

# Monthly Bulletin

July 2022

## What's Inside



### Calendar

US Initial Jobless Claim (14-Jul)  
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*. Laju kebijakan moneter yang diambil oleh The Fed mengkhawatirkan investor global terkait dampak pengetatan dalam kondisi perlambatan ekonomi secara global.



### Indonesia

Dalam beberapa bulan kedepan, IHSG akan memasuki *earnings season* 2Q22. Hal ini mungkin dapat membantu investor domestik karena diekspektasikan *recovery earnings* yang terjadi di 1Q22 dapat berlanjut setidaknya di 2Q22.



### Equity Market

Kinerja IHSG ditutup sebesar +7.23% YTD atau -1.79% MoM (*cutoff date: 30-Jun-2022*). Top 3 *Leaders* 1) GOTO, 2) BYAN, 3) AMRT dan Top 3 *Laggards* 1) MDKA, 2) BBRI, 3) ASII. Investor asing melakukan *net buy* sebesar -501 mio USD selama bulan Jun'22.



### Fixed Income Market

Yield 10 tahun obligasi terkoreksi sepanjang May'22 ke level 7.20-7.25%. Di saat bersamaan, Rupiah mengalami pelemahan signifikan menyentuh level 15,000. Hal ini diakibatkan oleh perbedaan *interest* antara Indonesia dan US yang melebar. Kepemilikan investor asing terlihat *bottom* pada bulan Jul'22 di level 16.1%.



# 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

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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

- 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.
- Slower growth: Most of developed market show clear slowing growth while growth on emerging market is mixed.

#### 🏠 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

# Latest Update on US Inflation

Most of inflation was still contributed from energy while no peaking momentum yet

## Inflation Breakdown YoY

In %

| Date       | All  | Food | Energy | Commodities (Goods) ex Food & Energy | Services ex Energy & Shelter | Shelter | Other |
|------------|------|------|--------|--------------------------------------|------------------------------|---------|-------|
| 1/31/2021  | 1.4% | 0.5% | -0.3%  | 0.3%                                 | 0.3%                         | 0.5%    | -0.1% |
| 2/28/2021  | 1.7% | 0.5% | 0.1%   | 0.3%                                 | 0.3%                         | 0.5%    | -0.1% |
| 3/31/2021  | 2.7% | 0.5% | 0.8%   | 0.3%                                 | 0.5%                         | 0.6%    | 0.0%  |
| 4/30/2021  | 4.2% | 0.3% | 1.4%   | 0.9%                                 | 0.8%                         | 0.7%    | 0.0%  |
| 5/31/2021  | 4.9% | 0.3% | 1.6%   | 1.3%                                 | 1.0%                         | 0.7%    | -0.1% |
| 6/30/2021  | 5.3% | 0.3% | 1.5%   | 1.7%                                 | 1.0%                         | 0.9%    | -0.1% |
| 7/31/2021  | 5.3% | 0.5% | 1.5%   | 1.7%                                 | 0.9%                         | 0.9%    | -0.1% |
| 8/31/2021  | 5.2% | 0.5% | 1.5%   | 1.5%                                 | 0.8%                         | 0.9%    | -0.2% |
| 9/30/2021  | 5.4% | 0.6% | 1.5%   | 1.5%                                 | 0.8%                         | 1.0%    | -0.2% |
| 10/31/2021 | 6.2% | 0.8% | 1.8%   | 1.7%                                 | 1.0%                         | 1.2%    | -0.2% |
| 11/30/2021 | 6.8% | 0.9% | 2.0%   | 1.9%                                 | 1.0%                         | 1.3%    | -0.2% |
| 12/31/2021 | 7.1% | 0.9% | 1.8%   | 2.2%                                 | 1.0%                         | 1.4%    | -0.2% |
| 1/31/2022  | 7.5% | 1.0% | 1.7%   | 2.4%                                 | 1.2%                         | 1.5%    | -0.2% |
| 2/28/2022  | 7.9% | 1.1% | 1.7%   | 2.5%                                 | 1.3%                         | 1.6%    | -0.2% |
| 3/31/2022  | 8.6% | 1.2% | 2.2%   | 2.4%                                 | 1.4%                         | 1.6%    | -0.2% |
| 4/30/2022  | 8.2% | 1.3% | 2.1%   | 2.0%                                 | 1.4%                         | 1.7%    | -0.3% |
| 5/31/2022  | 8.5% | 1.4% | 2.4%   | 1.7%                                 | 1.6%                         | 1.8%    | -0.4% |
| 6/30/2022  | 9.0% | 1.4% | 3.0%   | 1.5%                                 | 1.8%                         | 1.8%    | -0.5% |

## Inflation Breakdown MoM

In %

| Date       | All  | Food | Energy | Commodities (Goods) ex Food & Energy | Services ex Energy & Shelter | Shelter | Other |
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| 7/31/2021  | 0.5% | 0.1% | 0.1%   | 0.1%                                 | 0.0%                         | 0.1%    | 0.0%  |
| 8/31/2021  | 0.3% | 0.1% | 0.1%   | 0.1%                                 | 0.0%                         | 0.1%    | 0.0%  |
| 9/30/2021  | 0.4% | 0.1% | 0.1%   | 0.1%                                 | 0.0%                         | 0.1%    | -0.1% |
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| 11/30/2021 | 0.7% | 0.1% | 0.2%   | 0.2%                                 | 0.1%                         | 0.2%    | 0.0%  |
| 12/31/2021 | 0.6% | 0.1% | 0.1%   | 0.2%                                 | 0.1%                         | 0.1%    | 0.0%  |
| 1/31/2022  | 0.6% | 0.1% | 0.1%   | 0.2%                                 | 0.2%                         | 0.1%    | -0.1% |
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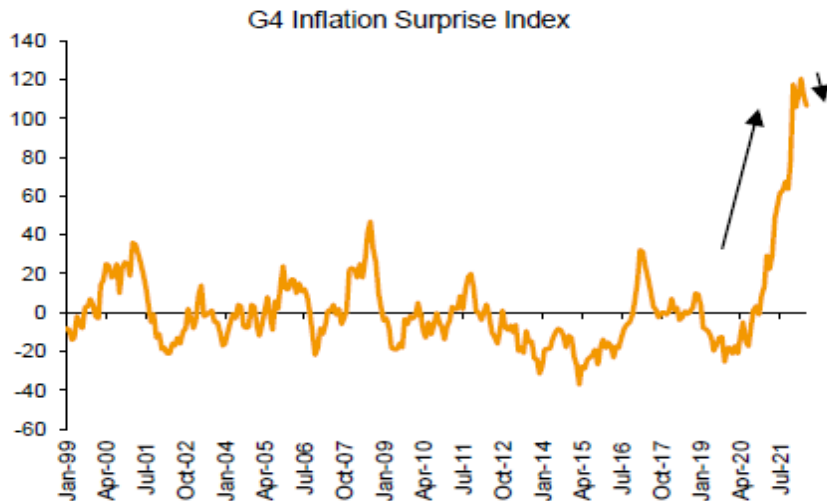
Source: Syailendra Research, Bloomberg

# Inflation is Running High, But Less Surprising (1)

## Indicator show softening outlook

### G4 Inflation Surprise Index

In unit of index



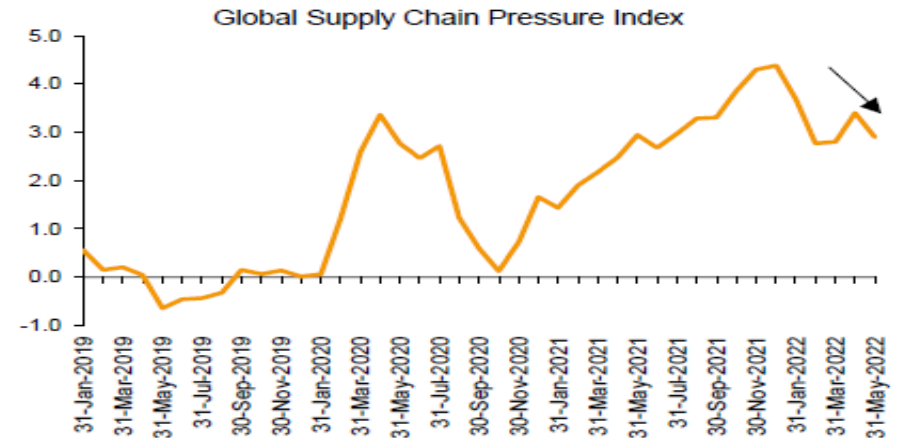
Source: Bloomberg, Macquarie

Walaupun US CPI Jun'22 berada di atas ekspektasi pasar, namun tidak menyebabkan gejolak besar di pasar finansial. Kami juga melihat ada nya *trend* penurunan tekanan CPI seperti:

- 📉 Penurunan harga *commodity* terlihat dari *futures*
- 📉 Penurunan dari *Baltic Dry Exchange*
- 📉 Penurunan dari *supply chain index pressure* yang dimonitor oleh *macquarie*

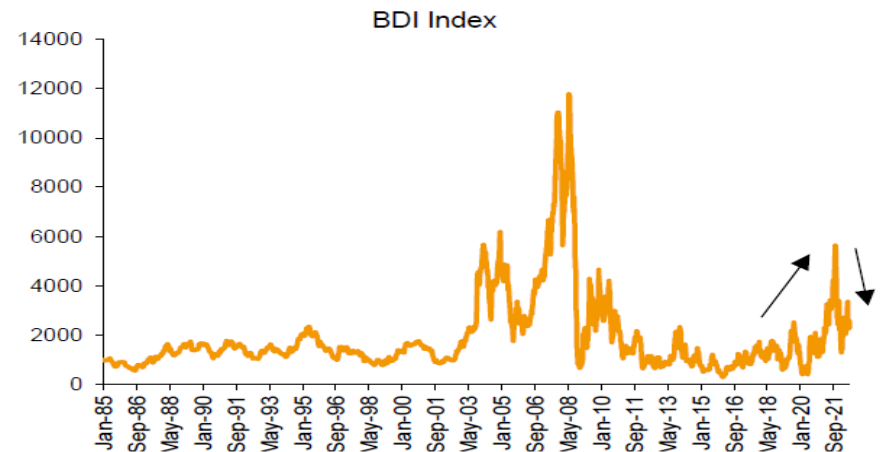
### Global Supply Chain Pressure

In unit of index (macquarie)



### Baltic Exchange Dry Index

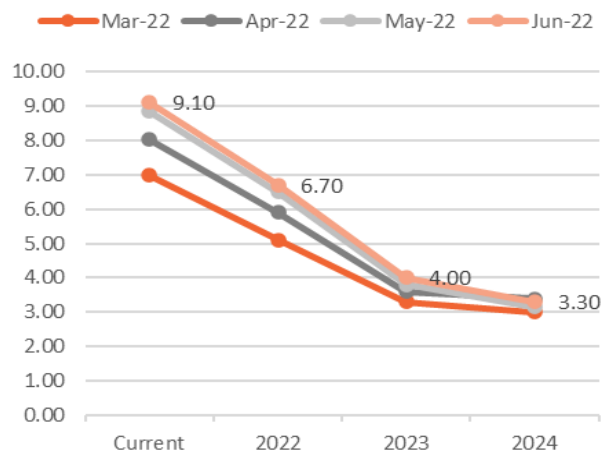
In unit of index



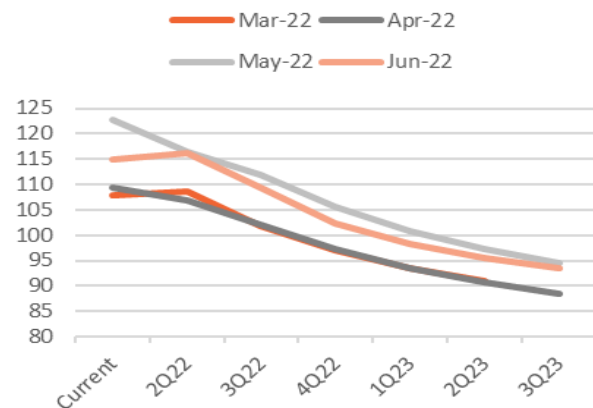
# Inflation is Running High, But Less Surprising (2)

