

Monthly Bulletin

Februari 2022

What's Inside



Calendar

ID GDP YoY (7-Feb)
US CPI YoY (10-Feb)
US GDP YoY (24-Feb)



Global Event

Selama satu bulan lalu, isu geopolitik antara US dan Rusia mengakibatkan gejolak pada harga komoditas khususnya harga minyak dunia. Di saat yang bersamaan, lonjakan inflasi mengakibatkan The Fed memberikan *signal hawkish* untuk mengantisipasi lonjakan inflasi yang berkelanjutan.



Indonesia

Indonesia mengumumkan adanya *ban export* secara temporer atas batubara. Hal ini mengakibatkan lonjakan harga batu bara. Hal serupa juga terlihat untuk sektor CPO dengan adanya implementasi DMO untuk CPO yang akan berlaku dalam waktu dekat.



Equity Market

Kinerja IHSG ditutup sebesar +0.75% YTD atau +0.75% MoM (*cutoff date*: 31-Jan-22). Top 3 *Leaders*: 1) BBKA, 2) ADMR, 3) BYAN, dan Top 3 *Laggards*: 1) EMTK, 2) ANTM, 3) ASII. Investor asing melakukan *net buy* sebesar +425 mio USD selama bulan Jan'22.



Fixed Income Market

Yield 10 tahun obligasi bergerak *rally* dari level 6.38% di bulan Dec'21 ke level 6.46% di bulan Jan'22. Di saat bersamaan, Rupiah bergerak dari 14,253 di bulan Dec'21 ke level 14,383 di bulan Jan'22. Kedua hal ini diakibatkan oleh potensi peningkatan bunga yang diawali oleh pasar US. Kepemilikan investor asing masih bergerak *flat* sejak bulan Dec'21 di level 19.05%.



Section 01



Macro updates

Why Inflation Rising Globally ?

Several factor might affect recent rising inflation

Increasing inflation happen globally from DM to EM except some individual country issue

Heatmap of core inflation, in %YoY

Core Inflation	US %YoY	EU %YoY	JP %YoY	BR %YoY	CH %YoY	IN %YoY	IN %YoY	ID %YoY
Dec-19	2.30	1.30	0.50	3.41	1.40	3.79	0.70	3.02
Dec-20	1.60	-0.30	-0.50	2.76	0.40	5.34	1.10	1.60
Mar-21	1.60	1.30	0.00	2.91	0.30	5.76	1.40	1.21
Jun-21	4.50	1.90	-1.10	4.69	0.90	6.25	1.50	1.49
Sep-21	4.00	3.40	-0.80	6.94	1.20	5.86	2.00	1.30
Dec-21	5.50	5.00	-1.30	7.29	1.20	6.19	2.70	1.56
Jan-22	5.50	5.10	-1.30	7.29	1.20	6.19	3.00	1.84

Source: Syailendra Research

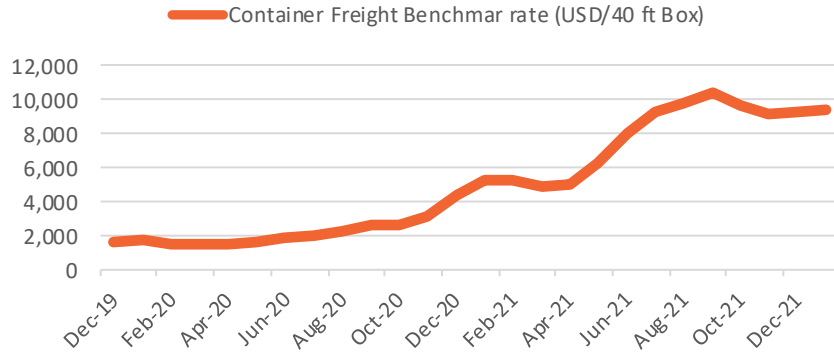
- ▲ Inflasi menjadi topik hangat bagi investor global. Mayoritas negara mengalami peningkatan inflasi, baik *developed markets* maupun *emerging markets*. Hal ini diakibatkan oleh beberapa hal, yaitu:
 - *Covid-19 Issue*: Lockdown dan stimulus finansial yang terjadi selama tahun 2020-2021 mengakibatkan perubahan atas *tighter labor market (less participation)*, *pent-up demand for goods*, dan *supply chain issue i.e bottleneck production, higher logistical cost*.
 - *Fundamentals: Energy Transition*, perubahan sumber energi menjadi lebih *eco-friendly* mengakibatkan penurunan *capex* pada sektor *oil & gas*, dinamika pasar terkait *pricing* atas *carbon footprint (cross-subsidy* untuk menurunkan biaya *renewable energy*).
 - *Geo-political*: Dinamika geopolitik i.e *Russia, China* dan *rest of world* mengakibatkan *commodity shock* dalam beberapa bulan ke belakang.

1) Inflation Rising Partly Triggered by Covid-19

From supply chain issues to pent-up demand boosted by financial stimulus

Container Freight Benchmark

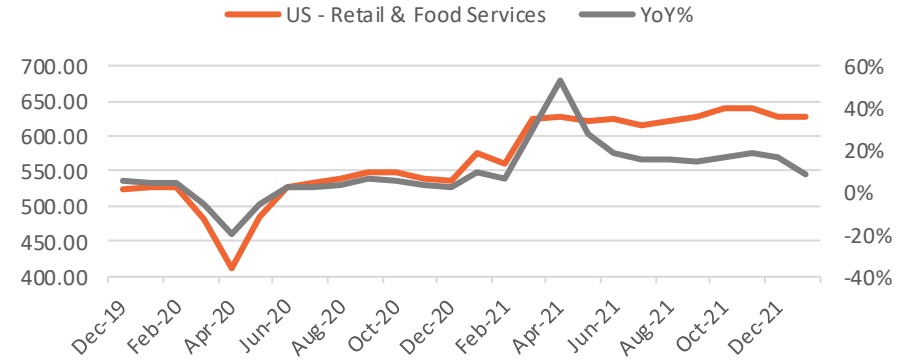
In index unit



Source: Syailendra Research

US Retail & Food Services

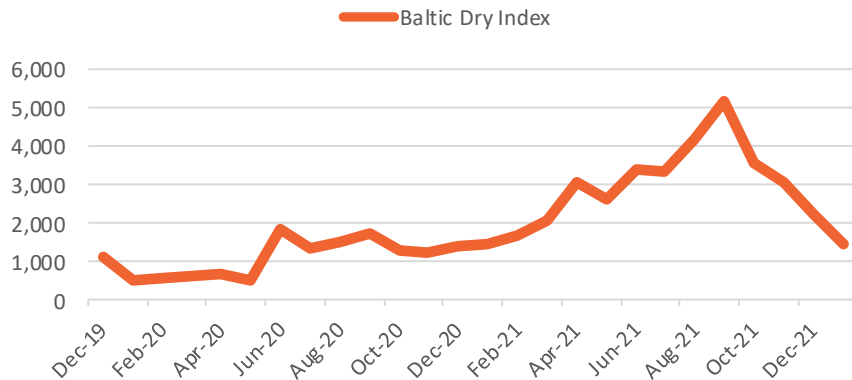
In %



Source: Mandiri Sekuritas, Syailendra research

Baltic Dry Index

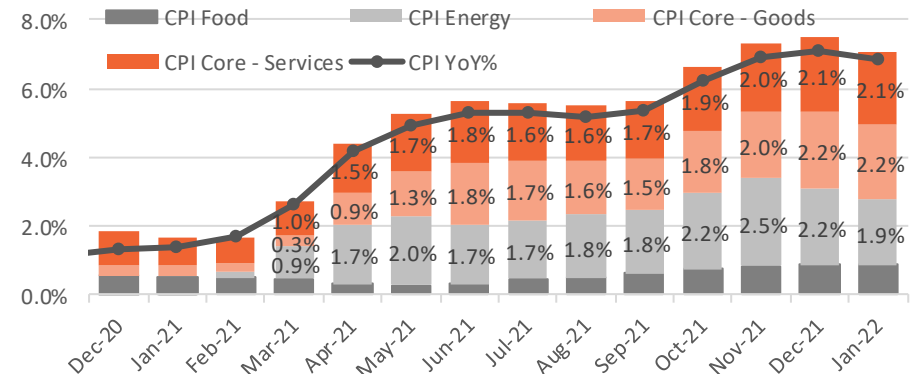
In index unit



Source: Mandiri Sekuritas, Syailendra research

Monthly breakdown of CPI YoY

In %



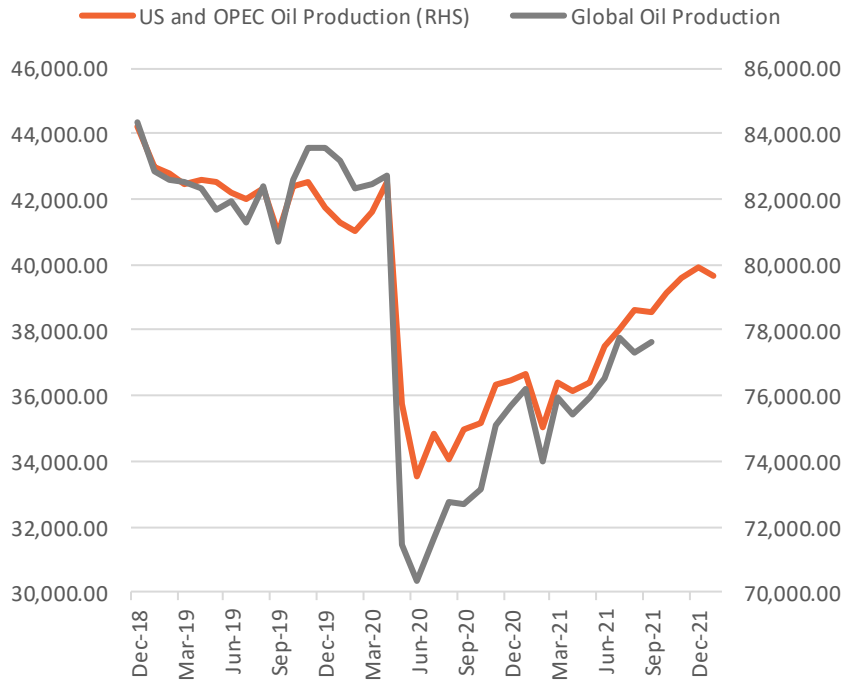
Source: Mandiri Sekuritas, Syailendra research

