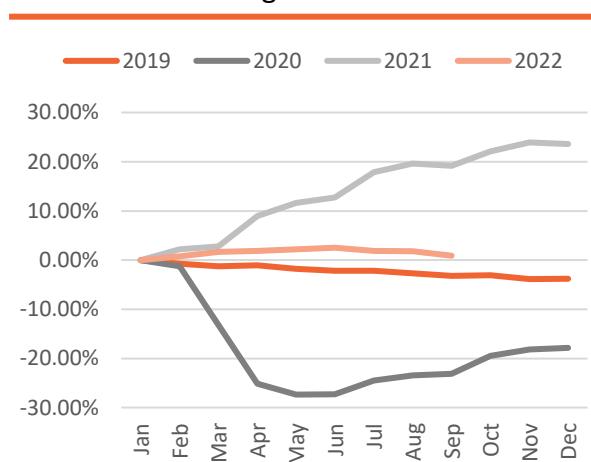


# Earnings in Major Markets Have Not Been Cut

China is the only market with significant earnings revision

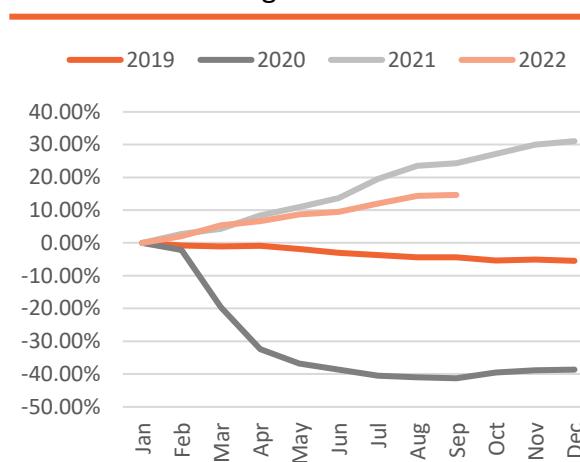
## United States

Current Year Earnings Revision



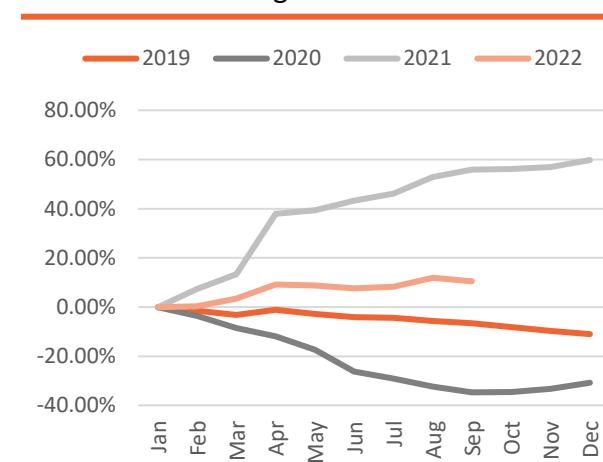
## European Union

Current Year Earnings Revision



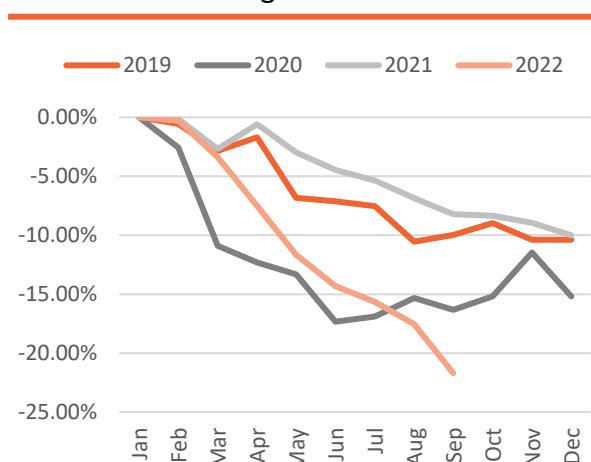
## Japan

Current Year Earnings Revision



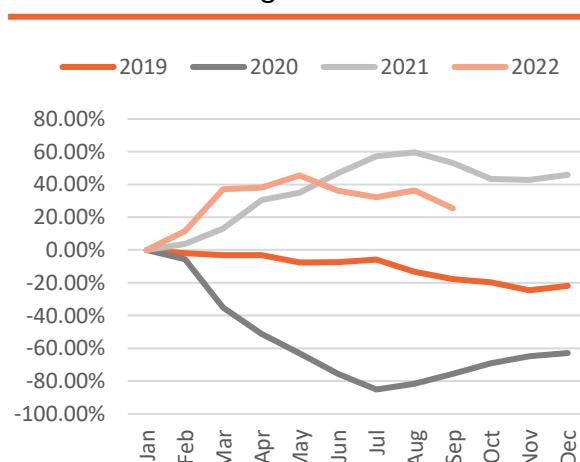
## China

Current Year Earnings Revision



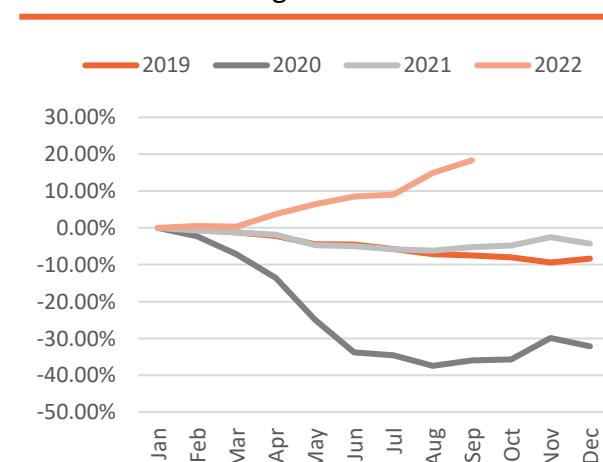
## Brazil

Current Year Earnings Revision



## Indonesia

Current Year Earnings Revision

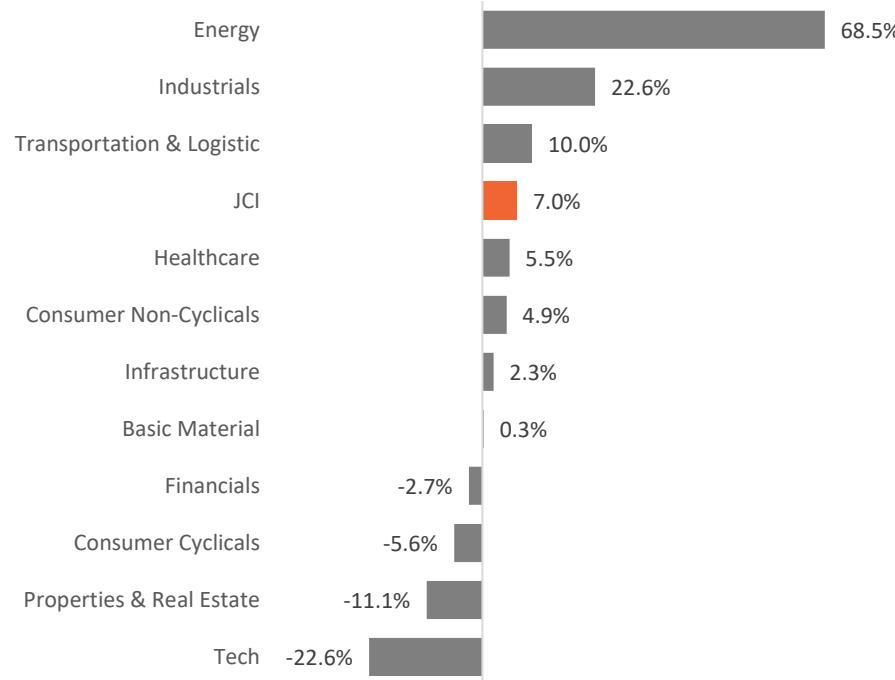


# Cash Burn Sectors Took a Hit

Transportation and Tech was biggest loser last month

