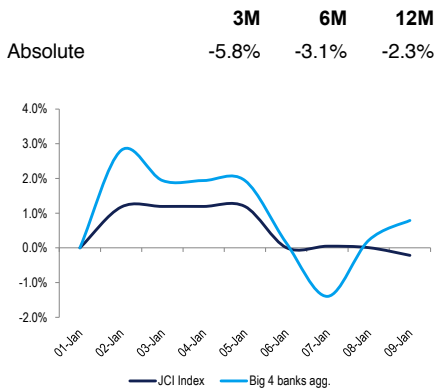


# Indonesia Strategy

Strategy Update | 10 January 2025

## JCI Performance



## FY24 flow recap: a year to forget; volatility may continue in 1Q25

- JCI recorded c.Rp29tr of outflow in FY24, the biggest in 4 years. This was entirely contributed by banks especially BBRI (-Rp38tr).
- We don't think the flow may reverse anytime soon given the lingering overhang on currency and/or bond yield.
- We believe it's best to stay defensive throughout 1Q with consumer and selective commodity (esp. energy) names as our preferences.

### 2024 flow recap: massive outflow has caused underperformance

JCI recorded -Rp29tr of outflow in FY24, however if we strip-out the inflow of BREN, AMMN and TPIA, JCI recorded an outflow of -Rp38tr. This was almost entirely contributed by banks at -Rp38tr of outflow with BBRI contributed by far the most at -Rp38tr, BMRI at -Rp1.4tr and BBNI at -Rp940bn. Only BBKA and BRIS recorded inflow of Rp830bn and Rp1.8tr respectively. It's worth noting that the outflow represents 0.2% of market cap and the highest outflow in the past 4 years. This led to -3% JCI performances but at -8% if we take out BREN, AMMN and TPIA; LQ45 also posted the worst drop in 16 years at -15%.

### Nov-Dec24 was particularly tough amid rising domestic and external uncertainties

During Nov-Dec24, LQ45 posted -10% drop with banks dropped by -11% (ex-BBCA at 15%). This was due to combination of multiple factors: 1) Trump's election result, 2) rising domestic uncertainties in the forms of populist policy and also formation of Danantara and 3) lastly, tight liquidity condition which was reflected in latest banks results (Nov24 SOE banks LDR at 92%). These aforementioned factors exacerbated the 1H24 concern on BRI's micro asset quality issue.

### Expect volatility to remain in 1Q25 amid lingering overhang especially for banks

Despite the massive outflow last year, we think the market is still not yet out of the woods amid external and domestic overhang. We think it's best to remain patient until: 1) Trump's inauguration on 20<sup>th</sup> Jan, hence a better clarity on the tariff's outlook, 2) big 4 banks FY24 results and FY25 guidance which shall be released in end of Jan to early Feb and 3) SOE banks AGM starting on 10<sup>th</sup> Mar – this is to limit the risk of kitchen sinking if there is any management changes.

### Stay defensive; we prefer bond yield/currency as entry point cues instead of valuation

We turned bearish back in Nov ([link to our strategy note](#)) and will remain cautious in 1Q25. We remain consistent with our picks with domestic consumption play which may get a tailwind from unchanged VAT but with additional stimulus (i.e. electricity tariff discount etc.) Our sector picks are: consumer staple (ICBP/MYOR), certain discretionary names like AMRT/MAPA/GOTO – the latter is also due to widening valuation with GRAB; and selective commodity especially energy related names i.e. ADRO/AADI amidst consistent dividend stream and currency hedge. Earnings growth of 6-7% in FY25F is also not attractive enough considering the concern on currency, in our view.