2) Energy Transition Push Cost Inflation

Lesser capex on energy production, higher consumer cost due green energy

Oil Production is Still Below Pre-covid Level

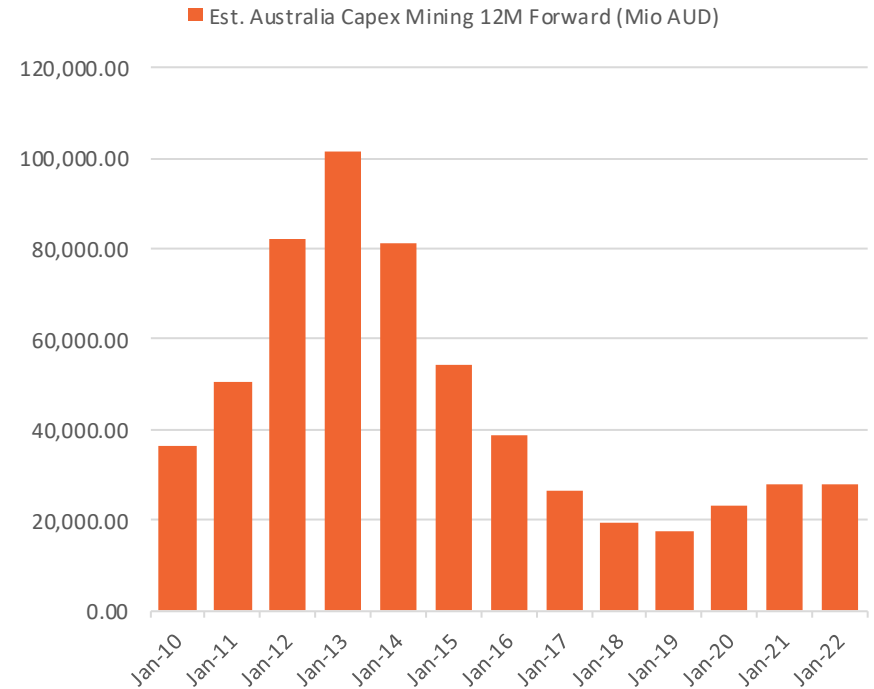
Global, US + OPEC daily oil production, in '000 barrel per day



Source: Syailendra Research, Bloomberg

No Capex Expansion For Current Energy Sources

Est. Australia capex in mining sector 12M fwd, in mio AUD



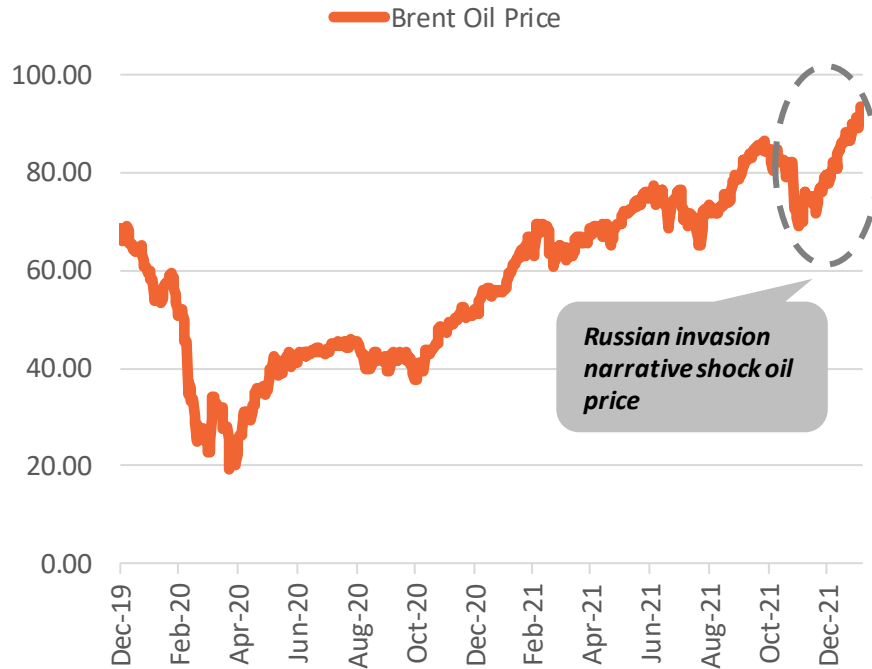
Source: Syailendra Research, Bloomberg

- Di saat yang bersamaan, adopsi energi yang terbarukan meningkatkan biaya konsumen atas penggunaan energi dan produksi atas sumber energi saat ini relatif terbatas akibat *capital expenditure* yang cenderung menurun sejak tahun 2010-2016.

3) Rising Geopolitical Risks Shock Commodities

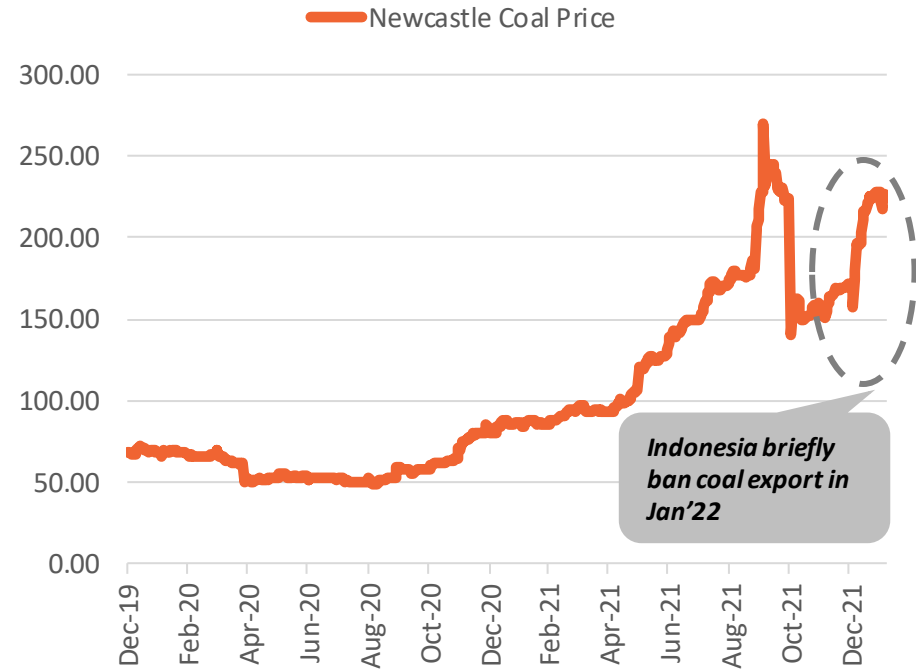
Investors have been re-pricing potential of inventory shortage from geopolitical issue

Oil Price Increases in The Past 1 Month Due Geopolitical Issue
In USD/Bbl



Source: Syailendra Research, Bloomberg

Coal Price Jump Hike Post Indo Coal Ban in Jan'22
In USD/MT



Source: Syailendra Research, Bloomberg

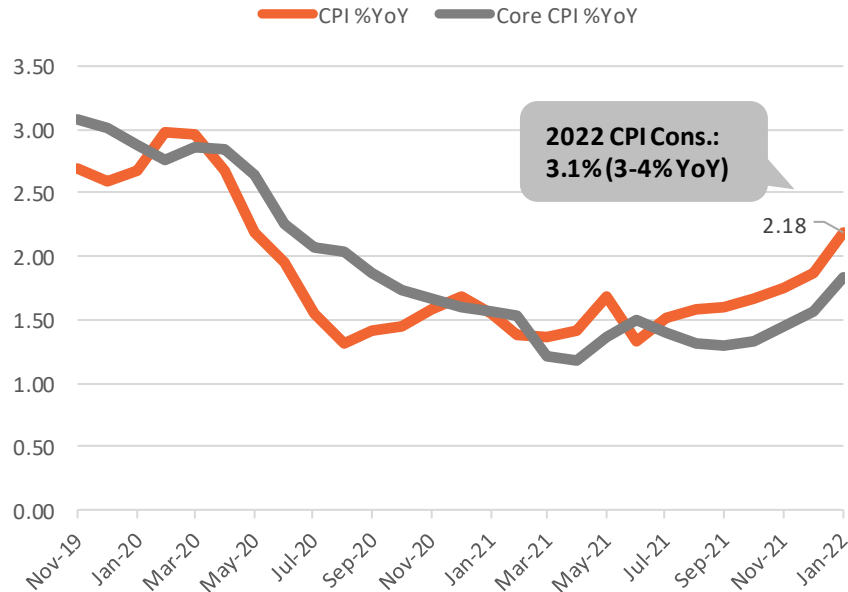
- Hal ini diperparah akibat perubahan kebijakan dan situasi geopolitik yang mengakibatkan investor *re-pricing* atas harga komoditas untuk mengantisipasi inventori yang tersedia di pasar.

Rising Inflation is More Apparent Locally

Rising Consumer Price, Potential for Energy Price Hike (BBM and Elec.)

