

MONTHLY REPORT: FEBRUARY 2019

Fund Manager Commentary: In Need of A Fresh Dose

Based on our multi asset indicators to score the positioning stance on Indonesian market, the scoring improved to 3.25 (0 = strong negative, 2 = neutral, 4 = strong positive) in January 2019 (from 2.75 in December 2018), driven by improvement in liquidity and momentum risk factor. It was triggered by peaking rate-hike cycle fueled by stable oil prices and dovish Fed.

However, a rally that lasted until early February 2019 has lead Market valuation risk factor downgraded from cheap to neutral coupled with overbought technical. Whereas, there has been not much improvement in macro risk factor in which Indonesian bond yield spread to US remain stagnant and even start to widen again due to a stubborn CAD structural problem that was exacerbated by weaker exports.

This poses negative risk for IDR that has been strengthening against USD in the past months, which we think is vulnerable on capital account reversal that might be caused by potential spikes in oil price, further weakening in exports and risk-off mode on risky asset classes. These new developments have caused our market scoring to be tactically downgraded to 2 currently. We see 6,500 as short-term profit taking level catalyzed by redemption.

A narrowing spread and further improvement in industrial commodities prices would bode well for positive earnings revision and liquidity flow into Indonesian markets and upgrading back our market scoring to 3.25. We see a positive trade resolution between US-China and further stimulus from People's Bank of China (PBOC) with stable oil prices could pave the way for such environment and may help JCI to trade at higher range of 6,750-6,900. A failure of such outcome may lead JCI to trade lower within 6,150-6,350 range.

Style-wise, we are still opting for quality high-momentum growth stocks with firm-specific risk while maintaining certain level of market-proxy stocks to capitalize on improving foreign inflows. We also want to ensure flexibility by focusing only on liquid names to withstand any hostile environment.

Global Equity Indices	Changes (%)			
	YTD	1M	3M	1Y
IHSG (ID)	+4.85	+0.72	+8.15	-1.47
IDX30 (ID)	+3.15	-1.64	+5.79	-7.87
LQ45 (ID)	+3.18	-1.62	+6.03	-8.56
Jakarta Islamic Index (ID)	+3.34	-2.47	+5.68	-9.17
Indonesia Sharia Index (ID)	+5.02	+1.00	+8.17	-1.38
S&P 500 (US)	+11.66	+3.93	+3.15	+1.59
Dow Jones (US)	+12.23	+4.76	+3.46	+2.63
London (UK)	+6.77	+3.18	+2.70	-1.44
DAX (GR)	+7.11	+0.93	+0.58	-9.17
Nikkei (JP)	+6.43	+3.08	-2.38	-1.92
Hang Seng (HK)	+10.68	+4.20	+7.04	-9.28
Shanghai (CN)	+10.50	+6.15	+1.93	-13.86

	Inflation (% yoy)	CDS-5yr (bps)	NDF (%)	Trade Bal (USDmn)	Reserve (USDbn)
Last	2.82	111.05	8.31	-1,159.50	120.10
1yr-Avg	3.16	124.26	8.14	-741.58	120.49

Global Currency	Changes (%)		
	YTD	1W	1Y
USDIDR	+3.30	-0.24	-3.86
SGDIDR	+2.40	-0.48	-0.50
EURIDR	+4.51	-0.73	+6.17
JPYIDR	+3.61	-0.09	+0.38
USDJPY	+0.48	+0.29	+4.32
Gold (USD/t oz.)	+3.20	+1.13	-2.16
DX (G7/USD)	+0.49	+0.17	+8.72
ADXY (USD/Asian)	+0.73	-0.20	-5.22

Commodities	Changes (%)		
	YTD	1W	1Y
CRB Index	+6.06	+1.75	-6.33
Crude Oil (USD/bbl)	+23.58	+5.50	-9.18
Natural Gas (USD/MMBtu)	-19.98	-1.67	+3.32
COAL (Australia, USD/tonne)	-5.17	+2.25	-7.80
COAL (Rotterdam, USD/tonne)	-8.37	+2.45	+1.73
Aluminium (USD/tonne)	+0.21	-0.67	-17.74
Nickel (USD/tonne)	+16.08	+0.36	-10.52
Tin (USD/tonne)	+8.47	+1.00	-2.83
Silver (USD/t oz.)	+2.33	+0.67	-5.49
CPO (MYR/Tonne)	+6.95	-1.28	-14.05
Rubber (JPY/kg)	+11.57	+3.90	+12.22

Maybank Funds	Changes (%)			
	YTD	1M	3M	1Y
Maybank Dana Ekuitas	+4.93	+0.07	+6.83	-5.74
Maybank Sector Rotation Equity Fund	+4.58	-0.16	+5.91	-4.61
Maybank Syariah Equity Fund	+6.47	+2.30	+5.03	-11.00
Maybank Dana Berimbang	+5.67	+1.55	+5.67	+12.72
MAM Balance Fund	+5.23	+1.64	+7.15	-
Maybank Dana Pasti 2	+1.50	+1.56	+2.55	-0.56
Maybank Dana Pasar Uang	+0.94	+0.55	+1.72	+5.85

Data as of February 18th, 2019

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