## JCI Sectoral Movement YTD

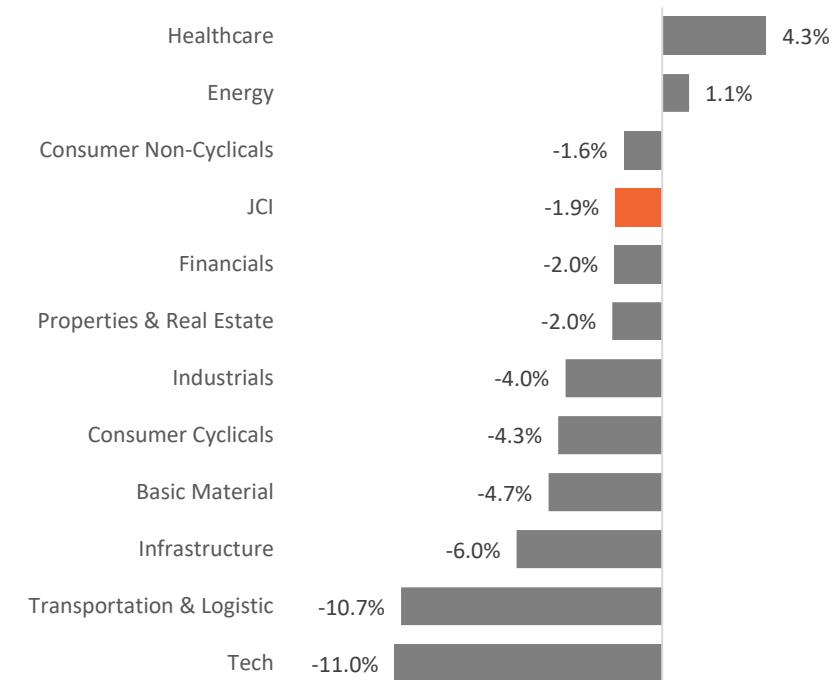
As of 30 September 2022



Source: Syailendra Research, Bloomberg

## JCI Sectoral Movement MTD

As of 30 September 2022



Source: Syailendra Research, Bloomberg

- ⚠ Selama 9M22, IHSG *rally* sebesar 7.0%. Hal ini dikontribusi oleh sektor *energy* seiring dengan meningkatnya harga komoditas global. Kinerja sektor teknologi masih mengalami tekanan sejalan dengan kinerja sektor teknologi di bursa global.

# Foreign Equity Flow

Indonesia still receive foreign inflow despite foreign outflow trend in Sep'22

In US\$ Million	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China	EM Asi ex-China ex-Malaysia	Japan
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
Jun-22	-6,342	-501	-4,796	-207	-7,724	-841	-291	-20,702	-20,411	-9,556
Jul-22	836	-150	1,363	-80	-626	128	28	1,499	1,471	4,963
Aug-22	6,791	508	3,012	-153	-4,124	1,603	460	8,098	7,638	-2,895
<b>Sep-22</b>	<b>-1,624</b>	<b>209</b>	<b>-1,805</b>	<b>-216</b>	<b>-5,748</b>	<b>-655</b>	<b>-355</b>	<b>-10,194</b>	<b>-9,839</b>	<b>-20,995</b>
<hr/>										
<b>Yearly</b>										
<b>YTD</b>	<b>-22,553</b>	<b>4,836</b>	<b>-13,517</b>	<b>-1,224</b>	<b>-44,567</b>	<b>4,518</b>	<b>1,594</b>	<b>-70,914</b>	<b>-72,508</b>	<b>-18,354</b>
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

# September Industry Sector Positioning

Both local and foreign institution adding financial with some reduction on basic ind.