## Commodities are correcting...

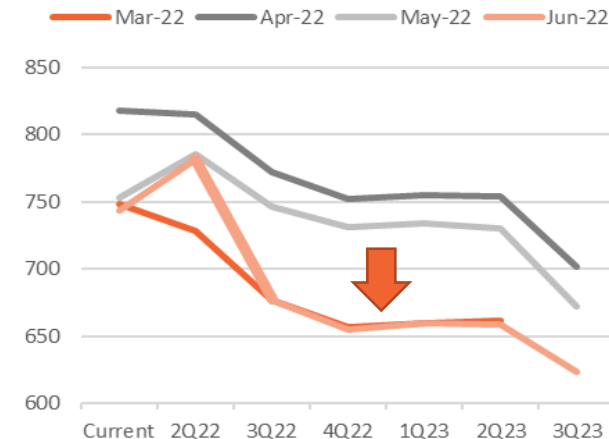
**Est. of Weight Avg Global CPI**  
In %



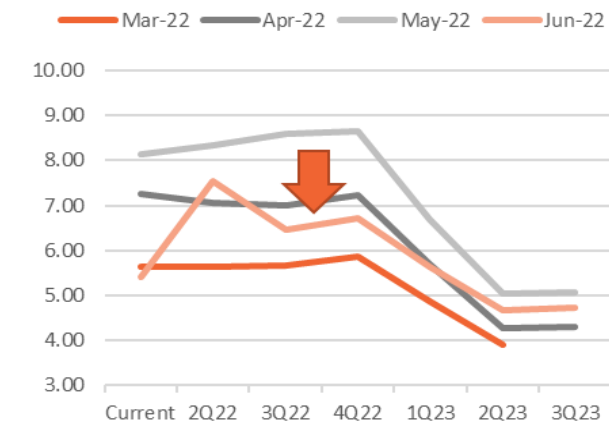
**Brent Oil still elevated**  
In %



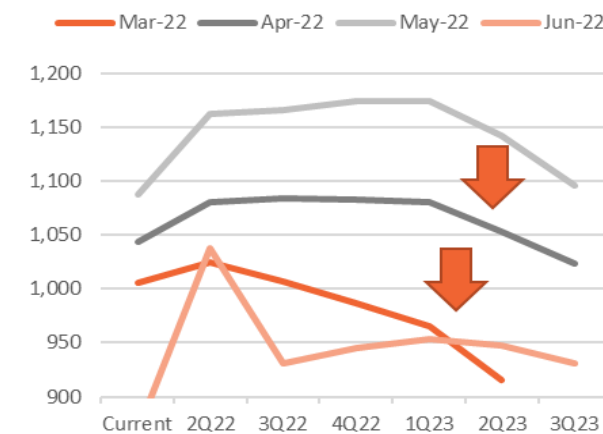
**Corn price already same with Mar'22**  
In %



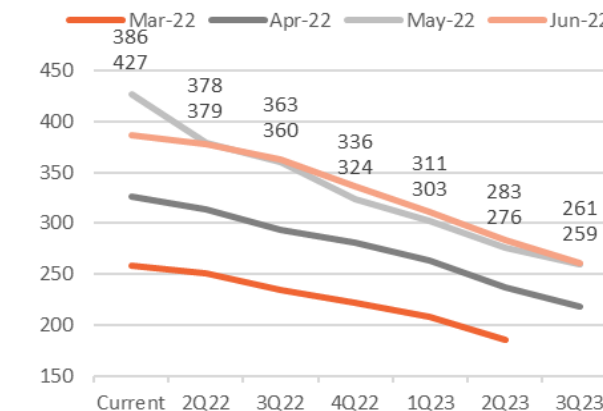
**Natural Gas price down to Apr'22 level**  
In %



**Wheat price already same with Mar'22**  
In %



**Newcastle Price still elevated**  
In %

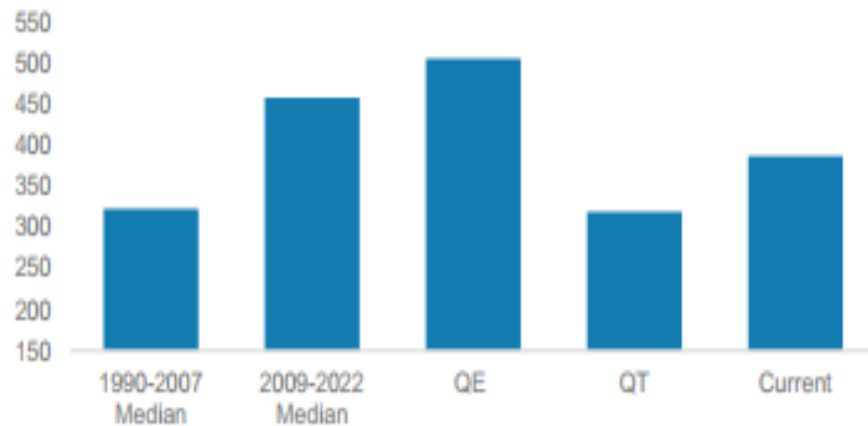


# QT is Trickier than Ever

2022 QT start when economies are slowing and markets correcting

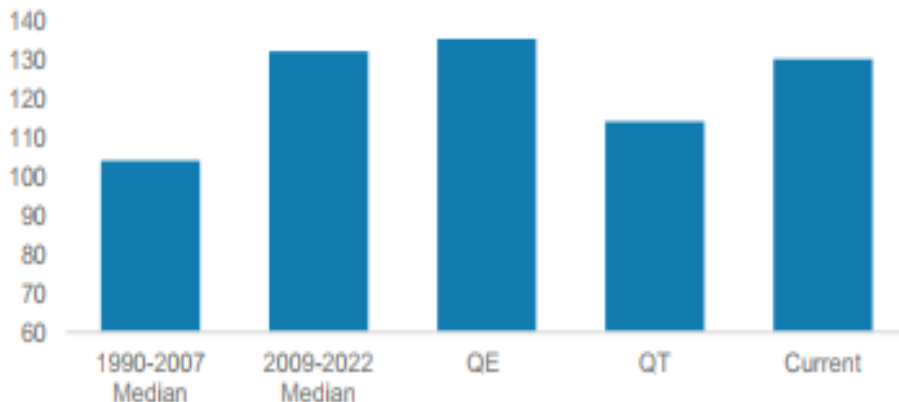
## Equity Risk Premium During Start of Fed Policy

In bps



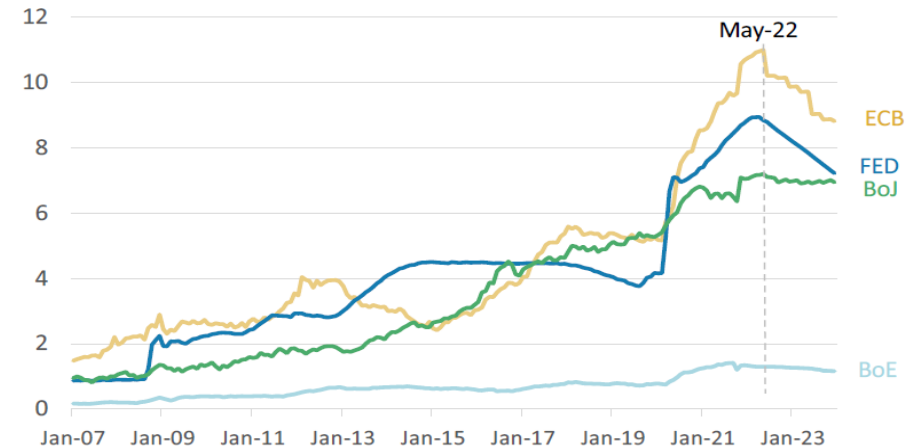
## IG Credit Spread During Start of Fed Policy

In bps



## Trajectory of G4 Central Bank Balance Sheet

In trillion USD



## Fed Policy during Bear Market

In each year

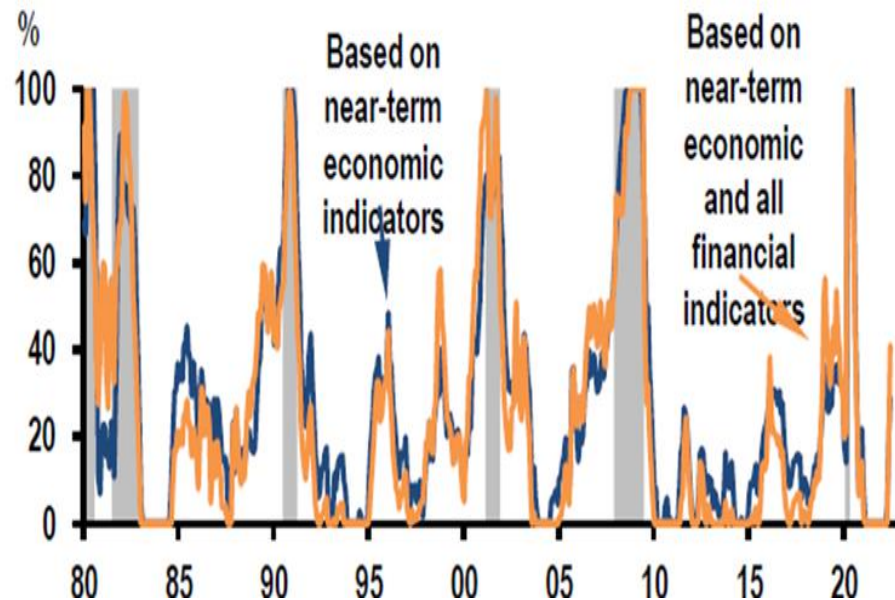
| Bear Market | Fed Chair | Fed Response                                                                           |
|-------------|-----------|----------------------------------------------------------------------------------------|
| 1987        | Greenspan | Rate cuts from 7.3% to 6.5%                                                            |
| 1990        | Greenspan | Rate cuts from 8.0% to 3.0%                                                            |
| 1998        | Greenspan | Rate cuts from 5.25% to 4.75%                                                          |
| 2000-2002   | Greenspan | Rate cuts from 6.5% to 1.0%                                                            |
| 2007-2009   | Bernanke  | Rate cuts from 5.25% to 0.0%                                                           |
| 2011        | Bernanke  | Hold rates at 0% until 2015, Starts <b>operation twist</b> , QE3 starts in 2012        |
| 2018        | Powell    | End rates hike, rate cuts in 2019 from 2.25% to 1.5% and start QE4                     |
| 2020        | Powell    | Rate cuts from 1.50% to 0%, Record balance sheet expansion with QE5                    |
| 2022        | Powell    | Rate hike from 0% to 1.5% additional hikes to > 3.5% expected, Balance sheet reduction |

# Likelihood of US Recession is Increasing

US Recession does not necessarily translate to global downturn

## Probability of US Recession within 1Y

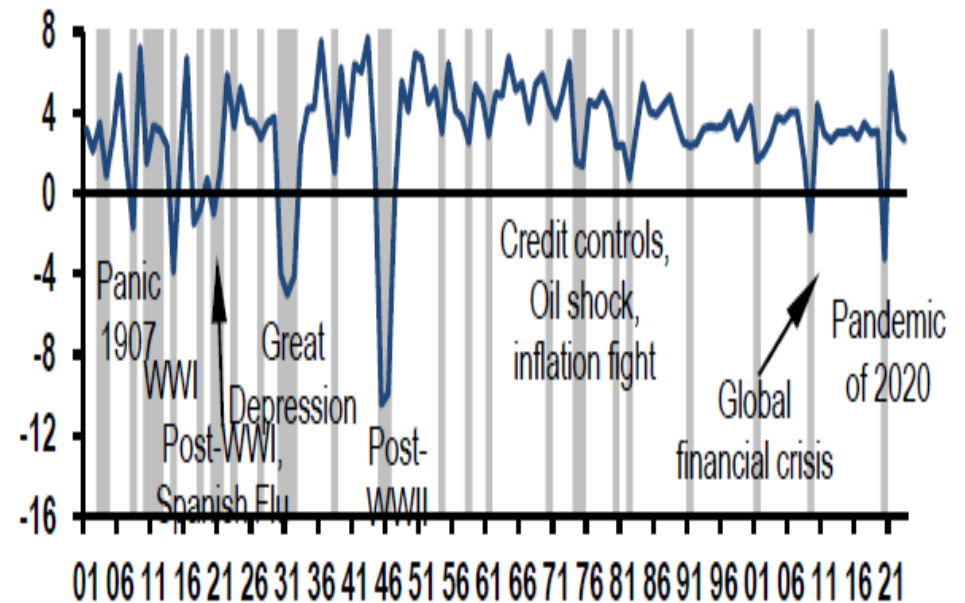
In % of probability



Source: JPM Economics

## Global Real GDP since 1900 and Past Global Recession

In % yoy annual (2022-2023 est)