Inflation gradually rising since 2H21

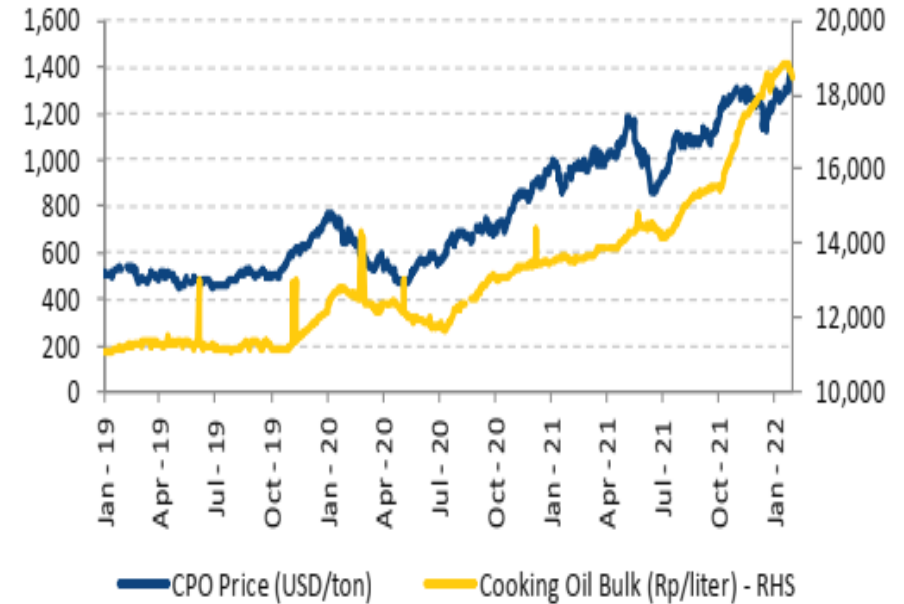
In %YoY



Source: Syailendra Research, Bloomberg

Consumer goods price reflect rising commodities prices

In USD/ton, Rp/litre



Source: Mandiri Sekuritas

- 🏠 Peningkatan inflasi pun telah terlihat di Indonesia, konsensus *economist* memproyeksikan Indonesia mencatatkan inflasi berkisar di 3.1% untuk tahun 2022 dengan rentang 3-4% YoY. Hal ini didasarkan melihat peningkatan harga barang konsumsi, peningkatan VAT dari 10% ke 11% , potensi peningkatan harga BBM, dan listrik non-subsidi

Market is Pricing in More Hawkish Fed

Consensus pricing in 4-5x rate hike throughout 2022

Market already Pricing-In 5x Hike throughout 2022

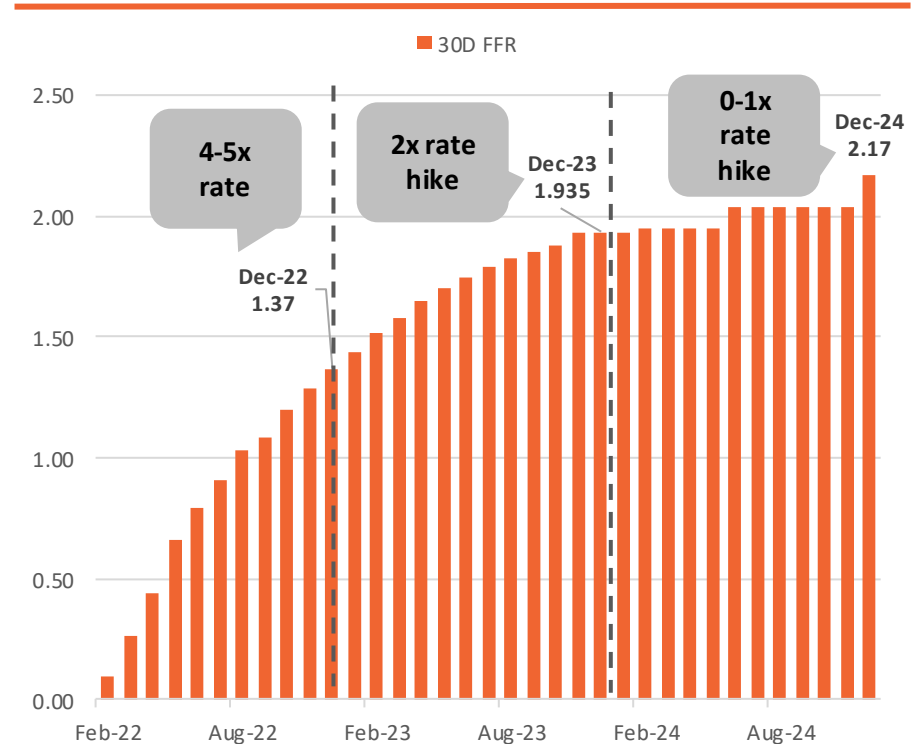
In %

Pricing Date	Feb-22			
Target Rate	0.25			
Effective Rate	0.08			
Cur. Imp. O/N Rate	0.08			
Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate
03/16/2022	1.40	140.0	0.35	0.44
05/04/2022	2.41	101.8	0.60	0.70
06/15/2022	3.21	79.4	0.80	0.89
07/27/2022	3.76	55.2	0.94	1.03
09/21/2022	4.4	63.7	1.10	1.19
11/02/2022	4.8	39.4	1.20	1.29
12/14/2022	5.4	57.0	1.34	1.43
02/01/2023	5.6	30.1	1.42	1.51

Source: Syailendra Research, Bloomberg

Fed Fund Rate Futures Curve until 2024

In %



Source: Syailendra Research, Bloomberg

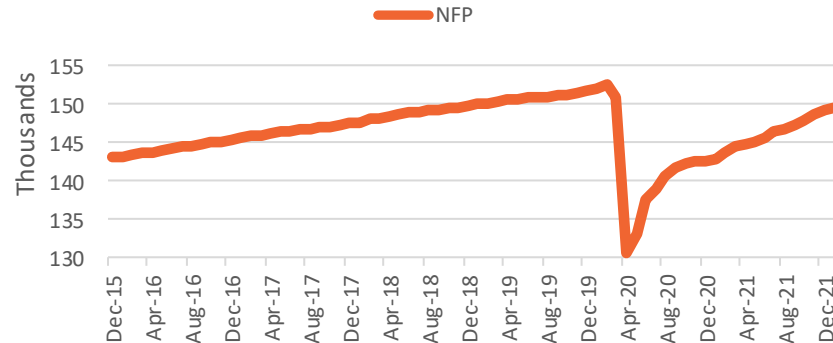
- Per Jan'22 Fed meeting, Konsensus atas 30D fed fund rates meningkat signifikan dari 0.7-0.8% menjadi 1.3-1.4% selama bulan Januari 2022. Hal ini mencerminkan tone dari Fed dalam mengantisipasi peningkatan inflasi yang terjadi dalam beberapa bulan ke belakang. Adapun Fed memberikan signal atas kemungkinan *balance sheet reduction* di tahun 2022.

