

SMART MONEY

May 2018

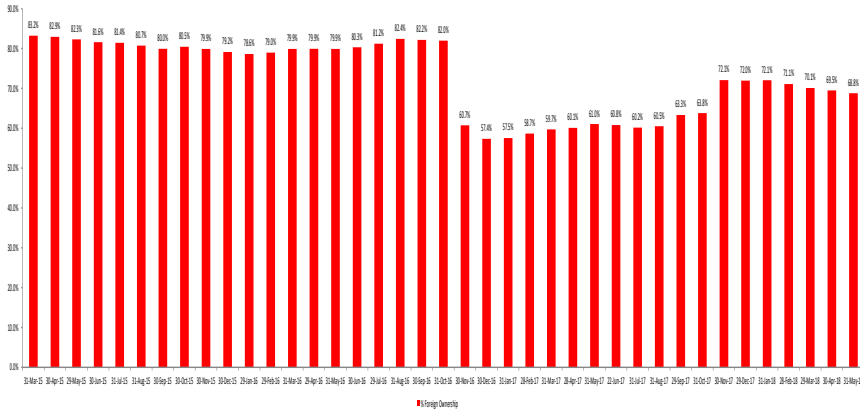
By:

Evan Lie Hadiwidjaja

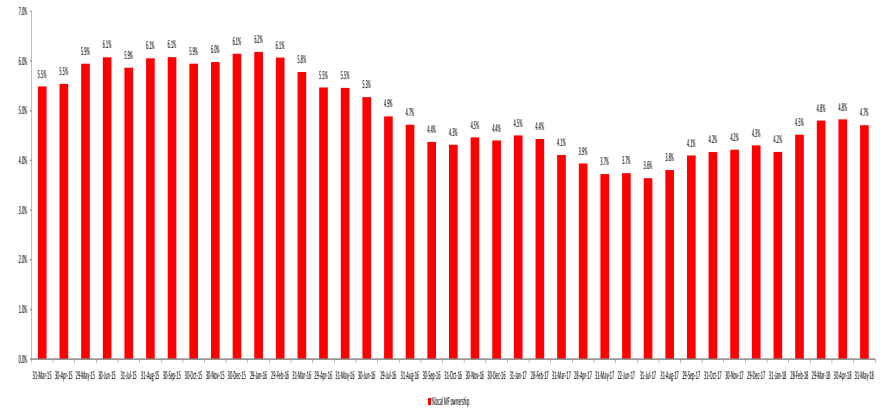
Richard Suherman

Banking Sector

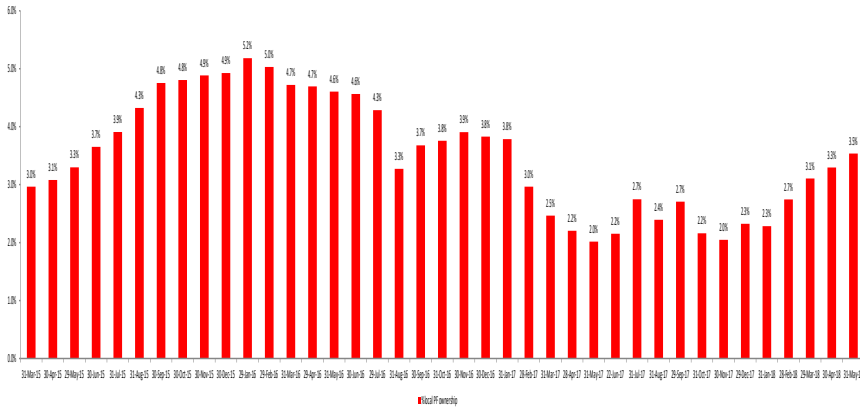
Foreign ownership in banking sector



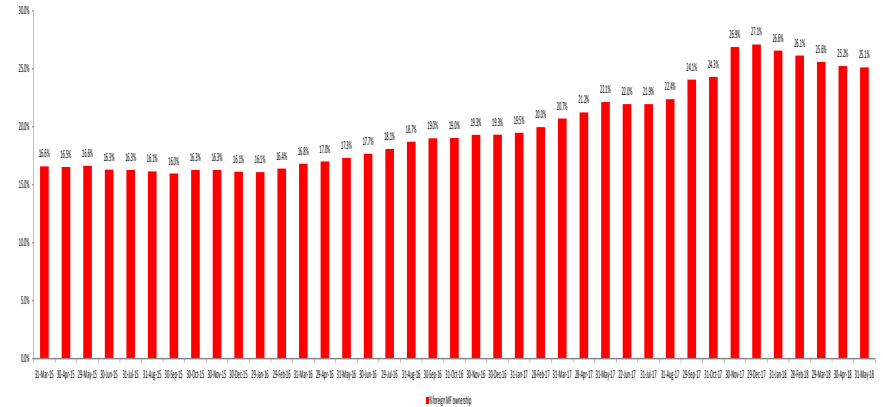
Local mutual fund ownership



Local pension fund ownership



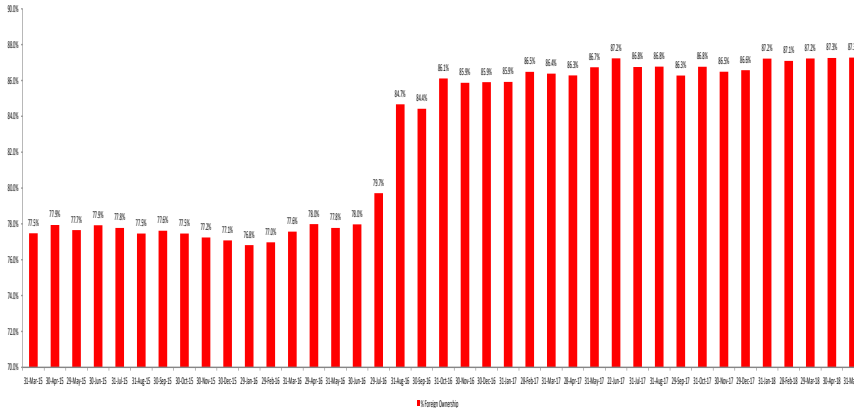
Foreign mutual fund ownership



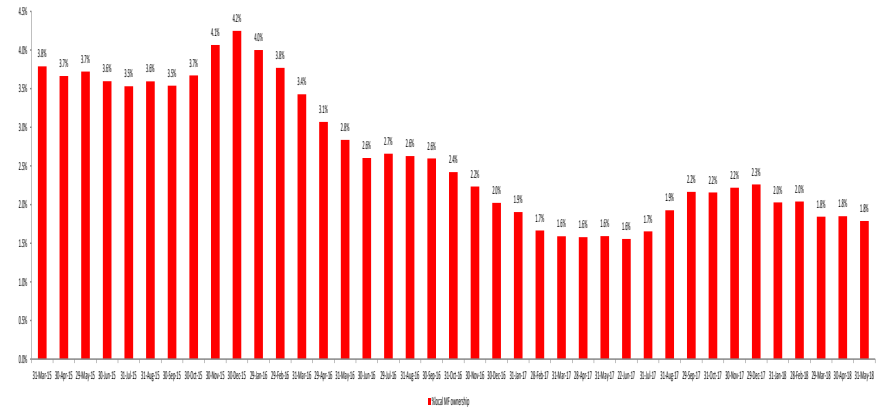
Source: KSEI, Sinarmas Investment Research

In addition to PF accumulation, selling pressure from foreign MF appears to be bottoming. Though foreign ownership is still deteriorated, some of the capital outflow was due to currency volatility which has stabilized over the past week on the back of policy rate adjustment by the central bank. Meanwhile, we see banking sector is trading at an attractive valuation.

