

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.

General Disclaimer: The term "Maybank AM" used herein refers to PT Maybank Asset Management. This presentation is for informational purpose only and does not constitute (1) an offer to buy or sell or a solicitation to buy or sell any security or financial instrument mentioned in this presentation and (2) any professional investment advice. It does not have any regard to the specific objectives, financial situation and particular needs of any specific person and is based on information obtained from sources believed to be reliable. The information, materials & contents provided in this presentation, including but not limited to products, data, text, images, graphics, opinions, analysis, forecast, projections and/or expectations (hereinafter collectively referred to as "Information") are provided by Maybank AM for informational purposes only. The Information is subject to change without notice. Maybank AM does not make any representations or warranties of any kind express or implied, about the completeness, accuracy, reliability, suitability or availability with respect to this presentation or the Information. Without derogation of the above, reasonable measures will be taken by Maybank AM to ensure the accuracy and validity of the Information provided in this presentation. An investment into any financial products mentioned in this presentation carries risks and may not be suitable for persons who are averse to such risks. The investor should refer to the relevant prospectus/information memorandum for inherent risks of investing in the financial products. Unless otherwise indicated, the copyright/trademarks in this presentation and its contents, including but not limited to the text, images, graphics, service marks and logos are the property of Maybank AM, and are protected by applicable Indonesian laws. No part or parts of this presentation may be modified, copied, distributed, retransmitted, broadcasted, displayed, performed, reproduced, published, licensed, transferred, sold or commercially dealt with in any manner without prior express written consent of Maybank AM. In no event shall Maybank AM be liable for any loss or damages howsoever arising whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising i) from incompleteness, inaccuracy, unreliability, unsuitability or unavailability with respect to this presentation or the Information and/or reliance thereon; or ii) from reproduction or use of the Information/copyright/trademark.

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