

Monthly Market Review DPLK Manulife



OKTOBER 2022

ULASAN MAKROEKONOMI

MACROECONOMY REVIEW

Makroekonomi Indonesia terus menunjukkan pemulihan. Terjadi deflasi -0.11% MoM di Oktober terutama karena komponen bahan pangan bergejolak, sementara inflasi transportasi terjaga (0.35% MoM). Harga cabe dan bawang mengalami normalisasi. Inflasi transportasi yang terjaga mengindikasikan inisiatif Pemerintah yang efektif untuk membatasi dampak second round dari kenaikan harga BBM (melalui subsidi transportasi publik dan kebijakan logistik). Deflasi ini menyebabkan inflasi tahunan turun menjadi 5.71% dari 5.95% di September. Inflasi inti kembali meningkat menjadi 3.31% dari 3.21% di bulan sebelumnya karena dampak second-round dari kenaikan harga BBM.

Indonesia mencatat surplus neraca perdagangan USD5.0 miliar di Oktober, sehingga sepanjang tahun ini secara kumulatif surplus mencapai USD39.9 miliar. Ekspor tumbuh 20.3% YoY sementara impor tumbuh 22.0% YoY, di mana keduanya tumbuh lebih lambat dibanding bulan sebelumnya karena faktor volume dan harga. Ekspor ke Amerika dan Eropa melemah karena permintaan global yang menurun.

Bank Indonesia menaikkan suku bunga acuan sebesar 50bps menjadi 4.75% di Oktober. Kami memandang BI akan terus menaikkan suku bunga karena suku bunga terminal Fed funds rate dapat lebih tinggi dari perkiraan sebelumnya di September dan selisih imbal hasil obligasi antara Indonesia dan Amerika telah menyempit signifikan. Rupiah melemah -2.44%, kalah unggul dibanding mata uang lain di ASEAN.

Indonesia macro indicators continued showing recovery. We see a -0.11% MoM deflation in October, mainly due to lower, volatile food prices, while transportation inflation comes modest (0.35% MoM). Prices of chilies and garlics have normalized. Modest transportation inflation may indicate that the government initiatives to minimize the second-round impacts of the fuel price hike (e.g. through subsidies for public transport drivers and logistical policies) came effective. The deflation brings YoY inflation to 5.71% from 5.95% in September. Core inflation continues to rise to 3.31% from 3.21% in the previous month, mostly due to the second-round impact of fuel price increase.

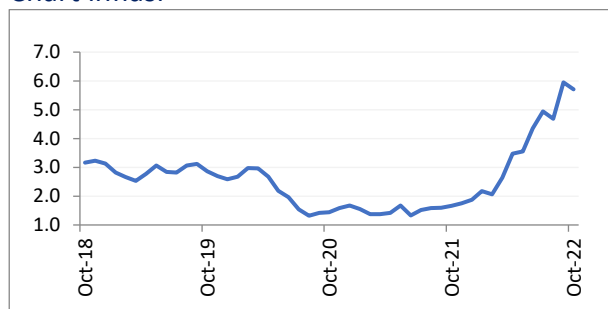
Indonesia recorded a trade surplus of USD5.0b in October, bringing it to USD39.9b in 10M22. The trade surplus was resulted from a 20.3% YoY export increase in September and 22.0% YoY import growth. Both export and import growth came in slower than those in the previous month, caused by both volume and price. Exports to the US and EU were down due to sluggish global demand.

Bank Indonesia increased the benchmark interest rate by 50 bps to 4.75% in October. We see that BI will continue to increase rates as the terminal rate of Fed funds rate is higher compared to the one predicted in September and bond yield differential between Indonesia and the US has narrowed significantly. Rupiah weakened -2.44%, underperforming other currencies in ASEAN.

