

MONTHLY REPORT: DECEMBER 2019

Fund Manager Commentary: Lukewarm Opportunity

Looking at our multi asset indicators, the scoring stayed unchanged at 2.5 as of end November 2019 (0-4; negative, slight negative, neutral, slight positive and positive) after being upgraded in early October 2019. The improvement in domestic political and geopolitical risk further support outlook for macroeconomic condition, though material recovery still looks shaky.

Going into year end, we are being opportunistic to trade on beta and bigger caps names to capitalize year-end seasonality. We like CPO, selected mining and value names (e.g. construction and media) for tactical trade. However, given that recent market rebound is still shaky (driven by geopolitical risk), we maintain adequate portion on structural picks in basic materials, industrial estate and telecommunications/towers.

Looking into 2020, low inflation and low growth environment is likely to persist based on current data and hence, there is still no evidence yet for rotation out of bonds into equity. However, positive potential catalysts do exist which includes readiness from Ministry of Finance to support growth by enlarging fiscal deficits, executable structural reforms from the government promotes higher investment and improved global trade as an upsides for growth. These can lead to better growth in the 2H20 (with bottoming in 1H20) and provide a boost for equity play.

However, such upsides is rather lukewarm given several negatives: 1) US-China trade binary outcomes is a net negative for Indonesia's equity; 2) The valuation is less attractive compared to early 2016 with consensus is still too optimistic; 3) Lastly tax cuts plan may lead to higher tax enforcement which can fire back to businesses. Respectively, we see investment and government fiscal expansion are needed to support growth and hence, JCI earnings to be driven by basic materials, telecommunications, banks and industrial estates. While consumption can be restrained in 1H20 on high base effect, less subsidies and higher soft commodities prices before recovering in 2H20 on regional election boost.

Global Equity Indices	Changes (%)			
	YTD	1M	3M	1Y
IHSG (ID)	+0.05	+0.26	-2.28	+0.32
IDX30 (ID)	+0.61	+1.45	+0.29	+0.03
LQ45 (ID)	+1.52	+1.36	+0.51	+1.06
Jakarta Islamic Index (ID)	+1.08	+0.05	-0.45	+1.20
Indonesia Sharia Index (ID)	+1.33	-0.94	-3.03	+1.89
S&P 500 (US)	+27.48	+2.49	+5.29	+19.55
Dow Jones (US)	+22.00	+1.60	+3.51	+14.38
London (UK)	+9.20	-0.16	+0.12	+6.92
DAX (GR)	+25.80	-0.01	+7.03	+21.58
Nikkei (JP)	+20.03	+2.14	+10.40	+10.12
Hang Seng (HK)	+8.56	+2.30	+2.22	+4.39
Shanghai (CN)	+19.00	+1.81	-2.10	+12.67

	Inflation (% yoy)	CDS-5yr (bps)	NDF (%)	Trade Bal (USDmn)	Reserve (USDbn)
Last	3.00	70.92	6.04	161.30	126.63
1yr-Avg	3.06	97.40	7.53	-260.18	123.92

Global Currency	Changes (%)		
	YTD	1W	1Y
USDIDR	+4.13	+0.34	+3.62
SGDIDR	+2.86	-0.29	+2.22
EURIDR	+6.71	-0.29	+5.54
JPYIDR	+3.22	+1.16	+0.02
USDJPY	-0.81	+0.74	-3.59
Gold (USD/t oz.)	+15.01	+1.13	+18.74
DXY (G7/USD)	+0.80	-0.54	+0.11
ADXY (USD/Asian)	-0.70	+0.55	-0.23

Commodities	Changes (%)		
	YTD	1W	1Y
CRB Index	+7.51	+1.45	+0.43
Crude Oil (USD/bbl)	+32.52	+1.47	+14.24
Natural Gas (USD/MMBtu)	-30.49	-1.63	-44.33
COAL (Australia, USD/tonne)	-33.78	-1.03	-34.65
COAL (Rotterdam, USD/tonne)	-36.55	-1.70	-38.05
Aluminium (USD/tonne)	-3.50	-0.41	-8.25
Nickel (USD/tonne)	+32.06	+5.16	+30.60
Tin (USD/tonne)	-11.60	+0.88	-11.21
Silver (USD/t oz.)	+9.56	+2.62	+14.82
CPO (MYR/Tonne)	+39.89	+2.14	+53.46
Rubber (JPY/kg)	+2.56	+1.67	+10.53

Maybank Funds	Changes (%)			
	YTD	1M	3M	1Y
Maybank Dana Ekuitas	-2.83	+1.18	-2.62	-3.51
Maybank Sector Rotation Equity Fund	-3.56	+1.08	-3.04	-4.16
Maybank Dana Berimbang	-1.66	+0.95	-1.59	-1.63
Maybank Dana Pasti 2	+10.30	-0.16	+1.39	+11.11
Maybank Dana Pasar Uang	+6.56	+0.57	+1.68	+6.82

Data as of December 13th, 2019

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