Reason Market Pricing More Hawkish Fed

US labor market seems to get more tighten

Non-Farm Payroll Enrollment Roughly Near Peak

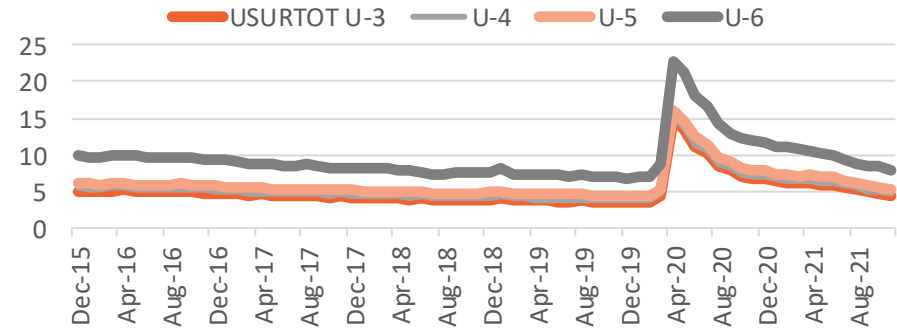
As of Jan 2022



Source: Syailendra Research, Bloomberg

Unemployment Rate Needs to be Below 4.0%

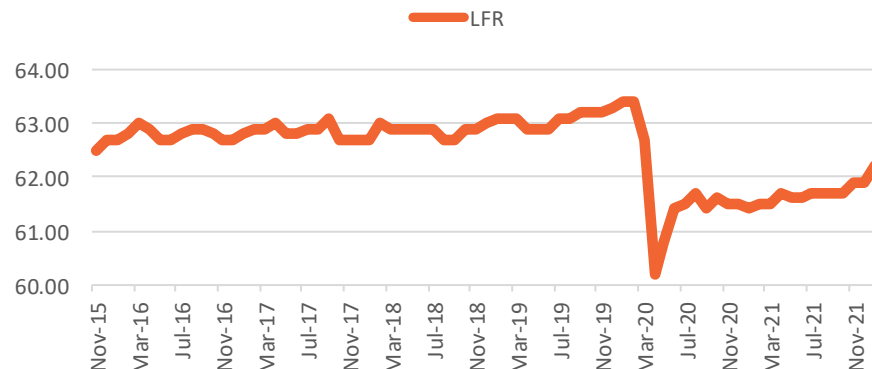
As of Jan 2022



Source: Syailendra Research, Bloomberg

US Labor Force Participation Shows Robust Uptrend

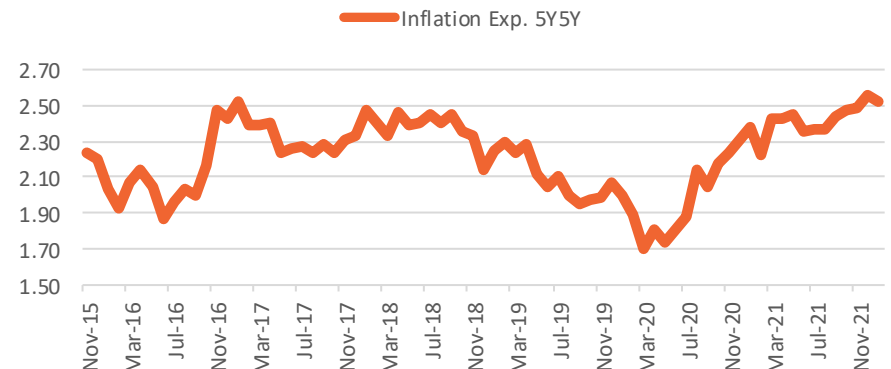
As of Jan 2022



Source: Syailendra Research, Bloomberg

Inflation Expectation Stays Below <3%

Inflation Expectation (5Y5Y), as of Jan 2022



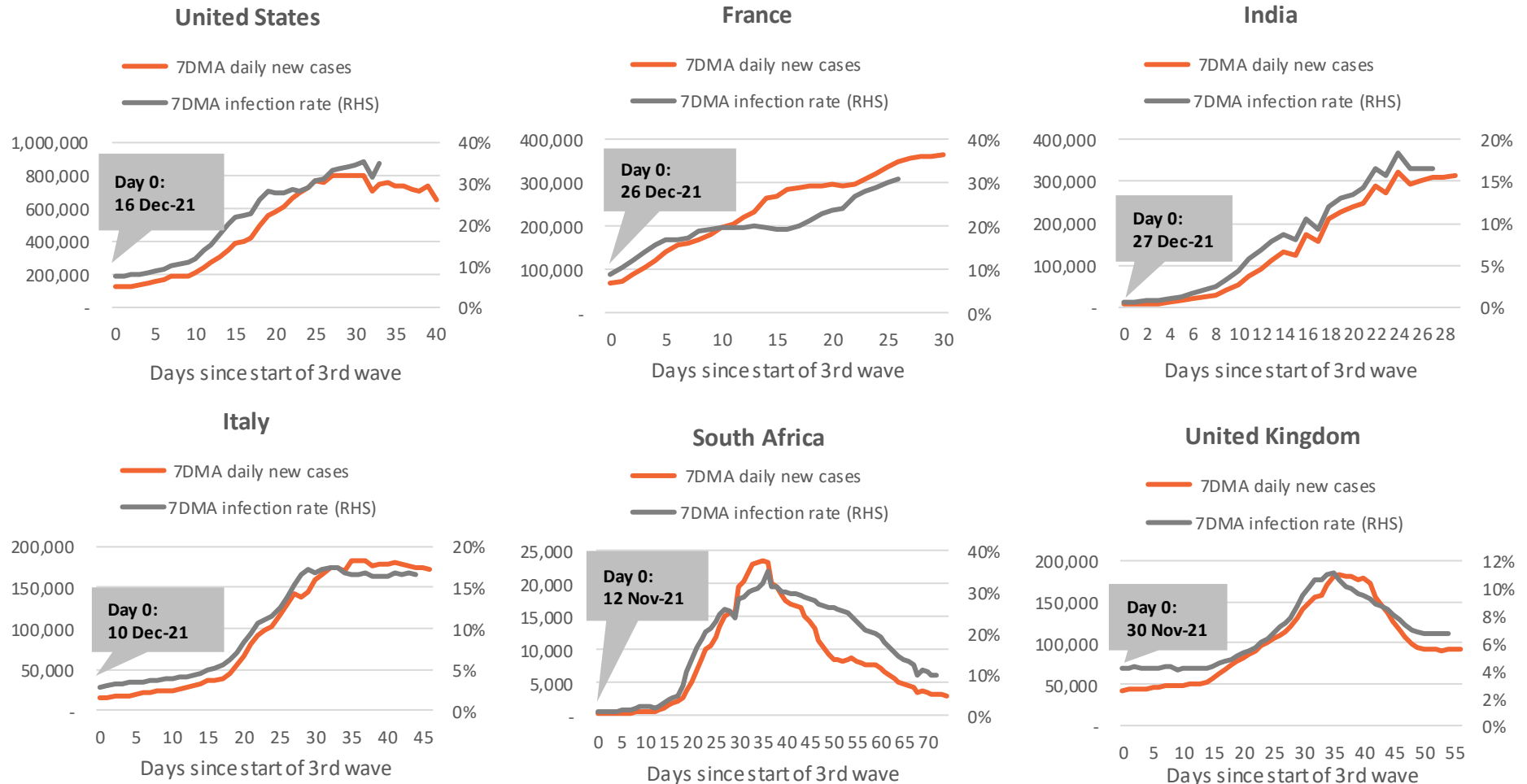
Source: Syailendra Research, Bloomberg

Omicron Tend to Peak between 30-40 Days

Different countries had different peak infection rate from 10% to more than 30%

Increasing cases around the world happen globally

In daily confirmed cases, % infection rates

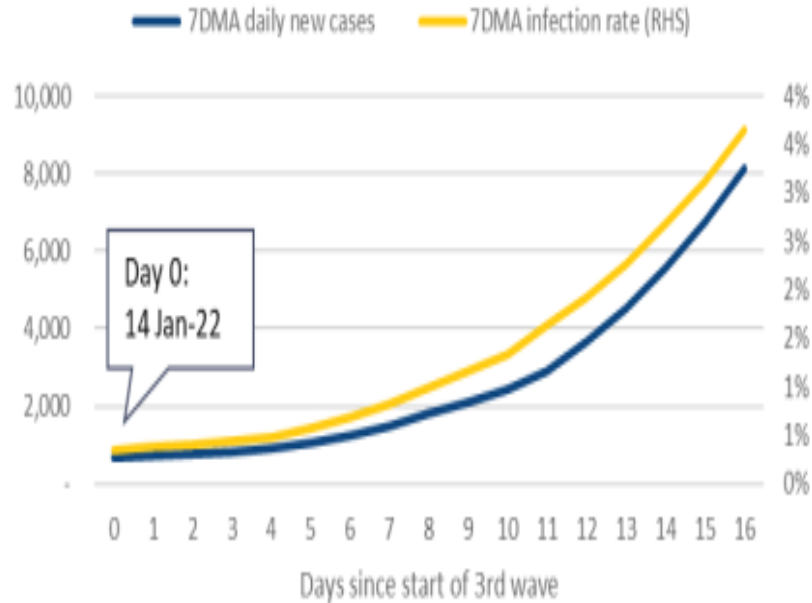


Indonesia is in The Middle 3rd Wave Covid-19

Covid-19 expected to rise in the next 2-3 weeks along with infection rate

Indonesia is in The Middle Of 3rd Wave Cycle

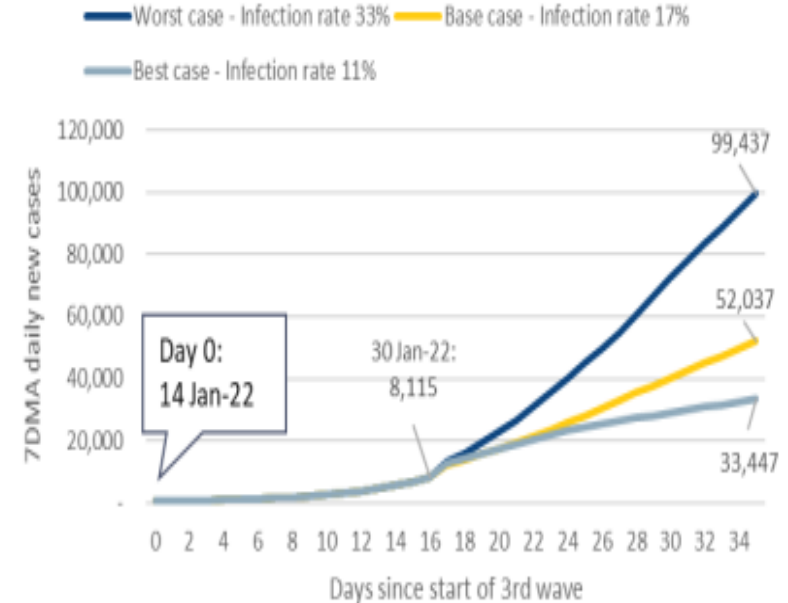
In daily confirmed case, 7DMA infection rate



Source: Mandiri Sekuritas

Trajectory of Daily Covid Case Based on Several Scenario

In daily confirmed case, 7DMA infection rate



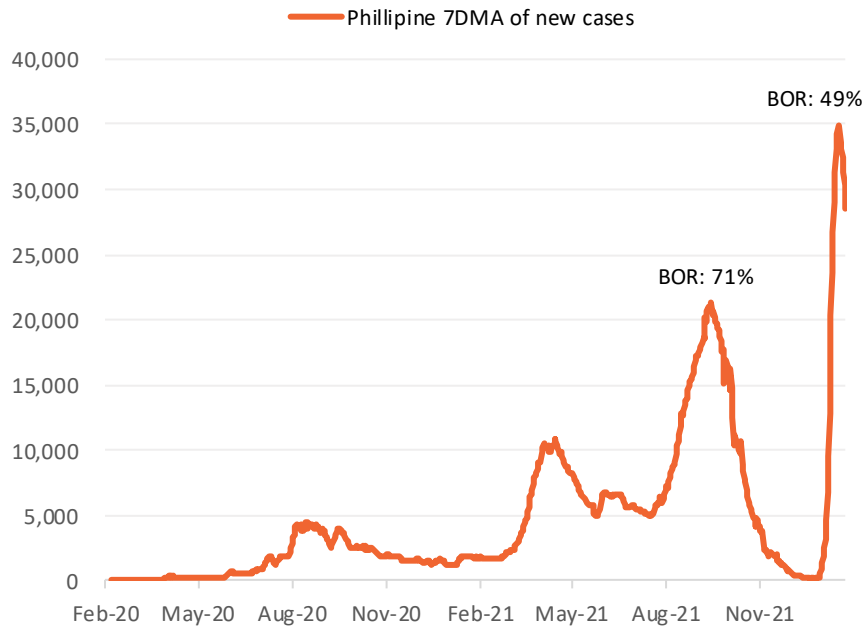
Source: Mandiri Sekuritas

- ⚠ Berdasarkan data-data observasi negara-negara yang telah memperlihatkan puncak kasus *covid-19* untuk *omicron variant*, Indonesia saat ini masih mencatatkan *infection rate* berkisar di angka 3-4%.
- ⚠ Terdapat beberapa kemungkinan yaitu: 1) *best case* – *infection rate* berkisar pada awal 6-11%, 2) *base case* – *infection rate* berkisar pada 15-20%, 3) *worst case* – *infection rate* berkisar pada 30% saat kasus tertinggi harian.