## 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		
	Jul-22	Aug-22	Sep-22	Jul-22	Aug-22	Sep-22	Jul-22	Aug-22	Sep-22	Jul-22	Aug-22	Sep-22
Basic Industry	0.1%	0.3%	0.3%	-0.3%	0.0%	0.4%	1.0%	-0.3%	-0.8%	-0.4%	-0.5%	0.0%
Consumer Non-Cyclical	0.0%	-0.1%	-0.1%	-0.1%	-0.3%	-0.1%	0.2%	-0.1%	0.1%	-0.2%	-0.4%	-0.6%
Consumer Cyclical	-0.7%	-0.9%	0.1%	-1.3%	-0.5%	0.2%	0.4%	-0.1%	0.0%	-1.3%	-1.0%	-0.3%
Energy	1.3%	0.0%	0.6%	0.4%	-0.2%	-0.2%	-3.1%	-1.3%	1.6%	1.2%	-0.3%	0.2%
Infrastructure	0.3%	-0.4%	0.0%	0.1%	-1.0%	-0.3%	0.2%	-0.1%	-0.2%	-0.2%	-1.1%	-0.2%
Healthcare	-0.2%	-0.2%	0.3%	-0.5%	0.0%	0.3%	-0.3%	0.0%	0.2%	-0.4%	-0.2%	0.2%
Financial	1.5%	-0.1%	-0.7%	-0.3%	-1.0%	0.9%	-0.1%	-0.7%	-0.4%	-1.2%	-1.3%	1.2%
Industrial	-0.5%	0.5%	-0.3%	-0.6%	-0.4%	-0.4%	0.0%	0.0%	-0.1%	-1.0%	-0.3%	-0.4%
Property	-0.1%	0.0%	0.0%	-0.2%	-0.1%	0.0%	-0.2%	0.0%	0.0%	-0.4%	0.0%	0.1%
Technology	2.0%	0.1%	-0.8%	0.8%	0.2%	-0.2%	0.8%	-0.1%	-1.7%	3.2%	0.2%	-1.2%
Trans. And Logistics	0.0%	0.0%	-0.1%	-0.2%	-0.1%	-0.1%	-0.1%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%

Sector	Foreign MoM (%) of est. ownership											
	Insurance			Pension Fund			Individual			Mutual Fund		
	Jul-22	Aug-22	Sep-22	Jul-22	Aug-22	Sep-22	Jul-22	Aug-22	Sep-22	Jul-22	Aug-22	Sep-22
Basic Industry	0.2%	0.0%	0.2%	0.0%	-0.1%	0.2%	-0.2%	0.2%	-2.0%	0.8%	-0.1%	0.0%
Consumer Non-Cyclical	-0.1%	-0.4%	-0.1%	-0.1%	-0.1%	-0.1%	-0.4%	-0.4%	-0.2%	-0.2%	0.0%	-0.1%
Consumer Cyclical	-0.2%	0.1%	-0.2%	-0.7%	-0.2%	0.5%	1.5%	-0.6%	-0.2%	-0.4%	0.1%	0.4%
Energy	0.2%	0.0%	0.1%	0.5%	0.1%	0.5%	-0.4%	1.4%	-1.8%	0.3%	0.0%	0.3%
Infrastructure	0.2%	0.4%	-0.4%	-0.2%	0.8%	-0.4%	0.0%	0.3%	-0.8%	0.4%	1.2%	-0.3%
Healthcare	0.0%	0.0%	0.1%	-0.5%	0.0%	0.2%	0.0%	-0.1%	-0.2%	-0.3%	-0.1%	0.4%
Financial	-0.1%	4.1%	3.7%	-2.1%	2.1%	3.4%	-11.3%	2.9%	0.3%	-2.7%	3.2%	5.0%
Industrial	-0.4%	0.6%	0.2%	-0.2%	0.4%	-0.1%	-0.3%	0.1%	-0.4%	-0.7%	0.7%	-0.3%
Property	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	0.0%	-0.1%	0.0%	0.0%
Technology	0.0%	0.0%	-0.1%	0.0%	-0.1%	-0.1%	-0.2%	0.2%	-0.2%	0.1%	0.0%	-0.1%
Trans. And Logistics	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.3%	-0.4%	0.0%	0.0%	0.0%