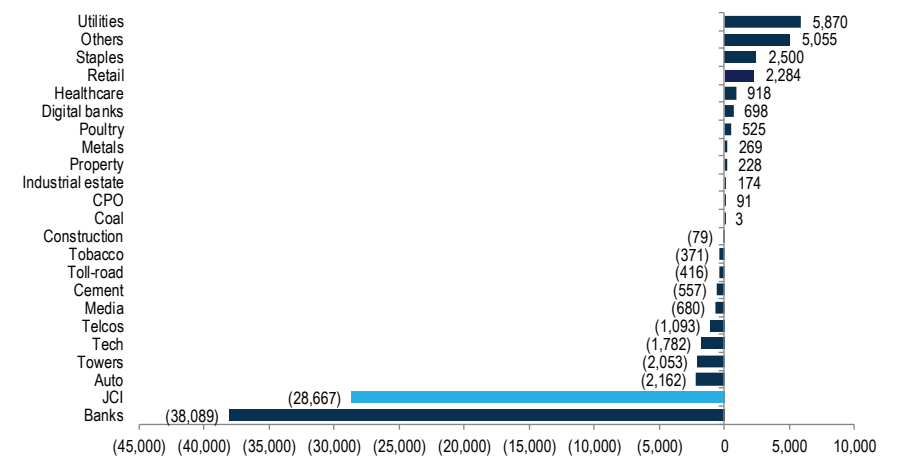
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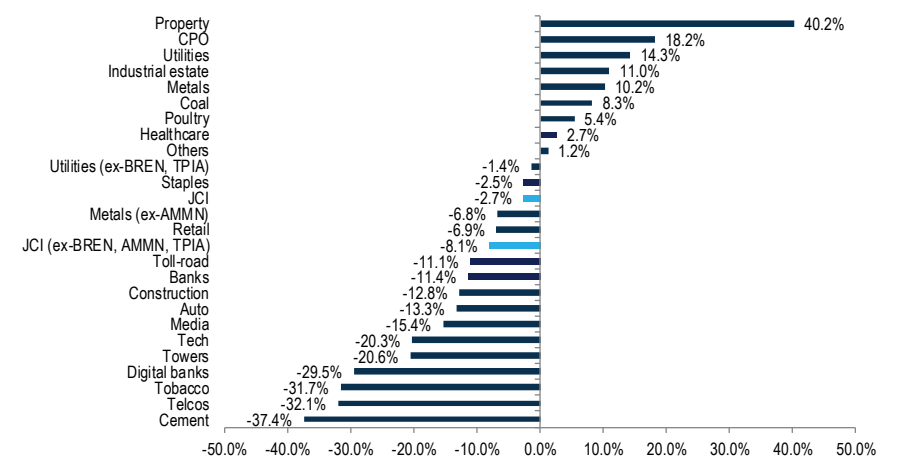
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Fig. 1: FY24 foreign net flow (RG+TN) – in Rp bn



Source: Indo Premier

Fig. 2: FY24 stock performance



Source: Indo Premier

Fig. 3: FY24 top 15 foreign inflow

YTD	Foreign flow (Rp bn)	Stock perf.	Changes in local fund weight (bp)	Changes in foreign fund weight (bp)
TPIA	6,263	43%	(26)	49
AMMN	2,977	29%	48	61
INDF	2,475	19%	33	37
AMRT	1,891	-3%	6	55
BRIS	1,775	57%	46	24
ITMA	1,430	4%	0	0
PGAS	1,133	41%	42	24
FILM	1,050	1%	1	1
EXCL	1,049	13%	(7)	5
BULL	996	-22%	(0)	0
BIPI	847	-17%	1	(1)
BBCA	829	3%	(16)	358
OASA	805	3%	0	0
MIKA	804	-13%	(20)	4
BFIN	776	-22%	(11)	(2)

