

MONTHLY REPORT: JUNE 2019

## Fund Manager Commentary: Upside Risk Partially Priced In

Looking at our multi asset indicators to score the positioning stance on Indonesian market, the scoring was tactically upgraded to 2 (0-4) as end of May 2019, higher from 1.5 as of April 2019 and 1.0 as middle of May 2019. Both valuation and technical factor provided a tactical upgrade when JCI reached YTD low. However, we see this as only tactical because it has not been followed by improvement in other factors. We will see another downgrade to 1-1.5 if JCI is trading close to 6,350 without any improvements in both macro and liquidity factors or further deterioration in macro occurring.

We do not see significant impact of US-China trade war to Indonesia's economic fundamentals. However, there is contagion risks through currency volatilities and weakening global growth. JCI valuation already de-rated and may find more buffer in the event of US-China trade war.

In this case, the market is less negative compared to last month due to recent dovishness from The Fed, S&P rating upgrade and lower oil prices. But we are conducting tactical stance and cautious view due to upcoming internal and external political events. Moreover, we see market already baked in upsides from BI rate cuts in the near future which both the timing and the magnitude will be at risk given the current private balance that is still in deficit.

Under deficit private balance condition, external needs (both financing and imports) are required to spur the growth, which will result into IDR vulnerability. In this case, given the current CA deficit, we are hoping for a stabilization in fiscal discipline and issuance as a catalyst and to ready the market for rate cuts. Otherwise, a crowding-out investment may occur should BI go further with rate cuts without synchronization in fiscal.

Strategy-wise, we are maintaining a conservative cash level while tactical trading is focusing on rate-sensitive stocks with less foreign ownership to trade The Fed's dovishness.

Global Equity Indices	Changes (%)			
	YTD	1M	3M	1Y
IHSG (ID)	+0.90	+2.95	-2.54	+4.28
IDX30 (ID)	+0.84	+3.81	-1.20	+5.95
LQ45 (ID)	+0.84	+4.24	-1.31	+4.24
Jakarta Islamic Index (ID)	-2.21	+4.56	-4.28	-1.57
Indonesia Sharia Index (ID)	-0.67	+3.19	-3.97	+2.75
S&P 500 (US)	+16.14	+1.85	+2.80	+4.01
Dow Jones (US)	+13.13	+2.18	+1.48	+3.53
London (UK)	+9.09	+1.44	+2.23	-4.65
DAX (GR)	+14.56	+0.87	+4.39	-6.16
Nikkei (JP)	+5.51	+0.24	-0.80	-8.05
Hang Seng (HK)	+6.33	-3.57	-6.01	-11.74
Shanghai (CN)	+15.56	-0.06	-3.63	-5.50

	Inflation (% yoy)	CDS-5yr (bps)	NDF (%)	Trade Bal (USDmn)	Reserve (USDbn)
Last	3.32	102.39	7.65	-2,501.90	120.35
1yr-Avg	2.99	123.49	8.89	-763.05	119.71

Global Currency	Changes (%)		
	YTD	1W	1Y
USDIDR	+1.70	-0.36	-2.76
SGDIDR	+1.63	-0.47	-0.15
EURIDR	+3.27	-0.52	+1.55
JPYIDR	-0.35	-0.72	-4.47
USDJPY	-1.55	+0.34	-1.61
Gold (USD/t oz.)	+4.45	-0.08	+3.33
DX (G7/USD)	+1.21	+1.06	+4.31
ADXY (USD/Asian)	-0.86	-0.16	-4.95

Commodities	Changes (%)		
	YTD	1W	1Y
CRB Index	+2.25	+0.23	-12.64
Crude Oil (USD/bbl)	+15.84	-2.74	-21.20
Natural Gas (USD/MMBtu)	-27.73	+2.14	-19.44
COAL (Australia, USD/tonne)	-26.71	+1.73	-34.95
COAL (Rotterdam, USD/tonne)	-29.29	-4.47	-28.87
Aluminium (USD/tonne)	-4.79	-0.23	-24.14
Nickel (USD/tonne)	+10.57	+2.13	-24.07
Tin (USD/tonne)	-1.44	-0.10	-8.00
Silver (USD/t oz.)	-4.10	-1.52	-12.88
CPO (MYR/Tonne)	-0.65	-0.15	-13.76
Rubber (JPY/kg)	+36.98	+4.25	+38.51

Maybank Funds	Changes (%)			
	YTD	1M	3M	1Y
Maybank Dana Ekuitas	+1.13	+3.47	-2.54	-4.86
Maybank Sector Rotation Equity Fund	+0.86	+3.22	-2.77	-5.68
Maybank Syariah Equity Fund	+1.39	+3.91	-3.49	-8.07
Maybank Dana Berimbang	+0.19	+4.48	-3.70	-8.91
MAM Balanced Fund	+2.72	+4.13	-0.66	-2.57
Maybank Dana Pasti 2	+5.13	+2.02	+2.09	+5.56
Maybank Dana Pasar Uang	+3.05	+0.55	+1.67	+6.23

Data as of June 14<sup>th</sup>, 2019

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