



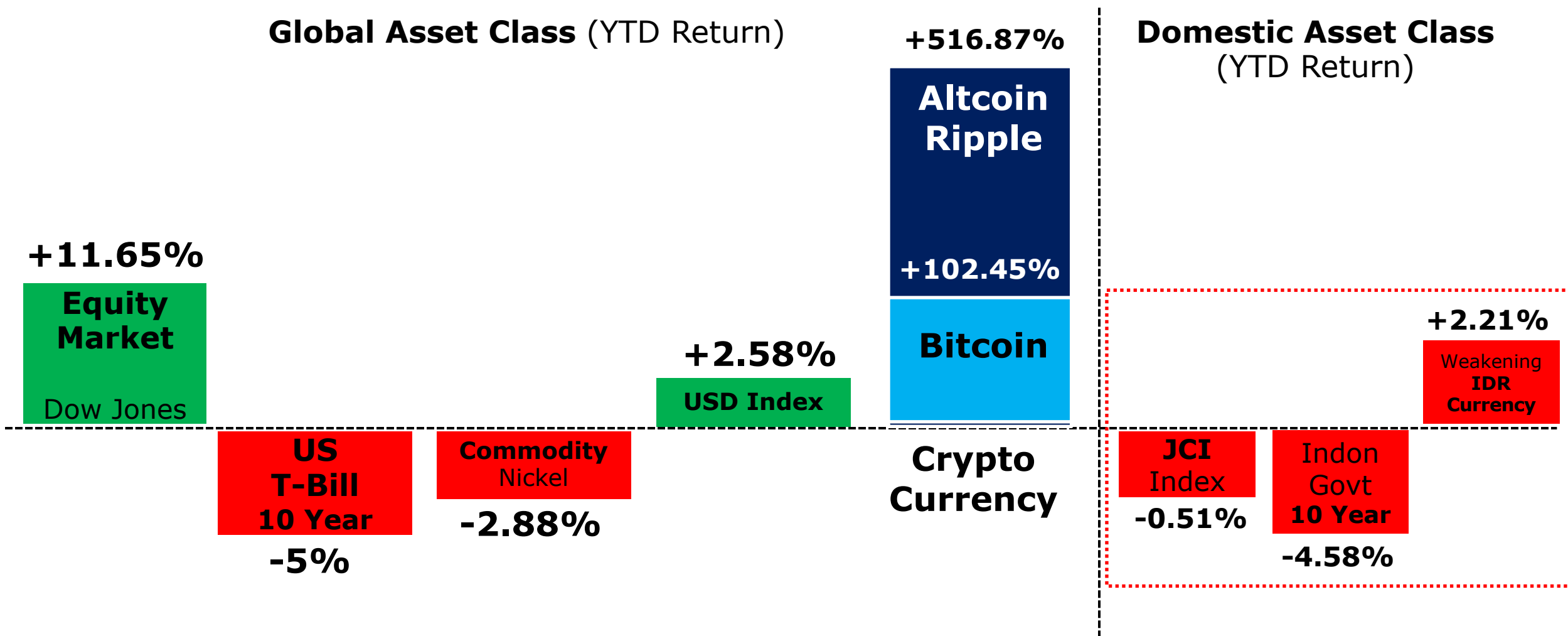
INVESTMENT OUTLOOK 2Q2021

Battle for Liquidity

APR 2021

Background

Divergence Movement of Domestic Asset Class



Background

Transition from Bond Year to Equity Year?

Asia		Foreign Portfolio Investment							
Equity	Bond	Portfolio							
Currency USD		<input checked="" type="checkbox"/> Group By Region							
Country	Date	Daily Mln	WTD Mln	MTD Mln	QTD Mln	YTD Mln	12M Mln	YoY Lvl Mln	
2) China	12/31			29,580.2	67,244.1	187,177.2	187,177.2	123,733.0	
3) India	04/08	12.0	-312.7	-312.7	-312.7	-2,340.0	-5,681.8	1,561.4	
4) Indonesia	04/08	75.3	298.7	368.9	368.9	-1,174.7	2,900.4	4,751.5	
5) Japan	04/02		5,156.6	5,156.6	5,156.6	-17,130.2	-41,059.0	-74,658.8	
6) Malaysia	03/31			366.5	1,792.7	1,792.7	8,834.7	9,431.3	
7) Philippines	02/28			337.6	-2,197.4	-2,197.4	3,454.3	2,230.4	
8) S. Korea	04/09	937.7	2,208.7	3,730.2	3,730.2	33,318.0	79,316.4	23,220.7	
9) Thailand	04/09	-33.9	209.8	294.6	294.6	422.5	3,002.8	6,329.5	

Investor appetite moved from defensive asset (fixed Income) toward riskier asset (equity).

Asia		Foreign Portfolio Investment							
Equity	Bond	Portfolio							
Currency USD		<input checked="" type="checkbox"/> Group By Region							
Country	Date	Daily Mln	WTD Mln	MTD Mln	QTD Mln	YTD Mln	12M Mln	YoY Lvl Mln	
2) China	12/31			60,865.1	117,072.3	221,077.3	221,077.3		
3) India	04/08	280.2	125.6	125.6	125.6	7,451.9	37,069.6	37,847.6	
4) Indonesia	04/09	-2.3	-126.7	-207.3	-207.3	639.8	-1,722.6	-3,228.5	
5) Japan	04/02		8,839.1	8,839.1	8,839.1	17,628.9	1,422.4	32,809.5	
6) Malaysia	04/09	-12.1	-18.8	-7.7	-7.7	-436.9	-4,240.8	-84.7	
7) Philippines	04/08	-16.7	-47.3	-47.3	-47.3	-993.8	-2,771.8	-1,074.2	
8) S. Korea	04/09	-87.2	881.0	1,999.6	1,999.6	-6,348.5	-10,415.9	11,141.7	
9) Sri Lanka	04/09	-2.6	-7.5	-9.3	-9.3	-100.3	-344.3	-265.1	
10) Taiwan	04/09	-151.0	890.7	1,445.7	1,445.7	-10,690.8	-8,740.3	4,826.6	
11) Thailand	04/09	15.3	66.5	55.8	55.8	-930.7	-5,022.7	390.3	
12) Vietnam	04/09	100.3	93.8	124.5	124.5	-684.4	-1,097.3	-653.4	

However, the domestic equity market is laggard compared to developed equity market

Why is Indonesia Laggard?

Combination of Global and Domestic Factors

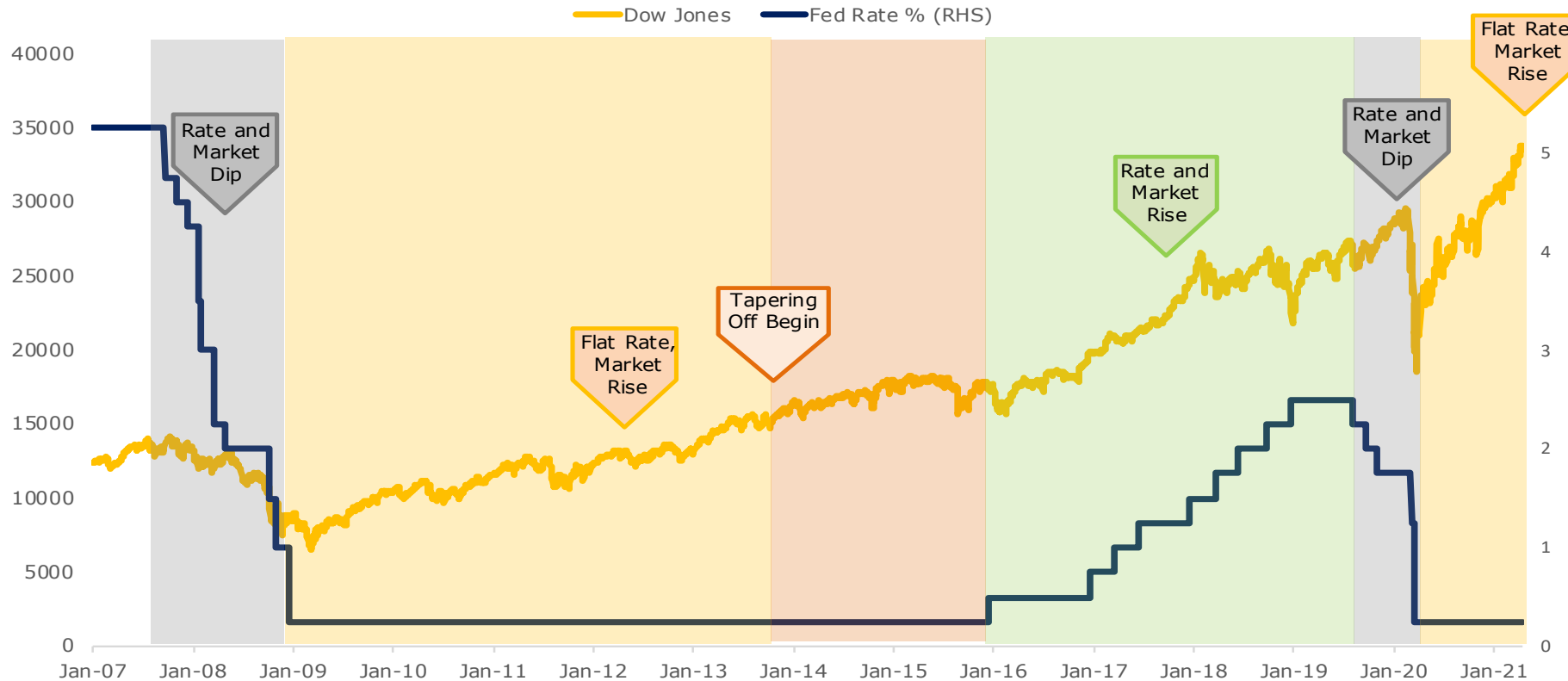
Top of Concerns from the Global perspectives:

- 1 Increased 10 Year US T-Bill Yield** as the main concern arise over the potential of tantrum before tapering off;
- 2 The hike of COVID-19 cases and its mutation** pull the trigger of future lockdown;
- 3 The Battle of Liquidity:** the rising appetite toward Crypto assets;