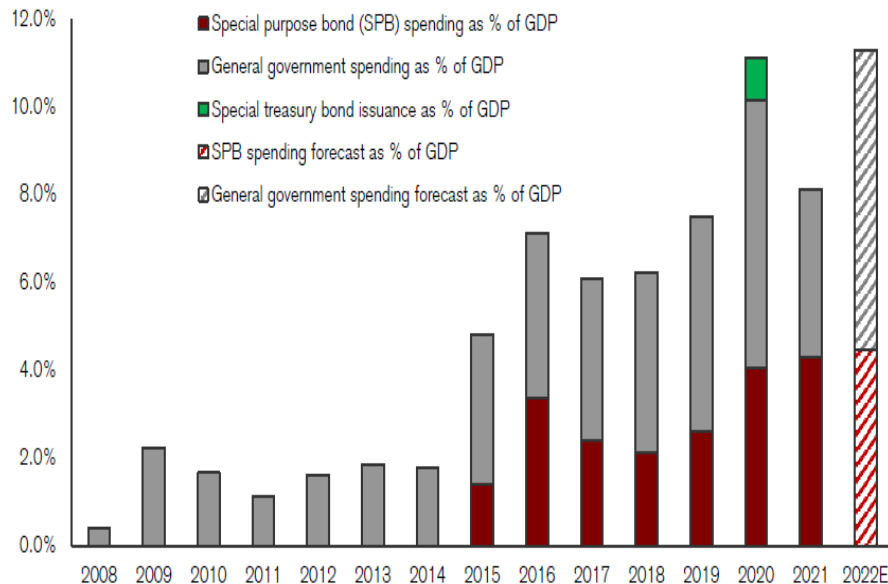
Source: JPM Economics

- ⚠ Berdasarkan observasi pasar, Konsensus memiliki estimasi terdapat probabilitas 40-50% untuk US mengalami resesi dalam kurun waktu 6-12 bulan kedepan. Hal ini cenderung berdampak negatif bagi aset keuangan umumnya. Namun, melihat sejarah historis US dalam satu dekade kebelakang. Resesi US tidak selalu mengakibatkan terjadinya resesi masif secara global dari sisi ekonomi.

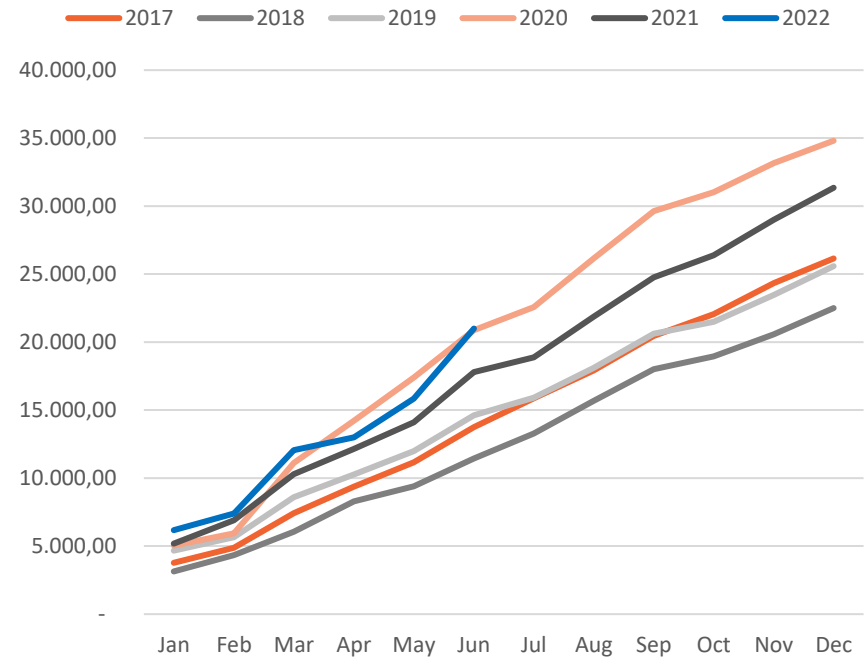
# China Economic Stimulus Offers Some Relief for Asia

## Both Fiscal and Money Supply Nearing 2020 Level

**Breakdown of China Stimulus Package**  
In % of GDP



**China Total Social Financing (All System Financing)**  
In bio CNY



Source: Morgan Stanley

Source: Syailendra Research, Bloomberg

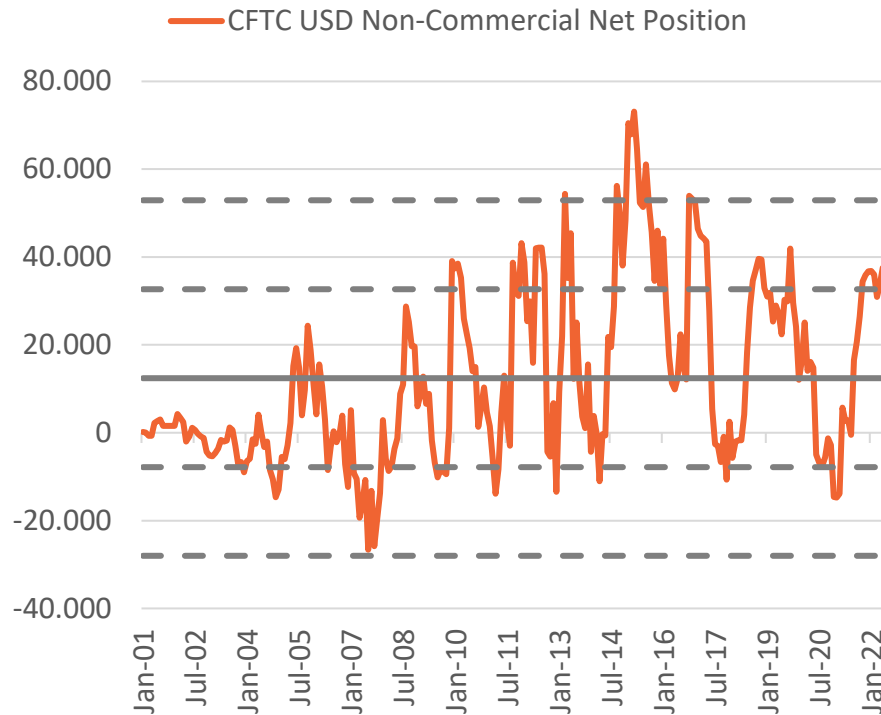
🏗️ Pemerintahan China mengumumkan 33 paket atas stimulus terkait dengan pertumbuhan ekonomi dalam beberapa bulan ke-belakang. Paket stimulus cenderung menggunakan berbagai instrumen. Hal terlihat dari pertumbuhan *all-system financing* dan *fiscal stimulus* sudah menyerupai level 2020.

# 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

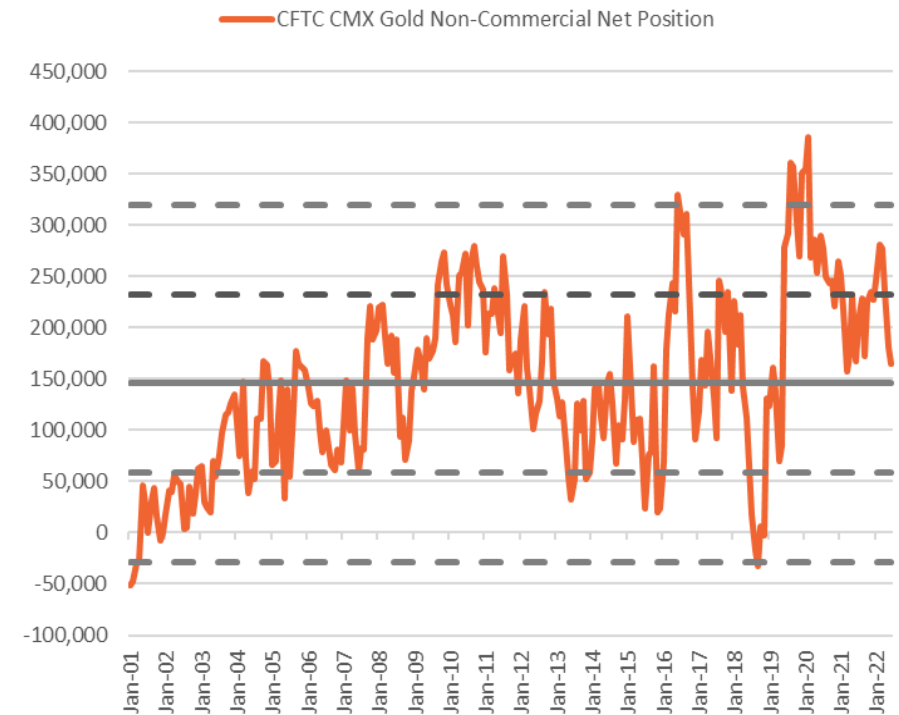
In no of net-contract



Source: Syailendra Research, Bloomberg

### Gold seems to hit its net-long peak since 2020

In no of contract



Source: Syailendra Research, Bloomberg

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

# Section 02



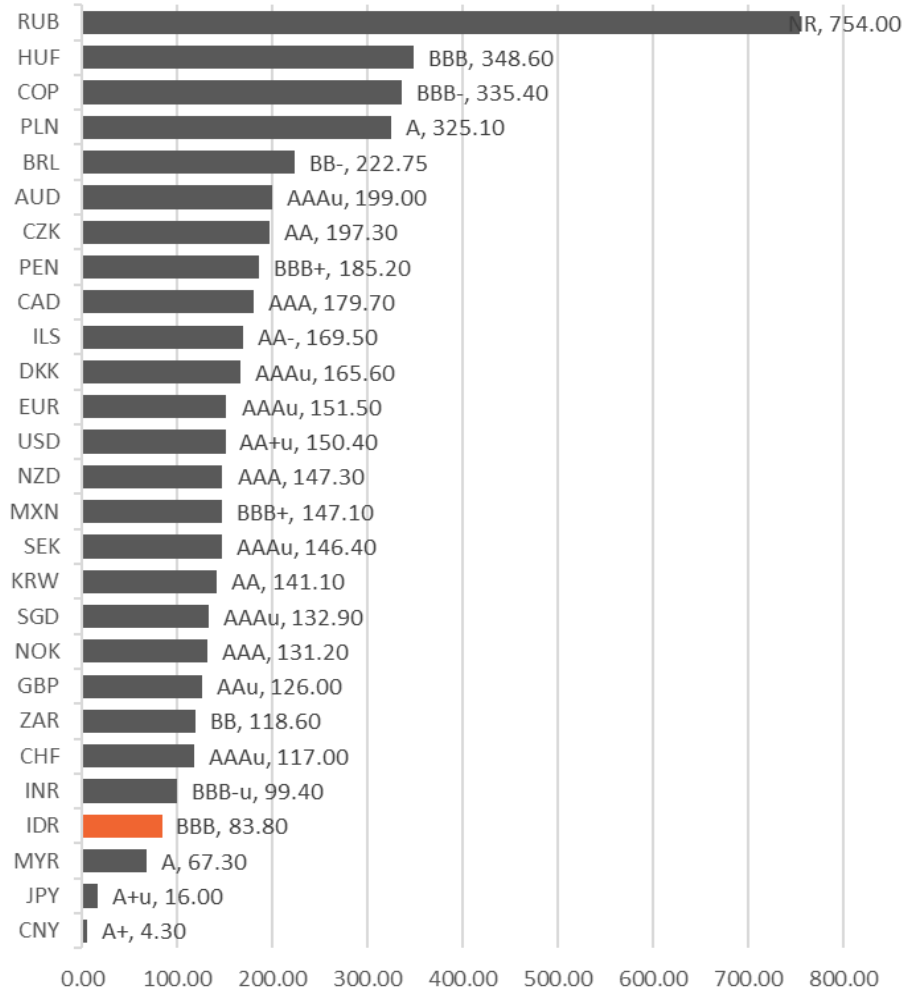
**Fixed Income**

# Yield Seems to Get Pressured on the Back Inflation

Global rates seems adjusting to differences in inflation but still hit more on < BBB