Omicron Had Less Pressure on Healthcare Capacity

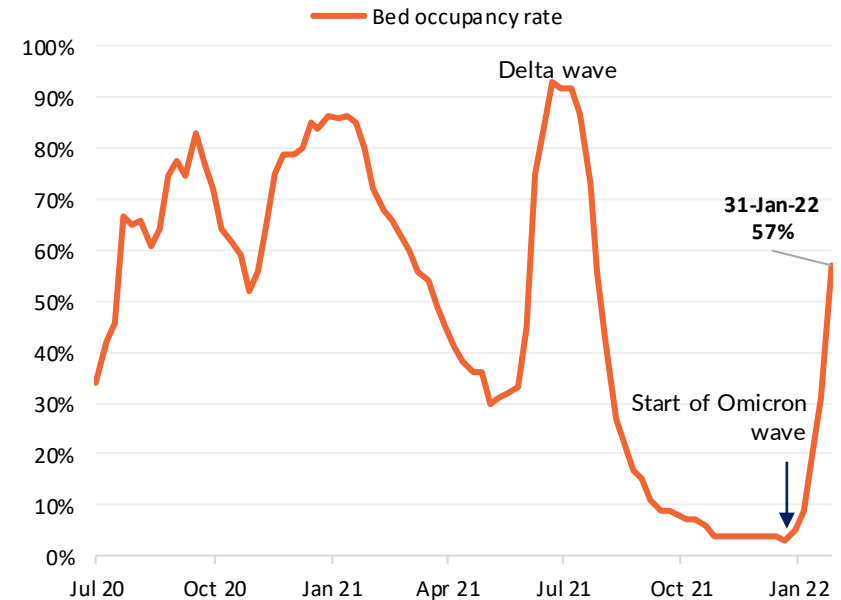
Despite Higher Covid-19, Philippines record lower BOR

Despite Higher Covid-19, Philippines Record Lower BOR
In daily confirmed case



Source: CLSA

Jakarta BOR (%) is Rising since Omicron Wave
In %



Source: CLSA

- ⚠ Rata-rata 7D kasus harian global relatif bergerak stabil di kisaran 3.2 – 3.5 juta kasus per hari. Hal ini merefleksikan perlambatan transmisi pada negara-negara seperti Perancis, India, US, dan UK.
- ⚠ Di ASEAN, kasus harian *covid-19* meningkat terkecuali Filipina yang telah melewati 3rd wave terlebih dahulu. Salah satu hal yang menarik ialah dengan tingkat kasus harian yang lebih tinggi, tingkat BOR nasional Filipina jauh lebih rendah dibandingkan pada varian Delta.
- ⚠ Di Indonesia per tanggal 31 Jan 22, BOR telah mencapai level 57% namun setidaknya setengah dari *hospitalized case* cenderung *mild*.

Section 02



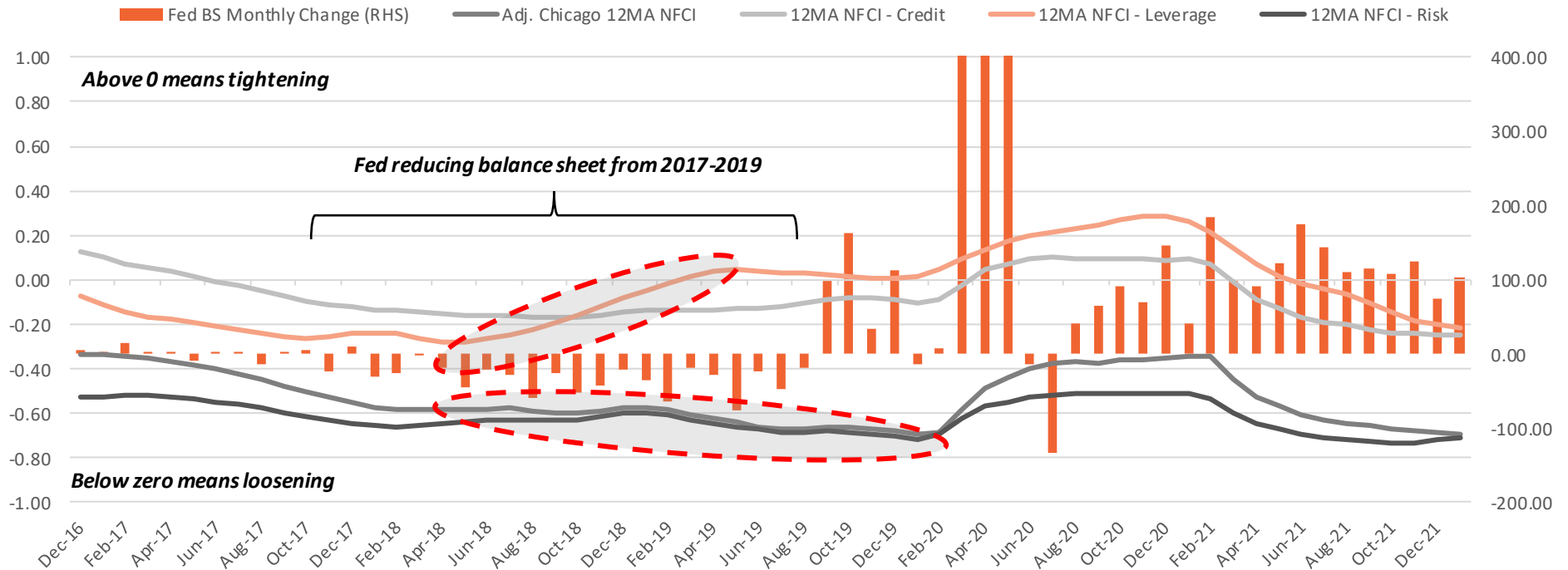
Fixed Income

Learning from 2017-2019 Balance Sheet Reduction (1)

Balance reduction didn't directly affect market but thorough volatility

During Balance Sheet Unwinding, Financial Condition Still Ample Except for Rates Volatility

In index unit, bio USD



Source: Syailendra Research, Bloomberg

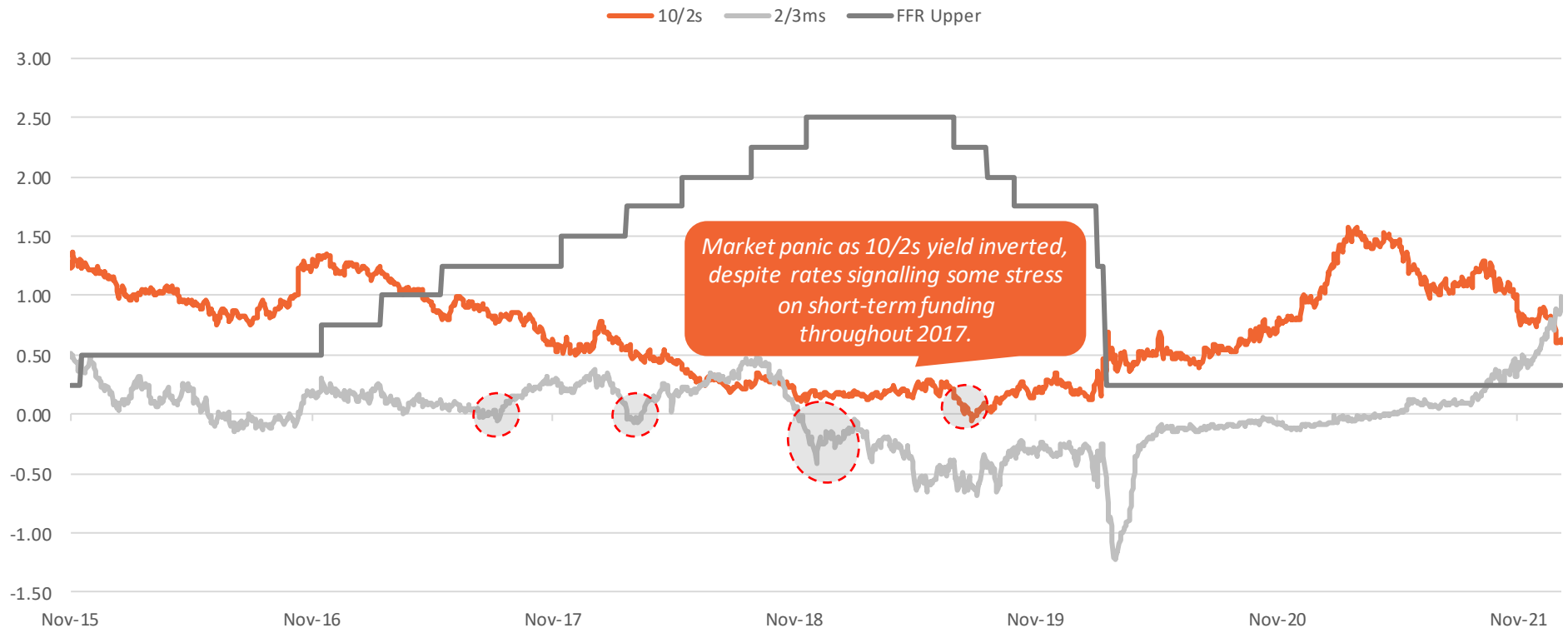
- ⚠ Berdasarkan kasus tahun 2017-2019 saat The Fed melakukan *unwinding balance sheet*, kondisi finansial makro tidak mengalami pengetatan. Namun, volatilitas atas tingkat suku bunga jangka pendek meningkat. Hal ini terlihat di subindeks NFCI – Risk yang meningkat dari 1H18 ke 1H19.

Learning from 2017-2019 Balance Sheet Reduction (1)

Short-term funding seems to signalling stress

Equity Dynamics

Key topics



Source: Syailendra Research, Bloomberg

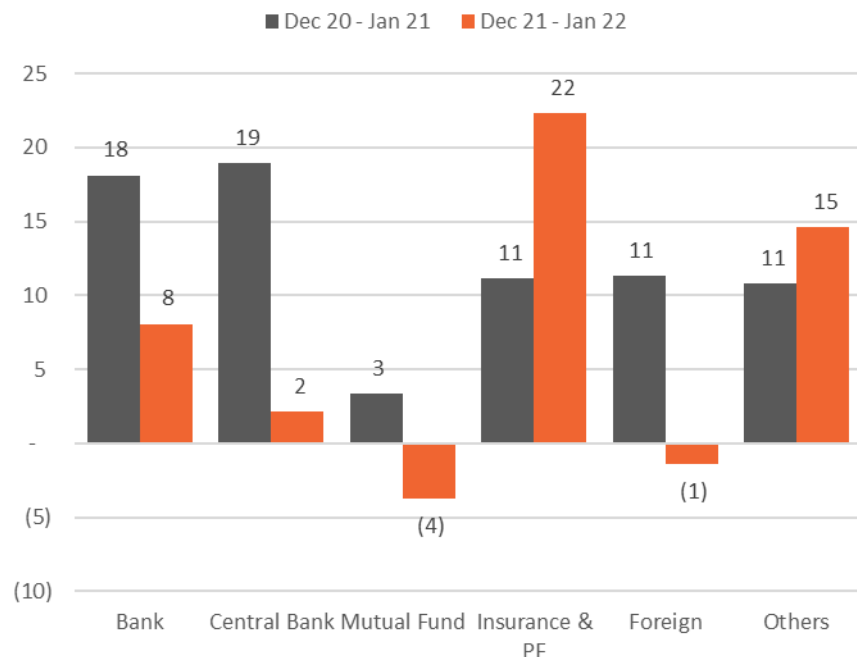
- Di saat yang bersamaan The Fed meningkatkan *rate* di tahun 2017 dan menurunkan posisi *balance sheet* mereka, walaupun NFCI tidak merefleksikan pengetatan kondisi finansial. Pasar memberikan *signal* terdapat *bottleneck* di *short-term rates* terlihat sepanjang tahun 2017-2018 terjadi beberapa kali *2y/3m spread* menyentuh tingkat bunga negatif.