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

# JCI 2023F Earnings Downgrade Significantly due Tech Sector mostly offset other sector earnings

**51.9% of coverage delivering inline earnings with latest earnings revision**

In % YoY, % QoQ, % of M.Cap

Headline Consensus Earnings Expectation	2023 YoY EPS Growth (%)	2022 YTD Consensus Changes (Up/Downgrade)	2023 YTD Consensus Changes (Up/Downgrade)	% of Sector Universe in JCI	Commentaries
Energy	-7.36%	104.95%	122.83%	6.9%	
Finance	20.89%	-4.32%	-3.09%	29.9%	
Infrastructure	19.41%	2.81%	6.20%	9.3%	
Consumer Non-Cyclical	11.59%	9.85%	12.31%	10.5%	
Healthcare	11.17%	-12.24%	-13.64%	2.4%	
Tech	-81.14%	-2.35%	-81.50%	6.9%	Consensus expect bigger loss. Growth normalized
Industrial	4.52%	107.16%	111.29%	4.4%	
Basic Materials	13.37%	185.09%	171.88%	8.2%	
Transportation	39.74%	65.97%	56.18%	0.4%	
Property	17.06%	-0.63%	-1.42%	1.4%	
Consumer Cyclical	14.53%	18.29%	17.44%	2.1%	
<b>Based on Sector Coverage Interpolation</b>	<b>6.59</b>	<b>33.15%</b>	<b>27.95%</b>	<b>82.4%</b>	
<b>Others (no coverage)</b>	<b>-4.35%</b>	<b>-2.73%</b>	<b>-16.61%</b>	<b>17.6%</b>	
<b>JCI (Coverage Interpolation)</b>	<b>1.08%</b>	<b>30.43%</b>	<b>11.34%</b>	<b>100%</b>	
<b>10 Sector Outside IDXTech</b>	<b>14.60%</b>	<b>36.40%</b>	<b>37.95%</b>	<b>75.50%</b>	

Source Syailendra research, Bloomberg

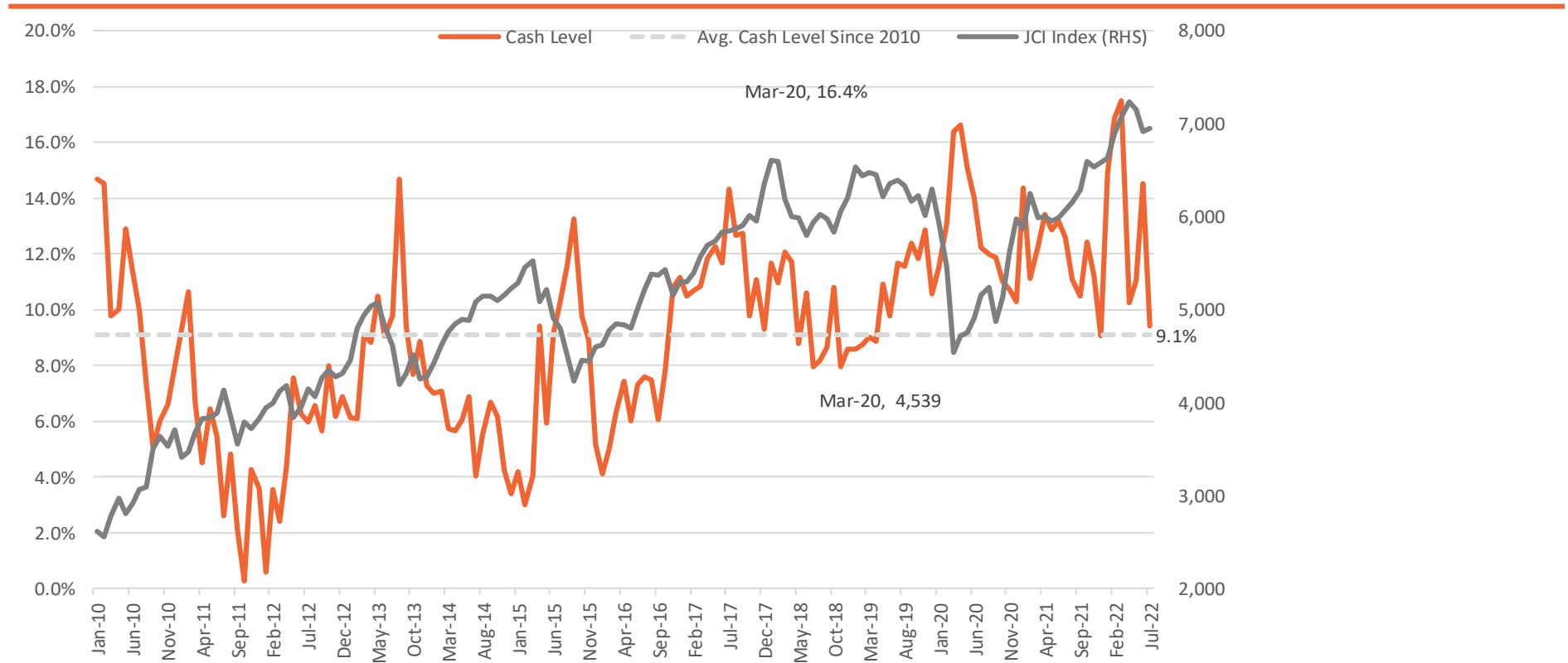
⚠ Berdasarkan data konsensus yang tersedia di bloomberg, Kami melihat indonesia telah melakukan earnings revision di tahun 2022 dan sebagian di tahun 2023. Peningkatan loss di sector tech mengakibatkan earnings JCI relatif dapat bergerak flat dimana 2023 YoY konsensus mencatatkan 1.08% namun apabila sector tech dikelaurkan maka JCI-ex tech dapat menghasilkan 14.60%

