

ULASAN MAKROEKONOMI

Perekonomian Indonesia tetap kuat di bulan Oktober. Inflasi tercatat +0.01% MoM, lebih rendah dari +0.13% MoM di bulan sebelumnya, sehingga inflasi tahunan menjadi +3.58% YoY, lebih rendah dari +3.72% YoY di September. Di sisi lain, inflasi inti naik ke level +3.07% dari +3.00% di September. Kenaikan tersebut merupakan indikasi positif setelah inflasi inti terus mengalami pelemahan 6 bulan berturut-turut hingga Agustus. Secara keseluruhan, menurut kami inflasi akan tetap terjaga tahun ini didukung oleh pengontrolan ketat terhadap harga bahan pangan dan tidak adanya kenaikan harga yang diadministrasi pemerintah.

Setelah mencatatkan surplus perdagangan USD1.72 miliar di bulan Agustus (terbesar sejak November 2011), Indonesia kembali mencatatkan surplus USD1.76 miliar di bulan September (vs. proyeksi konsensus USD1.2 miliar), didukung pertumbuhan ekspor dan impor. Di bulan September pertumbuhan ekspor (+15.6% YoY) melebihi impor yang tumbuh +13.1% YoY. Pertumbuhan volume melebihi pertumbuhan harga, baik bagi ekspor maupun impor. Ekspor komoditas mencatatkan pertumbuhan kuat, dengan pertumbuhan volume +9.4% YoY.

MACROECONOMY REVIEW

Indonesia economy remained strong in October. The country reported a benign inflation of +0.01% MoM, much lower compared to +0.13% MoM in the previous month, making annual headline inflation +3.58%YoY, below +3.72% YoY in September. Core inflation, meanwhile, increased further to +3.07% from +3.00% in September. The increase was relieving as core inflation had eased for the sixth month in a row previously up to August. Overall, we believe inflation will remain manageable this year given tight control in foodstuff prices and no more hike in administered prices.

After posting USD1.72b trade surplus in August (which was the largest trade surplus since Nov 2011), Indonesia recorded a solid trade surplus of USD1.76b in September (vs. consensus forecasts at USD1.2b), supported by double digit growth in both exports and imports. Export grew (15.6% YoY) outpaced import, which was up +13.1% YoY. Volume growth outpaced price increase in both exports and imports. Commodity exports came in strongly, with volume growth of +9.4% YoY.

ULASAN MAKROEKONOMI

PDB Indonesia tumbuh +5.06% YoY di 3Q17, sedikit lebih tinggi dari +5.01% di 2Q17, tapi lebih rendah dari proyeksi konsensus +5.19%. Penyebab utama pertumbuhan yang lebih rendah dari ekspektasi adalah komponen konsumsi rumah tangga dan belanja pemerintah yang lebih rendah dari perkiraan. Pertumbuhan konsumsi rumah tangga turun menjadi +4.93% YoY di 3Q17 dari +5.01% di tahun sebelumnya. Selain sektor transportasi dan komunikasi, sektor lainnya mengalami pelemahan. Subsidi pemerintah dan belanja sosial yang lebih tinggi diperkirakan mendukung konsumsi kelas bawah, di sisi lain konsumsi menengah-atas (yang memberikan kontribusi sekitar 80% dari total konsumsi) tetap lambat. Komponen yang menunjukkan kejutan positif adalah penanaman modal tetap bruto (investasi riil) yang tumbuh +7.11% YoY. Pertumbuhan tersebut merupakan yang tertinggi dalam empat tahun. Pendorong utama pertumbuhan investasi riil adalah dari konstruksi (terutama jalan tol) dan impor alat berat.

MACROECONOMY REVIEW

Real GDP growth came in at +5.06% YoY in 3Q17, slightly higher than +5.01% in 2Q17, but lower than consensus forecasts of +5.19%. Main reasons are lower-than-expected growth in private consumption and government expenditure. Private consumption growth eased to +4.93% YoY in 3Q17 from +5.01% in the previous year. Other than transportation and communication, other sub-categories posted a slowdown. It seems that the government's higher subsidy and social spending may have given support for the low class income, yet consumption of mid-upper income consumers (accounting for approximately 80% of the total consumption) remained slow. The item providing a positive surprise is gross fixed capital formation (real investment), which accelerated +7.11% YoY. It represents the highest increase in the last four years. Main growth driver in investment was construction (i.e., roads and toll roads in particular) and import of machineries.

SAHAM

Di bulan Oktober IHSG menguat +1.80%, lebih rendah dibandingkan peers setelah di bulan lalu kinerja IHSG mengungguli peers. MSCI Asia ex Japan menguat +4.69% dan MSCI Emerging Market +3.45% didukung meredanya kekhawatiran investor mengenai peluncuran rudal Korea Utara. Kinerja IHSG mengikuti kinerja MSCI World (+1.81%). Investor asing mencatatkan penjualan bersih – USD459 juta karena investor non-ETF berpendapat katalis pasar domestik relatif terbatas dan melakukan aksi ambil untung. Walau investor asing mencatatkan penjualan bersih, IHSG kembali mencatat rekor tertinggi, didukung oleh investor domestik dan investor asing pasif.