Tradeable SBN Ownership

Govt bond demand still dominated by Banks and BI

Net New Ownership of SUN

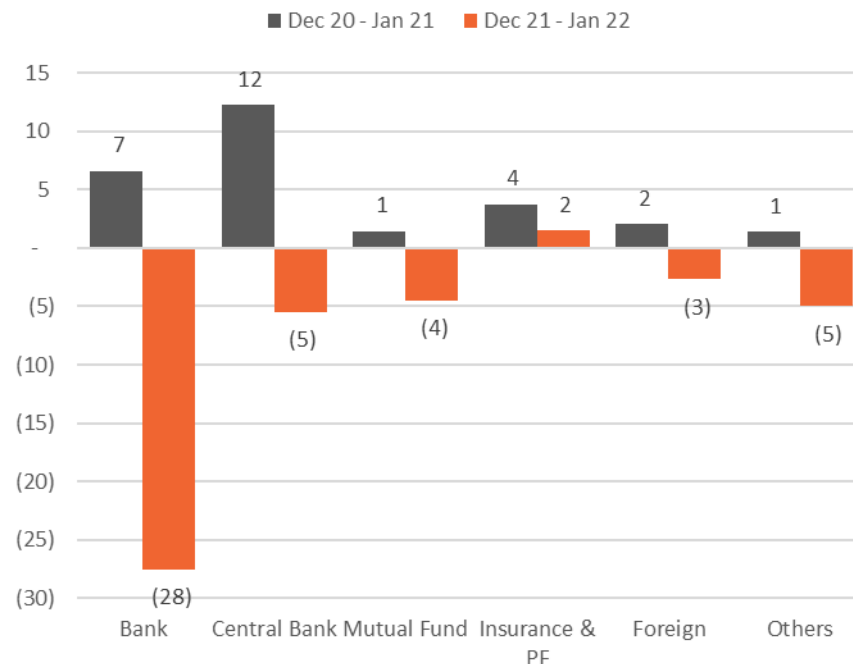
Based on ownership change YTD, in IDR tr



Source: DJPPR, Syailendra Research

Net New Ownership of SBSN

Based on ownership change YTD, in IDR tr



Source: DJPPR, Syailendra Research

🏗 Demand SUN masih berasal dari perbankan dan *central bank*. Dari sisi SBSN, PBS002 telah jatuh tempo di 15-Jan-22, namun melihat net posisi *bondholder* sepertinya reinvestasi dari PBS002 hanya baru sebagian per data Jan'22. Total PBS002 berkisar pada 63-64trn IDR.

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 Jan-22

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
South Africa	9.81	1.50	3.58	-2.62	7.20	5.90	4.90	3.91	4.91	0.20	-6.25	BB	Stable
Colombia	8.95	75.20	3.38	1.47	10.41	5.62	4.40	3.33	4.55	-4.50	-6.40	BBB-	Stable
Brazil	11.31	46.93	5.00	-6.84	4.47	10.06	7.40	1.25	3.91	-1.30	-6.80	BB-	Stable
Indonesia	6.42	6.20	-0.90	0.93	7.36	1.87	2.90	4.55	3.52	-1.30	-4.50	BBB	Neg
Russia	9.47	102.50	-3.50	7.49	16.96	8.42	6.40	1.05	3.07	5.90	0.60	BBB	Stable
Mexico	7.66	10.20	-0.51	-1.74	5.92	7.36	5.10	0.30	2.56	-0.30	-3.27	BBB+	Neg
Ukraine	9.57	68.60	-3.84	1.34	10.91	10.00	7.15	-0.43	2.42	-2.00	-3.10	B	Stable
Malaysia	3.67	8.30	-0.47	1.10	4.77	3.20	2.00	0.47	1.67	3.25	-6.00	A	Neg
India	6.68	22.00	-0.38	-0.26	6.41	5.59	5.40	1.09	1.28	-1.50	-6.80	BBB-u	Stable
Thailand	2.11	21.80	0.33	3.24	5.35	2.17	1.50	-0.06	0.61	0.80	-4.60	A-	Stable
China	2.71	-6.60	-0.08	-2.14	0.57	1.50	2.26	1.21	0.45	1.50	-4.70	A+	Stable
South Korea	2.53	30.80	-1.41	3.96	6.49	3.70	2.10	-1.17	0.43	4.20	-2.70	AA	Stable
Hungary	4.95	47.30	2.62	0.70	5.65	7.40	4.90	-2.45	0.05	-0.50	-5.50	BBB	Stable
Romania	5.46	31.30	-1.12	-0.19	5.27	8.19	5.60	-2.73	-0.14	-6.05	-6.05	BBB-	Stable
Vietnam	2.30	0.00	0.72	0.50	2.80	1.81	3.45	0.49	-1.15	2.25	-4.00	BB	Pos
Turkey	22.25	-97.00	0.00	-6.64	15.61	36.08	28.40	-13.84	-6.16	-1.95	-4.05	BB-u	Neg

Source: Syailendra Research, Bloomberg

Government Bond Outlook

Short-term: Neutral, tactical buy; 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	Neutral	Dynamic between banks, central bank and credit growth a bit concerning
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

- 📌 Per 31 Jan 2022, kami melihat rotasi portfolio *along the curve* dengan *risk adj return* terbesar dengan posisi *bullet around 7-8Y*.
 - ID 10/2s relatif cukup tinggi di level 215bps (avg. 5Y: 121bps) sesuai dengan *demand* SUN tenor pendek yang mayoritas berasal dari perbankan dan BI. Menurut kami, hal ini sudah tercemin di pasar sehingga *risk-reward* untuk *short-duration* tidak menarik.
 - Rotasi portfolio bergerak lebih pendek dengan *risk adj yield* terbaik berada pada tenor 6-8Y dibandingkan 3 bulan ke belakang pada 12-13Y.
- 📌 Target 10Y *yield base case* berada di kisaran 6.50 – 6.75% dengan mempertimbangkan *interest upcycle*.
- 📌 Untuk *timing*, likuiditas pada 1H21 tetap akan tinggi dan dapat memberikan *support* di pasar obligasi. Kami akan cenderung lebih *cautious* jika *loan growth* mulai meningkat terutama pada periode 2H21.

Section 03



Equity

Global Indices Performance

Equity was taken a hit due 3rd wave omicron and increasing interest rate

Global Indices Historical Performance

In % of return

No	Country	YTD	1M	3M	6M	1Y	P/E	P/BV	ROE
Global Market									
1	Dow Jones (US)	-4.60%	-4.60%	-2.81%	-0.95%	14.59%	18.36	4.33	30.05
2	S&P 500 (US)	-7.41%	-7.41%	-3.58%	0.69%	18.16%	20.06	4.07	22.40
3	Nasdaq (US)	-12.74%	-12.74%	-10.86%	-6.07%	3.77%	27.92	5.44	34.82
4	London (UK)	NA	NA	-1.02%	2.86%	16.66%	14.42	1.84	14.18
5	DAX (GR)	-4.04%	-4.04%	-2.40%	-1.29%	12.47%	13.64	1.74	12.80
6	CAC (FP)	-3.00%	-3.00%	2.38%	6.64%	27.59%	14.23	1.81	12.61
Asia Market									
1	Nikkei (JP)	-8.09%	-8.09%	-7.30%	-4.48%	-6.70%	16.31	1.73	10.60
2	Hang Seng (HK)	1.16%	1.16%	-7.85%	-6.12%	-19.62%	11.11	1.15	11.04
3	Shanghai (CN)	-7.40%	-7.40%	-4.46%	-0.58%	-5.93%	10.86	1.34	10.74
4	Shenzhen (CN)	-7.91%	-7.91%	-6.18%	-3.95%	-17.44%	13.50	1.87	11.34
5	NFT (IN)	-0.76%	-0.76%	-4.23%	8.61%	22.44%	23.10	3.33	14.34
6	Kospi (KR)	-11.82%	-11.82%	-11.50%	-17.61%	-14.71%	10.33	1.03	8.60
7	Kosdaq (KR)	-15.04%	-15.04%	-12.72%	-16.60%	-11.47%	NA	NA	NA
ASEAN Market									
1	Singapore (SG)	3.77%	3.77%	1.33%	3.43%	9.72%	13.37	1.08	8.44
2	Kuala Lumpur (MK)	-1.29%	-1.29%	-2.99%	0.36%	-3.83%	14.64	1.44	10.08
3	Thailand (TH)	-0.12%	-0.12%	0.94%	6.63%	9.44%	17.47	1.70	8.42
4	Vietnam (VN)	-1.03%	-1.03%	2.85%	15.82%	34.80%	14.04	2.34	19.38
5	Philippines (PH)	-0.47%	-0.47%	1.32%	11.18%	5.66%	16.71	1.61	8.63
Indonesia Market									
1	JCI / IHSG (ID)	0.71%	0.71%	1.86%	9.00%	8.78%	16.05	2.11	14.93
2	JII / ISSI (ID)	-0.45%	-0.45%	2.21%	7.13%	4.99%	15.82	1.99	15.30
3	IDX30 (ID)	1.53%	1.53%	1.29%	13.53%	-1.72%	14.74	2.07	15.49
4	LQ45 (ID)	1.35%	1.35%	0.74%	13.36%	-1.39%	14.70	2.01	15.26