Short Term Investment Risk

Fear of US T-Bill Yield as Trigger of Tantrum before Tapering



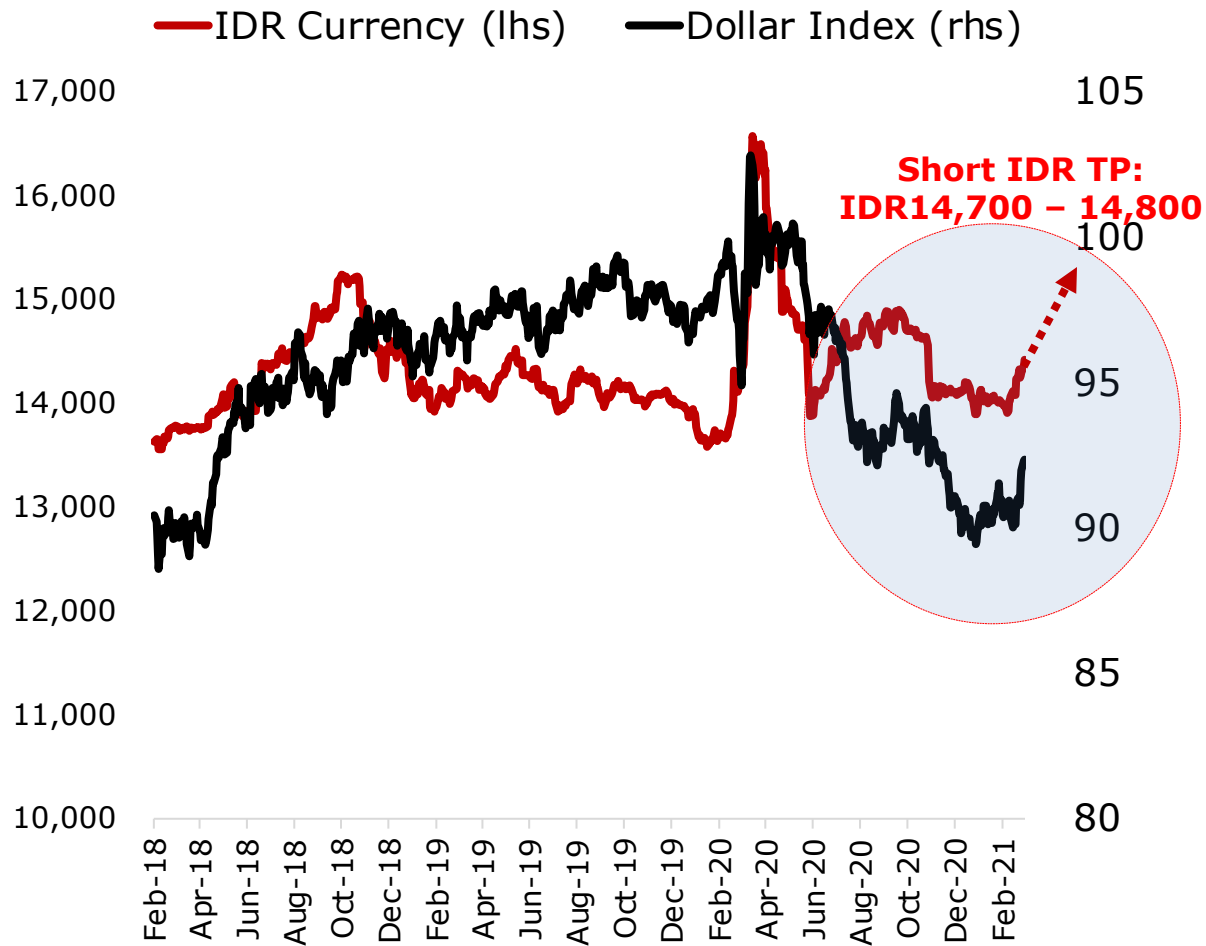
The increase of T-bill yield to ~1.6% as the hike of US inflation to 2.6% in Mar'21, creates a short-term volatility due to concern of: 1) The potential **tapering** can create **instability** for financial market; 2) **Speculation** for The FED to **increase the FED rate** earlier than expected; 3) Increase of discount factor to the equity valuation.

However, we note that the concern is more to be a **short-term pullback** as **historically stock market had negative correlation to rate cut rather than rate increase** as the focus on the **expectation of future recovery in US economy**.

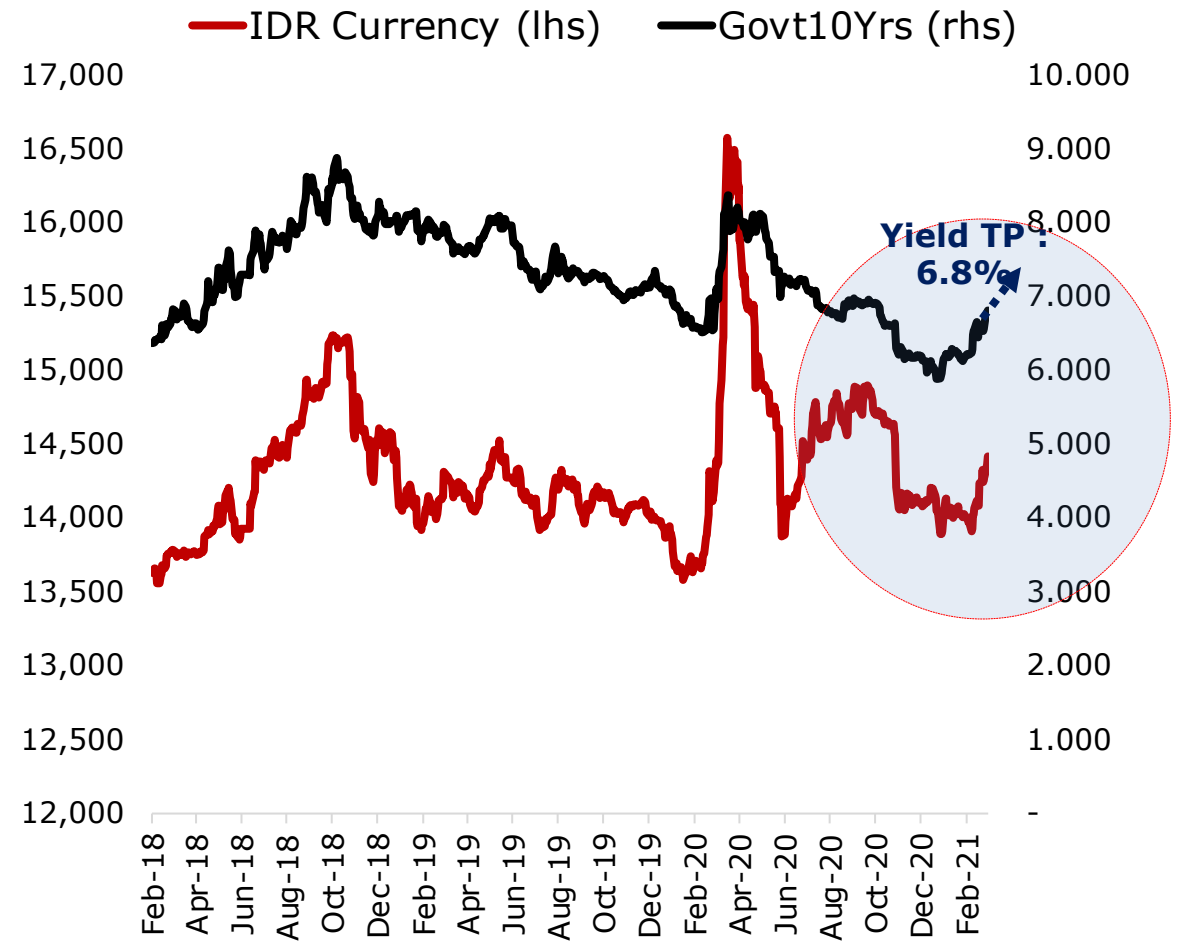
Short-term Risk

Strengthening Dollar Index -> the Weakening IDR -> Sell off in Bond Market

Increasing USD Index pushes IDR to weaken



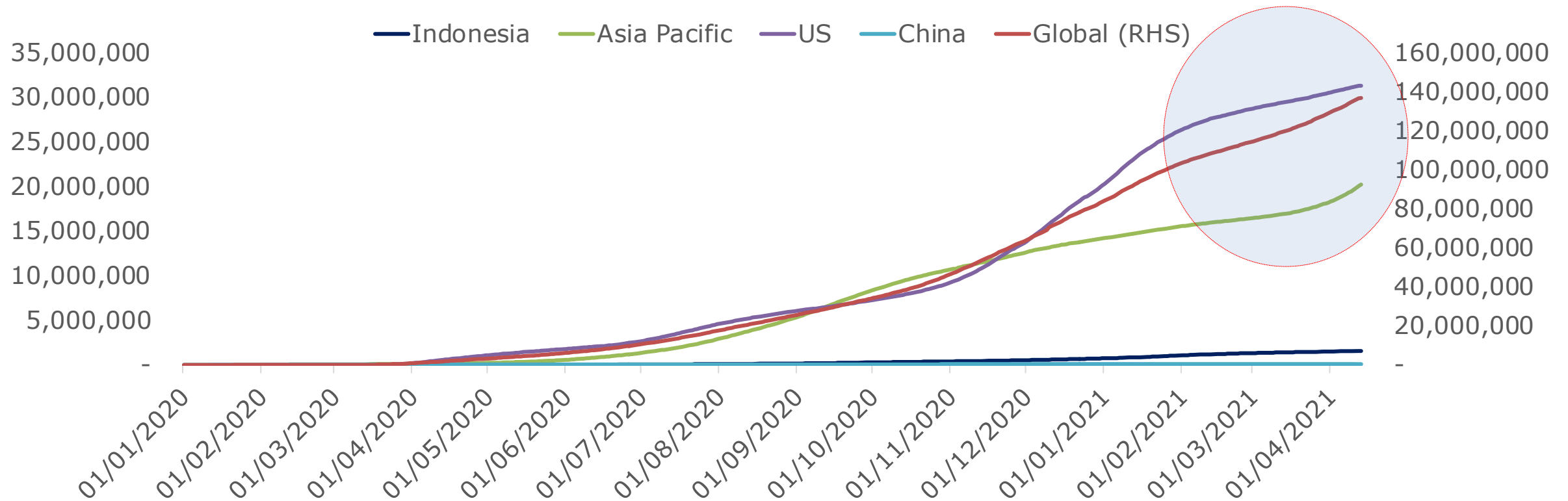
Which further increasing yield



COVID-19 Case Update

Uprising trend again!

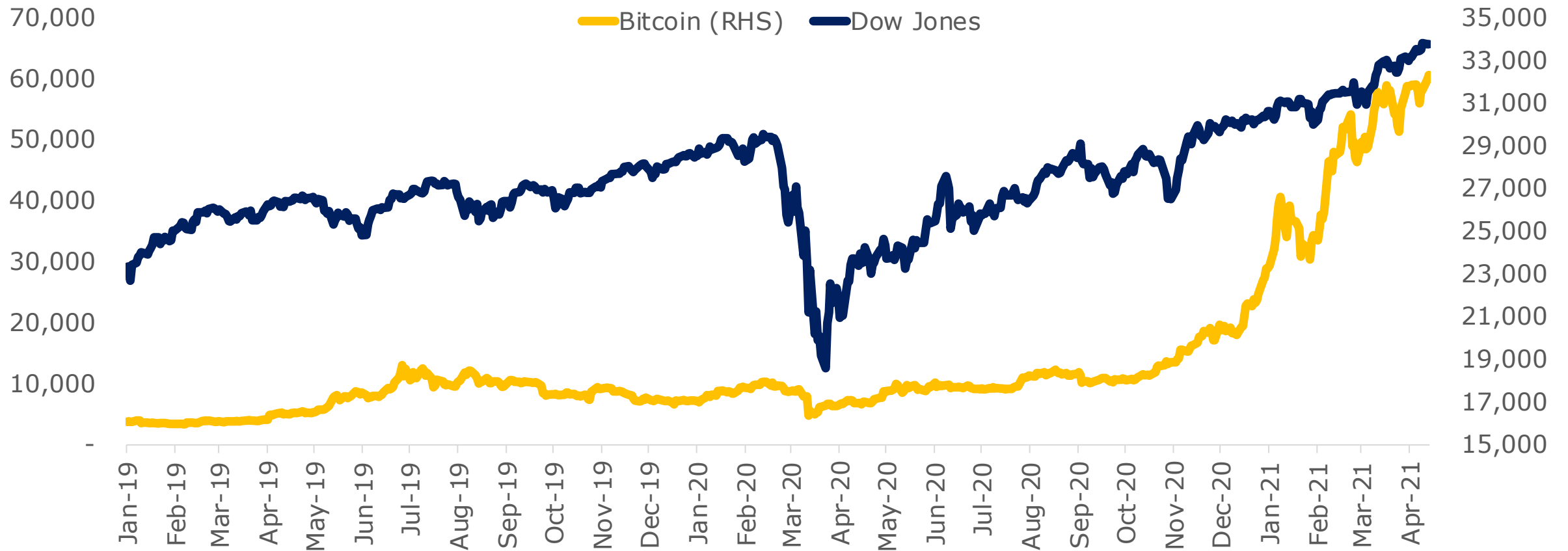
Global COVID-19 cases pass 136.7 million with deaths 2.94 million. 616,629 new cases in Apr'21 where most of cases in **India with 161,736 cases**. There are some new risks arise from: 1) **Pause recommended in US for Johnson & Johnson Covid-19 vaccine** on concerns about **rare and severe blood clotting side effects (previously AstraZeneca)**; 2) The worry of **mutated COVID-19 variants**, B.1.1.7 strain that arose in the U.K; 3) Lockdown in Germany; 4) 4th wave in Malaysia.



