

MONTHLY REPORT: JUNE 2020

Fund Manager Commentary: A Kangaroo Market?

From May to early June, risky assets rallied on economy reopening and now markets are awaiting how strong these recoveries have been. The only question is the magnitude of the recovery once broad lockdown is loosened. Better US retail sales data and prompt policy response from governments and global Central Banks will augment the market bulls on cyclical assets. However, if 2nd wave infections grow exponentially while spending falls short of expectations, the market meltdown will resurface.

Market correction in the second week of June was due to buying power drying up following strong rally and resurgence of 2nd wave threats. Nonetheless, market bulls took in charge again after the Federal Reserve announced plans to buy corporate bonds. The Fed has become the world's ultimate buyer which limits dollar upward correction.

There's nothing more concerning to investors than a second coronavirus wave that has become more apparent lately. However, governments cannot afford to re-implement the same lockdown as previously in the event of 2nd wave infection. That said, loser restrictions and more stimulus from the governments around the world is on the card as previous lockdown creates a longer damage as the Fed's Powell stated. Such policy response will safeguard the downside in risky assets whenever market dips.

The question remains whether the market is trading for the short term or simply "looking past" the weakness and setting up for longer horizon. No matter how glaring the spread between the market price and the near-term fundamentals, market bears' focus return to COVID-19 development, while further stimulus returns as market bulls' ammo.

Domestically, fiscal remains the primary growth driver as fiscal deficit is still muted as of April. IDR strengthening in the past months, lower expected CAD in 2Q20 and ample FX reserve may entice for rate cuts. However, an oversold USD that may prompt short covering, fiscal deficit that is set to accelerate in 2H20 and BI's focus on currency stability given a still elevated global market volatility provide less urgency on rate cuts.

In that respect, despite we are slightly less upbeat than last month on further rally, we are being opportunistic to ride emerging opportunities on market volatility. We also avoid skewing portfolios too much to defensives given the possibility of a liquidity driven rally. Sector wise, we are being tactical bullish for cyclical laggards such as selected banks, industrials, constructions, properties and selected commodities.

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Global Equity Indices	Changes (%)			
	YTD	1M	3M	1Y
IHSG (ID)	-20.84	+10.62	+6.31	-19.45
IDX30 (ID)	-23.44	+17.81	+5.40	-21.45
LQ45 (ID)	-23.50	+18.10	+6.02	-20.84
Jakarta Islamic Index (ID)	-20.96	+8.34	+14.22	-16.50
Indonesia Sharia Index (ID)	-20.65	+6.34	+9.91	-17.60
S&P 500 (US)	-2.75	+9.39	+31.29	+8.41
Dow Jones (US)	-8.66	+9.76	+28.77	-0.45
London (UK)	-17.26	+8.24	+21.87	-14.67
DAX (GR)	-6.66	+18.17	+41.46	+2.33
Nikkei (JP)	-4.54	+12.70	+32.82	+6.90
Hang Seng (HK)	-14.04	+2.30	+5.55	-10.59
Shanghai (CN)	-3.56	+2.21	+5.11	+1.53

	Inflation (% yoy)	CDS-5yr (bps)	NDF (%)	Trade Bal (USDmn)	Reserve (USDbn)
Last	2.19	124.10	7.30	2,091.70	130.50
1yr-Avg	2.79	114.72	6.88	267.57	127.04

Global Currency	Changes (%)		
	YTD	1W	1Y
USIDR	-1.17	-1.42	+1.73
SGDIDR	+1.61	-1.64	+2.99
EURIDR	-2.38	-2.06	+0.64
JPYIDR	-2.94	-1.86	+0.46
USDJPY	-1.41	-0.38	-1.10
Gold (USD/t oz.)	+13.42	+0.45	+28.66
DX (G7/USD)	+0.47	+0.91	-0.37
ADXY (USD/Asian)	-2.17	-0.28	-1.45

Commodities	Changes (%)		
	YTD	1W	1Y
CRB Index	-26.92	-1.38	-21.72
Crude Oil (USD/bbl)	-38.76	-3.00	-27.27
Natural Gas (USD/MMBtu)	-25.85	-8.26	-32.06
COAL (Australia, USD/tonne)	-21.70	-5.47	-29.07
COAL (Rotterdam, USD/tonne)	-16.92	-0.86	-27.26
Aluminium (USD/tonne)	-14.04	-1.91	-10.09
Nickel (USD/tonne)	-11.00	-1.33	+8.26
Tin (USD/tonne)	-0.91	-0.46	-11.11
Silver (USD/t oz.)	-2.20	-1.06	+18.72
CPO (MYR/Tonne)	-20.73	+1.66	+21.35
Rubber (JPY/kg)	-21.38	+1.09	-41.18

Maybank Funds	Changes (%)			
	YTD	1M	3M	1Y
Maybank Dana Ekuitas	-17.26	+12.09	+10.69	-18.22
Maybank Dana Berimbang	-16.52	+8.16	+1.58	-15.97
Maybank Dana Pasti 2	+1.62	+2.61	+1.27	+7.19
Maybank Syariah Money Market Fund 2	+2.39	+0.48	+1.18	+5.89
Maybank Dana Pasar Uang	+2.93	+0.48	+1.46	+6.75

Data as of June 16th, 2020