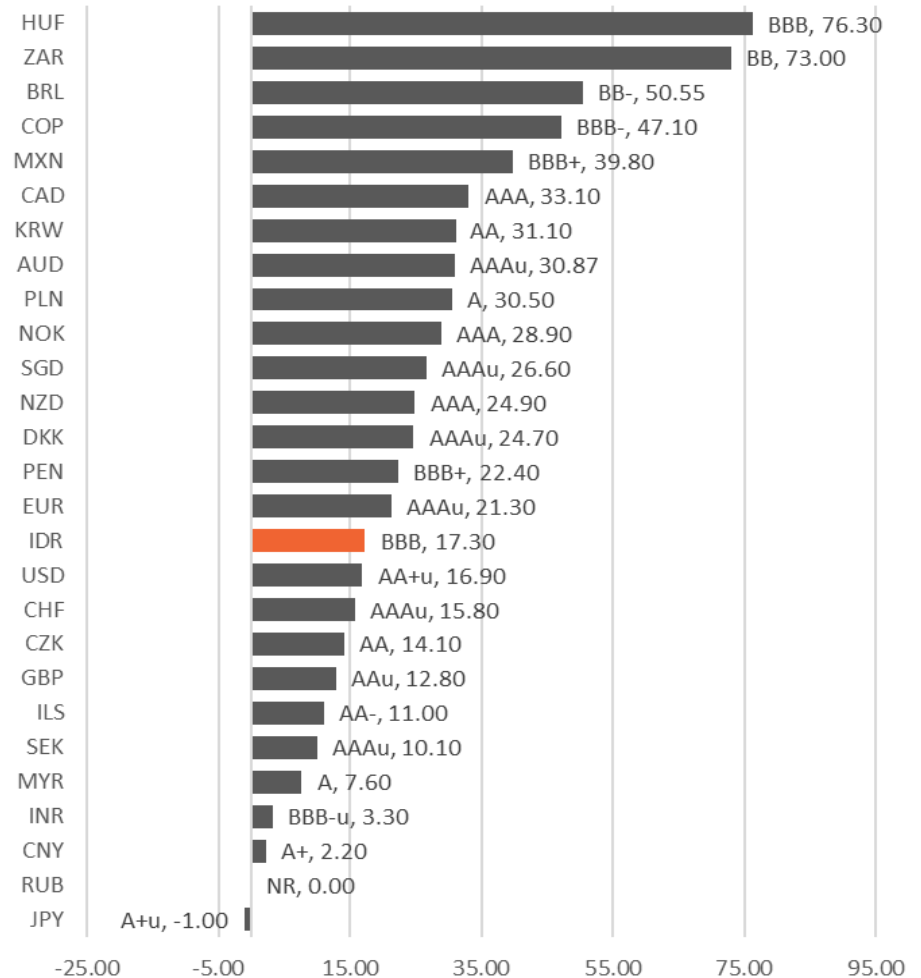
## YTD 10Y Govt Changes

In bps



## MTD 10Y Govt Changes

In bps

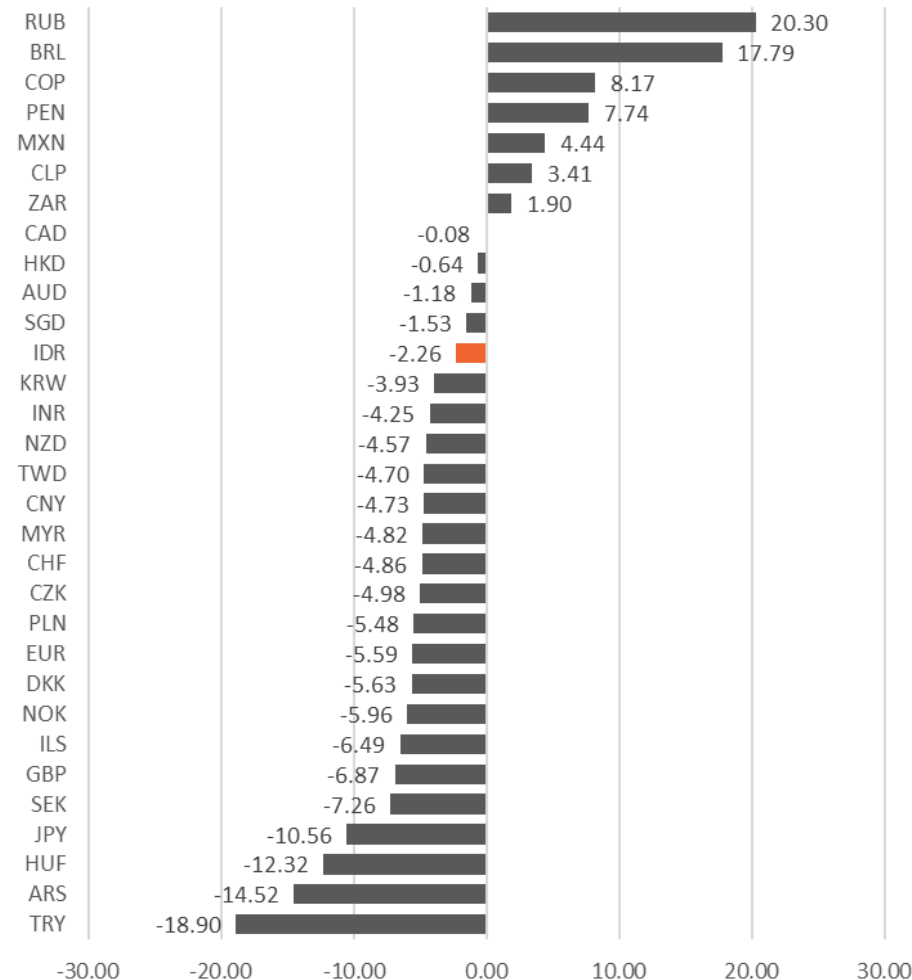


# Commodities Backed Country had its Currency Rebound

Despite high inflation, Rubble and Brazil positive against USD

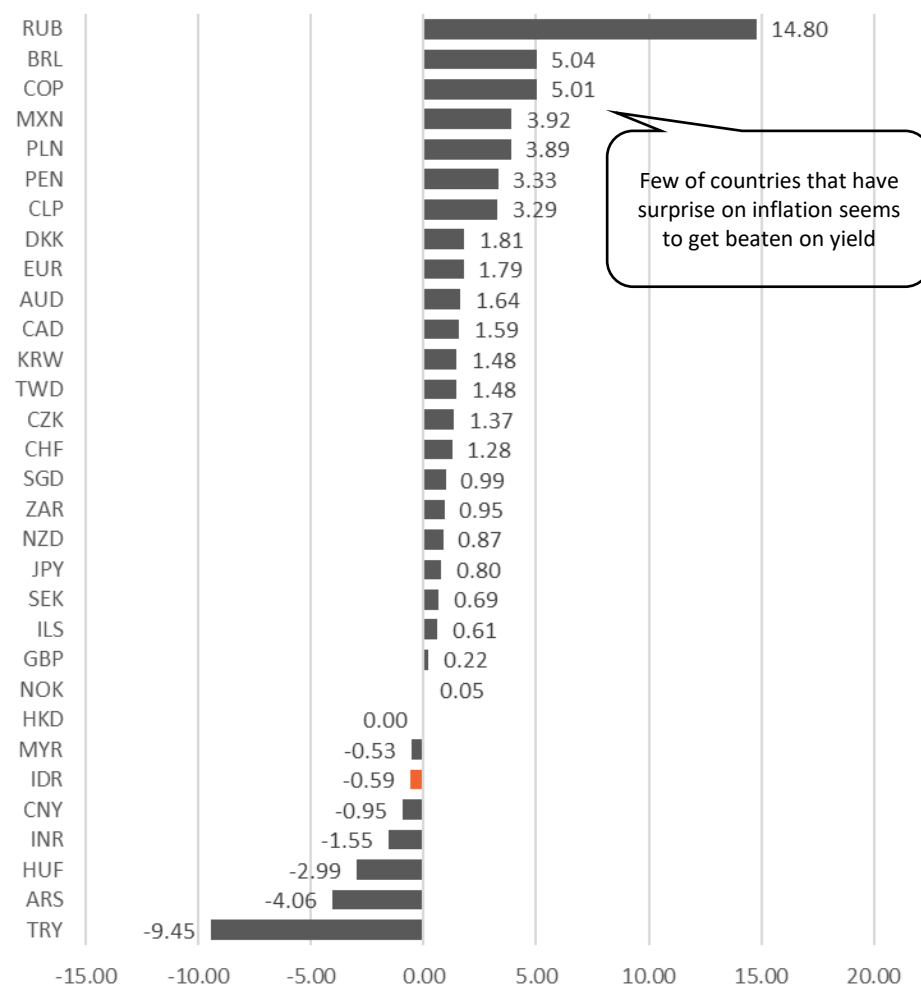
YTD Currency Chg. (USD as Base Currency)

In ppt



MTD Currency Chg. (USD as Base Currency)

