

# Indonesia

2.5 Stars – Neutral ★★☆☆☆



## Macro Outlook

- Indonesia has been one of the most resilient markets in 2022, supported by strong export growth due to high commodity prices and strong external demand as well as elevated domestic consumption.
- However, valuations have priced in most of the upside.

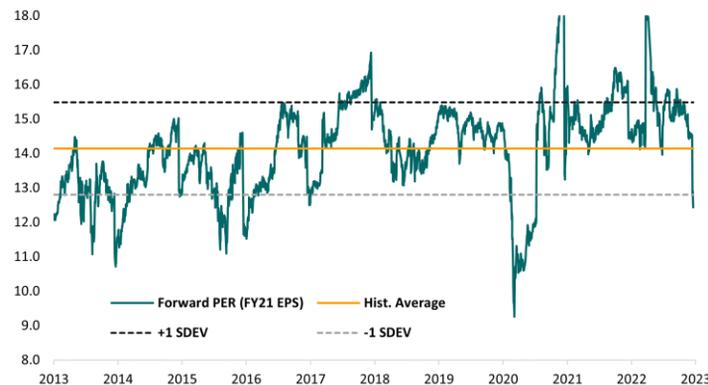
## What we like about

- Fiscally better to manage inflationary pressures compared to its ASEAN peers.
- Earnings growth likely to remain strong and broad-based, driven by key sectors such as Financials and Consumer non-cyclical.
- Strong domestic consumption and exports.

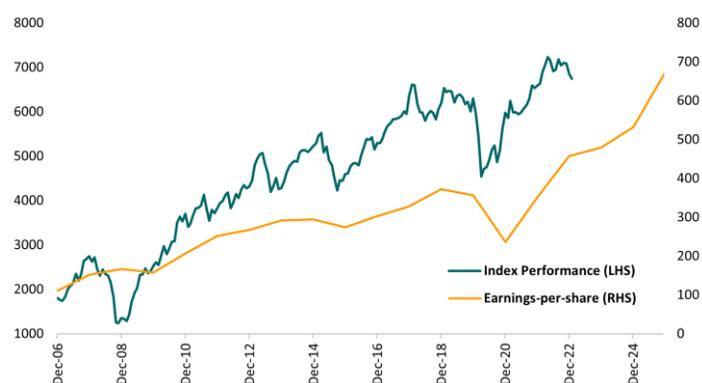
## Investment Risk(s)

- Possible rate hikes as inflation picks up.
- Valuations are not as attractive as before.
- Moderation in earnings from Basic Materials and Energy sectors that have benefitted during the commodity boom in 2022.

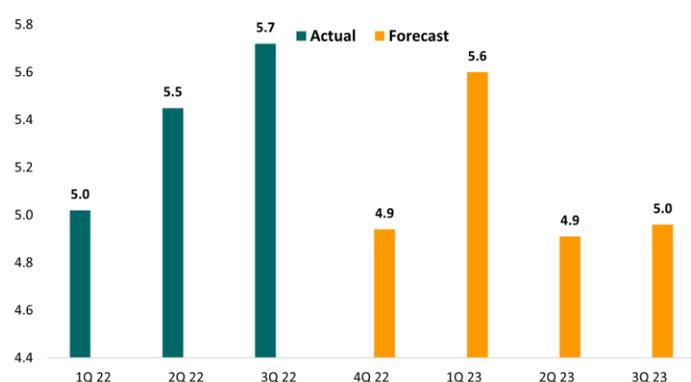
JCI Index Forward PE Ratio (x)



Indonesia Equity (JCI Index) Price vs EPS



Real Quarterly GDP- Actual and Forecast (YoY %)



Indonesia Market PMI



Source : Bloomberg Finance L.P, iFAST compilations. Data as of Jan 2023.

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