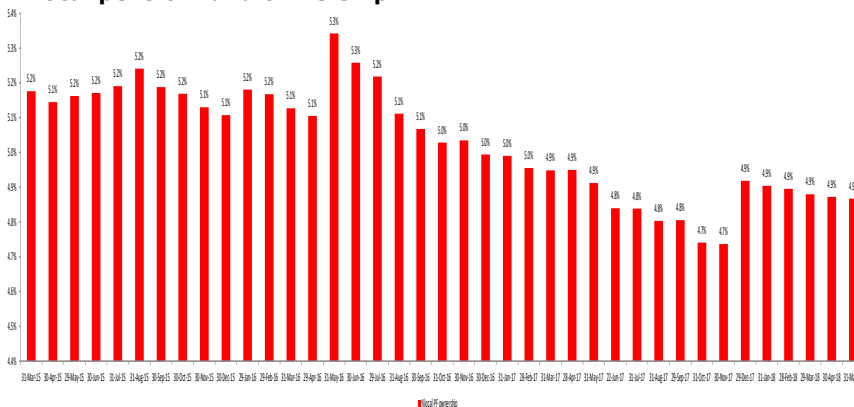
Foreign ownership in cement sector



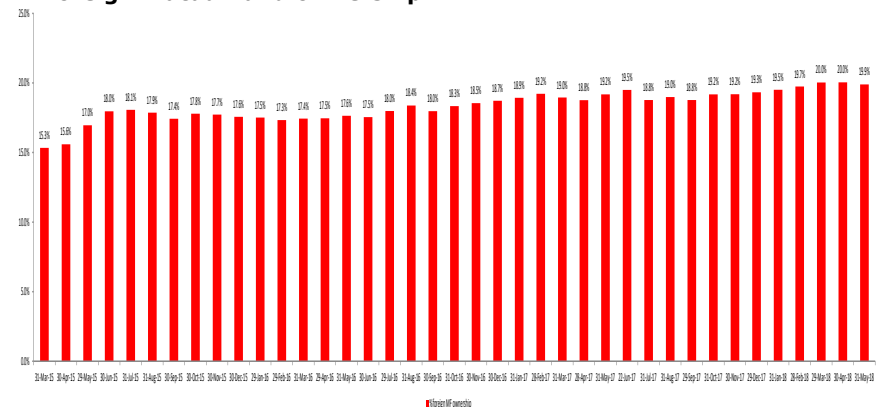
Local mutual fund ownership



Local pension fund ownership



Foreign mutual fund ownership

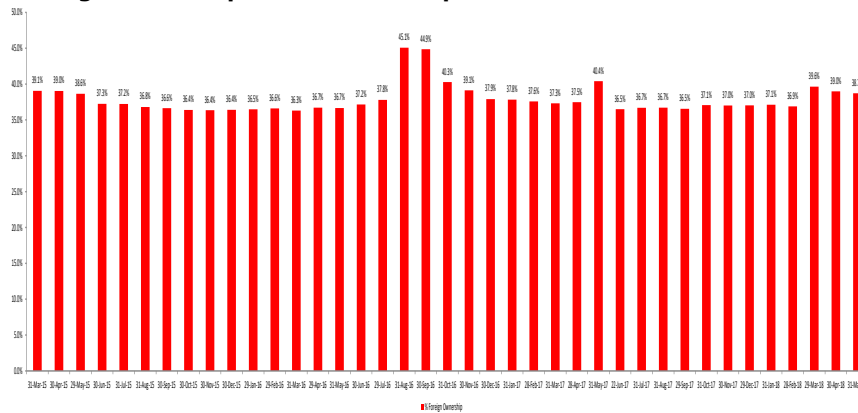


Source: KSEI, Sinarmas Investment Research

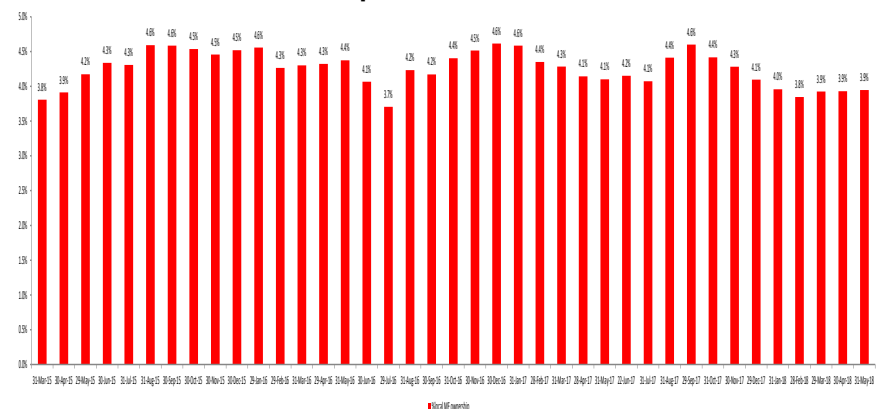
In addition to the selling pressure from local PF and MF, capital inflow from foreign MF has weakened. While we see positive catalyst as cement players started to increase selling price amidst tight competition, rising commodity prices continue to pressurize profitability.

Consumer Staples Sector

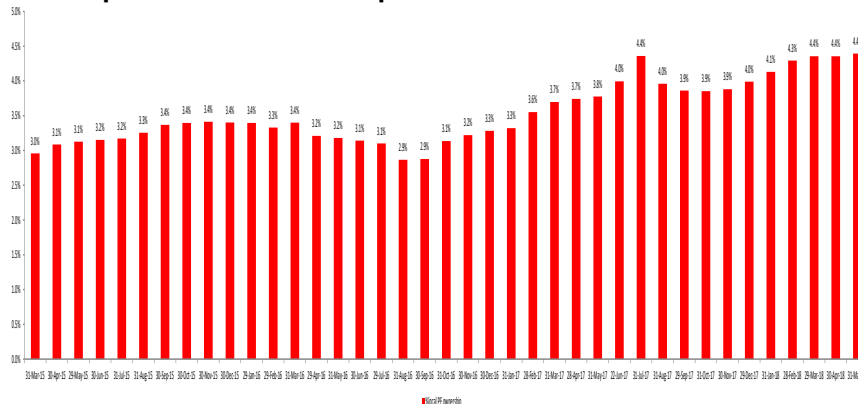
Foreign ownership in consumer staples sector