In ppt



# 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  |

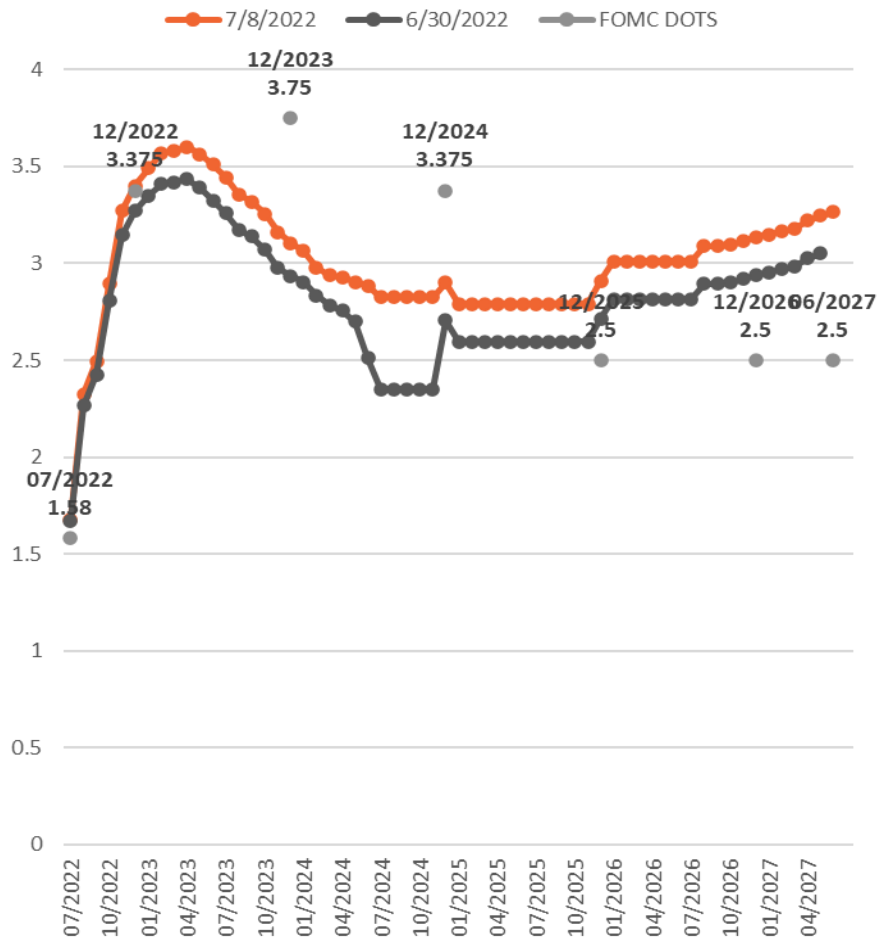
Source: Syailendra Research, Bloomberg

# What Market Implies on The US Yield?

Short Term Rates and curve hasn't change much since last may'22

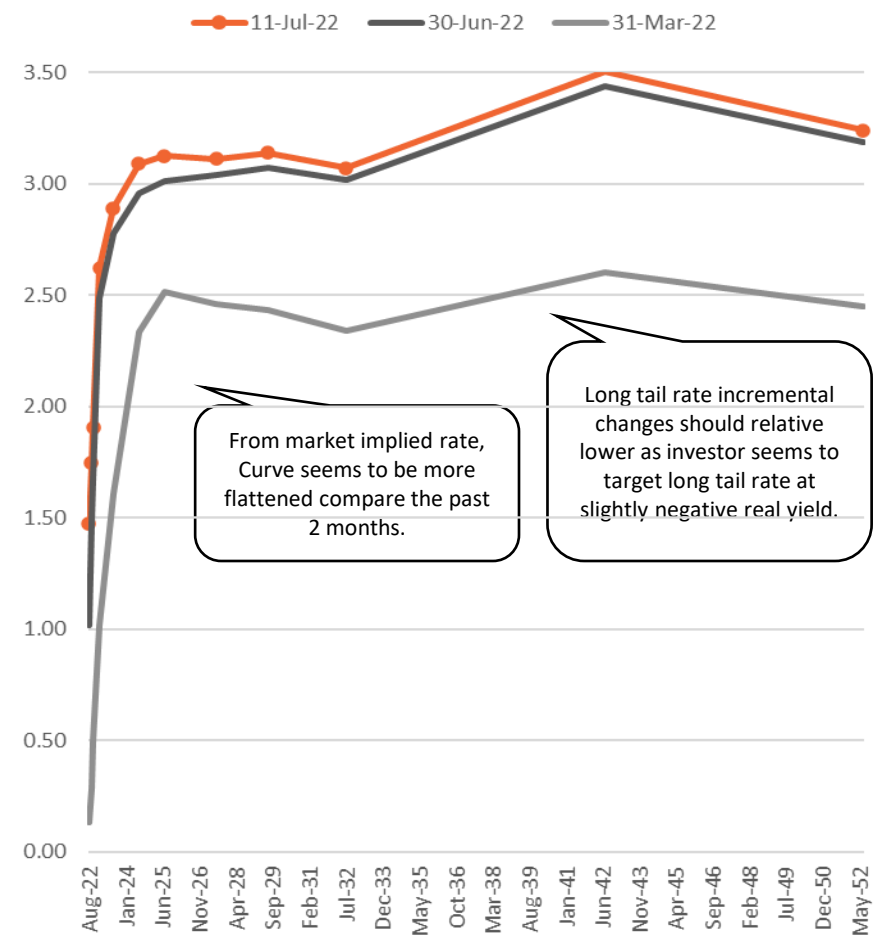
## Fed Funds Rate

In ppt



## US Curve

In ppt



Source: Syailendra Research, Bloomberg

# Indonesian Bonds Ownership

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

## Ownership on Tradeable Indonesia Government Bonds

In trn IDR

### Ownership Level

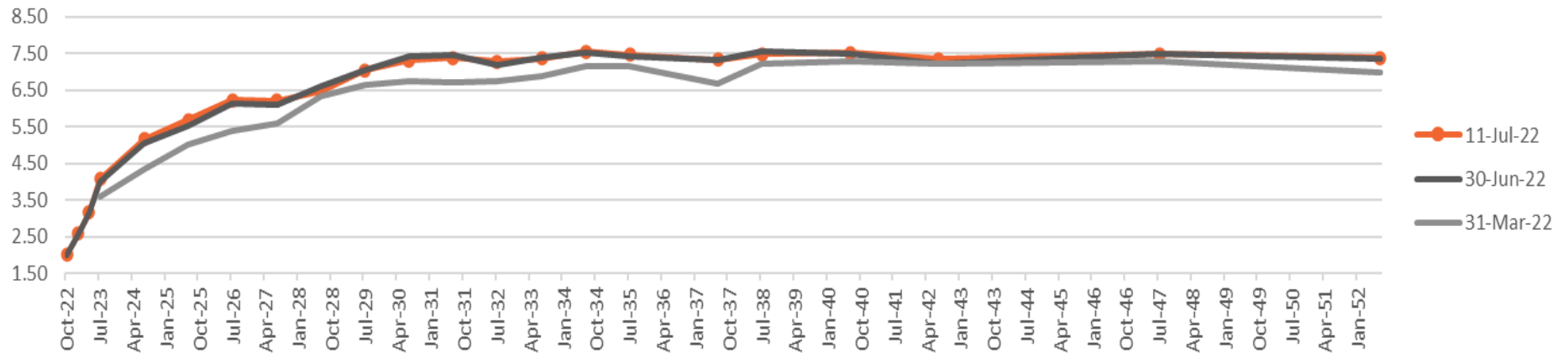
| Year            | Bank  | Central Bank | Mutual Fund | Insurance & PF | Foreign | Others | Total  |
|-----------------|-------|--------------|-------------|----------------|---------|--------|--------|
| <b>Yearly</b>   |       |              |             |                |         |        |        |
| 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             | 24.8% | 25.7%        | 3.2%        | 15.9%          | 16.1%   | 14.4%  | 100.0% |
| <b>Net flow</b> |       |              |             |                |         |        |        |
| 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             | 28    | 24           | -5          | 117            | -111    | 115    | 169    |
| <b>Interim</b>  |       |              |             |                |         |        |        |
| 1Q22            | 21    | 10           | -4          | 80             | -43     | 86     | 150    |
| 2Q22            | 7     | 15           | -1          | 38             | -68     | 29     | 19     |
| MTD             | 19    | 1            | 3           | 19             | -13     | 15     | 44     |

# Yield Curve is Getting Flatter

Market implying slower economic growth

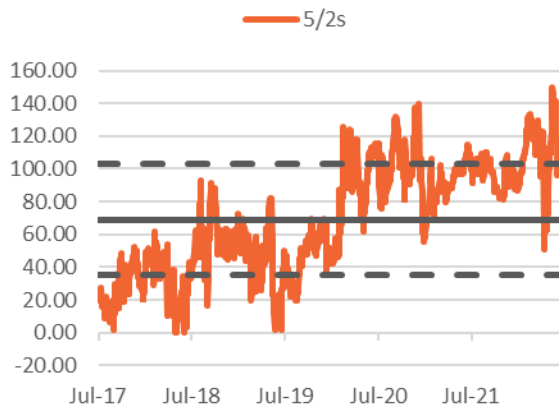
## INDOGB Yield Curve

In ppt



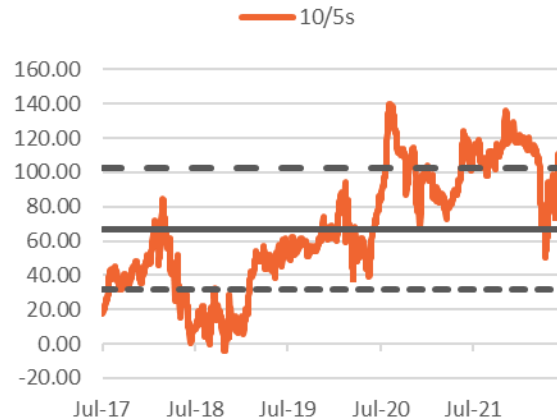
## 5/2s 5Y Historical Spread

In bps



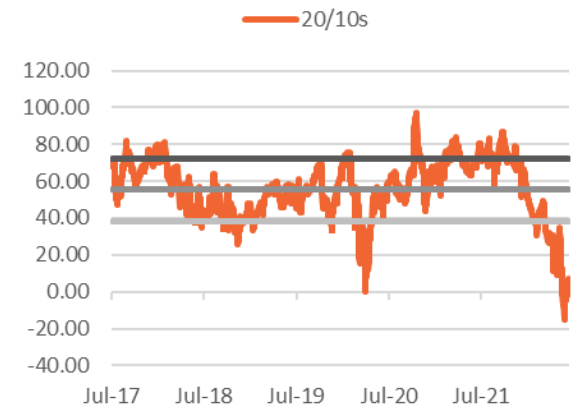
## 10/5s 5Y Historical Spread

In bps



## 20/10s 5Y Historical Spread

In bps



# Government Bond Outlook

Short-term: Neutral ; 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 sedikit netral mempertimbangkan meningkatnya *interest differential* antara US dan Indonesia dan transmisi pelamahan IDR yang sedang terjadi.
- 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 Jun'22 yang relatif 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

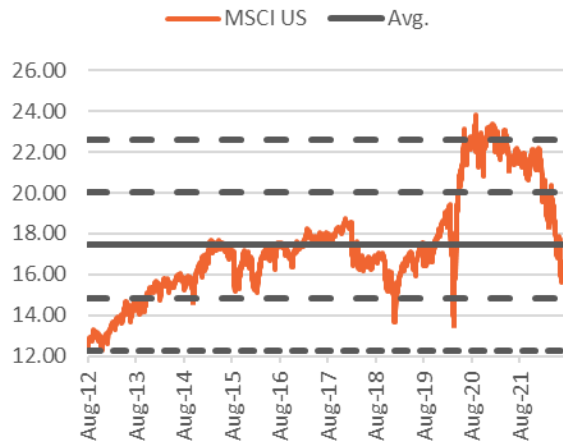
| No                      | Country           | YTD     | 1M      | 3M      | 6M      | 1Y      | P/E   | P/BV | ROE    |
|-------------------------|-------------------|---------|---------|---------|---------|---------|-------|------|--------|
| <b>Global Market</b>    |                   |         |         |         |         |         |       |      |        |
| 1                       | Dow Jones (US)    | -15.45% | -7.34%  | -12.64% | -15.45% | -10.80% | 16.18 | 3.90 | 29.75  |
| 2                       | S&P 500 (US)      | -20.79% | -8.97%  | -17.75% | -20.79% | -11.92% | 16.63 | 3.51 | 22.37  |
| 3                       | Nasdaq (US)       | -29.94% | -9.09%  | -23.64% | -29.94% | -23.96% | 23.40 | 4.58 | 27.70  |
| 4                       | London (UK)       | -11.43% | -9.10%  | -14.56% | -11.43% | -6.47%  | 11.48 | 1.65 | 15.32  |
| 5                       | DAX (GR)          | -19.52% | -11.61% | -12.48% | -19.52% | -17.69% | 10.43 | 1.37 | 12.93  |
| 6                       | CAC (FP)          | -17.43% | -9.10%  | -12.14% | -17.43% | -8.99%  | 10.42 | 1.47 | 14.87  |
| <b>Asia Market</b>      |                   |         |         |         |         |         |       |      |        |
| 1                       | Nikkei (JP)       | -8.33%  | -1.45%  | -5.83%  | -8.33%  | -8.33%  | 14.76 | 1.54 | 9.68   |
| 2                       | Hang Seng (HK)    | -5.42%  | 5.62%   | -1.67%  | -5.42%  | -24.17% | 11.26 | 1.16 | 11.24  |
| 3                       | Shanghai (CN)     | -6.09%  | 8.57%   | 4.04%   | -6.09%  | -5.36%  | 11.73 | 1.38 | 11.04  |
| 4                       | Shenzhen (CN)     | -8.87%  | 12.09%  | 5.43%   | -8.87%  | -14.15% | 14.45 | 1.90 | 11.30  |
| 5                       | NFT (IN)          | -8.28%  | -3.50%  | -9.82%  | -8.28%  | 0.37%   | 17.86 | 2.74 | 16.13  |
| 6                       | Kospi (KR)        | -21.66% | -11.58% | -15.08% | -21.66% | -29.24% | 9.46  | 0.90 | 7.05   |
| 7                       | Kosdaq (KR)       | -27.91% | -14.71% | -20.62% | -27.91% | -27.62% | NA    | NA   | NA     |
| <b>ASEAN Market</b>     |                   |         |         |         |         |         |       |      |        |
| 1                       | Singapore (SG)    | -0.78%  | -3.97%  | -9.89%  | -0.78%  | -0.90%  | 12.43 | 1.04 | 8.83   |
| 2                       | Kuala Lumpur (MK) | -6.44%  | -6.63%  | -8.78%  | -6.44%  | -5.77%  | 13.99 | 1.37 | 10.23  |
| 3                       | Thailand (TH)     | -5.39%  | -4.30%  | -7.66%  | -5.39%  | -1.23%  | 16.09 | 1.60 | 8.25   |
| 4                       | Vietnam (VN)      | -19.41% | -6.83%  | -19.65% | -19.41% | -14.98% | 11.78 | 1.93 | 18.76  |
| 4                       | Philippines (PH)  | -16.08% | -7.37%  | -13.49% | -16.08% | -11.52% | 15.04 | 1.43 | 8.33   |
| <b>Indonesia Market</b> |                   |         |         |         |         |         |       |      |        |
| 1                       | JCI / IHSG (ID)   | 5.02%   | -1.63%  | -2.01%  | 5.02%   | 15.47%  | 15.53 | 2.04 | -10.47 |
| 2                       | JII / ISSI (ID)   | 6.02%   | -2.34%  | 0.34%   | 6.02%   | 16.54%  | 11.42 | 1.69 | 13.07  |
| 3                       | IDX30 (ID)        | 6.46%   | -4.11%  | -3.32%  | 6.46%   | 17.51%  | 18.15 | 2.25 | -11.33 |
| 4                       | LQ45 (ID)         | 6.50%   | -3.88%  | -3.15%  | 6.50%   | 17.41%  | 16.92 | 2.22 | -10.63 |