Kami terus memandang optimis kondisi ekonomi Indonesia. Perbaikan fundamental ekonomi membuat Indonesia menjadi destinasi investasi yang menarik. Indikator makro menunjukkan perbaikan di seluruh aspek. Defisit neraca berjalan yang rendah, dan cadangan devisa yang kuat. Menurut kami pertumbuhan PDB akan membaik di 2H17, dan berlanjut di 2018 didukung oleh belanja pemerintah yang lebih tinggi dan perbaikan daya beli masyarakat. Baik Pemerintah maupun bank sentral terus berkomitmen menjaga pertumbuhan. Kami tetap percaya perekonomian Indonesia akan tetap positif dan kami optimis akan daya tarik jangka panjang investasi Indonesia.

EQUITY

In October the Jakarta Composite Index was up +1.80%. However, its performance was still below peers this month following an outperformance in the previous month. MSCI Asia Ex Japan was up +4.69% and MSCI Emerging Market +3.45% due to subsiding investor concerns over the North Korea missile launches. The JCI, performance mimicked that of MSCI World (+1.81%). Foreign investors recorded a net flow of –USD459m since more non-ETF investors took profit as they believed there will be lack of catalysts going forward. Despite the continued outflows, the index again reached record high, supported by inflows from domestic and passive foreign investors.

We remain positive on Indonesia. Improvements in Indonesia economic fundamentals put the country as an attractive investment destination. Macro indicators are showing improvements in all aspects. Our Current Account Deficit is much lower, foreign reserve is much stronger. We see GDP growth is improving gradually. The fundamental improvements are also supported by widespread reforms. We expect better economy growth in 2H17, continued to 2018, triggered by higher government spending and improving consumer purchasing power. Both the government and the Central Bank stay committed to support growth. We continue to believe that exposure to Indonesia economies will likely continue to be positive and we remain optimistic on the enduring appeal of investment in Indonesia.

OBLIGASI

Perbaikan ekonomi AS dan reformasi perpajakan AS menyebabkan pelemahan pasar obligasi Indonesia. Indeks BINDO sebagai proksi pasar obligasi Indonesia melemah 1.25% MoM di Oktober. Pelemahan tersebut merupakan pelemahan pertama setelah 10 bulan penguatan berturut-turut. Walaupun dengan pelemahan di bulan Oktober, secara tahun berjalan indeks mencatatkan pertumbuhan 13%. Meningkatnya optimisme mengenai perekonomian AS tercermin dari perbaikan laba emiten AS Q3. Selain itu optimisme juga didukung oleh data PMI AS bulan Oktober yang lebih tinggi dari ekspektasi, dan PDB AS yang tumbuh 3% di Q3 walaupun sempat diterpa oleh badai. Pelemahan pasar obligasi juga disebabkan oleh ketidakpastian mengenai siapa pemimpin The Fed selanjutnya. Di sisi lain, pasar obligasi Indonesia ditopang oleh faktor domestik seperti inflasi yang terjaga, perbaikan cadangan devisa, dan surplus perdagangan. Selain itu Bank Indonesia juga mendukung pasar obligasi dengan melakukan intervensi ketika IDR melemah ke 13,600 dan imbal hasil obligasi 10Y menembus level 6.9%.

Investor asing menjadi salah satu faktor penyebab pelemahan pasar obligasi di bulan Oktober. Investor asing membukukan penjualan bersih IDR23.17 triliun di Oktober. Kepemilikan asing mencapai IDR796.20 triliun atau 38.35% dari total obligasi pemerintah yang diperdagangkan di Oktober, turun dari 40.03% di bulan sebelumnya. Sementara itu investor lokal, terutama perbankan, membukukan pembelian bersih IDR33.23 triliun. Investor domestik lain seperti asuransi, dana pension, dan reksadana juga membukukan pembelian di Oktober.

FIXED INCOME

The improvement in US economy and US Tax Reform lead to the weakening of Indonesian Bond market. The Bloomberg Indonesia Local Sovereign Index as its proxy down by 1.25% MoM in October. The October drop is the first monthly drop after 10 consecutive months of gain. Despite the retreat in October, on YTD basis the index still booked gain of 13%. The mounting optimism over US economy reflected by the above expectation of US Q3 corporate earnings. Moreover, the optimism on the economy also sparked by the above expectation of US October PMI and the US economy manages to maintain GDP growth by 3% in Q3 despite the devastating hurricanes. The bond correction also caused by the uncertainty over who will lead the Fed in the next term. On the other hand, the bond market is supported by domestic factors such as manageable inflation rate, improving foreign reserve and trade surplus. The other support factor comes from Bank Indonesia especially when they step-in to intervene during the IDR drop to 13,600 and 10yrs yield breach 6.9% level.

Foreign investors were behind the weakening bond market in October. They booked net sell of IDR23.17 trillion in the month. Foreign holding was about IDR796.20 trillion or 38.35% of total tradable government bonds in October, declined from previous month of 40.03% of total. Meantime, local investors especially commercial banks booked net buy of IDR33.23 trillion. Other domestic investors such as insurance, pension funds, and mutual funds also showed net buy in October.