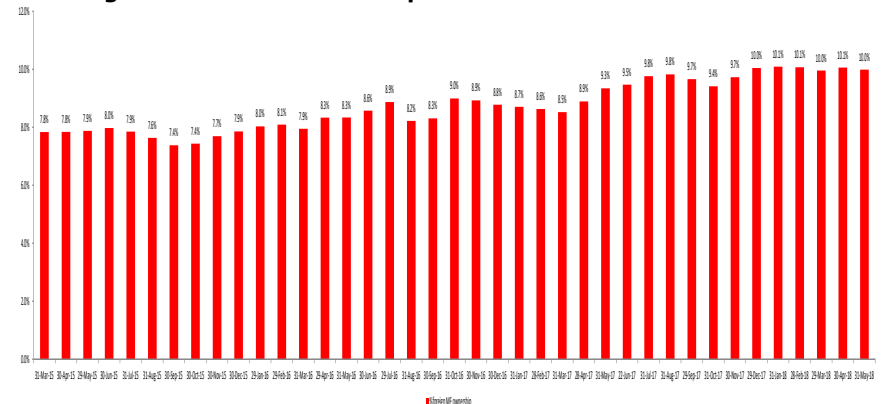
Local mutual fund ownership



Local pension fund ownership



Foreign mutual fund ownership

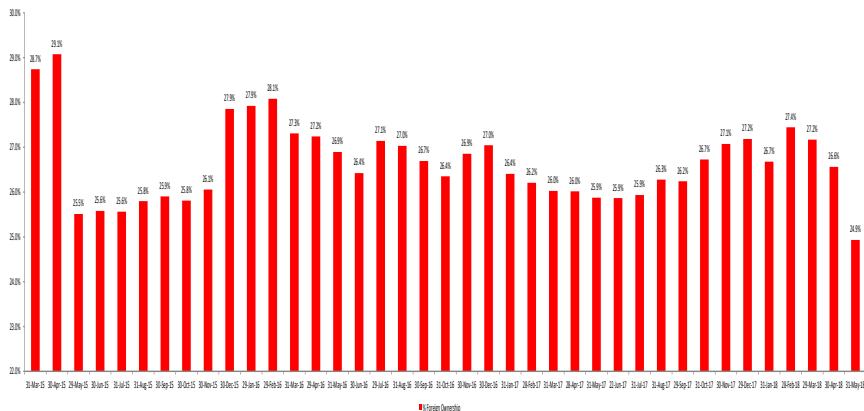


Source: KSEI, Sinarmas Investment Research

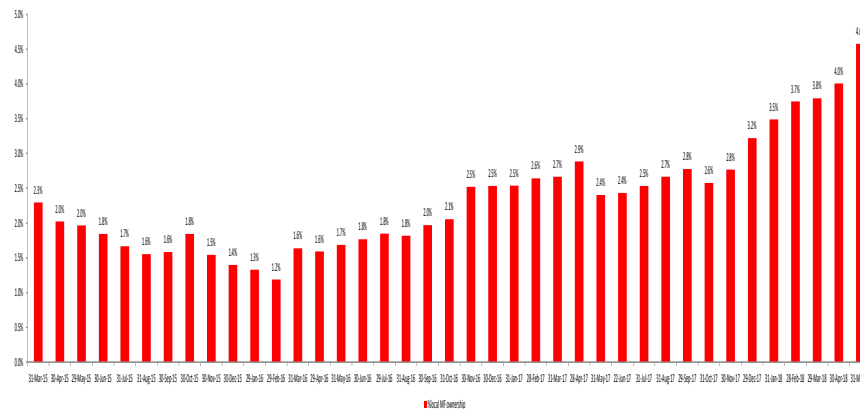
Despite capital outflow in JCI, foreign ownership in consumer staples sector remains stable as it is rather defensive compared to other sectors. Nonetheless, we continue to like the sector as we see the forthcoming events to bring up positive sentiments toward rising household consumption.

