

MONTHLY REPORT: AUGUST 2019

Fund Manager Commentary: Bad News is Good News

Looking at our multi asset indicators to score the positioning stance on Indonesian market, the scoring was downgraded slightly to 2.0 (0-4; negative, slight negative, neutral, slight positive, and positive) as of end July 2019, lower from 2.5 at the end of June 2019. The reason of the downgrade were the reduction in liquidity scoring as there is mounting risk of currency vulnerability in the face of The Fed's stance that creates more uncertainty on policy effectiveness as well as trade war risk escalation.

Macro-wise, there has been no material improvement as cyclical economic data points remain pointing to global economy weakening. Additionally, the "insurance cuts" taken by The Fed is seen as insufficient in resolving the growth slowdown in the rest of the world, especially in the face of Brexit risk, trade war risk, and China slow down. Hence, flight-to-safe haven assets are unavoidable which will limit Dollar weakness, if not making it stronger for the time being, as UST 10 years yield remain a safety net for global investors given a negative yield environment in other developed market countries.

Positioning-wise, we are tactically trading focusing on selected big caps such as telecommunications and consumers while reducing slightly on bond-proxy names in line with higher risk on liquidity factor as Bank Indonesia (BI) flexibility is decreased due to Yuan devaluation risk and stronger Dollar (on trade war escalation). However, we remain opportunistic and constructive on bond-proxy name for the middle term as global monetary easing cycle in on the cards and may relook again when currency volatility back to normal. In this case, bad economic data might get cheered by the market as it will reinvigorate The Fed to start easing cycle and provide sentiment floor for the markets.

Structurally, we are constructive on materials (cements and petrochem) and industrial estate due to positive idiosyncratic risk. Higher allocation on high growth stocks are preferred if Indonesia yield spread starts to narrow as it typically outperform during sustainable business expansion.

Global Equity Indices	Changes (%)			
	YTD	1M	3M	1Y
IHSG (ID)	+0.27	-2.55	+1.23	+2.20
IDX30 (ID)	-1.19	-4.45	+0.70	+1.94
LQ45 (ID)	-0.65	-4.03	+1.61	+1.38
Jakarta Islamic Index (ID)	-2.59	-2.88	+3.26	+0.39
Indonesia Sharia Index (ID)	+0.51	-0.67	+3.44	+2.91
S&P 500 (US)	+17.72	-2.90	+4.07	+3.28
Dow Jones (US)	+13.95	-3.85	+3.77	+3.82
London (UK)	+7.68	-3.40	+1.22	-5.43
DAX (GR)	+11.28	-4.65	-1.07	-5.43
Nikkei (JP)	+2.20	-5.67	-3.47	-8.26
Hang Seng (HK)	-0.87	-11.21	-11.45	-10.88
Shanghai (CN)	+12.16	-4.55	-3.67	+0.07

	Inflation (% yoy)	CDS-5yr (bps)	NDF (%)	Trade Bal (USDmn)	Reserve (USDbn)
Last	3.32	92.43	7.29	196.00	125.90
1yr-Avg	3.02	118.73	8.69	-674.93	120.67

Global Currency	Changes (%)		
	YTD	1W	1Y
USDIDR	+1.70	-0.34	+1.05
SGDIDR	+3.23	+0.17	+2.36
EURIDR	+4.08	-0.32	+3.47
JPYIDR	-3.07	-1.41	-4.01
USDJPY	-3.20	+0.25	-3.69
Gold (USD/t oz.)	+17.08	+2.02	+24.04
DXY (G7/USD)	+1.46	+0.19	+1.51
ADXY (USD/Asian)	-1.65	+0.15	-1.41

Commodities	Changes (%)		
	YTD	1W	1Y
CRB Index	+1.24	+1.49	-9.71
Crude Oil (USD/bbl)	+25.97	+6.47	-15.57
Natural Gas (USD/MMBtu)	-35.00	+1.71	-27.07
COAL (Australia, USD/tonne)	-34.62	-7.52	-44.42
COAL (Rotterdam, USD/tonne)	-31.44	+1.98	-30.88
Aluminium (USD/tonne)	-3.46	+1.12	-15.82
Nickel (USD/tonne)	+48.42	+6.56	+15.23
Tin (USD/tonne)	-12.24	+0.59	-12.31
Silver (USD/t oz.)	+10.03	+3.28	+11.05
CPO (MYR/Tonne)	+7.90	+6.63	-1.54
Rubber (JPY/kg)	+10.47	-0.52	+16.35

Maybank Funds	Changes (%)			
	YTD	1M	3M	1Y
Maybank Dana Ekuitas	-0.64	-3.13	+0.91	-2.26
Maybank Sector Rotation Equity Fund	-1.16	-3.08	+0.42	-3.58
Maybank Dana Berimbang	-0.19	-1.58	+3.44	-4.72
MAM Balanced Fund	+2.56	-1.88	+3.22	+3.19
Maybank Dana Pasti 2	+7.02	-0.71	+3.65	+8.76
Maybank Dana Pasar Uang	+4.21	+0.60	+1.69	+6.35

Data as of August 13th, 2019

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