The Battle of Liquidity

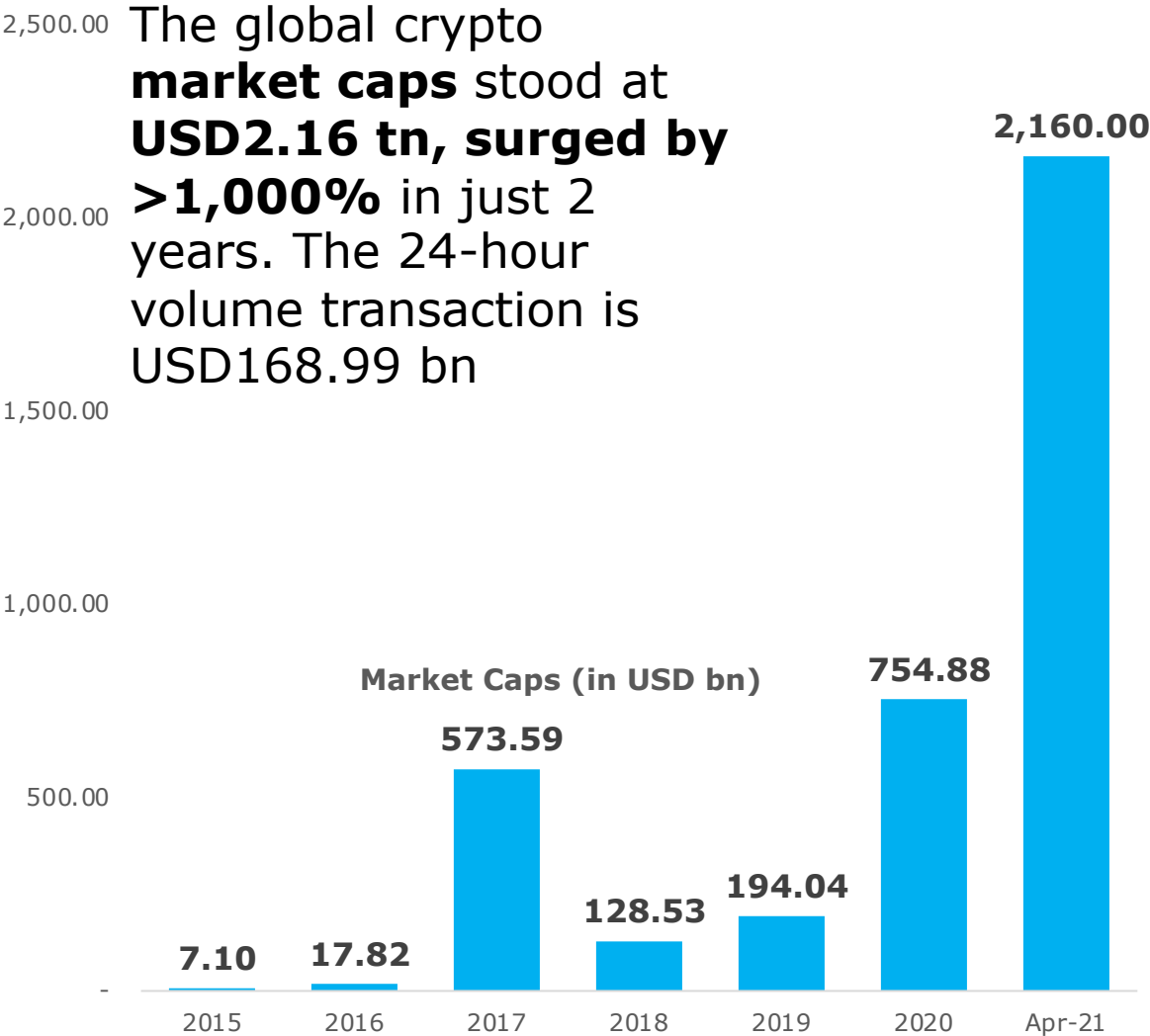
FOMO on Planet Crypto?

Bitcoin as the largest crypto currency by market capitalization has successfully recorded a fantastic return by **+876.03% vs US stock (+76%)** from the lowest position in March'21. The uprising trend of BTC has led into the **movement of global liquidity supported by the participation of big institution and influencers.**



The Battle of Liquidity

Increase of Market Caps and Trading Value



More Acceptance from Industry Players



Source : Bloomberg, Coinmarketcaps, MNCS

The Battle of Liquidity

Oversubscribed Phenomenon of Tokocrypto

Rare event in stock market recently but still ordinary for crypto Assets. Tokocrypto as one of DeFi through exchange recorded over than USD3.5 bn vs USD7.5 mn and 22.4x of return since ICO.



BAPPEBTI



Pasar

Pertukaran

Tokonews

Tutorials

Toko Token

Unduh Aplikasi

Masuk

Daftar

Bahasa

Dipersembahkan oleh BINANCE

Belajar, Beli, Jual dan
Investasi Aset Kripto
dengan mudah dan aman.
Mulai investasi sekarang

Masukan alamat email anda

Daftar Sekarang



Why is Indonesia a Laggard?

Combination of Global and Domestic Factors



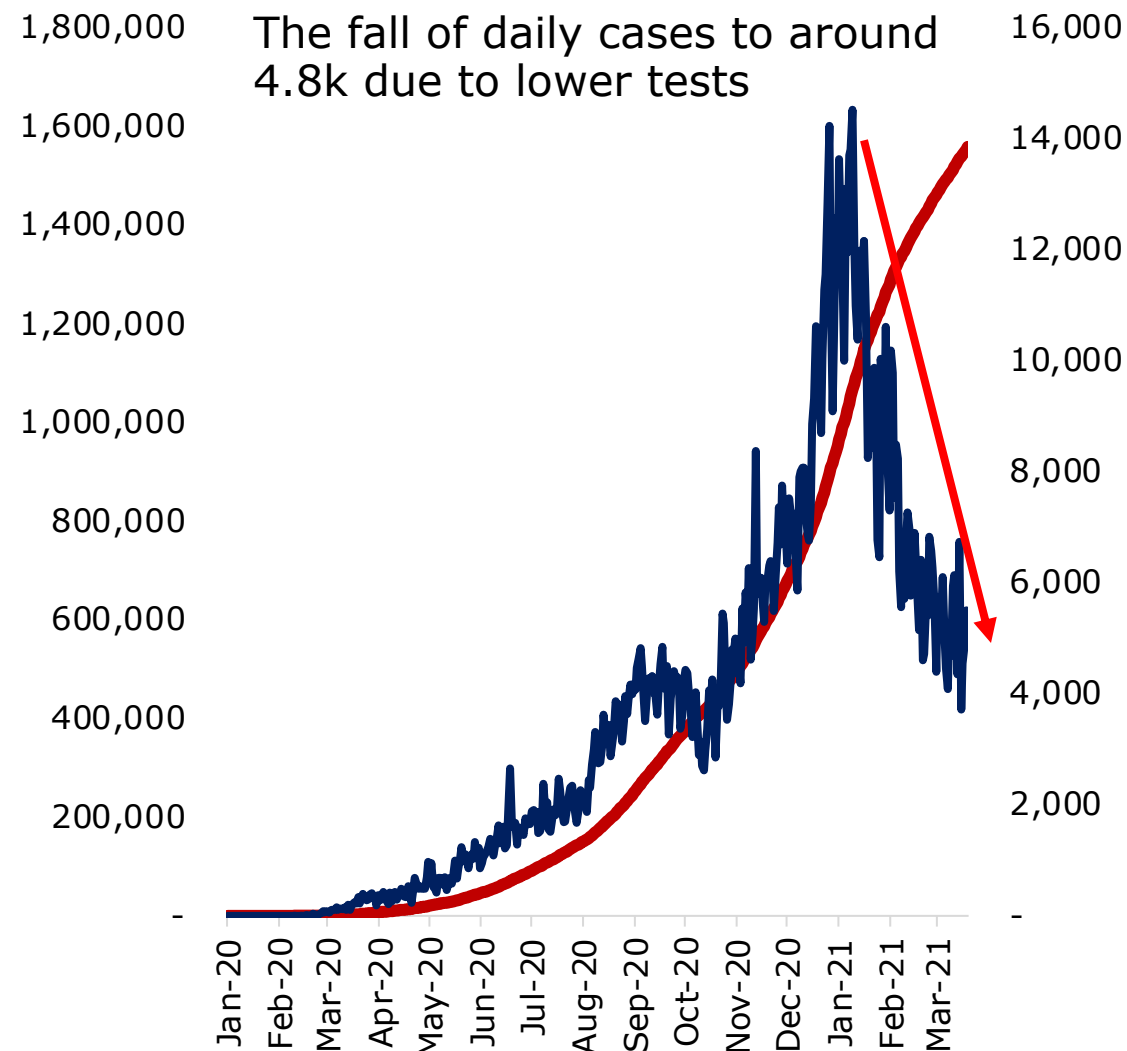
Source : Google

Concerns to Domestic Market:

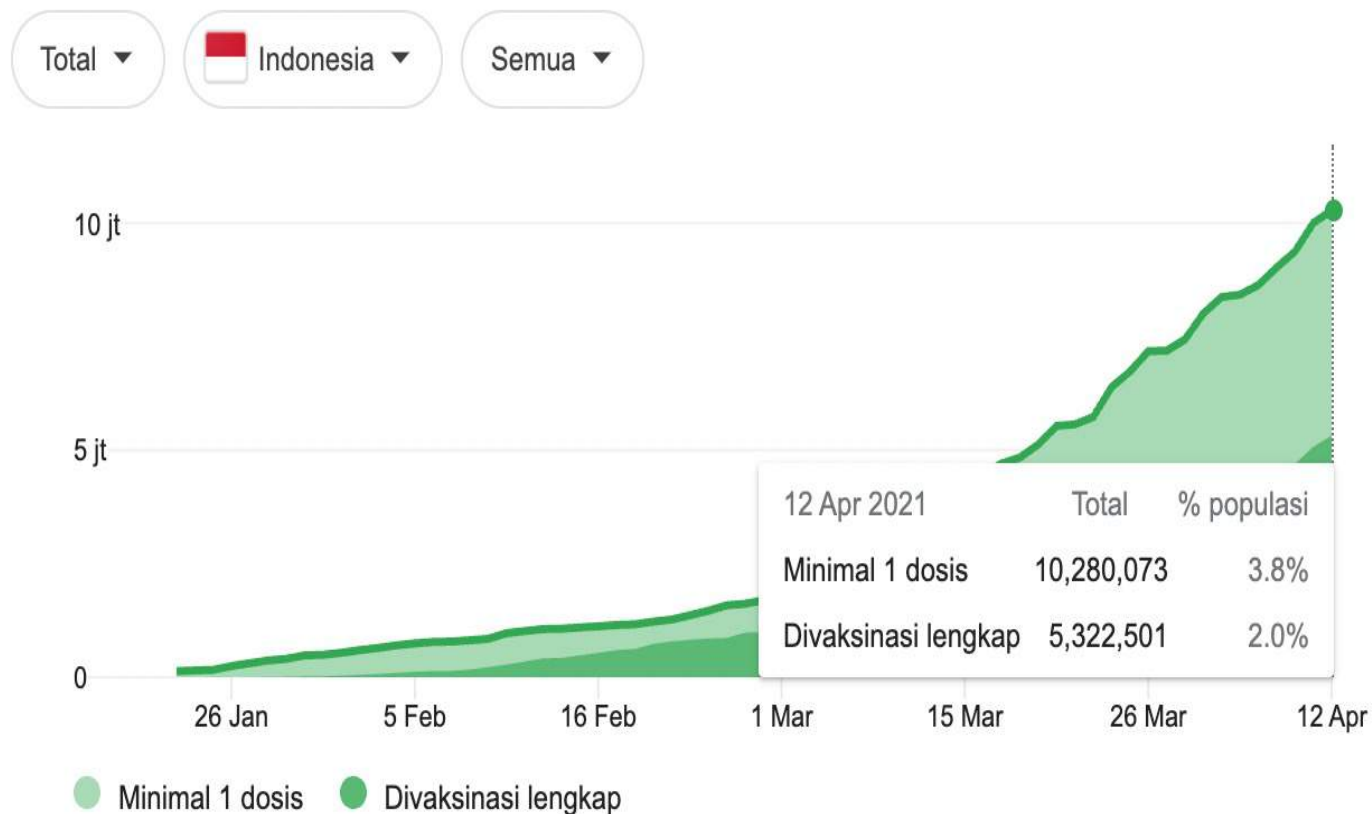
- 1 **Lower test for COVID-19 cases vs slower rollout of vaccines** haunt the domestic economy recovery;
- 2 **Unfavorable result of macro data release** create concern over earning and GDP growth;
- 3 **The “exhausted retail investors” vs the noise from the rebalancing agenda** from the big boys of local institution;
- 4 **All eyes on execution rather sentiment:** SWF case for construction and battery holding for nickel mining.
- 5 **Primbon Index 2021** : sideways pattern until May’21 and better outlook in 2H21.

COVID-19 Case Update

Vaccine Rollout in Indonesia is still lagging



The vaccine rollout in Indonesia for at least 1 dose is **3.8%** and fully vaccinated of **2%** from total population, which are lower compared global with **5.8%** and **2.3%** respectively.

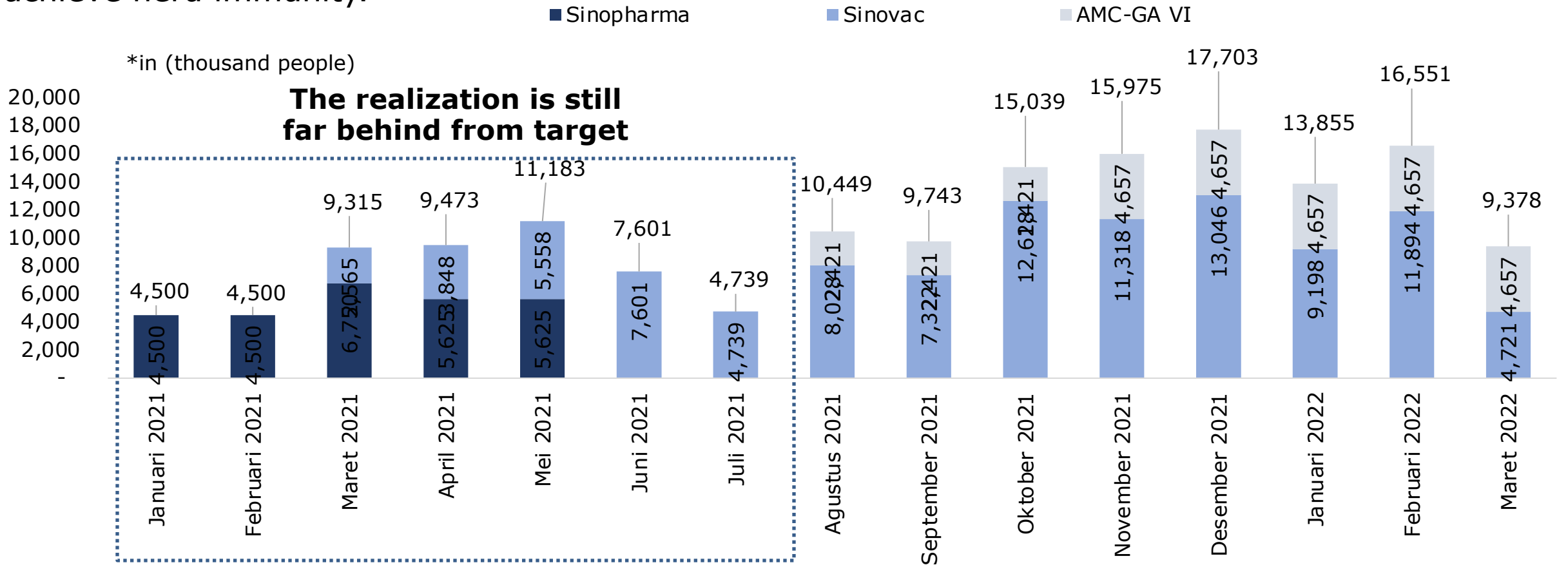


Source : Ministry of Health, Our World in Data, Bloomberg. Data as of Apr 12th 2021

COVID-19 Case Update

Vaccine Timeline : more doses in 2H21

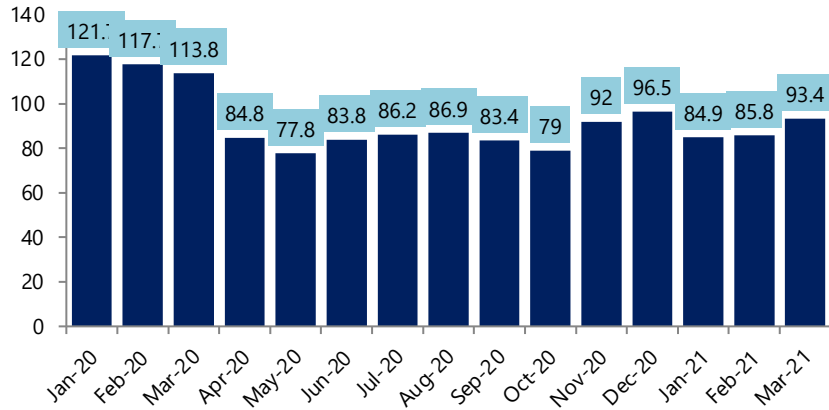
The realization of vaccine distribution until mid April 2021 is still far below than the targeted by the Indonesia Govt. Hope for better rollout in 2H21 to reach at least 60% of total population to achieve herd immunity.



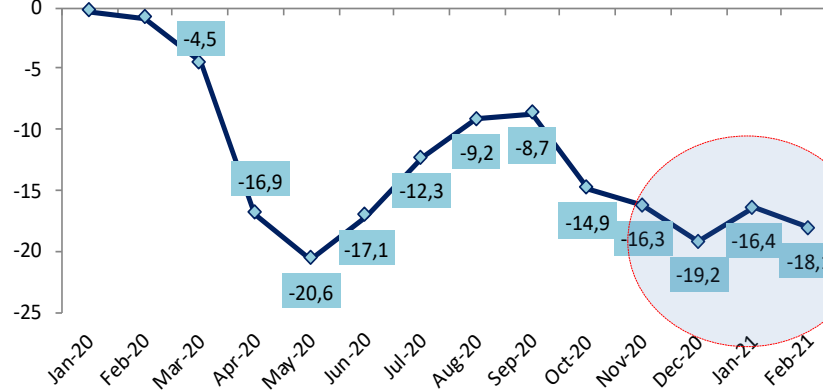
Recovery in Indonesia Economy

Still Mixed Macro Indicators: Unfavorable Retail Sales Data

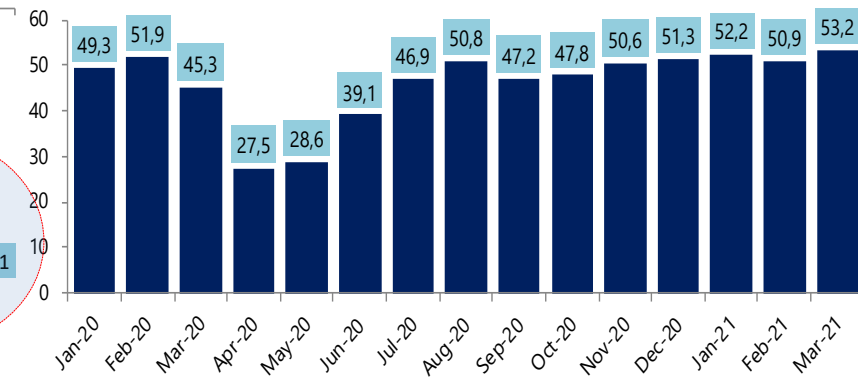
Consumer Confidence



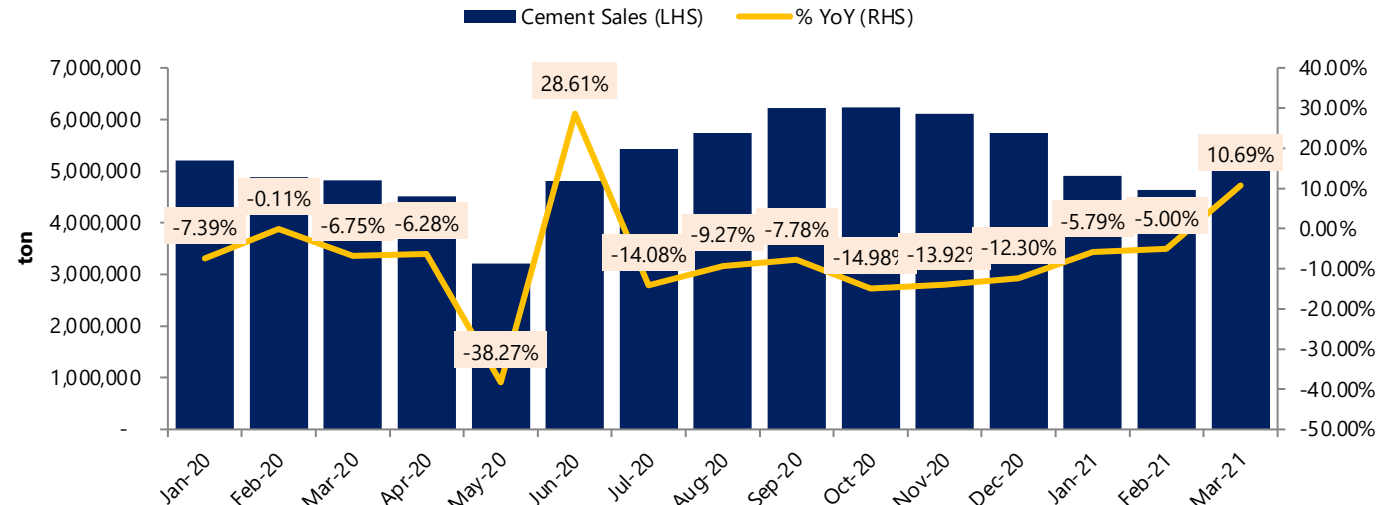
Retail Sales (% YoY growth)