Coal Sector

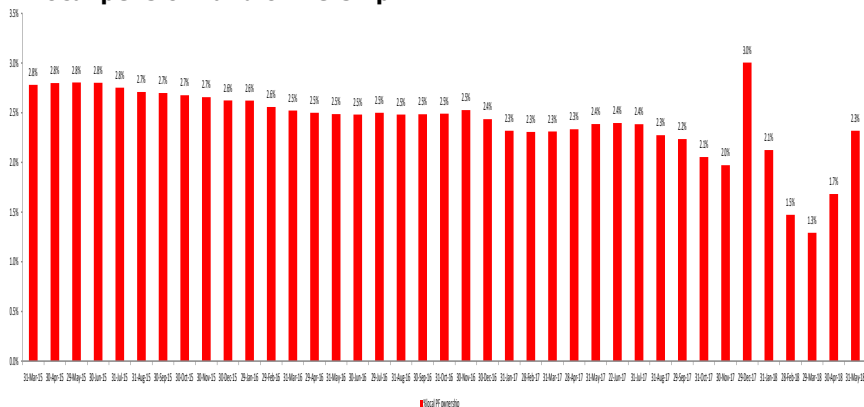
Foreign ownership in coal sector



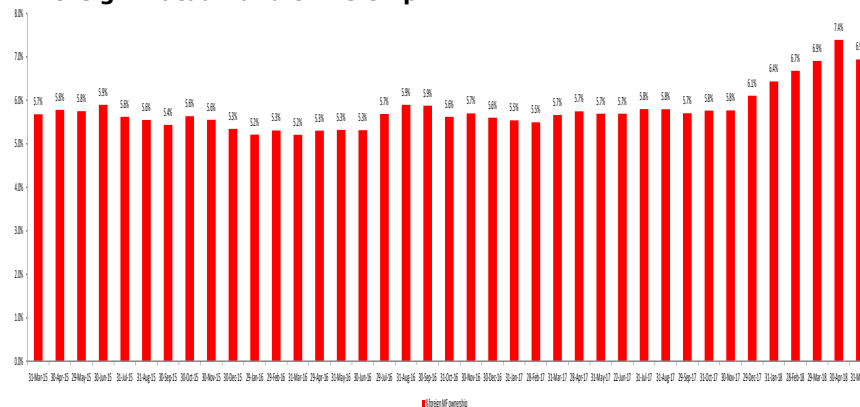
Local mutual fund ownership



Local pension fund ownership



Foreign mutual fund ownership

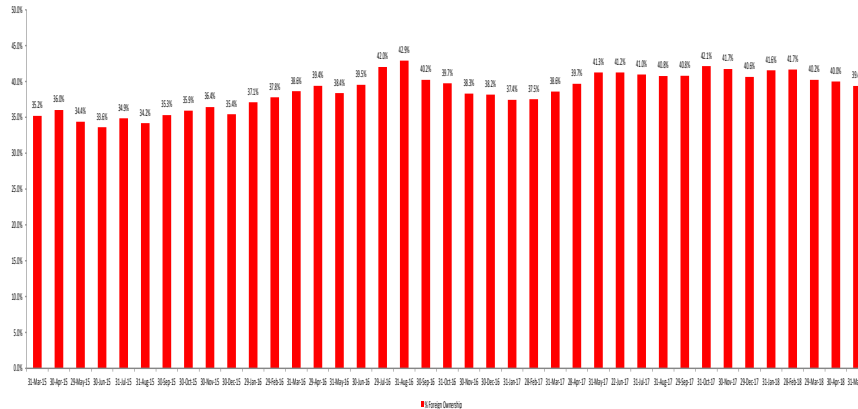


Source: KSEI, Sinarmas Investment Research

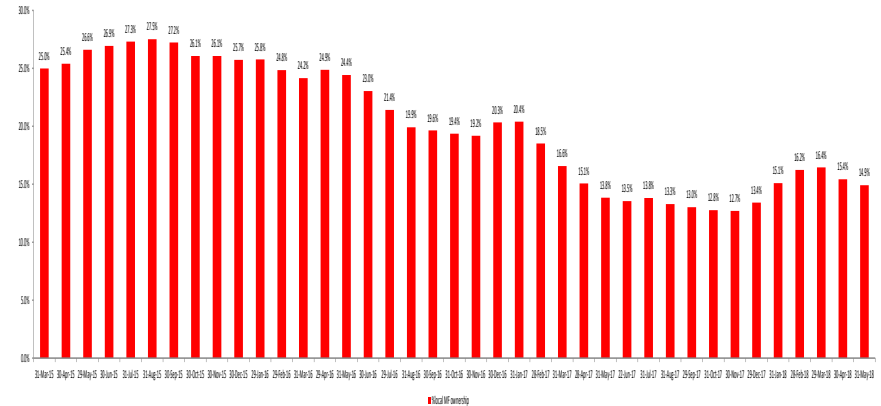
We see foreign ownership to inch down in May which we suspect due to below-than-expected result from ADRO. However, we remain bullish in coal sector as demand for coal will increase entering the summer season. On another note, Newcastle coal price touched \$111/Mt last Friday, record high for the past 2 years.

Construction Sector

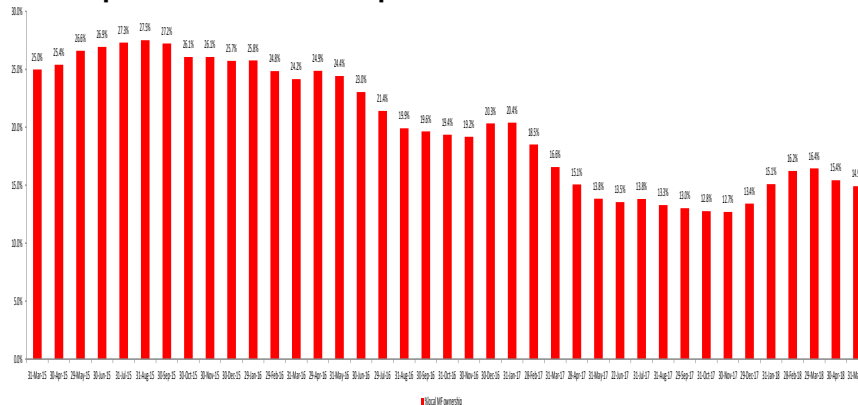
Foreign ownership in construction sector



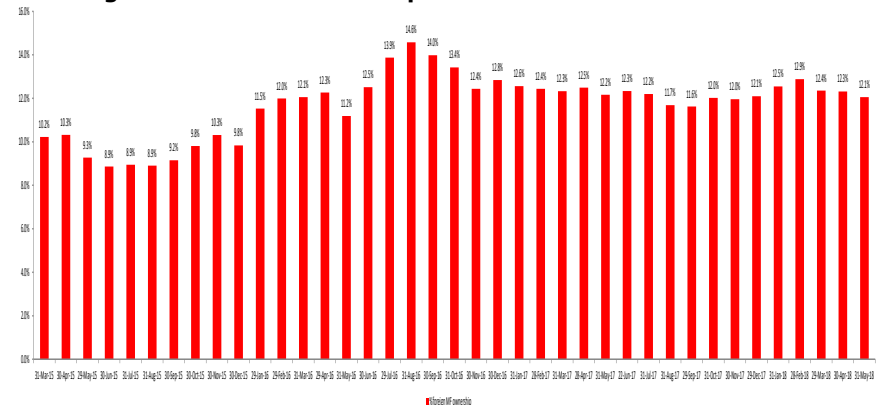
Local mutual fund ownership



Local pension fund ownership



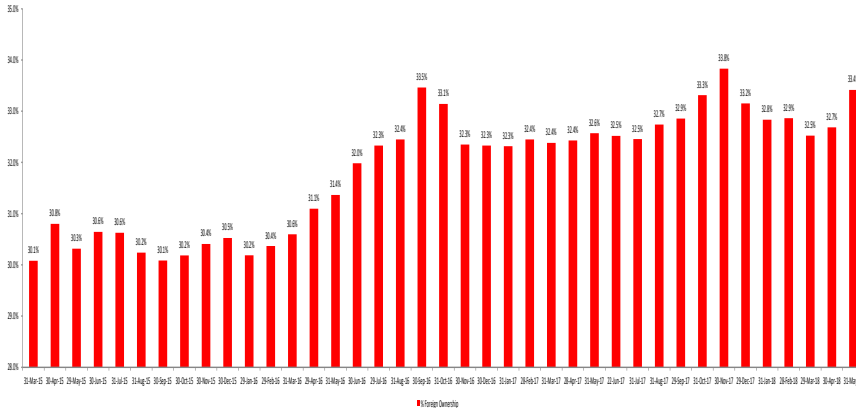
Foreign mutual fund ownership



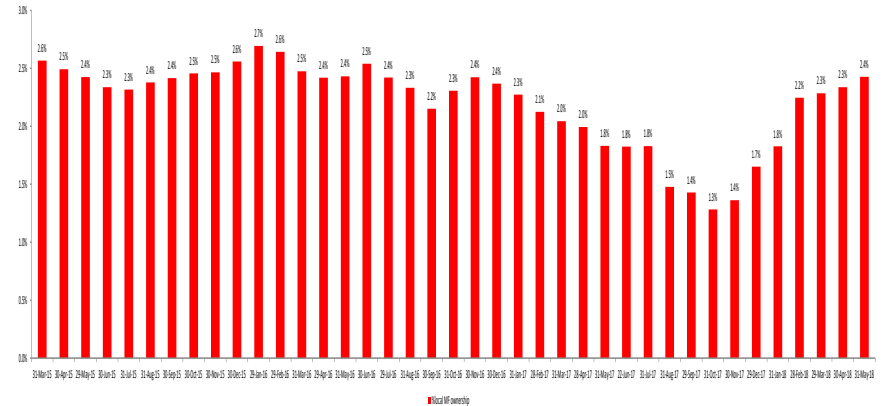
Source: KSEI, Sinarmas Investment Research

Despite deterioration in local MF and PF ownerships, we believe the sector's performance will improve as cash flow has been experiencing a turnaround through faster project executions. Additionally, valuations are at multi-year low levels, which boosts attractiveness to the sector.