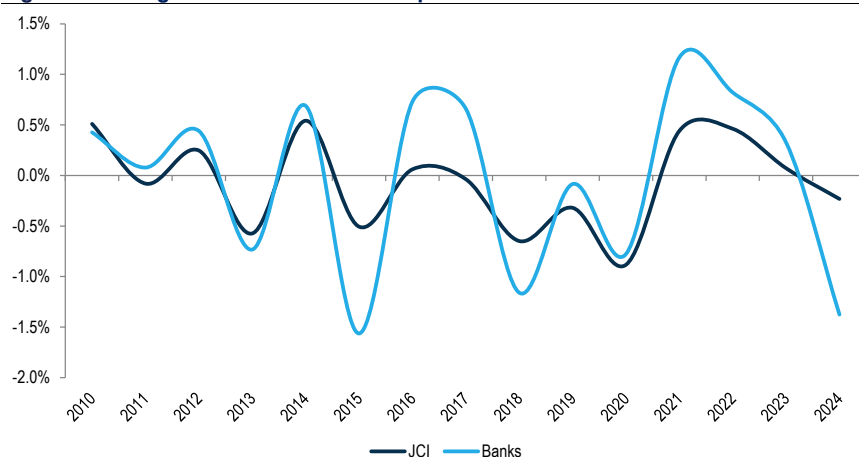
Source: Indo Premier

Fig. 4: FY24 top 15 foreign outflow

YTD	Foreign flow (Rp bn)	Stock perf.	Changes in local fund weight (bp)	Changes in foreign fund weight (bp)
BBRI	(37,874)	-29%	(29)	(657)
TLKM	(2,523)	-31%	(241)	(173)
ASII	(2,162)	-13%	(34)	(54)
TOWR	(1,674)	-34%	(24)	(28)
BMRI	(1,447)	-6%	(74)	106
MDKA	(1,435)	-39%	(29)	(16)
GOTO	(982)	-19%	25	10
BBNI	(940)	-19%	(71)	(34)
BRPT	(904)	-31%	(10)	(14)
ANTM	(743)	-11%	30	(10)
AVIA	(716)	-20%	5	(15)
INCO	(712)	-11%	17	1
BUKA	(682)	-42%	(23)	(9)
KLBF	(656)	-16%	11	(17)
INKP	(643)	-18%	(8)	(5)

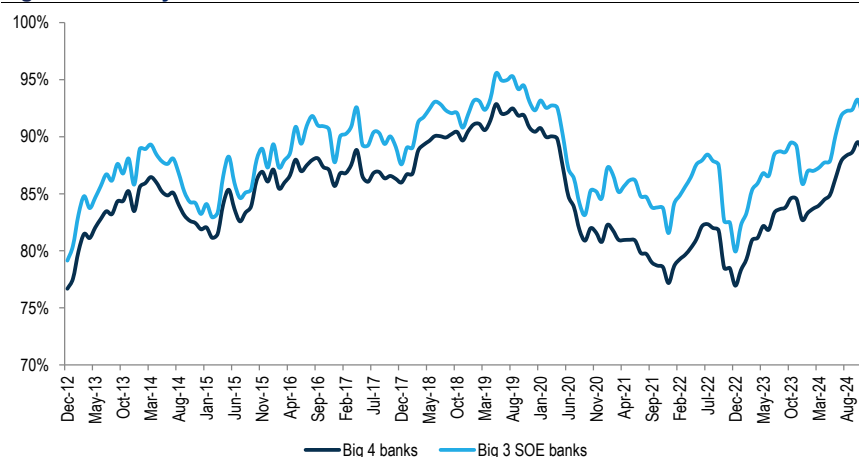
Source: Indo Premier

**Fig. 5: Net foreign flow as % of market cap**



Source: Bloomberg, Indo Premier  
Consists of: BBKA, BBRI, BMRI, BBNI, BRIS, BNGA, BTPN, BTPS, MEGA, BBTN

**Fig. 6: Bank-only LDR trend**



Source: Company, Indo Premier

## SECTOR RATINGS

- OVERWEIGHT** : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL** : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT** : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

## COMPANY RATINGS

- BUY** : Expected total return of 10% or more within a 12-month period
- HOLD** : Expected total return between -10% and 10% within a 12-month period
- SELL** : Expected total return of -10% or worse within a 12-month period

## ANALYSTS CERTIFICATION

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