# Most of Equity Regions already Derated

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

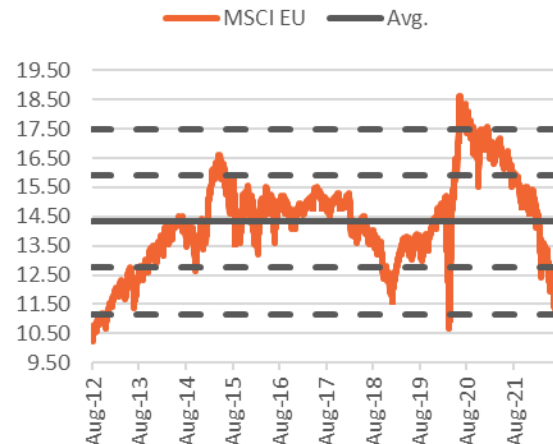
## United States

5Y Dev. Band of 12month blended forward PE



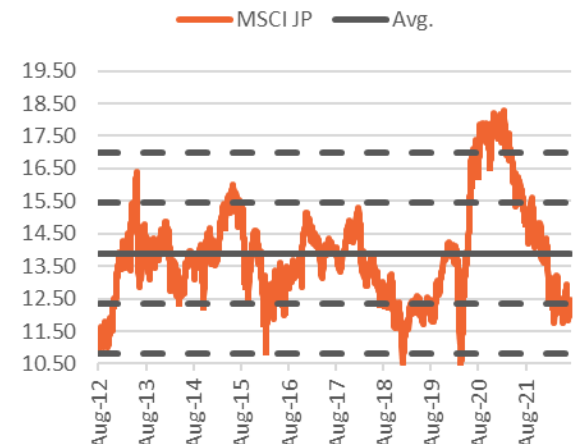
## United Kingdom

5Y Dev. Band of 12month blended forward PE



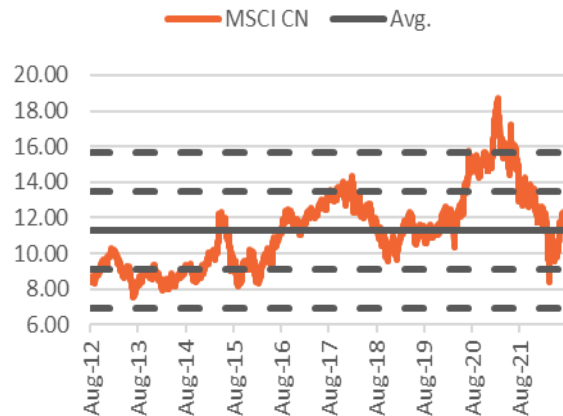
## Japan

5Y Dev. Band of 12month blended forward PE



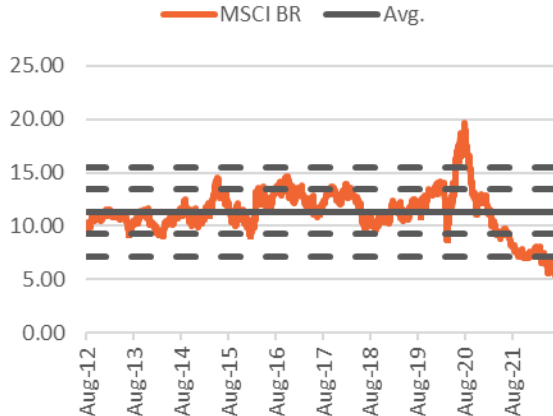
## China

5Y Dev. Band of 12month blended forward PE



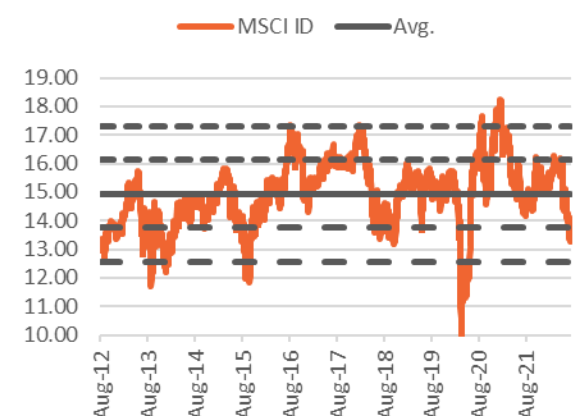
## Brazil

5Y Dev. Band of 12month blended forward PE



## Indonesia

5Y Dev. Band of 12month blended forward PE

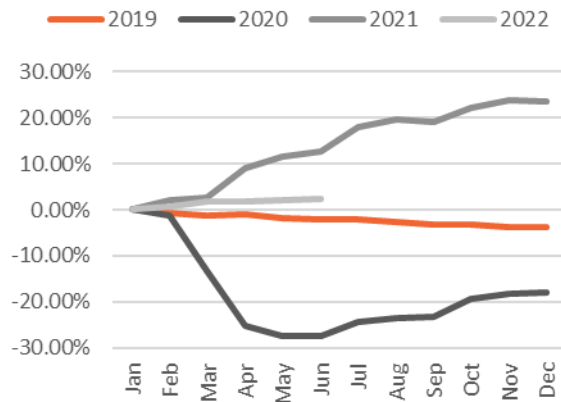


# Earnings hasn't revised down by significant level

## Current year earnings revision across market

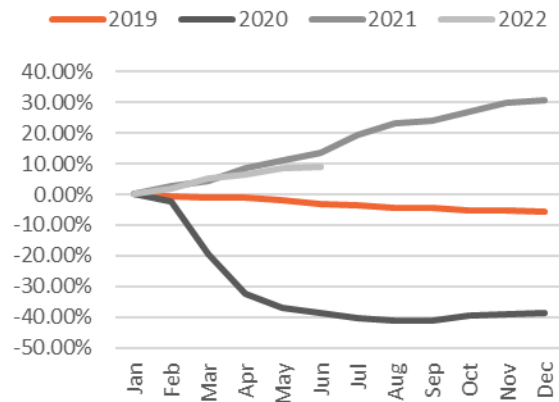
### United States

#### Current Year Earnings Revision



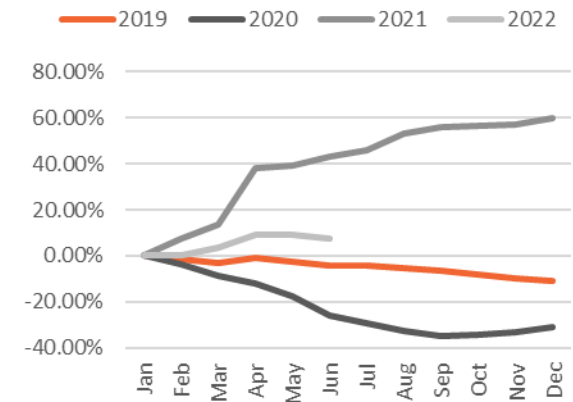
### United Kingdom

#### Current Year Earnings Revision



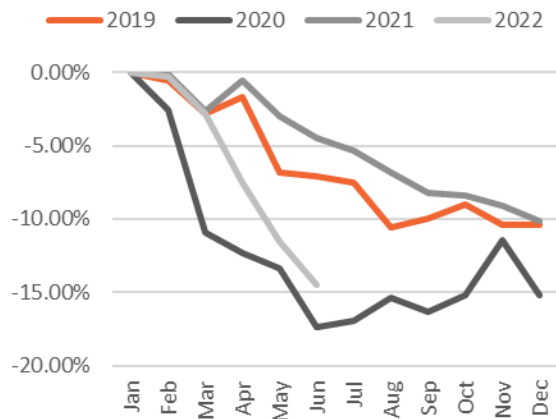
### Japan

#### Current Year Earnings Revision



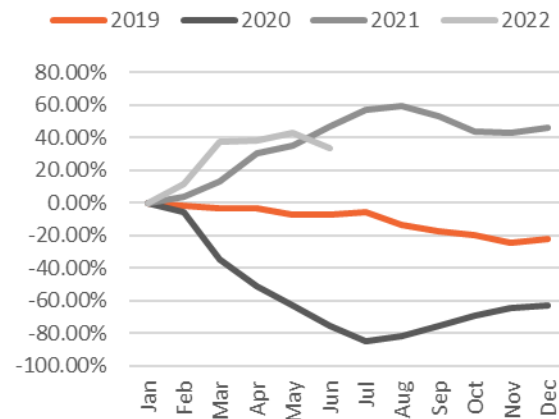
### China

#### Current Year Earnings Revision



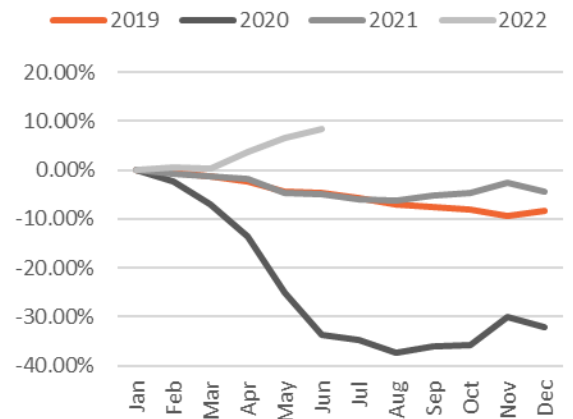
### Brazil

#### Current Year Earnings Revision



### Indonesia

#### Current Year Earnings Revision



# Equity Prices Already Reflect Partial Recession

Few equity index already deliver negative return below past bear market recession