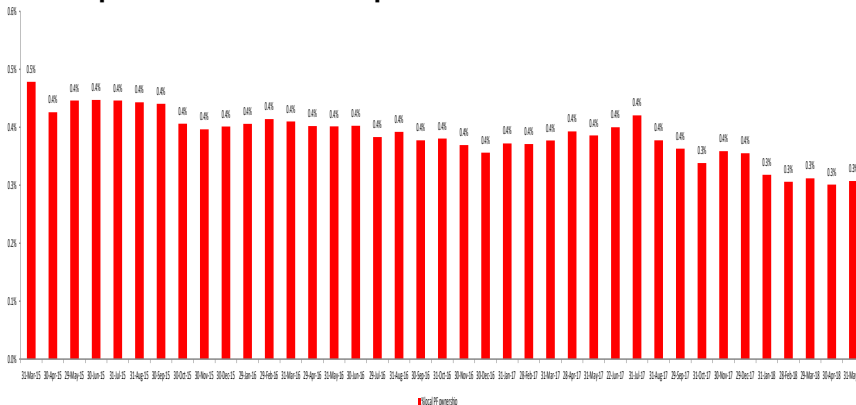
Foreign ownership in media sector



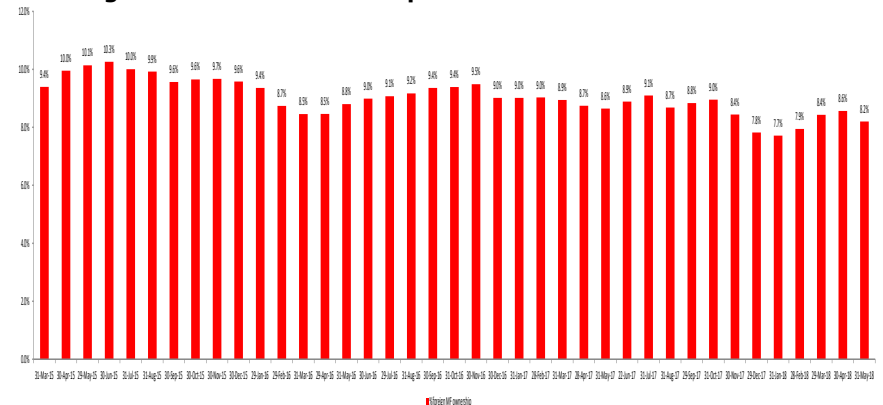
Local mutual fund ownership



Local pension fund ownership



Foreign mutual fund ownership

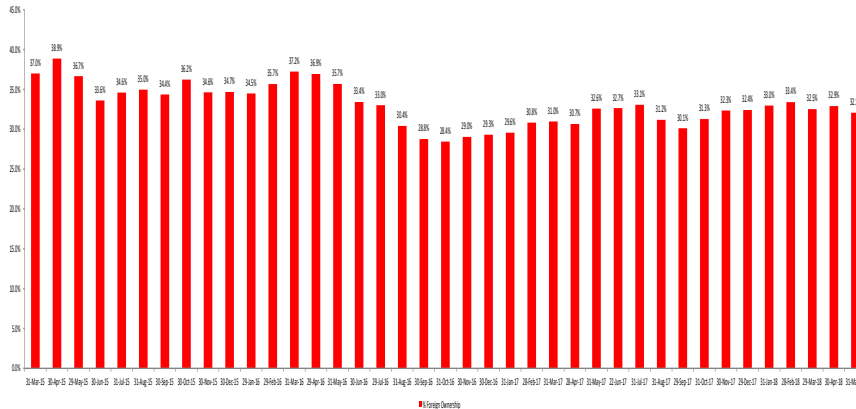


Source: KSEI, Sinarmas Investment Research

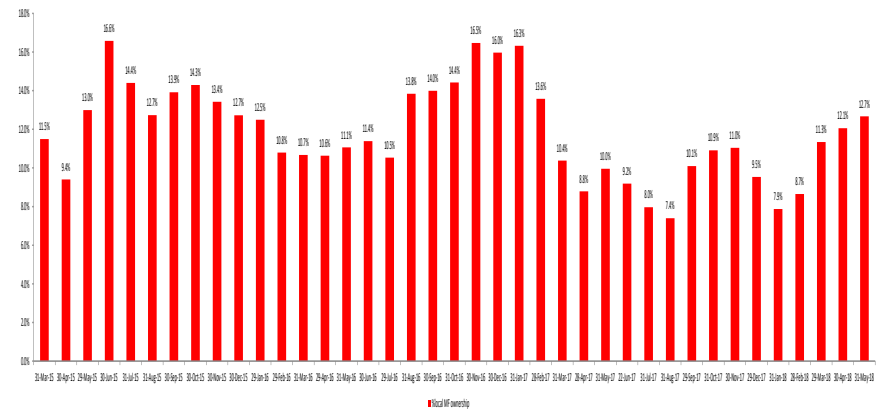
We see an uptick in foreign ownership and gradual accumulation from local MF as we expect a boost on media ad spending due to Lebaran and upcoming World Cup & Asian Games.