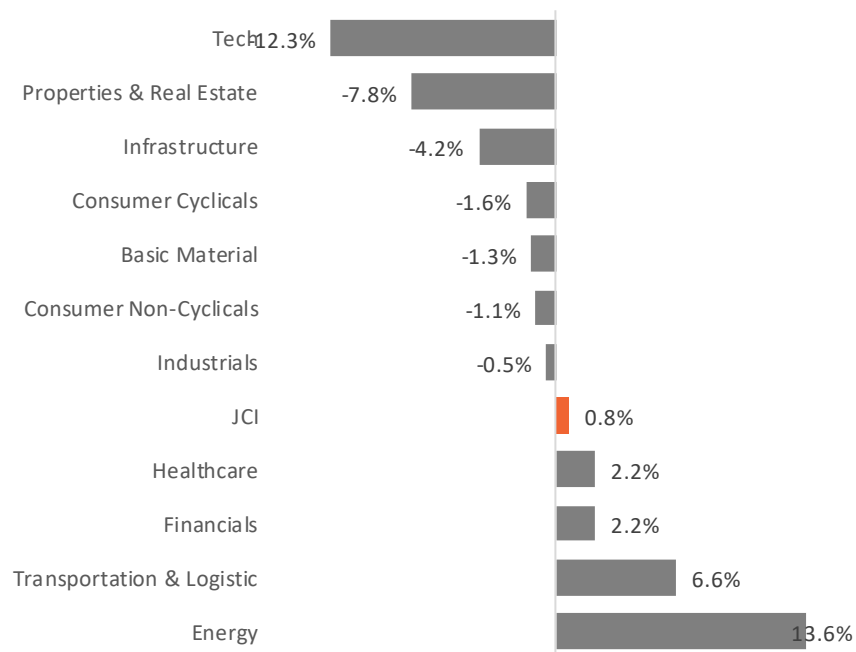
Source: Syailendra Research, Bloomberg

Inflation and Rates Beneficiary Appreciated by Market

Energy and Financials lead JCI to positive return

JCI Sectoral Movement YTD

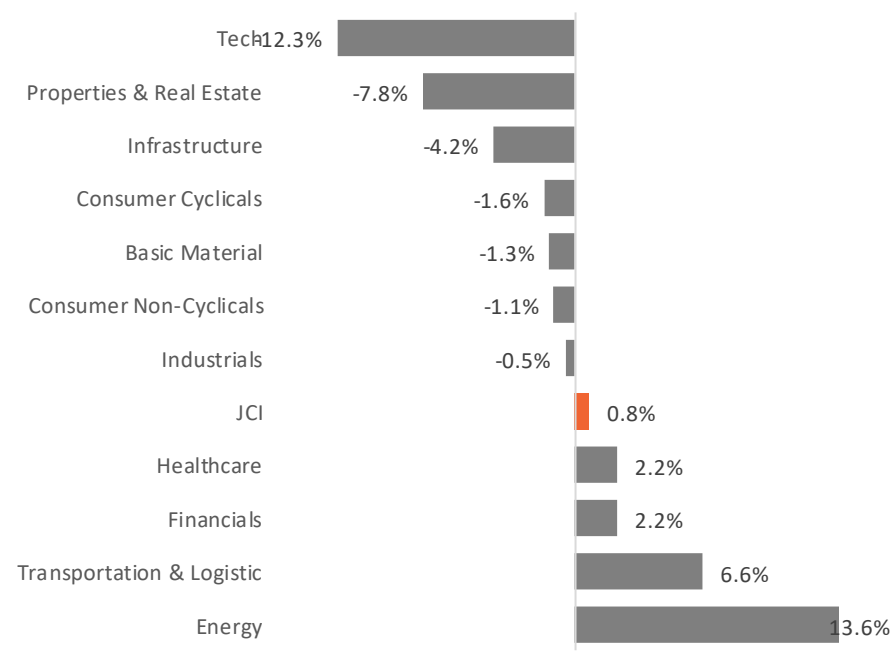
As of 31 Jan 2022



Source: Syailendra Research, Bloomberg

JCI Sectoral Movement QTD

As of 31 Jan 2022



Source: Syailendra Research, Bloomberg

🏗️ Selama Jan'22, IHSG rally sebanyak 0.8%. Hal ini dikontibusi oleh sektor transportasi dan logistik, finansial, energi. Kinerja sektor teknologi masih melambat, hal ini selaras dengan situasi investasi saat ini yaitu peningkatan inflasi dan tingkat suku bunga.

Foreign Equity Flow

ASEAN countries recording positive foreign flow compare to others

(in US\$ mn.)	India	Indonesia*	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China
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
Sep-21	1,139	728	884	-47	-440	338	179	2,781
Oct-21	-2,271	1,771	-3,228	8	-2,289	474	378	-5,158
Nov-21	-756	-214	3,043	5	586	-324	41	2,380
Dec-21	-1,741	-181	2,639	1,724	2,780	695	-270	5,645
Jan-22	-4,817	425	-3,275	-56	-1,950	432	80	-9,161

Yearly								
YTD	-4,817	425	-3,275	-56	-1,950	432	80	-9,161
2021	3,761	3,674	-23,010	-5	-15,604	-1,632	-767	-33,582
2020	23,373	-4,320	-20,082	-2,513	-15,257	-8,287	-5,782	-32,867
2019	14,234	-1,306	924	-240	9,377	-1,496	-2,683	18,811
2018	-4,617	-3,656	-5,676	-1,080	-12,196	-8,913	-2,885	-39,024
2017	7,951	-2,960	8,267	1,095	7,054	-796	2,456	23,069

Source: Syailendra Research, Bloomberg

January Industry Sector Positioning

Local: Mixed, Foreign: No significant changes position through Jan'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		
	Nov-21	Dec-21	Jan-22	Nov-21	Dec-21	Jan-22	Nov-21	Dec-21	Jan-22	Nov-21	Dec-21	Jan-22
Basic Industry	-0.2%	-0.5%	-0.8%	0.0%	-0.2%	-0.6%	1.4%	0.0%	0.9%	0.1%	0.3%	0.3%
Consumer Non-Cyclical	-0.3%	-0.3%	-0.2%	-0.4%	-0.1%	0.0%	0.0%	-0.4%	-0.1%	-0.3%	-0.2%	0.0%
Consumer Cyclical	-0.6%	-0.6%	-0.1%	-0.7%	-0.5%	-0.1%	0.0%	-0.3%	-0.2%	-0.4%	-0.3%	0.1%
Energy	0.0%	-0.2%	-0.1%	-0.3%	-0.4%	0.1%	0.6%	-0.5%	3.2%	-0.2%	1.3%	-0.1%
Infrastructure	0.2%	-0.9%	-0.1%	-0.1%	-1.0%	0.1%	0.1%	-0.4%	0.0%	0.4%	-0.1%	1.5%
Healthcare	-0.5%	-0.5%	0.2%	0.0%	-0.1%	0.2%	-0.3%	-0.2%	0.0%	0.1%	0.1%	0.0%
Financial	-1.8%	-0.9%	-0.2%	-1.4%	-2.3%	-0.9%	0.3%	0.3%	0.0%	-0.3%	1.2%	2.7%
Industrial	-0.4%	0.0%	-0.3%	-0.5%	-0.1%	0.1%	-0.1%	0.0%	0.0%	-0.2%	0.3%	-0.4%
Property	-0.2%	-0.2%	-0.5%	-0.1%	-0.3%	-0.3%	0.1%	-0.1%	0.1%	-0.1%	-0.4%	0.9%
Technology	-0.2%	0.0%	-0.5%	-0.2%	-0.2%	-0.2%	-0.5%	1.1%	-3.1%	-0.2%	-0.3%	0.6%
Trans. And Logistics	0.1%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.3%	-0.1%	0.0%	0.1%	0.0%	0.5%

Sector	Foreign MoM (%) of est. ownership											
	Insurance			Pension Fund			Individual			Mutual Fund		
	Nov-21	Dec-21	Jan-22	Nov-21	Dec-21	Jan-22	Nov-21	Dec-21	Jan-22	Nov-21	Dec-21	Jan-22
Basic Industry	0.0%	0.0%	-0.1%	-0.4%	-0.1%	-0.4%	1.2%	3.3%	0.3%	-0.2%	-0.5%	-0.3%
Consumer Non-Cyclical	0.4%	0.0%	-0.5%	-0.1%	-0.2%	0.0%	-2.2%	0.9%	-0.4%	-0.2%	-0.2%	-0.1%
Consumer Cyclical	-0.1%	-0.2%	0.0%	-0.3%	-0.3%	0.0%	0.0%	0.5%	-0.6%	-0.1%	-0.1%	-0.1%
Energy	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	-0.1%	5.0%	-0.4%	-0.1%	0.1%	0.0%
Infrastructure	0.0%	-0.2%	0.1%	0.7%	-0.2%	0.3%	0.5%	-0.2%	-0.6%	0.2%	-0.2%	0.2%
Healthcare	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.7%	0.0%	0.2%	0.0%	0.0%
Financial	1.5%	-0.8%	0.1%	-1.6%	-1.9%	1.8%	33.6%	13.2%	0.1%	-1.5%	-1.7%	0.1%
Industrial	-0.7%	-0.3%	-0.2%	-0.5%	-0.3%	-0.1%	-0.1%	-0.4%	0.4%	-0.6%	-0.3%	-0.3%
Property	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.1%	0.4%	1.0%	-13.9%	0.0%	-0.1%	-0.1%
Technology	0.0%	0.0%	0.0%	-0.2%	0.0%	-0.2%	-0.6%	-0.2%	-0.2%	-0.1%	-0.1%	-0.2%
Trans. And Logistics	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	3.8%	-0.7%	0.0%	0.0%	0.0%