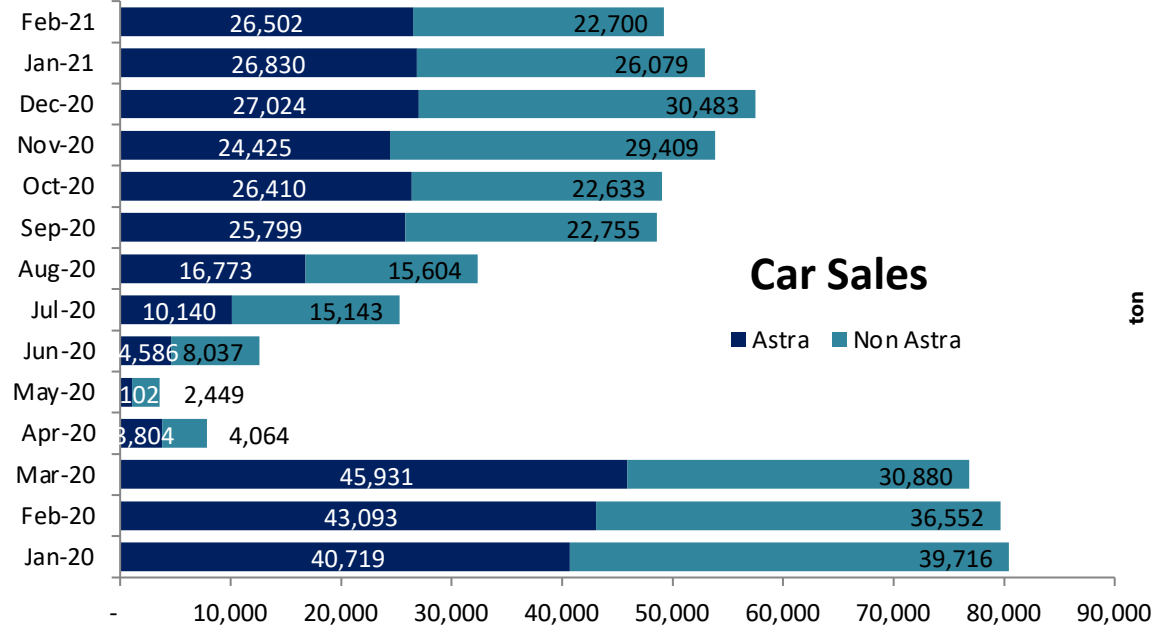
PMI Markit Manufacturing



Cement Sales



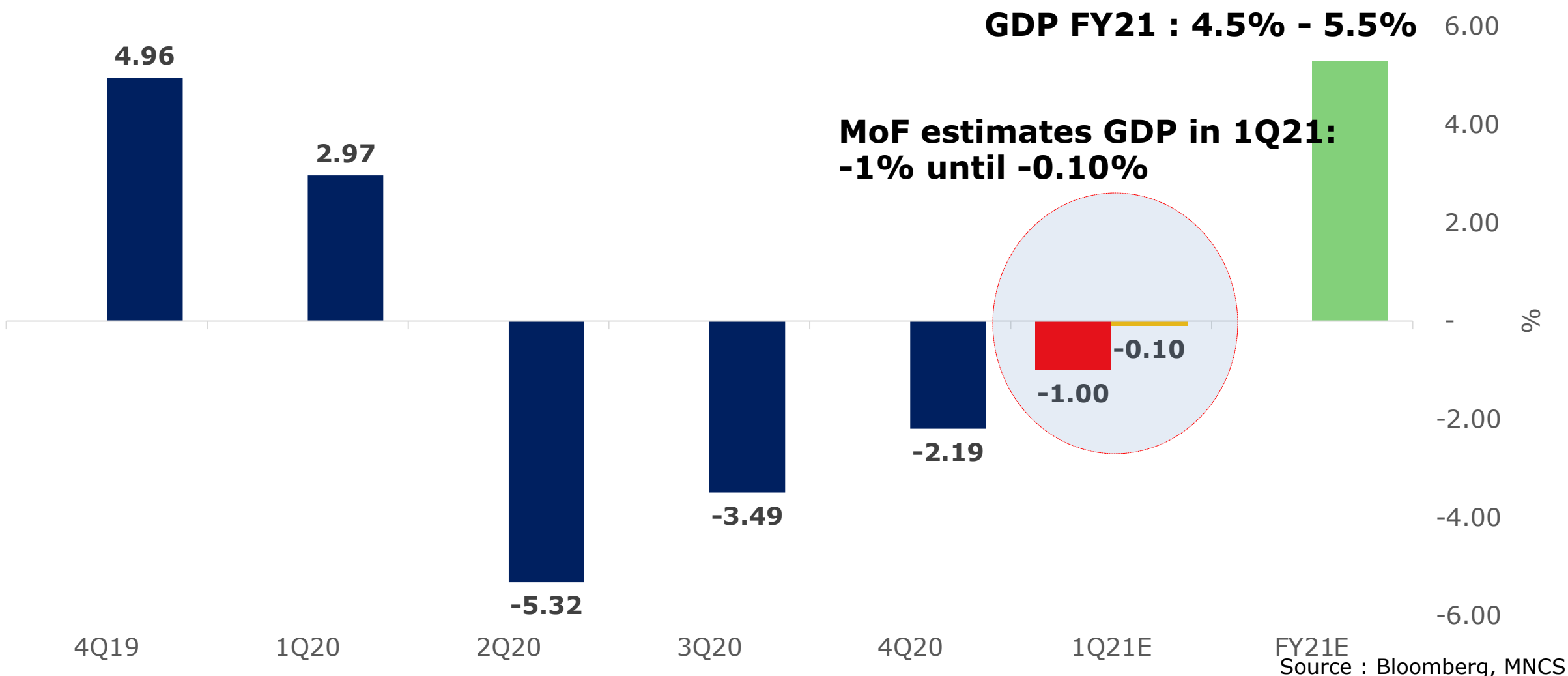
Car Sales



Source : Industry Associations and MNCS

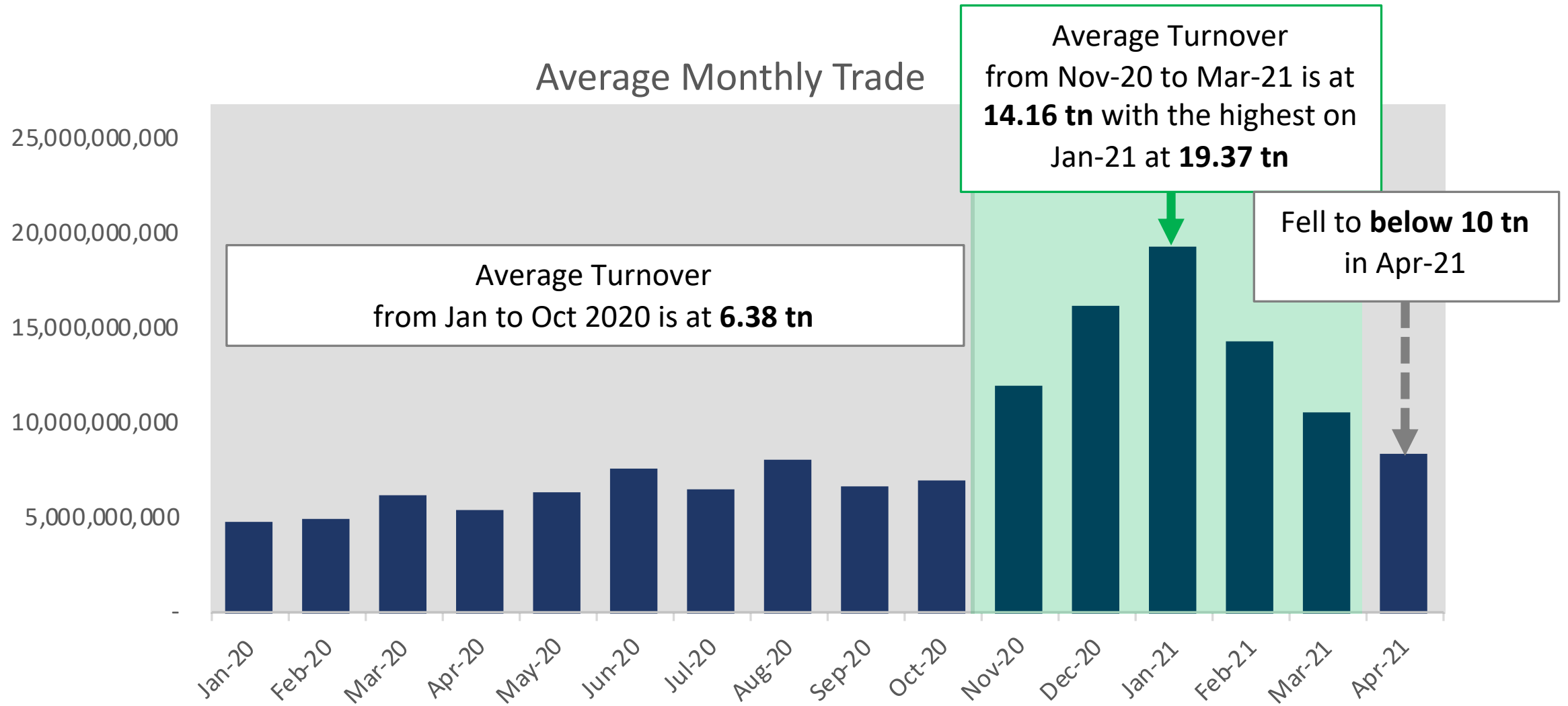
Recovery in Indonesia Economy

Concern on the Revival of Economy?



Exhausted Retail Investor

Many reasons for loose grip on the stock market



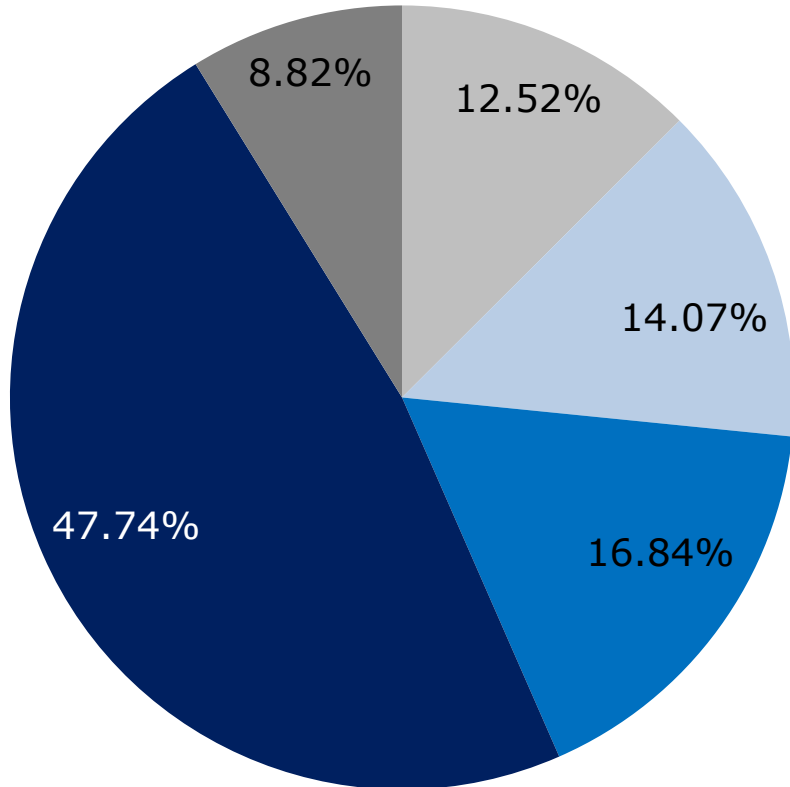
Source : Bloomberg, MNCS

Noise from the Rebalancing Agenda

Is the big guy unloading their guns?