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Chart inflasi



SAHAM

IHSG menguat +0.83%, mengungguli kinerja pasar regional dan negara berkembang, namun kalah unggul dengan pasar saham global. MSCI World menguat +7.11%, MSCI Asia Pacific ex Japan melemah -4.24%, dan MSCI Emerging Market juga melemah -3.15%. Terjadi jual bersih oleh investor asing senilai USD730 juta. Secara sektoral, Energi (+7.77%) dan Konsumer non-siklikal (+5.58%) mencatat kinerja terbaik, sementara Teknologi (-7.31%) dan Infrastruktur (-4.16%) mencatat pelemahan terdalam.

Inflasi global yang tinggi, pengetatan kebijakan moneter, serta konflik senjata berkepanjangan dan pandemi merupakan risiko utama bagi pasar. Terkait Indonesia, Bank Indonesia diperkirakan akan melanjutkan kenaikan suku bunga untuk mendukung daya tarik Rupiah dan aset finansial Indonesia. Tingkat inflasi tahun ini akan tetap terjaga dan lebih rendah dibanding 2013 yang menyentuh >8% dan memicu siklus pengetatan moneter. Pembukaan kembali ekonomi dan pertumbuhan laba perusahaan merupakan faktor pendukung bagi pasar saham Indonesia. Kami memandang eksposur terhadap ekonomi Indonesia akan tetap positif dan optimis terhadap daya tarik jangka panjang investasi di Indonesia.

EQUITY

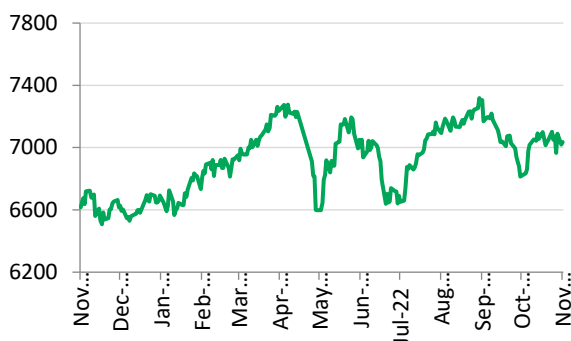
Jakarta Composite Index was up +0.83%, outperforming the regional and emerging market equities, but underperforming the global market. MSCI World was up +7.11%, MSCI Asia Pacific ex Japan was down -4.24%, and MSCI Emerging Market by -3.15%. There was net foreign inflow of USD730m. Sector-wise, Energy (+7.77%) and Consumer non-cyclical (+5.58%) became top gainers while Technology (-7.31%) and Infrastructure (-4.16%) became the top losers.

High global inflation and related policy responses as well as prolonged war-related volatilities and pandemic wave remain the main risks to the market. On Indonesia, Bank Indonesia is expected to continue increasing rates to support the attractiveness of Rupiah and Indonesia financial assets. Higher inflation this year will still be manageable and much lower compared to the >8% inflation rate during the 2013 monetary tightening cycle. The economy reopening and high corporate earnings growth will provide supports for the equity market. We continue to believe that exposure to Indonesia economies will likely remain positive and we stay optimistic on the enduring appeal of long-term investment in Indonesia.

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Chart Indeks Saham



OBLIGASI

Pasar obligasi tetap berada di bawah tekanan, sebagaimana ditunjukkan pada proksi pasar obligasi, Bloomberg Indonesia Local Sovereign Index, yang tercatat di -0.50% MoM atau sama dengan -0.90% YTD di bulan Oktober. Imbal hasil obligasi 10 tahun meningkat signifikan dari 7.35% menjadi 7.51% pada akhir bulan, sejalan dengan pergerakan imbal hasil UST yang melonjak menjadi 4.24% untuk pertama kali sejak 2008, sebelum turun menjadi 4.05%. Koreksi pasar masih didominasi oleh sentimen global di mana data ekonomi AS yang lebih kuat dari perkiraan dapat mempengaruhi The Fed untuk tetap hawkish lebih lama, seperti yang tersirat dalam risalah FOMC terbaru. Di dalam risalah tersebut pembuat kebijakan menekankan kalau biaya dari mengambil terlalu sedikit tindakan untuk menurunkan inflasi kemungkinan akan lebih besar daripada biaya mengambil terlalu banyak tindakan yang dapat menyebabkan pengetatan yang berlebihan. Inflasi AS bulan September mencetak angka yang lebih tinggi dari perkiraan sebesar 8.20% YoY (konsensus: 8.10%, sebelumnya: 8.30%).