# Local Mutual Fund Cash Level Neutral

Cash level have come back to average historical level

## Est. Cash Level of Equity Mutual Fund in Indonesia

In % of Asset Under Management



Source Syailendra research, Bloomberg

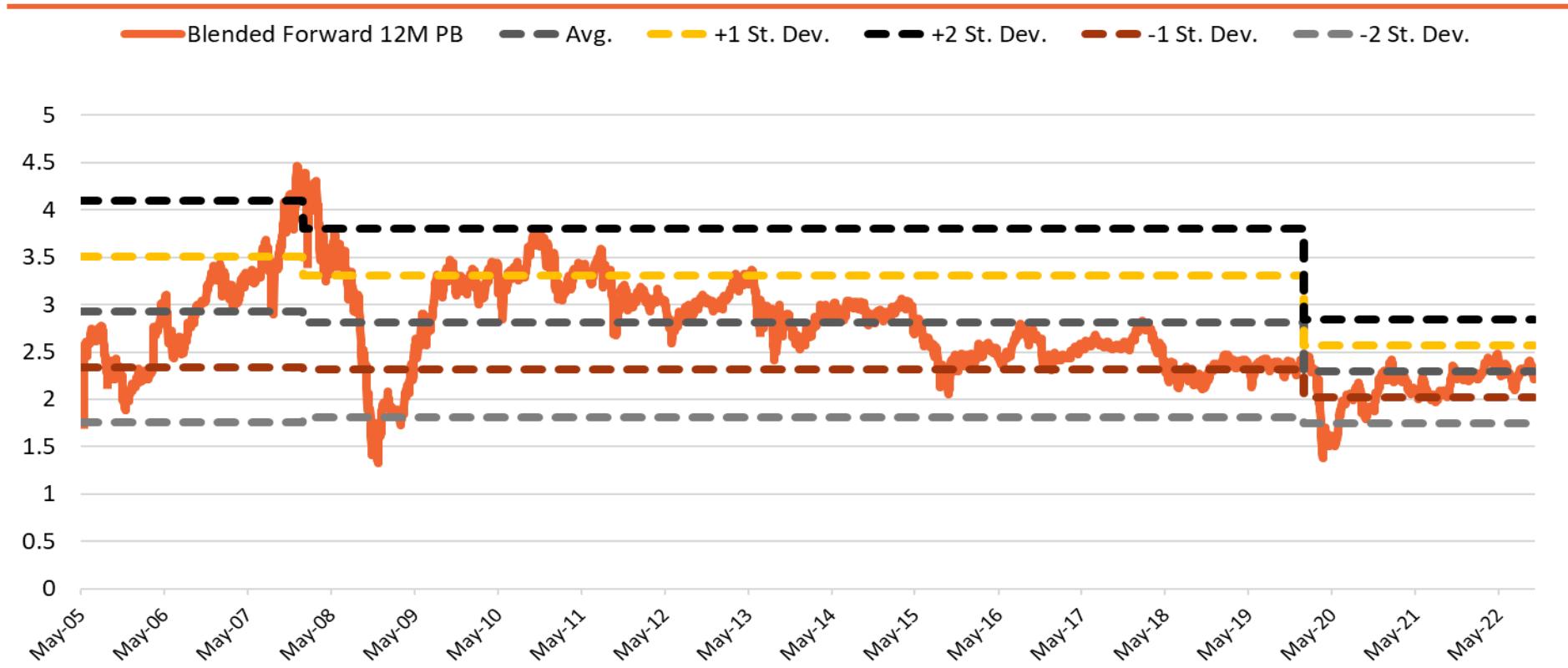
⚠ Saat ini di estimasi, Kas level telah mencapai 9.1% setelah sempat meningkat hingga 16% sebelum nya. Sehingga menurut kami local FM telah me-Netral-kan posisi mereka dan tidak lagi *Bearish*.