At least 10 region already in bear market as of 24-Jun-22

In % peak to current, bear market duration

| Index   | Ave %<br>Decrease | Ave<br>Duration<br>(wks) | Ave Time in<br>Between<br>(yrs) | Bear<br>market<br>now | Decline from<br>latest peak |
|---------|-------------------|--------------------------|---------------------------------|-----------------------|-----------------------------|
| ASS1    | 28.33%            | 46.02                    | 3.61                            | No                    | 15.67%                      |
| FBMKLCI | 36.14%            | 27.52                    | 1.63                            | No                    | 14.45%                      |
| FSSTI   | 35.48%            | 47.20                    | 1.86                            | No                    | 10.12%                      |
| HSCEI   | 37.25%            | 19.81                    | 0.58                            | Yes                   | 39.49%                      |
| HSI     | 35.24%            | 20.10                    | 1.02                            | Yes                   | 31.92%                      |
| INDU    | 34.91%            | 49.37                    | 2.57                            | No                    | 18.78%                      |
| KOSPI   | 33.98%            | 32.29                    | 1.25                            | Yes                   | 27.66%                      |
| MXEF    | 34.10%            | 27.85                    | 1.55                            | Yes                   | 30.76%                      |
| MXASJ   | 34.57%            | 31.07                    | 1.48                            | Yes                   | 32.24%                      |
| MXAPJ   | 34.52%            | 31.77                    | 1.82                            | Yes                   | 30.00%                      |
| MXSO    | 43.72%            | 59.40                    | 1.39                            | No                    | 17.69%                      |
| NIFTY   | 33.70%            | 26.86                    | 1.19                            | No                    | 16.92%                      |
| NKY     | 31.45%            | 32.00                    | 1.74                            | No                    | 15.97%                      |
| JCI     | 33.35%            | 30.90                    | 1.06                            | No                    | 4.12%                       |
| PCOMP   | 35.31%            | 28.41                    | 0.99                            | No                    | 15.58%                      |
| SENSEX  | 32.06%            | 25.59                    | 1.04                            | No                    | 16.46%                      |
| SET     | 34.88%            | 26.28                    | 0.89                            | No                    | 8.99%                       |
| SHCOMP  | 33.30%            | 22.73                    | 0.49                            | Yes                   | 10.76%                      |
| SHSZ300 | 35.64%            | 37.86                    | 0.85                            | Yes                   | 25.44%                      |
| TPX     | 31.76%            | 42.53                    | 1.88                            | No                    | 14.16%                      |
| TWSE    | 34.63%            | 22.83                    | 0.94                            | No                    | 17.05%                      |
| MXWD    | 29.16%            | 30.19                    | 2.39                            | Yes                   | 22.76%                      |
| SPX     | 34.83%            | 39.55                    | 2.70                            | Yes                   | 23.39%                      |
| CCMP    | 35.63%            | 28.61                    | 2.37                            | Yes                   | 32.75%                      |
| NDX     | 35.15%            | 13.03                    | 2.23                            | Yes                   | 32.02%                      |
| Average | 34.08%            | 31.85                    | 1.65                            |                       | 21.39%                      |

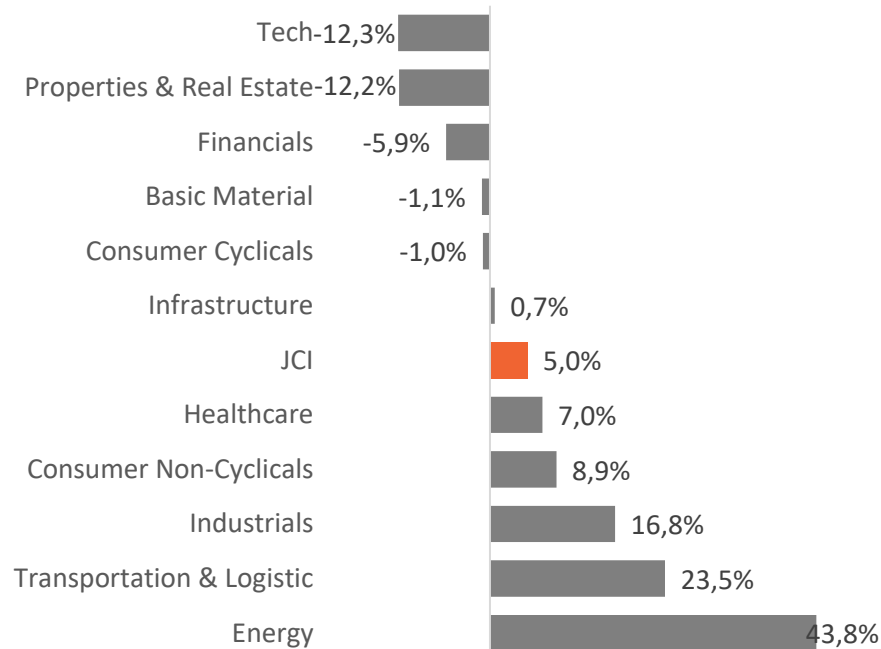
- ▲ Harga pasar cenderung merefleksikan ekspektasi lebih cepat dibandingkan fundamental (*earnings revision*) dari konsensus.
- ▲ Salah satu hal yang dapat dilakukan ialah membandingkan kecepatan dan level penurunan yang terjadi pada *bear market* sebelumnya.
- ▲ Secara rata-rata, Indeks saham secara historis menurun sebanyak 34.08% dibandingkan level sekarang 21.39% dengan durasi penurunan terjadi selam 31-32 minggu.
- ▲ Hal ini dapat memberikan estimasi bahwa aset ekuitas setidaknya telah mengalami sebagian dari tren penurunan yang terjadi.
- ▲ IHSG terakhir dari puncak telah menurun sebanyak-8.73% dari 21-Apr-22 atau tren *bear market* telah terjadi selama 8 minggu.

# Inflation and Rates Beneficiary Appreciated by Market

## Energy sector leads the gain as commodity prices rising

### JCI Sectoral Movement YTD

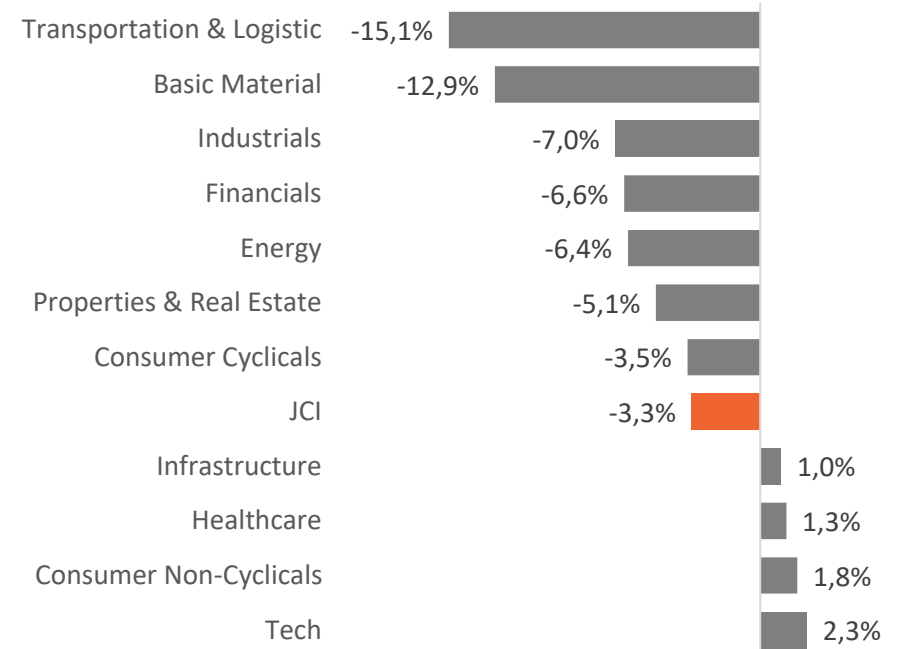
As of 30 June 2022



Source: Syailendra Research, Bloomberg

### JCI Sectoral Movement MTD

As of 30 June 2022



Source: Syailendra Research, Bloomberg

🏠 Selama 6M22, IHSG rally sebesar 5%. Hal ini dikontibusi 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

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         |
|-----------------|----------------|--------------|----------------|-------------|----------------|--------------|--------------|-------------------|-----------------------------|---------------|
| 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        |
| <b>Jun-22</b>   | <b>-6,342</b>  | <b>-501</b>  | <b>-4,796</b>  | <b>-207</b> | <b>-7,724</b>  | <b>-841</b>  | <b>-291</b>  | <b>-20,702</b>    | <b>-20,411</b>              | <b>-9,556</b> |
|                 |                |              |                |             |                |              |              |                   |                             |               |
| Yearly          |                |              |                |             |                |              |              |                   |                             |               |
| <b>YTD</b>      | <b>-28,556</b> | <b>4,268</b> | <b>-16,087</b> | <b>-775</b> | <b>-34,069</b> | <b>3,442</b> | <b>1,461</b> | <b>-70,317</b>    | <b>-71,778</b>              | <b>573</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         |

# June Industry Sector Positioning

## Domestic Reduce Position in Financials and Basic Industry Jun'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 |        |        |
|                       | Apr-22                          | May-22 | Jun-22 | Apr-22       | May-22 | Jun-22 | Apr-22     | May-22 | Jun-22 | Apr-22      | May-22 | Jun-22 |
| Basic Industry        | 0.4%                            | 0.6%   | -1.3%  | 0.1%         | 0.5%   | -1.4%  | 0.0%       | 0.8%   | -1.6%  | -1.7%       | 2.4%   | -1.6%  |
| Consumer Non-Cyclical | -0.3%                           | -0.1%  | 0.0%   | -0.2%        | 0.0%   | 0.1%   | -0.1%      | 0.2%   | 0.0%   | -0.5%       | 0.7%   | 1.0%   |
| Consumer Cyclical     | -0.5%                           | 1.2%   | 1.0%   | -0.1%        | 1.3%   | 0.9%   | 0.0%       | 0.7%   | -0.3%  | 0.1%        | 2.3%   | 0.5%   |
| Energy                | 0.5%                            | 0.7%   | -0.6%  | 0.3%         | 0.7%   | -0.2%  | 0.0%       | 4.6%   | 7.6%   | 0.4%        | 2.9%   | -0.7%  |
| Infrastructure        | -1.6%                           | -0.2%  | -0.1%  | -0.2%        | 0.4%   | 0.5%   | -0.7%      | 0.1%   | 0.2%   | -0.7%       | 0.5%   | 0.2%   |
| Healthcare            | -0.1%                           | -0.1%  | -0.1%  | -0.1%        | 0.2%   | 0.4%   | 0.2%       | 0.1%   | 0.2%   | -0.2%       | 0.2%   | 0.2%   |
| Financial             | -0.9%                           | 0.2%   | -1.0%  | -0.6%        | 0.5%   | -2.2%  | -0.4%      | -0.1%  | 0.1%   | -5.0%       | 1.4%   | -0.7%  |
| Industrial            | 1.1%                            | 0.6%   | -0.8%  | 0.8%         | -1.1%  | -0.3%  | 0.1%       | 0.0%   | -0.1%  | -0.2%       | 0.2%   | 0.3%   |
| Property              | -0.2%                           | 0.0%   | 0.0%   | -0.1%        | -0.1%  | -0.1%  | -0.1%      | 0.1%   | 0.2%   | -0.2%       | 1.1%   | 0.3%   |
| Technology            | 0.2%                            | -0.5%  | -0.2%  | 0.0%         | -0.3%  | 0.0%   | 1.9%       | -4.9%  | -1.0%  | 0.0%        | 1.2%   | 0.1%   |
| Trans. And Logistics  | 0.0%                            | 0.1%   | 0.0%   | 0.2%         | 0.7%   | -0.2%  | 0.0%       | 0.2%   | -0.1%  | 0.1%        | 0.1%   | -0.1%  |