FIXED INCOME

The bond market remained under pressure, as translated into our bond market proxy, Bloomberg Indonesia Local Sovereign Index, which recorded at -0.50% MoM or equals to -0.90% YTD in October. The 10Y bond yield increased significantly from 7.35% to 7.51% at the end of the period, in line with the UST yield movement which spiked to 4.24% first time since 2008, before declining to 4.05%. The market correction was still predominantly influenced by global sentiments with stronger-than-expected US economic data which in turn affecting the Fed to stay hawkish for longer, implied in the latest FOMC minutes. The minutes showed that policy makers emphasized that the cost of taking too little action to bring down inflation likely outweighed the cost of taking too much action which indicating an increased possibility of overtightening. The September US CPI printed a hotter-than-expected data at 8.20% YoY (cons: 8.10%, prev: 8.30%).

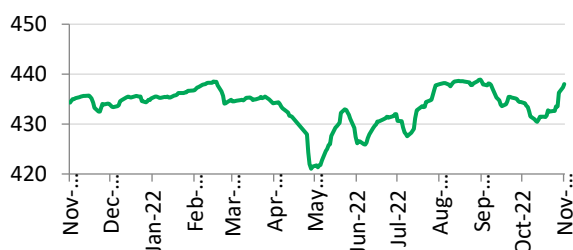
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Sementara itu di domestik, meskipun imbal hasil UST 10 tahun melonjak 22 bps dalam sebulan, kenaikan imbal hasil INDOGB 10 tahun lebih moderat sebesar 16 bps, didukung membaiknya sentimen domestik baik dari sisi pasokan obligasi dan data ekonomi. Kementerian Keuangan mengumumkan penurunan target penerbitan obligasi di 4Q, turun 50% dari target 3Q menjadi IDR75 triliun yang diperkirakan akan mendukung sentimen di pasar ke depannya. Meskipun inflasi domestik tetap terkendali sedikit lebih rendah dari perkiraan di 5.95% YoY (konsensus: 6.00%), namun mengingat latar belakang bank sentral global dan The Fed yang hawkish dan pelemahan IDR, Bank Indonesia memutuskan untuk menaikkan 7DRRR sebesar 50bps menjadi 4.25%. Pasca kenaikan suku bunga BI, imbal hasil obligasi 10 tahun mencapai level tertinggi bulanan menjadi 7.64% sebelum stabil ke 7.51% pada akhir bulan.

Meanwhile on the local space, despite the spike in the 10Y UST yields by 22bps during the month, the rise in the 10Y INDOGB yield by 16bps was rather modest compared to UST, given better domestic sentiments from the bond supply and improved economic figures. The Ministry of Finance announced a reduction in the Q4 bond issuance target, down by 50% from Q3 target to IDR 75Tn and was expected to buoy market mood going forward. Although domestic CPI stayed manageable as it came in slightly lower than estimate at 5.95% YoY (cons: 6.00%), given the global central bank and The Fed hawkish backdrop and IDR weakness, Bank Indonesia decided to hike its 7DRRR by 50bps to 4.25%. Post BI rate hike, the 10Y bond yield reached its monthly high to 7.64% before stabilizing to 7.51% at the end of the month.

Chart indeks BINDO



Tenor	31-Oct-22	30-Sep-22	Change (bps)
2yr	6.76	5.68	107
5yr	7.11	6.67	44
10yr	7.51	7.35	16
15yr	7.54	7.22	31
20yr	7.59	7.40	19
30yr	7.49	7.26	23