Plantation Sector

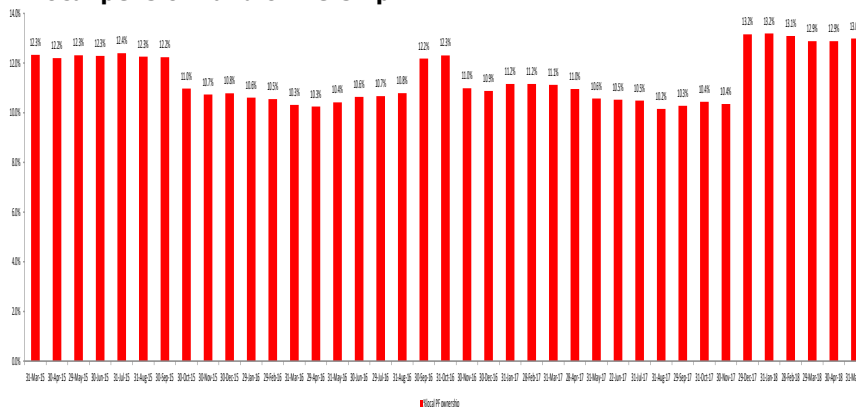
Foreign ownership in plantation sector



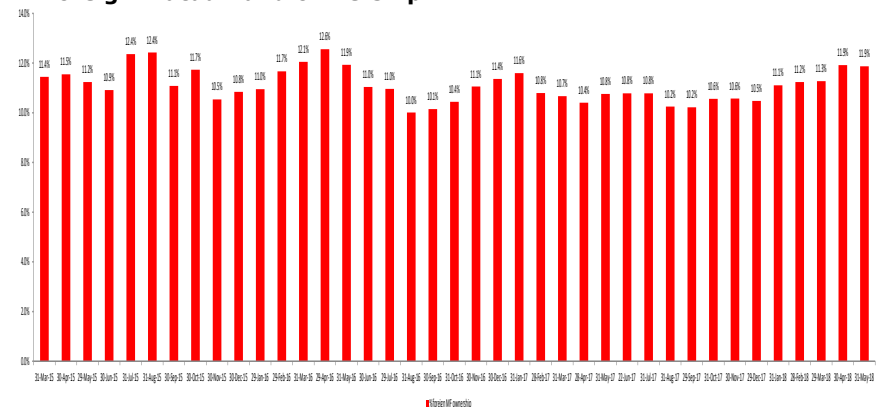
Local mutual fund ownership



Local pension fund ownership



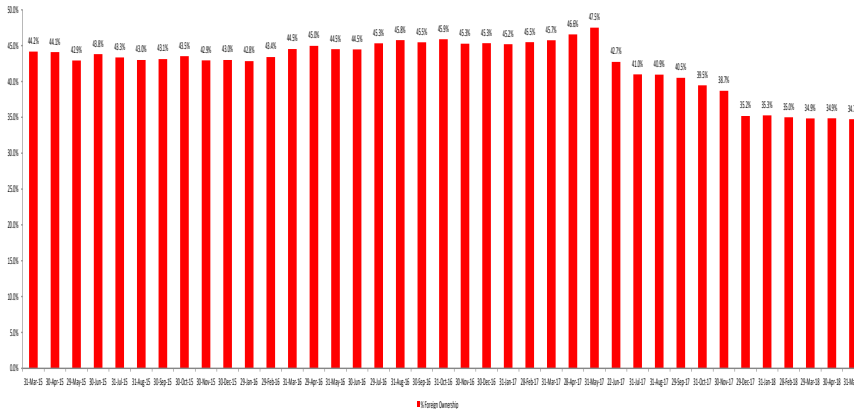
Foreign mutual fund ownership



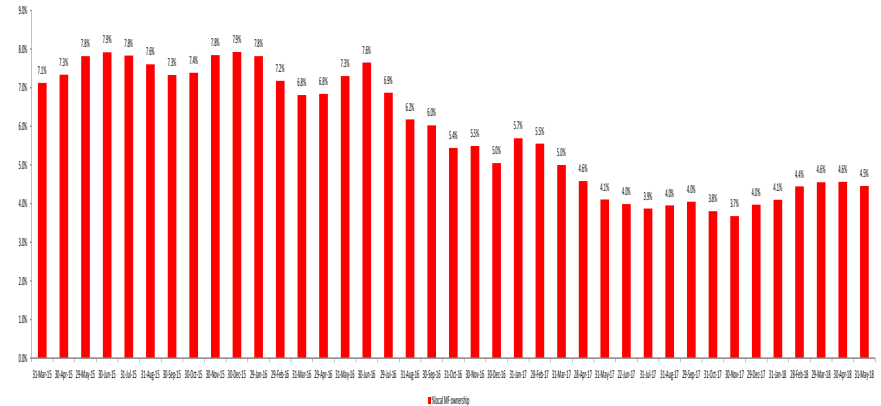
Source: KSEI, Sinarmas Investment Research

Regardless of local MF accumulation, we see lack of catalyst in the sector. CPO price tends to benefit from rising oil price, though the impact is minimal as correlation between the two commodities has weakened.

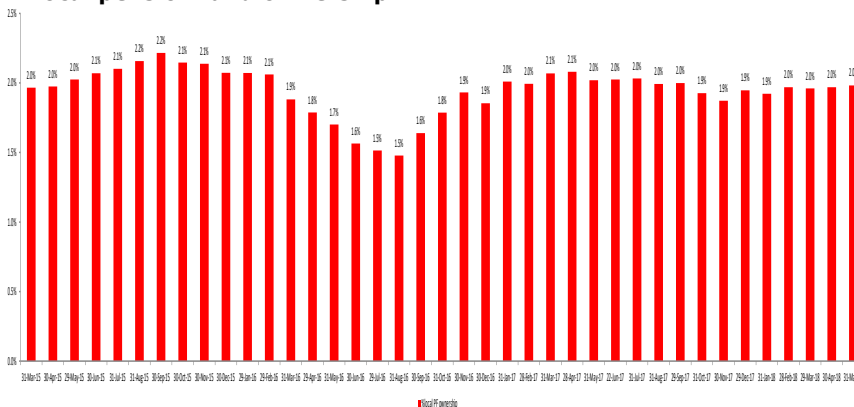
Foreign ownership in property sector



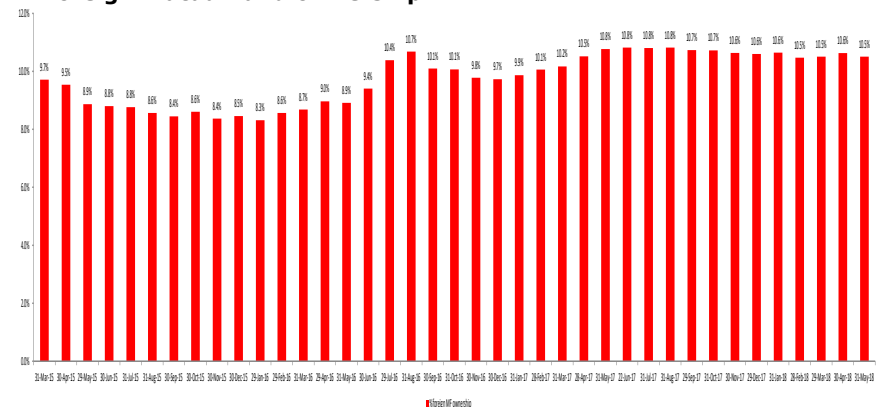
Local mutual fund ownership



Local pension fund ownership



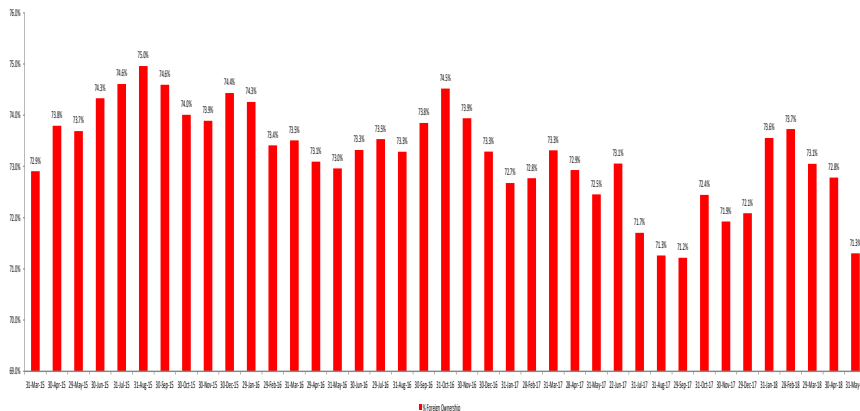
Foreign mutual fund ownership



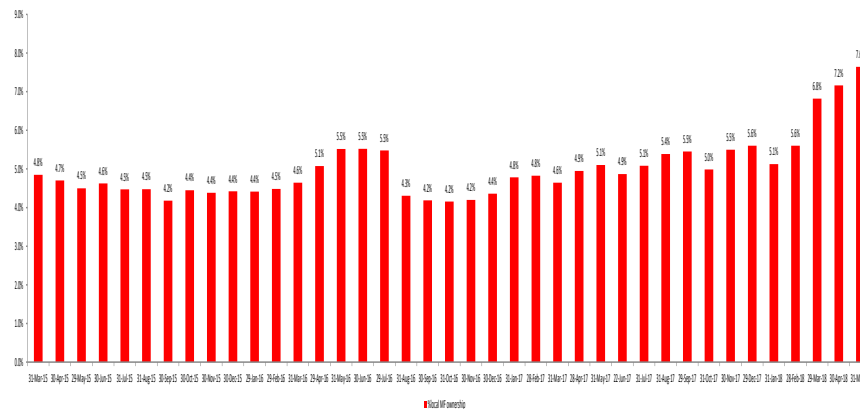
Source: KSEI, Sinarmas Investment Research

We take neutral stance on the sector due to challenging outlook stemmed by 50 bps of policy rate hike, which may have an impact to demand and higher cost of fund.