BPJS Investment Position on Feb-2021: IDR497.2 tn, including of 14.07% (IDR70.05 tn) of stock market.

■ Deposit ■ Stock ■ Bond/Sukuk ■ SBN ■ Other



Code	SOE Company			Code	Private Company		
	Acquisition Cost Per-Share 2019	% Total Investment	Return as of Apr 13 2021		Acquisition Cost Per-Share 2019	% Total Investment	Return as of Apr 13 2021
PGAS	5.359	15,82%	-77,98%	UNVR	10.619	8,02%	-41,38%
BMRI	7.740	7,34%	-18,92%	ASII	7.651	6,84%	-33,67%
BBRI	4.211	6,68%	-1,21%	BBCA	28.549	4,29%	5,08%
TLKM	4.129	6,58%	-19,36%	INCO	4.767	3,85%	-8,33%
ANTM	1.197	6,10%	89,59%	KLBF	1.585	3,23%	-5,98%
BBNI	8.859	4,59%	-34,53%	ITMG	40.949	3,21%	-71,43%
SMGR	14.880	4,30%	-29,43%	UNTR	36.116	3,19%	-37,63%
BBTN	3.076	2,40%	-47,82%	LSIP	2.317	2,70%	-42,60%
JSMR	5.784	1,39%	-28,94%	ICBP	10.434	2,06%	-17,34%
KRAS	797	1,26%	-17,18%	INDF	7.715	1,62%	-14,78%
WIKA	2.430	1,20%	-43,62%	AALI	19.359	1,49%	-49,25%
PTBA	4.177	0,40%	-41,11%	SIMP	1.144	0,98%	-56,29%
TINS	1.303	0,16%	16,26%	BSDE	1.627	0,19%	-31,15%
				ADRO	1.539	0,11%	-24,64%

Source : BPJS TK, MNCS

Macroeconomic Calendar

Watch for heavy upcoming data release until May'21

Date Time	Event		Survey	Actual	Prior	Revised	Relevance
04/15/2021 11:00	Trade Balance	Mar	1.6e+09	--	2.01e+09	2,00E+12	588.235
04/15/2021 11:00	Exports YoY	Mar	12.75%	--	8.56%	--	647.059
04/15/2021 11:00	Imports YoY	Mar	6.60%	--	14.86%	--	529.412
04/15/2021 04/21	Local Auto Sales	Mar	--	--	49202	--	117.647
04/20/2021 14:20	Bank Indonesia 7D Reverse Repo	Apr-20	3.50%	--	3.50%	--	823.529
05/03/2021 07:30	Markit Indonesia PMI Mfg	Apr	--	--	53.2	--	90
05/03/2021 11:00	CPI NSA MoM	Apr	--	--	0.08%	--	294.118
05/03/2021 11:00	CPI YoY	Apr	--	--	1.37%	--	882.353
05/03/2021 11:00	CPI Core YoY	Apr	--	--	1.21%	--	411.765
05/03/2021 05/07	Danareksa Consumer Confidence	Apr	--	--	74.9	--	EC13IDCC Index
05/05/2021 11:00	GDP YoY	1Q	--	--	-2.19%	--	941.176
05/05/2021 11:00	GDP QoQ	1Q	--	--	-0.42%	--	352.941
05/07/2021 10:00	Net Foreign Assets IDR	Apr	--	--	1,96E+19	--	588.235
05/07/2021 10:00	Foreign Reserves	Apr	--	--	1,37E+14	--	764.706
05/10/2021	Consumer Confidence Index	Apr	--	--	93.4	--	176.471
05/15/2021 05/21	Local Auto Sales	Apr	--	--	--	--	117.647
05/20/2021 11:00	Trade Balance	Apr	--	--	--	--	588.235
05/20/2021 11:00	Exports YoY	Apr	--	--	--	--	647.059
05/20/2021 11:00	Imports YoY	Apr	--	--	--	--	529.412
05/24/2021 10:00	BoP Current Account Balance	1Q	--	--	7.95e+08	--	470.588
05/25/2021 14:20	Bank Indonesia 7D Reverse Repo	May-25	--	--	--	--	823.529

Source : Bloomberg, MNCS

Recovery in Indonesia Economy

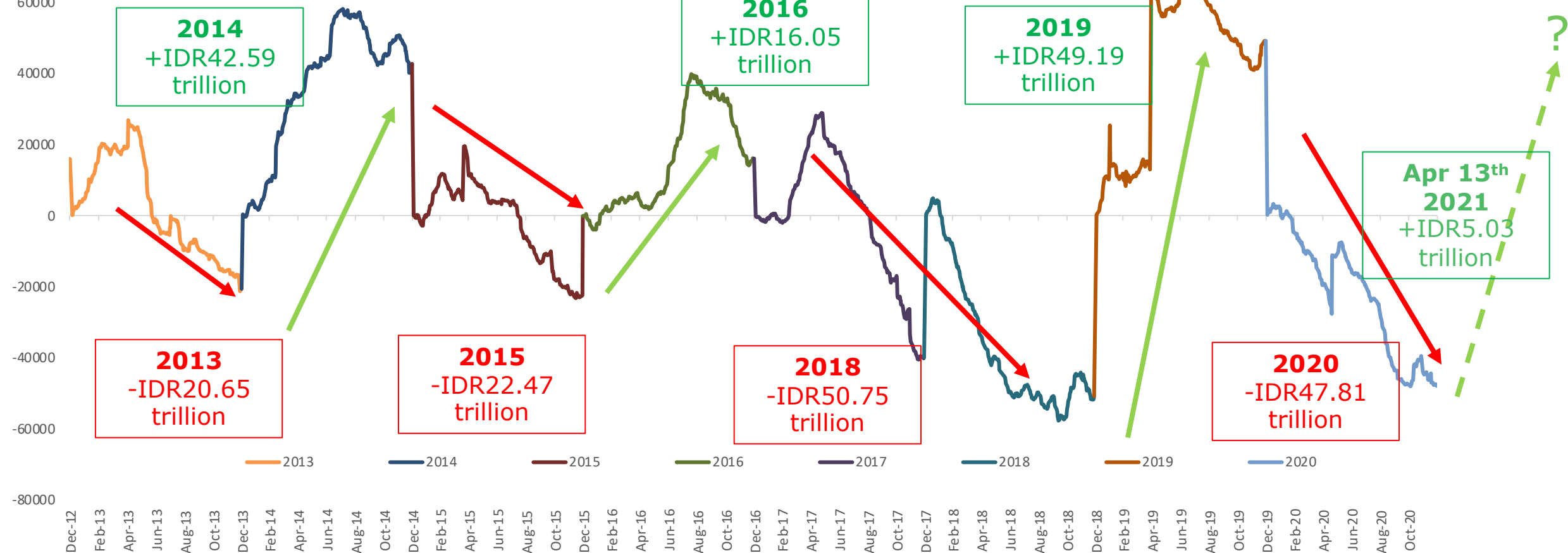
Macroeconomic Assumption in 2020/2021

No	Key Indicators	2020	2021
1	GDP growth (YoY)	-2.00%	4.50% - 5.50%
2	Inflation (YoY)	2.00%	2.50% - 3.00%
3	7DRRR	3.75%	3.50%
4	Currency IDR per USD (average)	14,500	14,200
5	Current Account (% of GDP)	-1.30%	-2.40%
6	Govt Bond 10 Years Yield	6.10%	6%-6.8%
7	EPS growth	-30.00%	+35.00%

Inflow Update in Stock Market

What has Come Out, Will Come In?

The inflow tracker showed that the outflow of foreign investors would back into inflow in more or less the same or even bigger up to 2x.



MNCS Strategy 2021

Sectoral Rotation is the Key!

Moving from Non-Cyclical/Defensive to Cyclical -> Mid to small caps to maximize the return

01

DEFENSIVE/ NON-CYCLICAL SECTORS

MAIN CRITERIA :

- Solid cashflow, higher dividend yield and resilient earning growth even during Crisis;
- Lower volatility : Beta <1

KEY SECTORS: Utilities (inc.telco), Consumer Staples, Healthcare, Tourism & Aviation (before COVID-19)

TOP PICKS: JSMR, PGAS, TLKM, TOWR, ICBP, UNVR, GGRM

02

CYCLICAL SECTORS

MAIN CRITERIA :

- Sensitive to economy or certain business cycle;
- Proxy at recovery economy
- Higher volatility : Beta >1

KEY SECTORS: Banking, Auto, Commodity, Heavy Equipment, Consumer Discretionary, Cement, Property & Construction

TOP PICKS: BBKA, BBNI, ASII, ADRO, ANTM, UNTR, ACES, ERAA, RALS, SMGR, PWON, BSDE, WSKT

03

MID, SMALL TO VALUE STOCKS

MAIN CRITERIA :

- Turnaround story (Corporate Action)
- High earning growth expectation
- Reasonable to cigar-but valuation
- Mostly low liquidity

KEY SECTORS: across sectors

SELECTION PICKS: ARNA, DSNG, WIIM, TKIM, TOTL, INKP, LINK, Panin and MNC Group (Not-Rated) etc.

