

MONTHLY REPORT: JANUARY 2019

## Fund Manager Commentary: Positive Mood for Risky Assets

Looking at our multi asset indicators to score the positioning stance on Indonesian market, the scoring stayed at 2.75 (0-4; negative, slight negative, neutral, slight positive, and positive) as at end of December 2018. Unchanged from November 2018 after an upgrade from 1.5 in September 2018, driven by improvement in macro, liquidity, and momentum risk factor triggered by peaking rate-hike cycle and smaller IDR depreciation expectation.

On the macro and liquidity side, a narrowing spread of Indonesia bond yield to US bond yield and a flattening yield curve indicating rate-hike cycle is peaking. This was caused by a reduction in IDR risk premium (USD-IDR swap and Indonesian CDS as proxy) due to falling oil prices and less-hawkish Fed, which are able to contain CAD concern with positive capital account leading to BoP surplus. Therefore, despite CAD to remain elevated, such concern would be underplayed, while market will watch over external risks that may reverse portfolio inflow.

However, the Indonesia's exported commodity goods prices remain in a negative trend potentially weighing on trade balance. Hence, the upgrade in scoring since November 2018 was mostly driven by premature improvement. Nonetheless, the more aggressive introduction of stimulus by China recently may lessen the downside risk in growth and hence, might lead us to upgrade to our market scoring to 3.5/4.

We still position our portfolio to capitalize valuable trading opportunity, especially in the pre-election period where Indonesian equity market typically outperform emerging markets. The current market valuation that is still not expensive in relative terms, stable IDR, improving US-China trade relations and domestic consumption story fueled by populist policies should act as catalyst for the short tactical bull trade for Indonesian markets. Technically, we see the next resistance level of 6,500 as short-term profit taking level, in which if it is breached we see the market to trade higher to 6,750-6,900 before consolidating or setting a new downward trend.

Global Equity Indices	Changes (%)			
	YTD	1M	3M	1Y
IHSG (ID)	+4.14	+4.66	+10.51	-0.62
IDX30 (ID)	+4.77	+3.96	+12.44	-5.99
LQ45 (ID)	+4.71	+4.03	+12.29	-6.47
Jakarta Islamic Index (ID)	+5.63	+4.99	+11.82	-5.82
Indonesia Sharia Index (ID)	+3.99	+4.57	+9.74	-0.96
S&P 500 (US)	+7.44	+10.51	-3.51	-4.97
Dow Jones (US)	+7.13	+10.07	-2.90	-5.24
London (UK)	+3.58	+3.77	-1.06	-9.78
DAX (GR)	+5.66	+4.91	-3.44	-16.96
Nikkei (JP)	+3.52	+2.74	-8.05	-12.97
Hang Seng (HK)	+6.64	+5.60	+6.40	-15.68
Shanghai (CN)	+4.68	+3.75	+2.35	-25.15

	Inflation (% yoy)	CDS-5yr (bps)	NDF (%)	Trade Bal (USDmn)	Reserve (USDbn)
Last	3.13	123.05	8.66	-1,102.00	120.65
1yr-Avg	3.20	121.83	7.91	-713.86	121.48

Global Currency	Changes (%)		
	YTD	1W	1Y
USDIDR	+2.39	-0.72	-6.43
SGDIDR	+1.72	-0.35	-3.51
EURIDR	+3.13	+0.17	+1.08
JPYIDR	+1.63	+0.60	-7.17
USDJPY	-0.57	+1.37	-1.02
Gold (USD/t oz.)	-0.37	-1.01	-4.12
DX (G7/USD)	-0.03	+0.80	+6.41
ADXY (USD/Asian)	+0.31	-0.47	-4.94

Commodities	Changes (%)		
	YTD	1W	1Y
CRB Index	+6.58	+2.49	-6.80
Crude Oil (USD/bbl)	+18.29	+6.16	-15.39
Natural Gas	+0.85	-7.24	+4.58
COAL (AUS Daily)	0.00	0.00	0.00
COAL (Rotterdam)	+1.85	+6.14	+6.91
Aluminium (tonne)	+2.70	+3.95	-15.84
Nickel (USD/tonne)	+10.16	+3.78	-7.08
Tin (USD/tonne)	+5.85	+0.73	+0.12
Silver (USD/t oz.)	-1.14	-2.72	-10.42
CPO (MYR/Tonne)	+6.41	+3.88	-12.03
Rubber (JPY/kg)	+17.03	+7.19	-1.08

Maybank Funds	Changes (%)			
	YTD	1M	3M	1Y
Maybank Dana Ekuitas	+4.86	+6.42	+7.87	-3.47
Maybank Sector Rotation Equity Fund	+4.75	+6.37	+6.99	-
Maybank Syariah Equity Fund	+4.08	+4.05	+4.12	-12.27
Maybank Dana Berimbang	+4.06	+5.45	+5.15	+12.60
MAM Balanced Fund	+3.53	+5.19	+7.25	-
Maybank Dana Pasti 2	-0.06	+0.58	+3.44	-3.32
Maybank Dana Pasar Uang	+0.39	+0.56	+1.49	+5.73

Data as of January 18<sup>th</sup>, 2019

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