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

Banks 4Q21 Earnings Result

4Q21 result was slightly better than expected

4Q21 Banks Earnings Result Summary

In %

FY21	BBCA	BBRI	BMRI	BBNI
NIM	5.3%	7.7%	5.1%	4.6%
CoC	1.6%	3.6%	2.1%	3.2%
Earnings Growth	16%	67%	67%	232%
vs. consensus	102%	110%	110%	110%

22E Guidance	BBCA	BBRI	BMRI	BBNI
NIM	5.1-5.2%	7.6-7.8%	>5%	4.6-4.8%
CoC	0.8-1%	2.8-3%	<2%	2-2.3%
Earnings Growth vs. consensus	1.1%	2.5%	1.7%	2.7%
Loan growth	5-6%	9-11%	>8%	7-10%

Source: Syailendra Research, Bloomberg

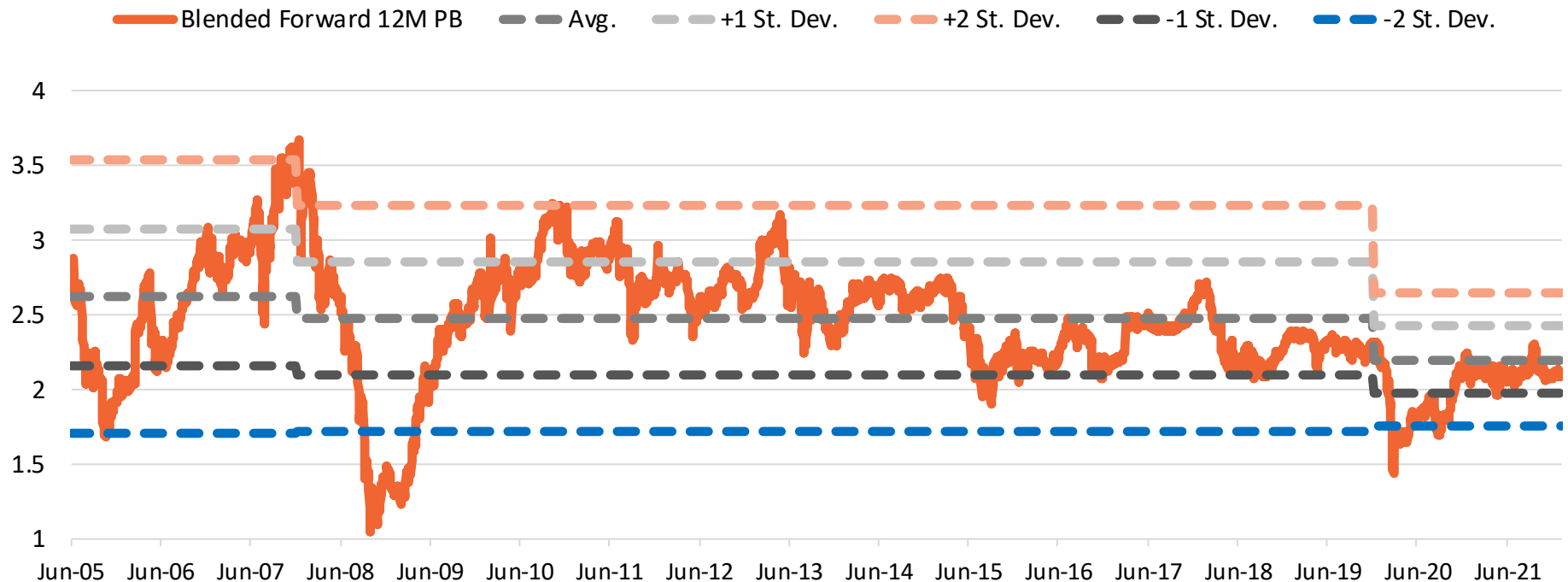
- Big banks mencatatkan CoC dibawah dari *guidance* yang diberikan, terkecuali BBKA. Hal ini selaras dengan pendekatan pencadangan pada tahun-tahun sebelumnya.
- Banks berpotensi menurunkan *restructured loan* ke NPL sesuai dengan berakhirnya POJK 11/2023. Hal ini sudah tercermin pada CoC *guidance*.
- Manajemen memberikan gambaran NIM setidaknya akan sama dengan level FY21. Hal ini didasarkan pada LDR yang relative rendah sepanjang tahun 2020-2021.
- Loan growth* diprediksi meningkat pada 6-10% kecuali untuk BCA.
- LAR *coverage* relatif sama antara BBKA/BBRI/BMRI/BBNI at 39%/35.6%/39%/37%.

JCI Historical Valuation

JCI price to book had been sideways since 1Q21

JCI Blended 12M Forward P/B

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



Source: Bloomberg, Syailendra Research

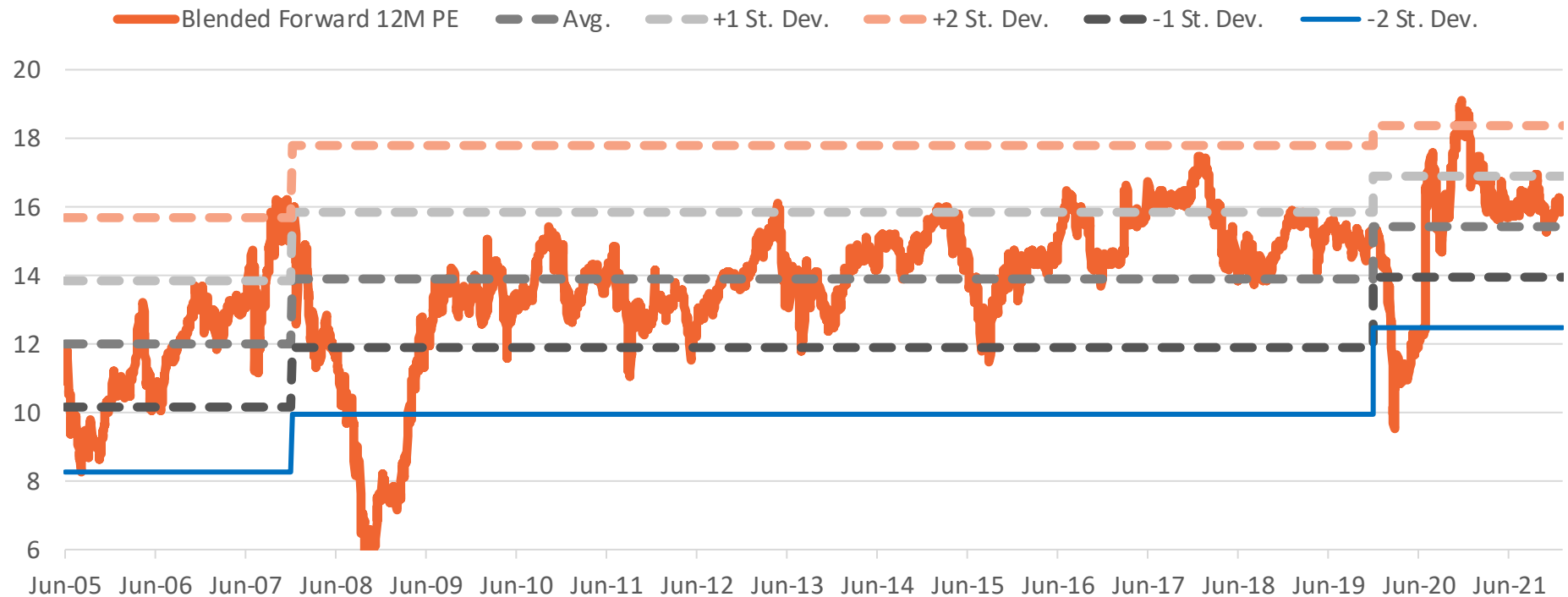
- Di saat yang bersamaan valuasi JCI menggunakan *price to book* masih dapat dikatakan memiliki potensi *upside*. Secara historis sejak 2016, P/B JCI berkisar di antara 2.2x – 2.4x dibandingkan level saat ini masih berada di 2.1x diantara level -1 S.D. dan 5 year average.

JCI Historical Valuation

Market valuation has been sideways since 4Q21

JCI Blended 12M Forward P/E

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



Source: Bloomberg, Syailendra Research

- Sejak akhir 2020, Valuasi IHSG cenderung menurun sesuai dengan normalisasi laba. IHSG cenderung bergerak di 5Y average sd +1 Std. Dev (15.4x – 16.9x). Saat ini Valuasi IHSG berada di 16.05x. Pergerakan *sideways* ini sesuai dengan ketidakpastian yang diakibatkan dari pasar global.

Equity Outlook

Our View, Bullish on recovery

Our View on Equities

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 17-20% was still higher than majority of EM market
Liquidity	Positive	Positive	Neutral	No dollar shortage based on current observation
Foreign position	Neutral	Positive	Positive	All time low position
IDR Outlook	Neutral	Positive	Positive	Strong trade balance and CAD, if IDR depreciate might attract short-term investor looking its carry yield

🔺 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, Auto and few domestic big caps*

🔺 Target IHS *base case* berada di 7,400-7,500. Hal ini didasarkan pada 2022 *earnings growth* 17 dan P/E bergerak relatif *flat*.

Section 04



Appendix

Syailendra Internal Macro and Benchmark View

Internal Target 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
Macro Indicator								
GDP Growth YoY	Average full year	3.50	3.50	4.80	6.00	4.80	5.20	5.60
Inflation YoY	Average full year	2.20	4.00	3.00	2.50	4.00	3.00	2.50
Fiscal Deficit (% of GDP)	End of year	-5.80	-5.35	-4.85	-4.35	-3.50	-3.00	-2.75
Current Account (% of GDP)	Average full year	-0.2 sd +0.2	-1.20	-0.60	-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
Rates								
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	7.00	6.50	6.25	7.25	6.75	6.50
Equities								
JCI	End of year	6,500	7,100	7,500	7,800	7,600	8,000	8,200
Earnings Growth	End of year	30.0%	15.0%	17.5%	22.5%	5.0%	7.5%	10.0%
P/E 1FY	End of Year	17.60	17.30	17.80	17.80	17.30	17.80	17.80
P/E Band	End of Year	+0.75 Mean	+0.25 Mean	+0.50 Mean	+0.50 Mean	+0.25 Mean	+0.50 Mean	+0.50 Mean

Source: Syailendra Research

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