MNCS Strategy 2021

MSCI Indonesia ESG Index

ANNUAL PERFORMANCE (%)

Year	MSCI Indonesia ESG Leaders	MSCI Indonesia
2020	-7.04	-7.46
2019	12.90	9.69
2018	-9.61	-8.70
2017	26.20	24.79
2016	23.14	17.52
2015	-17.67	-19.08
2014	28.42	27.21
2013	-20.02	-23.10
2012	4.98	5.22
2011	10.59	6.50

INDEX CHARACTERISTICS

	MSCI Indonesia ESG Leaders	MSCI Indonesia
Number of Constituents	10	22
	Weight (%)	
Largest	34.42	21.50
Smallest	1.61	1.01
Average	10.00	4.55
Median	4.26	2.10

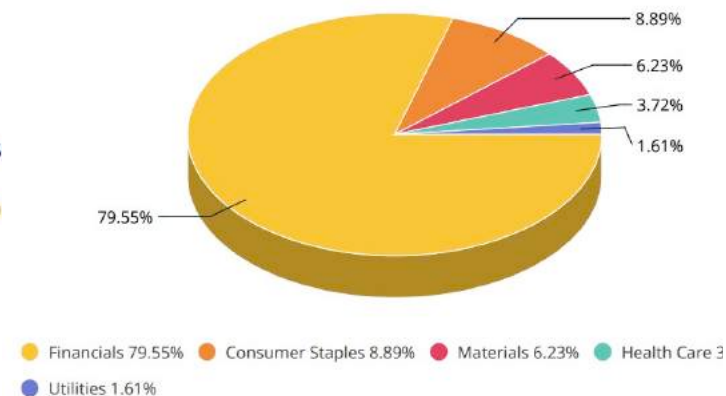
TOP 10 CONSTITUENTS

	Index Wt. (%)	Parent Index Wt. (%)	Sector
BANK CENTRAL ASIA	34.42	21.50	Financials
BANK RAKYAT INDONESIA	27.43	17.14	Financials
BANK MANDIRI	12.89	8.05	Financials
UNILEVER INDONESIA	5.64	3.52	Cons Staples
BANK NEGARA INDONESIA	4.80	3.00	Financials
KALBE FARMA	3.72	2.32	Health Care
INDOFOOD SUKSES MAKMUR	3.25	2.03	Cons Staples
INDAH KIAT PULP & PAPER	3.21	2.01	Materials
BARITO PACIFIC	3.02	1.89	Materials
PERUSAHAAN GAS NEGARA	1.61	1.01	Utilities
Total	100.00	62.46	

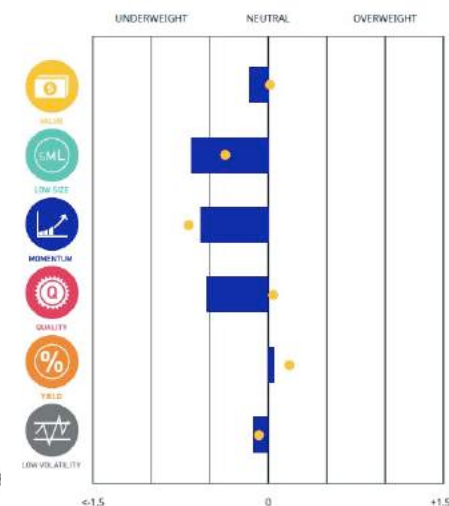
CUMULATIVE INDEX PERFORMANCE – GROSS RETURNS (USD) (AUG 2010 – MAR 2021)



SECTOR WEIGHTS



FACTORS - KEY EXPOSURES THAT DRIVE RISK AND RETURN MSCI FACTOR BOX



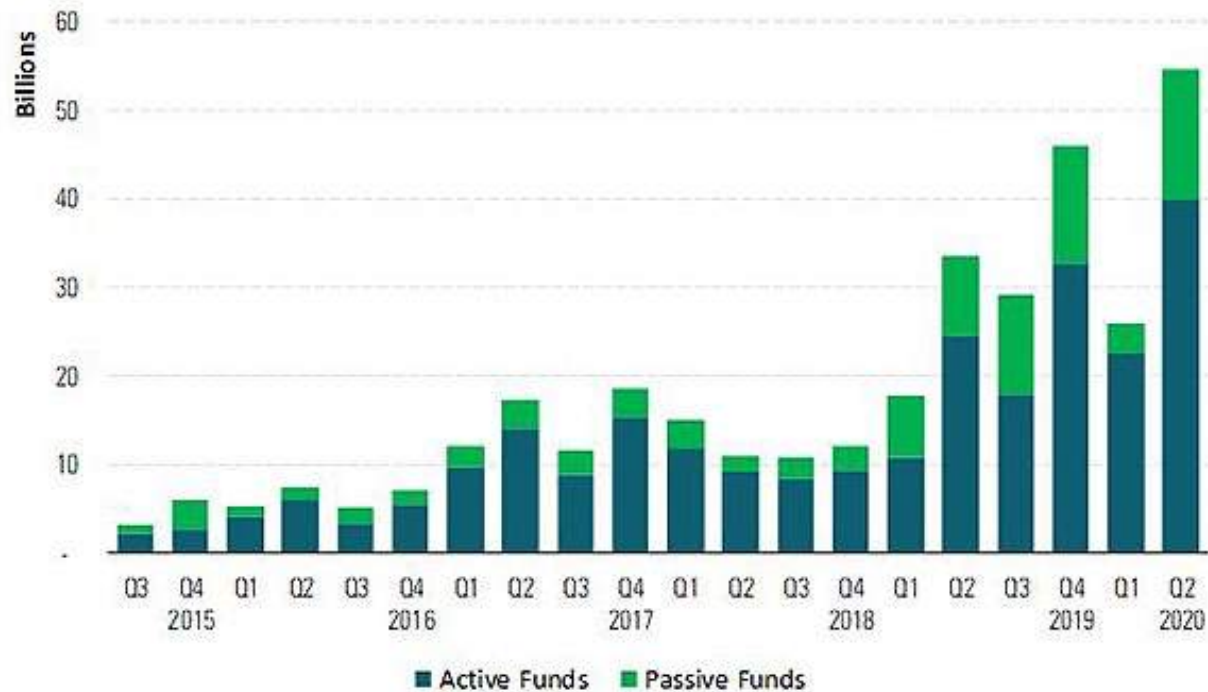
Source: MSCI. Data as of Mar 2020

MNCS Strategy 2021

Exponential Growth of ESG Index

Flows into **sustainable funds** rebounded strongly after the coronavirus pandemic market sell-off, more than **doubling to \$54.6 billion** over the 2Q20. The record second-quarter inflows were driven by growing investor interest in ESG issues, especially in the wake of the Covid-19 crisis.

Exhibit 1 Quarterly European Sustainable Fund Flows (EUR Billion)



Source: Morningstar Direct, Manager Research. Data as of June 2020.

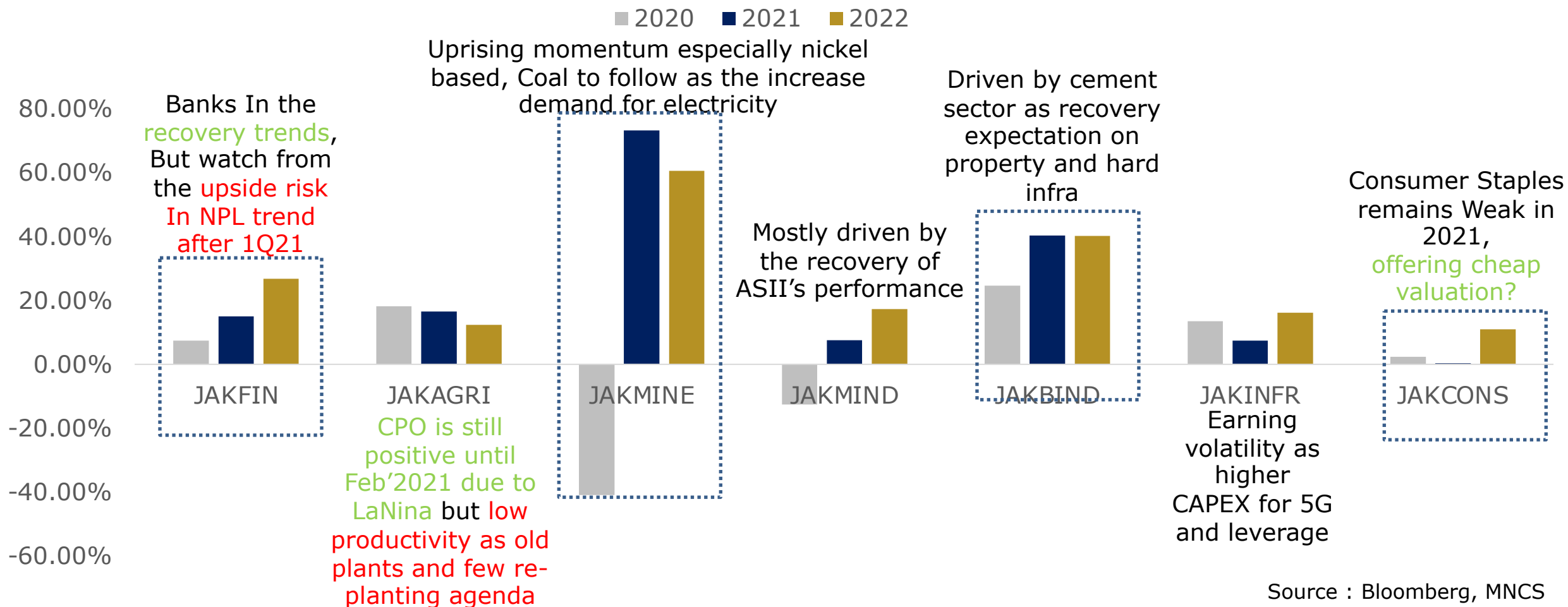
PWC forecasts **57%** of mutual fund assets in Europe will be held in ESG Funds by **2025**, or **7.6 trillion euros (\$8.9 trillion)**, up from 15.1% at the end of last year. In addition, **77% of institutional investors** surveyed by PwC said they plan to **stop buying non-ESG products** within the **next two years**. Moreover The study found that **37% of institutional investors are willing to pay a premium** for ESG products, with the majority of them ready to pay between 21 basis points and 40 basis points extra.

Source :Morningstar, PWC, Bloomberg

MNCS Strategy 2021

Focus on Sectoral Growth

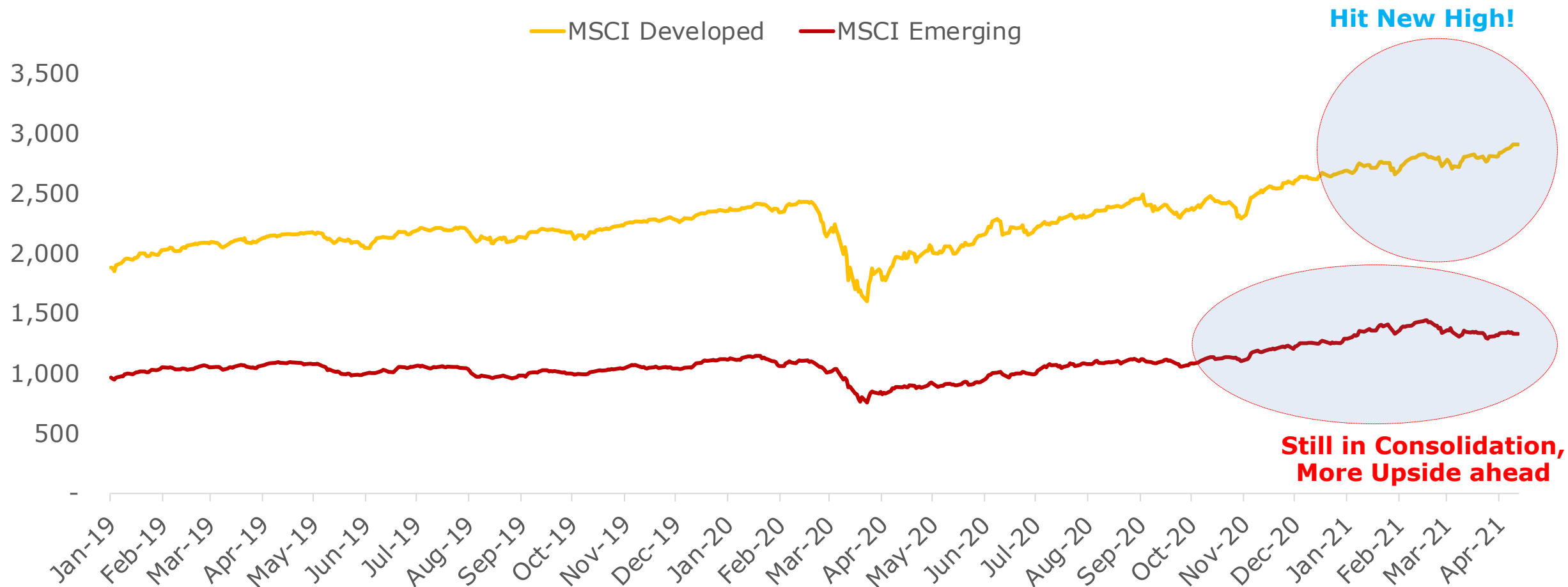
On base scenario, EPS JCI is estimated to grow from -30% YoY in 2020 to +35% YoY in 2021. JAKPROP and JAKTRAD is estimated to book stellar performance by over +100% YoY as low base