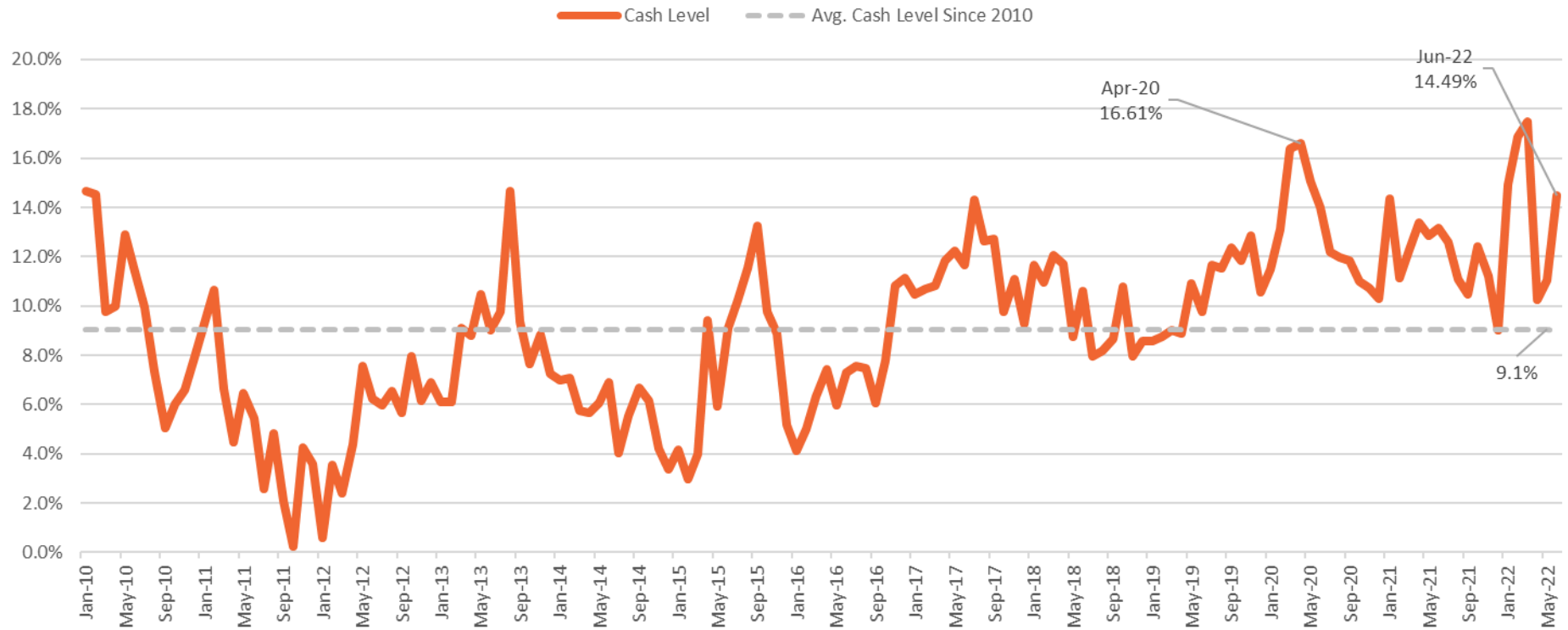
| Sector                | Foreign MoM (%) of est. ownership |        |        |              |        |        |            |        |        |             |        |        |
|-----------------------|-----------------------------------|--------|--------|--------------|--------|--------|------------|--------|--------|-------------|--------|--------|
|                       | Insurance                         |        |        | Pension Fund |        |        | Individual |        |        | Mutual Fund |        |        |
|                       | Apr-22                            | May-22 | Jun-22 | Apr-22       | May-22 | Jun-22 | Apr-22     | May-22 | Jun-22 | Apr-22      | May-22 | Jun-22 |
| Basic Industry        | 0.0%                              | 0.2%   | 0.1%   | -0.1%        | 0.3%   | -0.5%  | 0.2%       | 0.1%   | -1.2%  | 0.3%        | 0.2%   | -1.1%  |
| Consumer Non-Cyclical | -0.4%                             | -0.2%  | 0.1%   | -0.2%        | -0.1%  | -0.2%  | 0.6%       | 0.5%   | 0.0%   | -0.1%       | -0.1%  | 0.0%   |
| Consumer Cyclical     | 0.0%                              | 0.5%   | 0.8%   | -0.1%        | 0.6%   | 0.6%   | 0.1%       | -0.1%  | -0.6%  | 0.0%        | 0.6%   | 0.7%   |
| Energy                | 0.0%                              | 0.2%   | -0.1%  | 0.4%         | 0.5%   | -0.2%  | 0.2%       | 0.2%   | 1.0%   | 0.3%        | 0.2%   | -0.1%  |
| Infrastructure        | 0.6%                              | -0.8%  | -0.5%  | -0.2%        | -0.7%  | -0.2%  | -2.2%      | -0.1%  | 0.2%   | 0.0%        | -0.7%  | -0.1%  |
| Healthcare            | 0.0%                              | 0.1%   | 0.1%   | 0.0%         | 0.1%   | 0.1%   | -0.3%      | -0.1%  | 0.1%   | 0.1%        | 0.2%   | 0.2%   |
| Financial             | 5.1%                              | 0.8%   | 2.5%   | 0.2%         | -0.7%  | -1.8%  | 0.9%       | -8.3%  | 2.6%   | 1.6%        | -2.3%  | -2.3%  |
| Industrial            | 0.7%                              | 0.4%   | -0.9%  | 0.9%         | 0.2%   | 0.3%   | -0.1%      | 0.3%   | -0.6%  | 1.5%        | 0.3%   | -0.7%  |
| Property              | 0.0%                              | 0.0%   | 0.0%   | 0.1%         | -0.1%  | -0.1%  | -0.1%      | 0.1%   | 0.0%   | 0.1%        | 0.0%   | -0.1%  |
| Technology            | 0.1%                              | -0.2%  | 0.0%   | 0.1%         | -0.2%  | 0.0%   | -0.1%      | -0.3%  | 0.0%   | 0.1%        | -0.3%  | -0.1%  |
| Trans. And Logistics  | 0.0%                              | 0.0%   | 0.0%   | 0.0%         | 0.0%   | 0.0%   | -0.1%      | 0.2%   | -0.5%  | 0.0%        | 0.0%   | 0.0%   |

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

# Est. Local Mutual Fund Cash Level

on average equity fund already had high level of cash

Est. Cash Level of Equity Mutual Fund in Indonesia  
In % of Asset Under Management



Source Syailendra research, Bloomberg

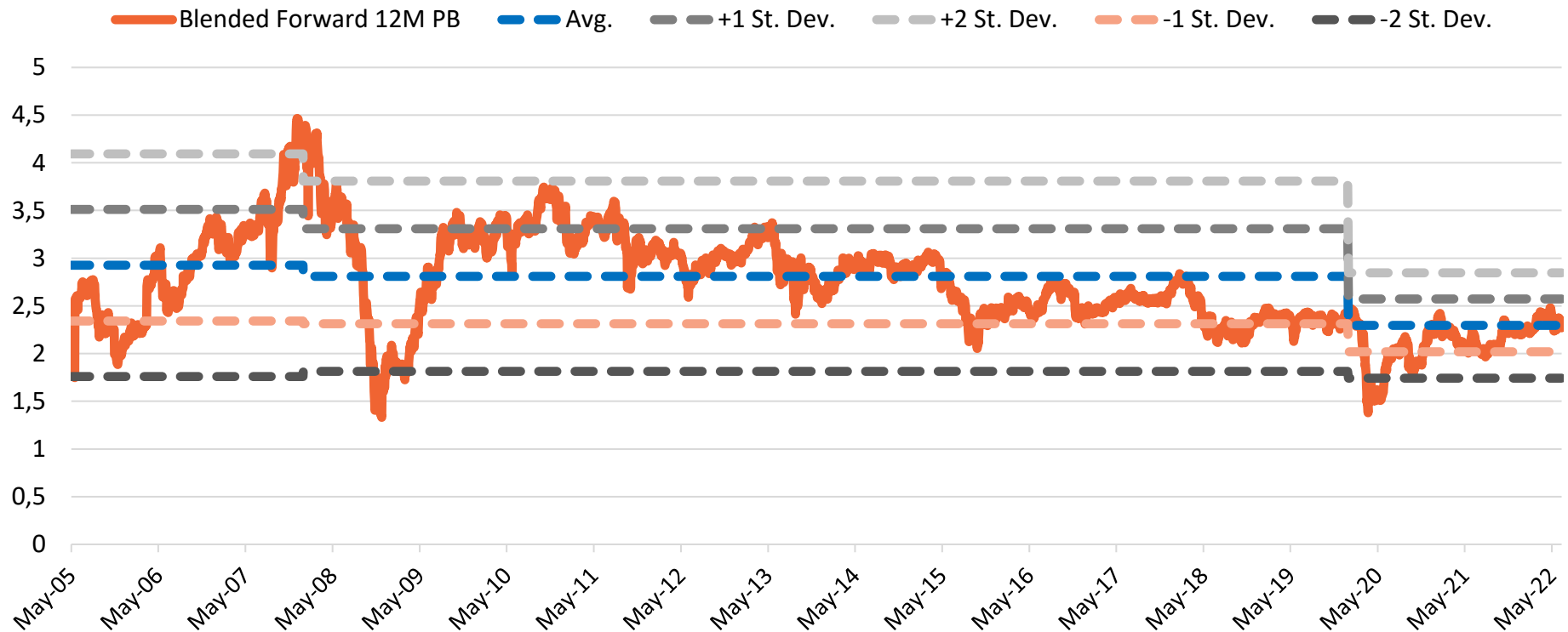
- ▲ Level kas dari reksadana umumnya dapat dijadikan *benchmark* sebagai *risk tolerance* dari investor khususnya oleh manajer investasi Reksa Dana. Saat ini di estimasi, *Cash level* telah mencapai 14.49%

# 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

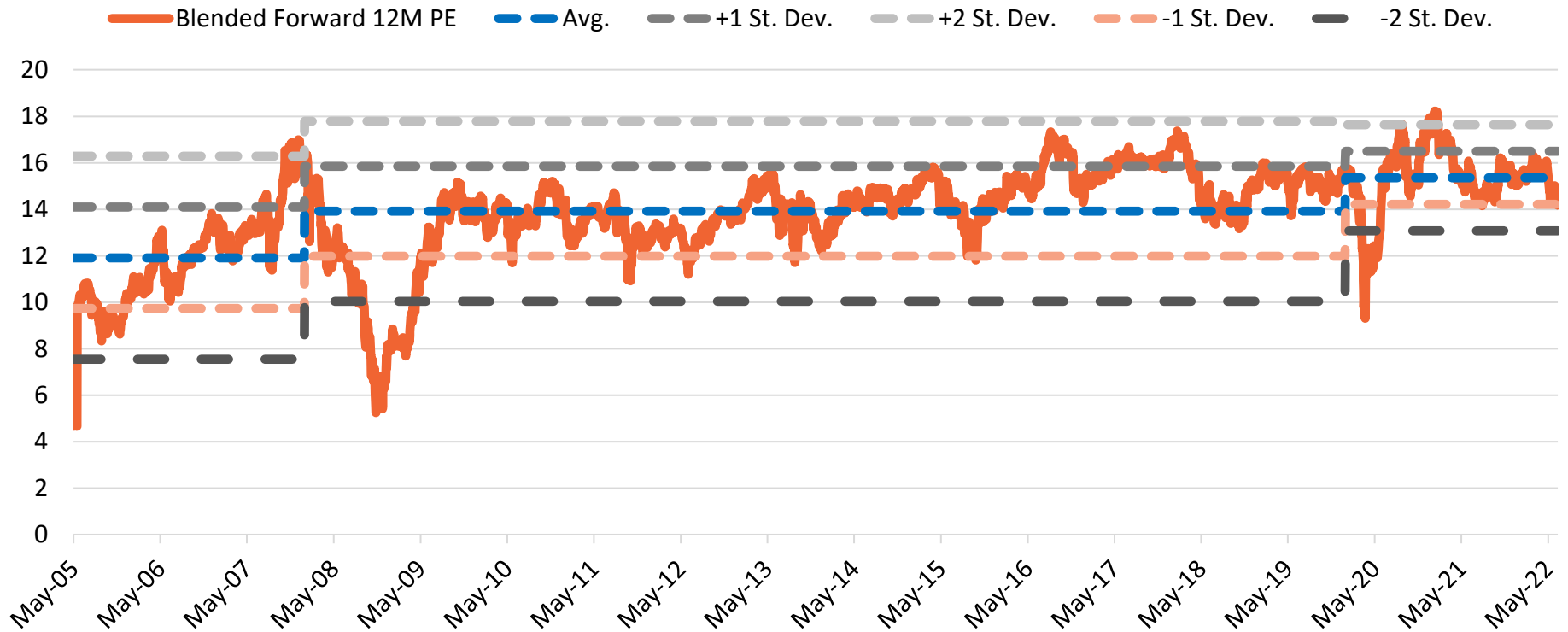
- Di saat yang bersamaan, valuasi MSCI Indonesia menggunakan *price to book* masih dapat dikatakan memiliki potensi *upside*. Secara historis sejak 2016, P/B MSCI Indonesia berkisar di antara 2.0x – 2.2x dibandingkan level saat ini masih berada di 2.2x diantara level -1 S.D. dan 5 year average.

# 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         |
| Macro Indicator            |                   |              |              |              |              |              |              |              |
| 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       |
| 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         | 7.75         | 7.25         | 6.75         | 8.00         | 7.50         | 7.00         |
| Equities                   |                   |              |              |              |              |              |              |              |
| 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

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