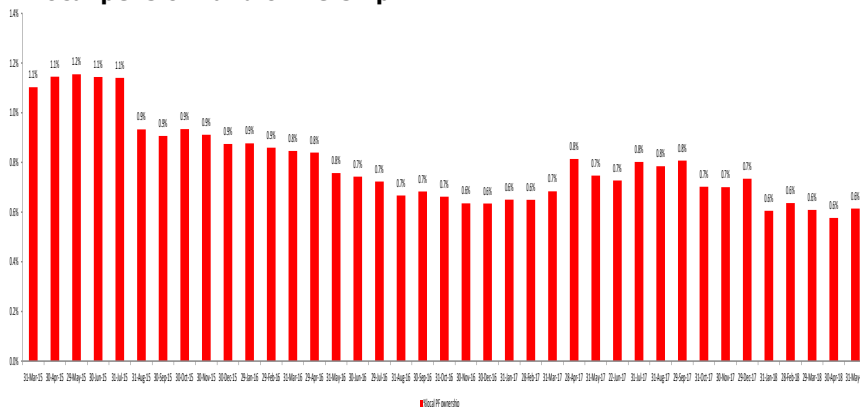
Foreign ownership in retail sector



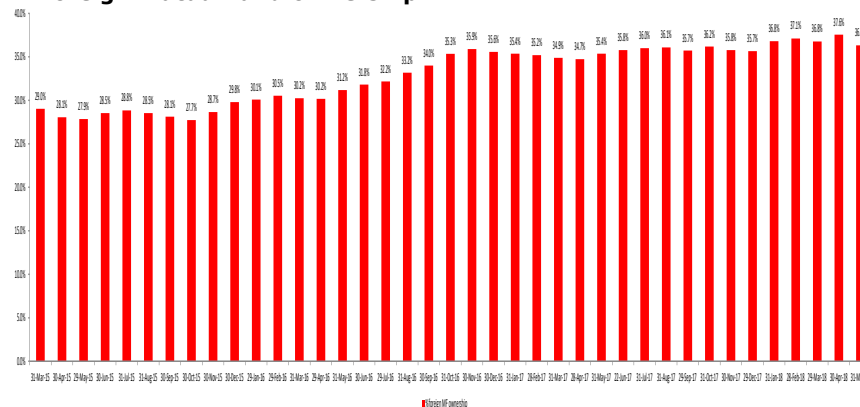
Local mutual fund ownership



Local pension fund ownership



Foreign mutual fund ownership

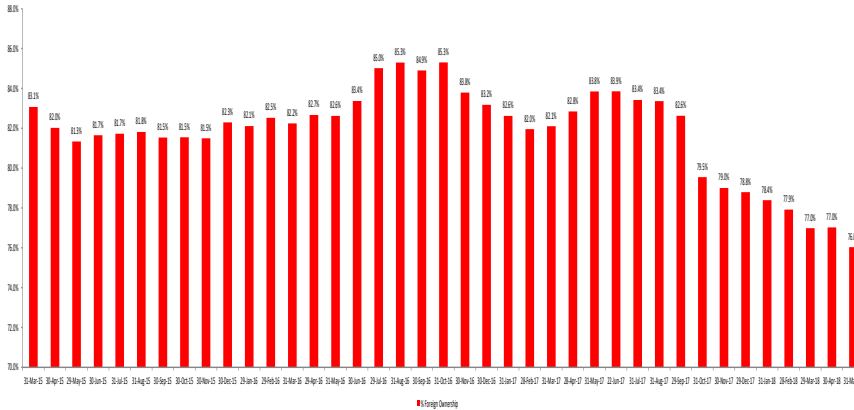


Source: KSEI, Sinarmas Investment Research

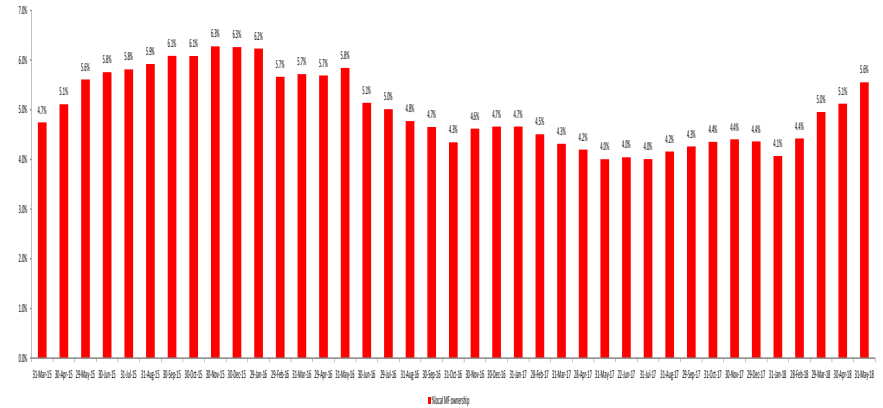
Foreign capital outflow in ACES and RALS weighed down aggregate foreign sector ownership due to currency volatility concerns on ACES (-2.5% YTD USD/IDR and -3.8% YTD CNY/IDR) and demanding valuation on RALS (20.3x FY18E PE).

Telecommunication Sector

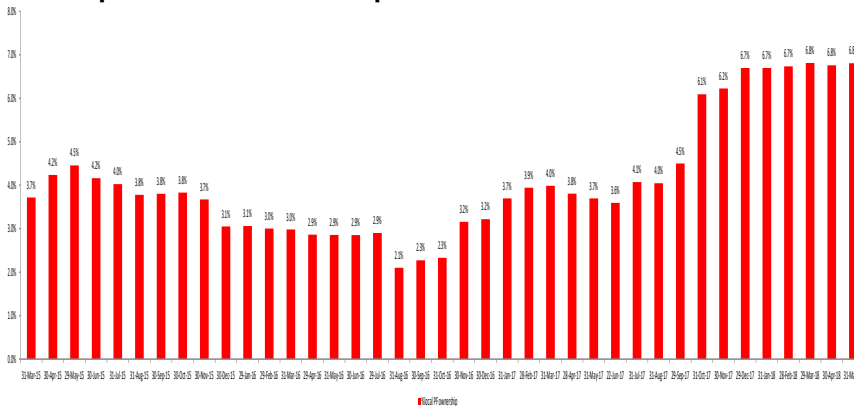
Foreign ownership in telecommunication sector



