

MONTHLY REPORT: JULY 2019

Fund Manager Commentary: Externally driven

Based on our multi asset indicators, the market scoring was upgraded slightly to 2.5 (0-4; negative, slight negative, neutral, slight positive, and positive) as end of June 2019, higher from 2.0 as end of May 2019. The drivers are further improvement in liquidity factor as Central Banks dovishness, S&P rating upgrade, friendlier oil prices, and US-China trade truce lifted up riskier assets. Therefore, JCI bottoming since November 2018 and in the middle of May 2019 were a liquidity driven rally.

However, a sustained expansion is not yet confirmed since there is still no material improvement in macro factor given a weak economic data, insufficient China's stimulus, and high-base US tax cuts effect that are still signaling a negative industrial commodities outlook and flight-to-quality shifts (to USTs and Gold).

Positioning-wise, we are tactically trading focusing on bond-proxy and big caps laggards in-line with the improvement in liquidity. Despite our more constructive view for the middle term, we are still cautious for short term as markets already priced in an insurance rate cut, yet BI may find it slightly difficult to move ahead from The Fed due to private deficit. Unless, the upcoming US labor and inflation data justifies for early and bigger Fed rate cuts.

Nonetheless, there is few domestic catalysts. Hence, the timing of The Global Central Banks rates-settings and stimulus from major economies, are the needed external catalysts as corporate tax cuts and other reforms domestically pursued may take time. The potentially higher budget deficit from fiscal supply-side push should not be a significant risk given ample legal room. Additionally, as long as the subsequent local bond issuance is capped, lower rates will drive private investment growth without increasing CAD substantially.

Our signal to gauge whether Indonesian market is ready for the next bull leg is through seeing, whether the Indonesian bond yield spread to US starts to narrow meaningfully, as it represents the risk premium and growth differential expectation.

Global Equity Indices	Changes (%)			
	YTD	1M	3M	1Y
IHSG (ID)	+2.54	+2.30	-1.89	+11.54
IDX30 (ID)	+3.02	+2.95	-0.90	+14.49
LQ45 (ID)	+3.05	+3.03	-0.84	+13.10
Jakarta Islamic Index (ID)	+0.53	+4.21	-2.49	+6.84
Indonesia Sharia Index (ID)	+1.14	+2.76	-2.27	+9.10
S&P 500 (US)	+19.72	+3.57	+2.88	+7.83
Dow Jones (US)	+16.23	+3.16	+1.44	+9.61
London (UK)	+12.11	+2.96	+1.38	-0.90
DAX (GR)	+18.79	+4.14	+4.44	+0.38
Nikkei (JP)	+7.59	+3.11	-1.25	-1.16
Hang Seng (HK)	+11.09	+5.07	-5.36	+0.06
Shanghai (CN)	+17.62	+3.73	-9.65	+6.78

	Inflation (% yoy)	CDS-5yr (bps)	NDF (%)	Trade Bal (USDmn)	Reserve (USDbn)
Last	3.28	89.31	7.14	207.60	123.80
1yr-Avg	3.01	122.00	8.80	-876.76	120.04

Global Currency	Changes (%)		
	YTD	1W	1Y
USIDR	+3.26	+0.04	+1.89
SGDIDR	+2.61	+0.43	+1.85
EURIDR	+5.31	+0.91	+6.30
JPYIDR	+1.31	+0.15	-0.16
USDJPY	-1.58	+0.25	-1.76
Gold (USD/t oz.)	+9.12	+0.77	+11.48
DXY (G7/USD)	+1.02	+0.56	+3.64
ADXY (USD/Asian)	-0.25	-0.40	-1.86

Commodities	Changes (%)		
	YTD	1W	1Y
CRB Index	+5.68	-0.25	-8.77
Crude Oil (USD/bbl)	+27.20	-2.42	-21.87
Natural Gas (USD/MMBtu)	-27.25	+6.00	-15.92
COAL (Australia, USD/tonne)	-31.96	0.00	-41.41
COAL (Rotterdam, USD/tonne)	-30.91	+13.13	-33.76
Aluminium (USD/tonne)	-1.55	+0.99	-15.10
Nickel (USD/tonne)	+18.55	+3.00	-8.78
Tin (USD/tonne)	-5.08	-2.14	-4.29
Silver (USD/t oz.)	-3.01	-0.89	-6.31
CPO (MYR/Tonne)	-6.06	+0.05	-16.14
Rubber (JPY/kg)	+34.30	-0.94	+40.60

Maybank Funds	Changes (%)			
	YTD	1M	3M	1Y
Maybank Dana Ekuitas	+2.02	+1.93	-1.16	+4.13
Maybank Sector Rotation Equity Fund	+1.40	+1.41	-1.51	+2.83
Maybank Dana Berimbang	+0.65	+1.97	-0.93	+0.45
MAM Balanced Fund	+4.14	+2.38	+0.78	+6.82
Maybank Dana Pasti 2	+7.38	+3.50	+3.09	+9.57
Maybank Dana Pasar Uang	+3.51	+0.70	+1.67	+6.26

Data as of July 8th, 2019

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