# 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

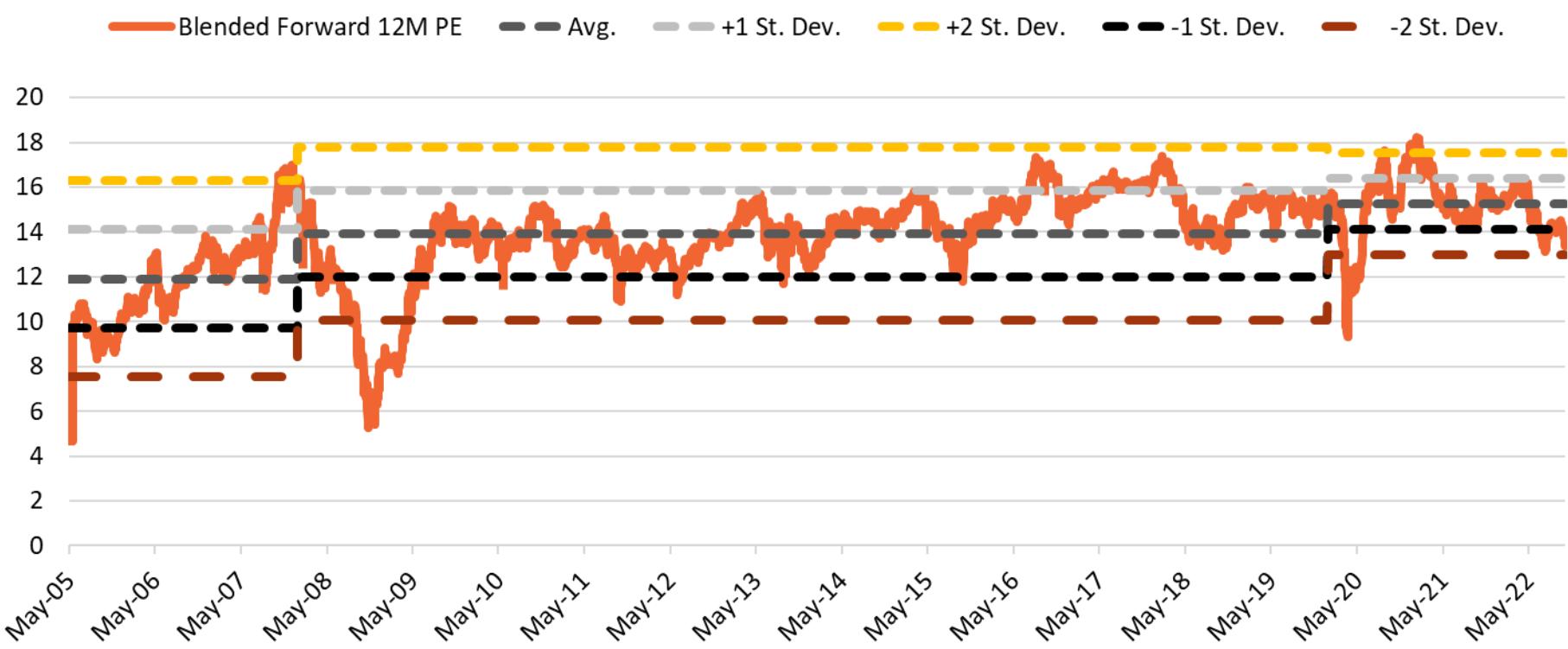
- ⚠️ Valuasi MSCI Indonesia saat ini telah kembali berada di rata-rata 5 tahun PB di level 2.2x mengindikasikan *potential upside* yang lebih terbatas. Secara historis sejak 2016, P/B MSCI Indonesia berkisar dianatara level 2.0x-2.3x atau bergerak di rentang -1x SD dan juga *mean level* rata-rata 5 tahun terakhir.