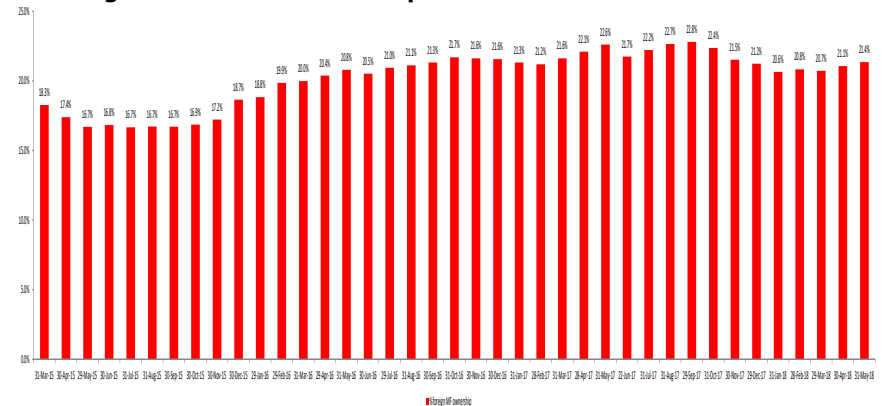
Local mutual fund ownership



Local pension fund ownership



Foreign mutual fund ownership



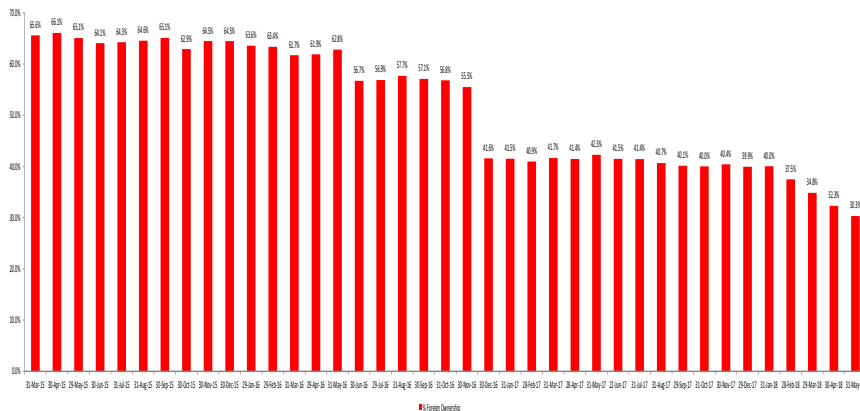
Source: KSEI, Sinarmas Investment Research

Oversold and attractive. We see a turnaround on foreign MF ownership followed by stronger local MF accumulation. We expect an increase in data pricing before Lebaran and continuous growth in data traffic will bring positive sentiment to the sector, which has been trading at -1.5x SD below 5-yr average EV/EBITDA.

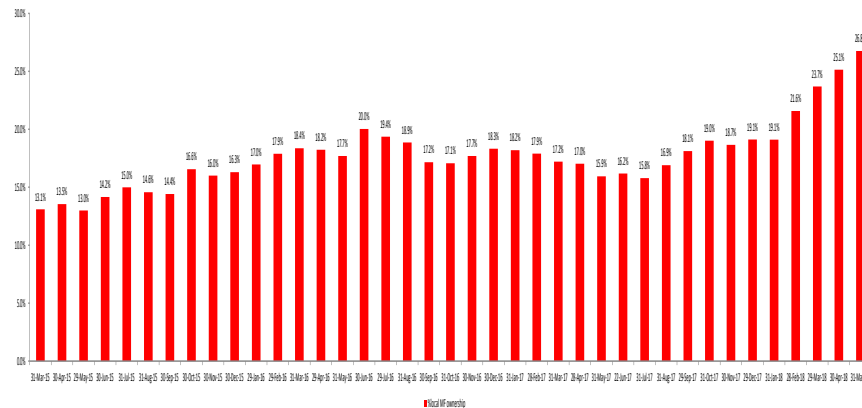
Tobacco Sector



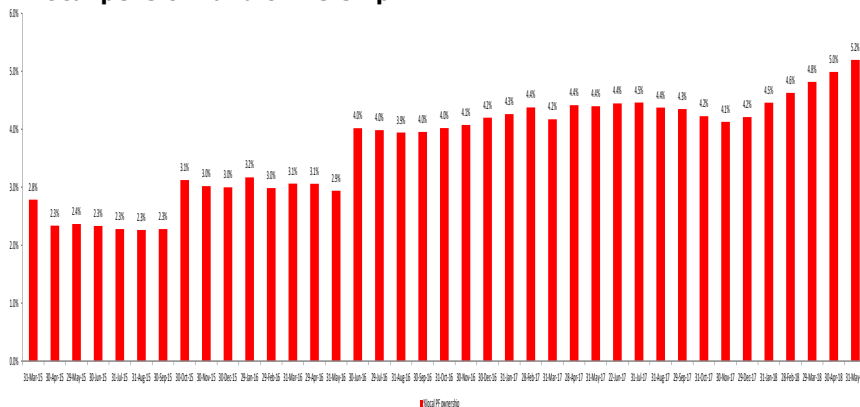
Foreign ownership in tobacco sector



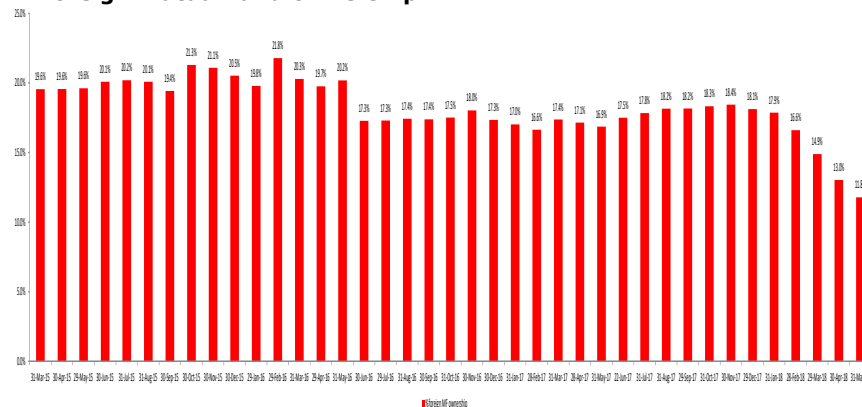
Local mutual fund ownership



Local pension fund ownership



Foreign mutual fund ownership



Source: KSEI, Sinarmas Investment Research

Selling pressure from foreign MF may serve as a headwind to the sector despite gradual accumulation from local MF and local PF as the sector experienced significant correction due to concerns on weak volume growth.

Sector	Members
Banking	BBRI, BBNI, BMRI, BBCA, BBTN
Cement	INTP, SMGR
Consumer Staples	UNVR, INDF, ICBP, MYOR, KLBF, ROTI
Coal	ADRO, PTBA, ITMG, HRUM, UNTR, DOID
Construction	PTPP, ADHI, WIKA, WSKT
Media	SCMA, MNCN
Plantation	AALI, LSIP
Property	BSDE, SMRA, ASRI, CTRA, PWON
Retail	ACES, MAPI, LPPF, RALS
Telecommunication	TLKM, EXCL
Tobacco	HMSP, GGRM

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