

MONTHLY REPORT: MARCH 2020

Fund Manager Commentary: Emergency Economics Needed

The pandemic we currently face is more about the degree of its spread rather than the fatality and hence economic implications could be equally, if not more, deadly than what the virus does to the society if collective preparedness is lagging or miss-communication takes a toll. Full education is needed for the society with the government presence as the leader.

Respectively, a pandemic has similar economic implications with global trade war, namely de-globalization, where trades activity are restricted, protectionist policies are taken, capital flows are diverted and total economic activity contracts as containment measures are taken. Deniability of such outcome can risk further of what has been the case as demand (consumers aversion) and supply (supply chain system) in economic equation are disrupted.

Government can address the problems by pledging a substantial war-chest as to signify it's preparedness and willingness to take whatever-it-takes approach in shielding general population against both health and economic impacts. Respectively, for the affected sectors (due to pandemic containment measures taken) and informal workers who many do not have job security and health-care protection yet represents a big portion of Indonesian economy. In addition, global solidarity and leadership in communication are needed in a higher-level.

Since the economic blown from pandemic is non-monetary in its roots, a monetary policy will be less effective while fiscal policies cannot be taken in isolation without political coordination among governmental functions. Hence, a targeted approach is a must with a well-coordinated actions from monetary, fiscal, governmental bureaucracies (central and regional) and more importantly, a unified holistic perspectives across all social classes including smaller organizations and families.

Looking at our multi-factor scoring, it ranges between 0.5-1.0 (out of 4.0) as both macro and liquidity situation remains in negative territory. Currently, we have been seeing global central banks providing astronomical support for liquidity to avoid collapses in the money market. While we also see several countries already enacting fiscal stimulus, not many of them are well-coordinated and targeted. Whereas countries such as Indonesia are still in dilemma between extreme containment measures and fiscal capacity to enact emergency bill. In either case, a prolonged market risk-off is on the card, for which we stay overall defensives with more focus on liquid names.

Global Equity Indices	Changes (%)			
	YTD	1M	3M	1Y
IHSG (ID)	-25.54	-20.05	-24.31	-27.40
IDX30 (ID)	-27.36	-22.87	-26.05	-27.87
LQ45 (ID)	-27.85	-23.27	-26.63	-27.87
Jakarta Islamic Index (ID)	-30.80	-22.07	-30.25	-31.42
Indonesia Sharia Index (ID)	-27.81	-19.60	-27.31	-29.17
S&P 500 (US)	-25.93	-29.41	-24.70	-15.46
Dow Jones (US)	-29.07	-31.33	-28.25	-21.90
London (UK)	-32.11	-30.48	-29.95	-28.74
DAX (GR)	-34.02	-36.39	-34.18	-25.19
Nikkei (JP)	-28.13	-28.22	-29.23	-20.74
Hang Seng (HK)	-18.56	-17.08	-16.70	-20.50
Shanghai (CN)	-8.25	-4.38	-6.01	-7.69

	Inflation (% yoy)	CDS-5yr (bps)	NDF (%)	Trade Bal (USDmn)	Reserve (USDbn)
Last	2.68	60.11	5.51	-28.20	131.70
1yr-Avg	3.02	85.57	7.05	-193.95	125.60

Global Currency	Changes (%)		
	YTD	1W	1Y
USDIDR	-6.75	-3.62	-4.49
SGDIDR	-1.90	-1.08	+0.13
EURIDR	-6.96	-2.06	-3.67
JPYIDR	-9.45	-0.24	-9.39
USDJPY	-2.80	+3.39	-5.07
Gold (USD/t oz.)	-2.11	-11.29	+14.09
DXY (G7/USD)	+1.37	+3.34	+1.53
ADXY (USD/Asian)	-2.44	-1.30	-3.87

Commodities	Changes (%)		
	YTD	1W	1Y
CRB Index	-28.97	-8.35	-27.82
Crude Oil (USD/bbl)	-53.47	-7.81	-50.96
Natural Gas (USD/MMBtu)	-16.97	+2.08	-35.06
COAL (Australia, USD/tonne)	+0.88	0.00	-30.40
COAL (Rotterdam, USD/tonne)	-10.75	+2.75	-34.26
Alumunium (USD/tonne)	-8.17	-0.70	-11.48
Nickel (USD/tonne)	-16.63	-5.65	-7.70
Tin (USD/tonne)	-10.00	-8.38	-27.40
Silver (USD/t oz.)	-29.05	-24.88	-16.27
CPO (MYR/Tonne)	-26.51	-2.57	+16.72
Rubber (JPY/kg)	-12.86	+0.13	-12.22

Maybank Funds	Changes (%)			
	YTD	1M	3M	1Y
Maybank Dana Ekuitas	-25.25	-20.09	-23.93	-29.19
Maybank Dana Berimbang	-17.82	-12.83	-16.83	-21.52
Maybank Dana Pasti 2	+0.35	-2.73	+0.98	+8.02
Maybank Syariah Money Market Fund 2	+1.20	+0.42	+1.54	+6.34
Maybank Dana Pasar Uang	+1.44	+0.56	+1.80	+7.00

Data as of March 16th, 2020

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