# 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

- ⚠ Seiring dengan estimasi pertumbuhan laba yang tinggi, valuasi PE MSCI Indonesia saat ini tercatat rendah dibanding historis ditengah potensi terjadinya krisis ekonomi global. Saat ini Valuasi MSCI Indonesia berada di 13.4x atau mendekati -2x SD dari tren 5 tahun terakhir. Hal ini mengindikasikan ekspektasi pertumbuhan laba kedepan yang masih tinggi atau lebih baik dibanding pasar global secara umum.

# 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	Valuation relative same with peers with slightly higher due beat earnings 6M22
Earnings Growth	Negative	Positive	Positive	JCI deliver was still higher than majority of EM market for 2022F
Liquidity	Positive	Positive	Negative	UST short term pricing already show some liquidity issue
Foreign position	Neutral	Positive	Positive	Foreign flow momentum still positive
IDR Outlook	Neutral	Positive	Neutral	Foreign reserve come back to 2019 level

Source Syailendra research, Bloomberg

- ⚠ Untuk strategi *equity* kami melihat beberapa pemilihan saham yang menjadi *beneficiary* berdasarkan tema-tema dibawah ini :
  1. *Peaking of commodity price & inflation*
  2. *Rising interest with ample on domestic liquidity*
  3. *Industry consolidation story along with continuance of recovery*
  4. *Foreign flow beneficiary*
- ⚠ 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

Update on our Macro and Benchmark Number for 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	4.60	5.00	5.40	4.50	4.80	5.20	
Inflation YoY	Average full year	2.20	5.00	4.25	3.75	4.50	4.00	3.50	
Fiscal Deficit (% of GDP)	End of year	-5.80	-4.30	-3.80	-3.40	-3.50	-2.85	-2.35	
Current Account (% of GDP)	Average full year	+0.3	-1.20	-0.40	0.30	-1.80	-1.30	-1.00	
USDIDR	End of year	14,200	15,400	15,000	14,600	15,400	15,000	14,600	
<b>Rates</b>									
BI Rates	End of year	3.75	5.25	4.75	4.25	5.25	5.00	4.50	
10 YR Govt Bond Yield IDR	Average full year	6.38	7.50	7.25	7.00	7.50	7.25	7.00	
<b>Equities</b>									
JCI	End of year	6,581	6,800	7,500	7,900	7,500	8,250	8,700	
Earnings Growth	End of year	49.8%	30.0%	30.0%	30.0%	10.0%	10.0%	10.0%	
P/E 1FY	End of Year	18.62	14.50	16.00	16.50	14.50	16.00	16.50	
P/E Band	End of Year	+1.0 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

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# 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