Lucrative Valuation

Emerging Market will potentially Outperform Developed and World in 2021

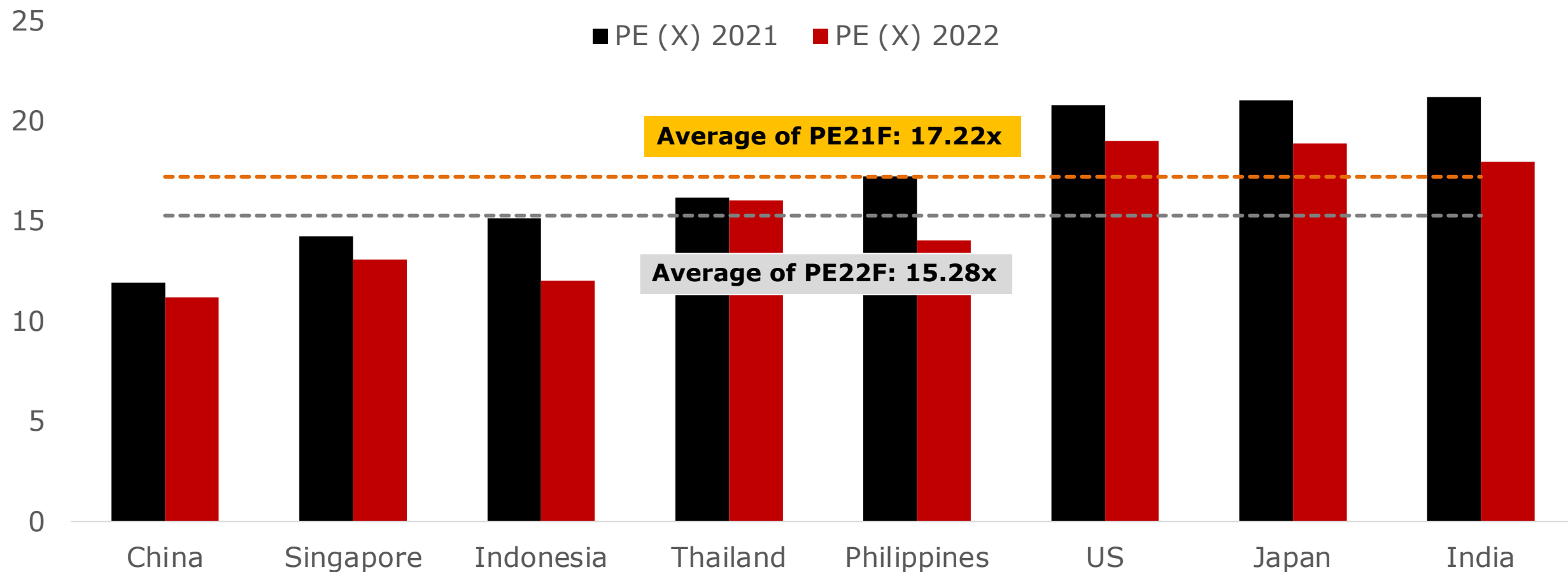
MSCI EM is lagging far behind the MSCI Developed and World. MNCS believe that with the recovery story kicks in 2021, EM will offer more return upside with lesser risk factors ahead.



Lucrative Valuation

PE JCI among Peers

JCI is traded at 11.93x/11.19x of PE21F/22F below than average of other peers at 17.22x/15.28x of PE21F/22F especially in Asia Pacific region.



Source : Bloomberg, MNCS

Lucrative Valuation

JCI is traded below 5-year mean

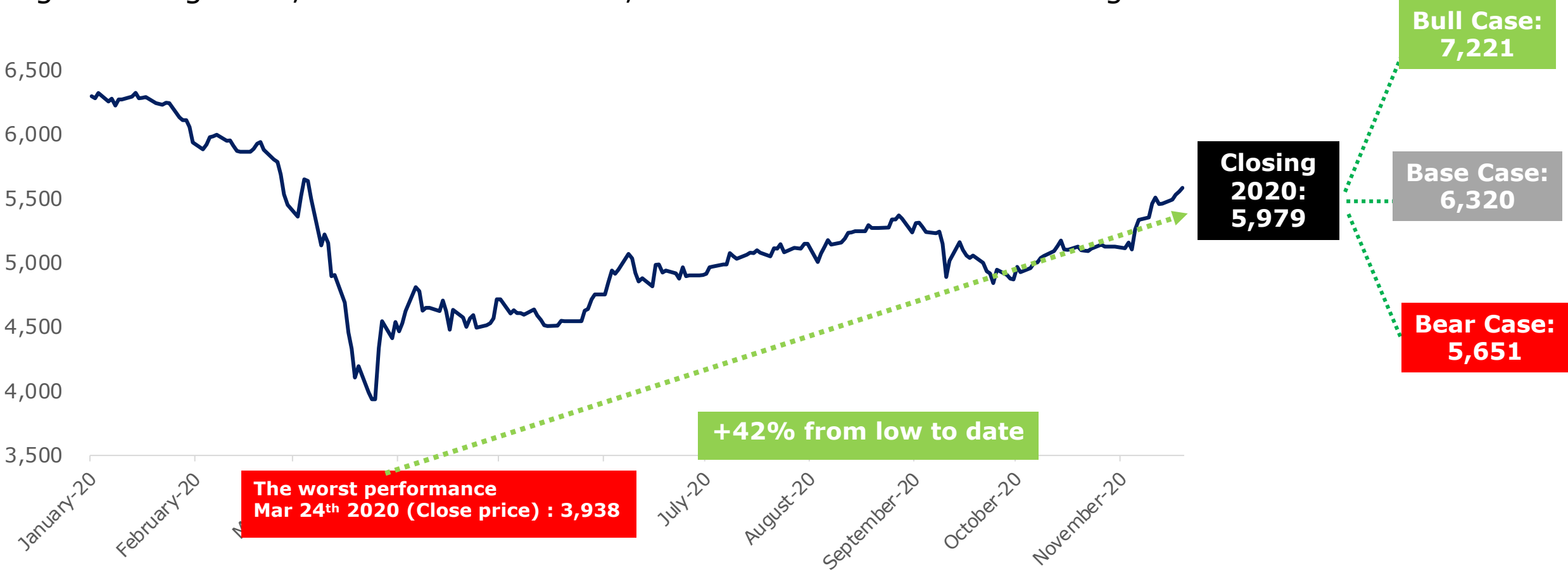
JCI is traded at near to Mean of 15.58x Forward PE21. More upside back to at least to +1STD at 17.36x



JCI Scenarios in 2021

Base, Bull and Base Cases

Base Case : 17x PE, +35% of EPS growth FY21F; **Bull Case** : 18.5x PE, additional +10% of higher EPS growth; **Bear Case** : 16x PE, additional -10% of lower EPS growth.



Disclaimer : The JCI TP is subjected to the effectiveness of vaccines and earning recovery in 2021

Source : Bloomberg, MNCS

Primbon Index 2018

Tahun Jawa 1951

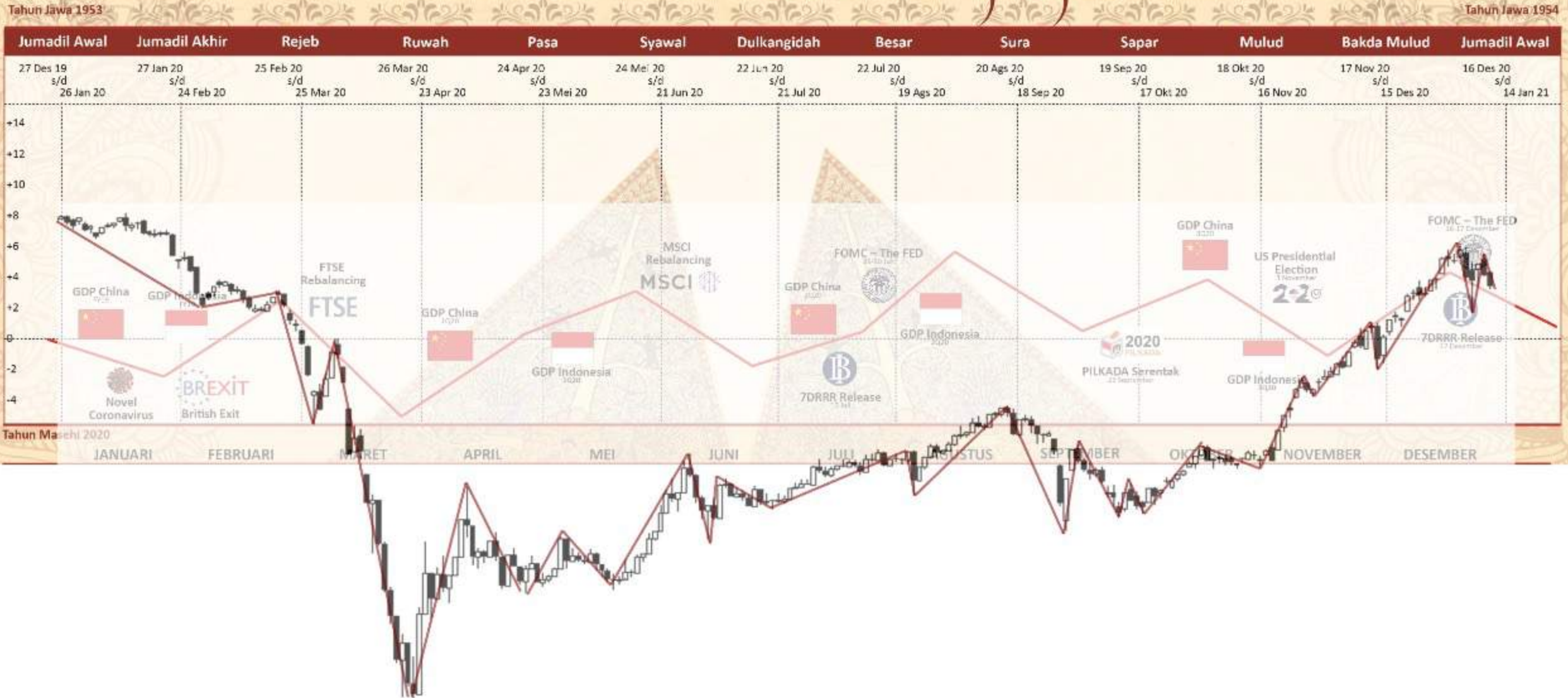
Tahun Jawa 1952



Prinmbon Index 2019



Primbangan Index 2020



Primbon Index 2021



Primbon Index 2021 is still inline with the current JCI movement. We expect for sideway pattern for JCI until May'2021 and hopefully followed by better outlook as supported by larger and faster vaccine distribution in 2H21.

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