

Monthly Market Review DPLK Manulife



OCTOBER 2023

ULASAN MAKROEKONOMI

MACROECONOMY REVIEW

Kondisi makroekonomi Indonesia tetap stabil. Inflasi umum naik ke 2.56% YoY, dari 2.28% di September karena efek lonjakan inflasi di September 2022. Secara bulanan, inflasi di 0.17% MoM di Oktober, turun dari 0.19% MoM di bulan sebelumnya. Secara keseluruhan inflasi Oktober lebih rendah dari perkiraan karena inflasi pangan yang rendah. Kami melihat deflasi di harga beras, daging ayam, telur, bawang bombay dan bawang putih. Inflasi transportasi naik ke 0.55% MoM dari 0.29% di September, seiring dengan kenaikan harga BBM non-subsidi dan tiket pesawat. Inflasi inti turun ke 1.91% dari 2.0% di September, mengindikasikan daya beli yang lemah.

Di September belanja pemerintah tumbuh 14.2% YoY (27.6% MoM) mencapai IDR293 triliun, sehingga belanja tahun berjalan mencapai IDR1,968 triliun atau 63% dari anggaran APBN. Secara keseluruhan, posisi fiskal Indonesia sepanjang 2023 masih mencatat surplus IDR67.7 triliun (0.3% dari PDB) di September, walau lebih rendah dari IDR147 triliun (0.7% dari PDB) di Agustus. Di kuartal 4-2023 pemerintah akan mengeluarkan IDR7.5 triliun bansos tunai dalam program BLT El Nino di November dan Desember. Program ini akan menyediakan 10 kg beras ke 21.3 juta rumah tangga. Meningkatnya belanja pemerintah di kuartal 4 diharapkan dapat mendukung daya beli masyarakat yang lemah, terindikasi dari tingkat inflasi inti yang rendah.

Bank Indonesia menaikkan suku bunga acuan di Oktober sebesar 25bps ke level 6.0% setelah sebelumnya mempertahankan tingkat suku bunga selama 8 bulan berturut-turut. BI

Indonesia macro indicators remain stable. Headline CPI number increased to 2.56% YoY, up from a low 2.28% YoY in September due to high base effect of inflation in September 2022. On a monthly basis, it came in at 0.17% MoM in October, lower from 0.19% MoM in the previous month. Overall, October CPI figure came in lower than expected, triggered by mild food inflation. We see food deflation from lower prices of rice, chicken meat and eggs, onion and garlic. Transport inflation was up to 0.55% MoM from 0.29% in September, in line with price increase of non-subsidized fuel and airline tickets. Core inflation declined to 1.91% from 2.0% in September, indicating continued weak purchasing power.

In September government spending increased 14.2% YoY (27.6% MoM) to IDR293t, making cumulative spending of IDR1,968t or 63% of the state budget outlook. Overall, Indonesia still records fiscal surplus, albeit much lower at IDR67.7t (0.3% of GDP) in September from IDR147t (0.7% of GDP) in the previous month. For 4Q23, the government will disburse additional IDR7.5t cash transfers under the BLT El Nino program in November and December. This program will provide 10kg of rice to each 21.3m households. Higher government spending in 4Q23 is expected to support the weak purchasing power indicating by persistently low core inflation.

In October Bank Indonesia raised its policy interest rate by 25bp to 6.00% after leaving it unchanged for eight consecutive months. BI believes that this increase is necessary to support

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memandang kenaikan suku bunga dibutuhkan untuk menjaga stabilitas Rupiah dan melihat kenaikan ini sebagai aksi “pre-emptif” dan “forward-looking” untuk memitigasi inflasi karena depresiasi Rupiah. Selain itu BI mempertahankan kebijakan makroprudensial dan menerbitkan dua efek USD untuk menarik investasi asing dan mendukung nilai tukar.

the stability of the Rupiah and calls it a "pre-emptive" and "forward-looking" action to mitigate the impact of high import inflation due to the depreciation of the Rupiah. In addition, it continues macroprudential policies and issues two USD notes to attract foreign investors and to support the exchange rate.

Chart inflasi



SAHAM

Ekspektasi “higher for longer” dari The Fed (karena inflasi tetap teinggi sementara naiknya tensi geopolitik di Timur Tengah menyebabkan spekulasi harga energi) menambah tekanan di pasar finansial global. Imbal hasil UST 10-tahun menembus level 5%, level tertinggi sejak 2007, dan indeks USD terus menguat, yang meningkatkan fluktuasi pasar. Dalam kondisi tersebut pasar saham secara global mengalami koreksi. IHSG turun -2.70% MoM namun masih unggul dari pasar saham global (MSCI World - 2.97%), kawasan negara berkembang (MSCI EM - 3.94%) dan Asia Pacific ex Japan (MSCI Asia Pacific ex Japan -4.11%). Sektor infrastruktur (+39.45%) dan kesehatan (+2.31%) mencatat kinerja terbaik, sementara sektor teknologi (-11.08%) melemah terdalam.

EQUITY

Expectations on The Fed’s “higher for longer” rate policy (as inflation remains high while increased tension in the middle east triggered speculations on increased energy prices) added pressure on global financial market. The 10-year UST yield broke the 5% level, highest since 2007, and DXY index continued strengthening, further worsened market volatilities. As such, equity markets everywhere were corrected. The Jakarta Composite Index was down -2.70% MoM but still outperforming the global market (MSCI World was down -2.97%), emerging market (MSCI EM came in -3.94% lower) and Asia Pacific ex Japan (MSCI Asia Pacific ex Japan was down -4.11%). Infrastructure (+39.45%) and Healthcare (+2.31%) became top gainers while Technology sector (-11.08%) became the top loser.

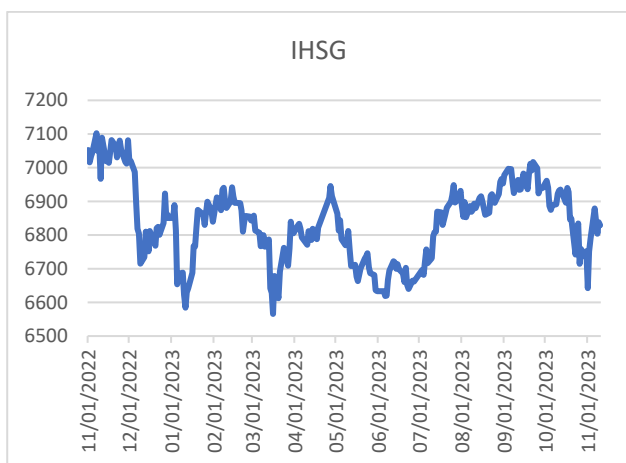
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Fundamental kuat Indonesia (seperti disiplin fiskal, inflasi terjaga, nilai tukar terkendali, pertumbuhan PDB stabil, dan level utang yang sehat), memuncaknya Fed Funds Rate dan pemulihan ekonomi China yang mengecewakan dapat mendukung selera investor asing terhadap Indonesia. Saham Indonesia berada pada valuasi yang atraktif, lebih rendah dari rata-rata sepuluh tahun. Kami percaya bahwa ekonomi Indonesia tetap positif dan optimis terhadap daya tarik investasi jangka panjang di Indonesia.

Indonesia strong fundamentals (i.e., fiscal discipline, manageable inflation and well managed exchange rate, stable GDP growth and healthy debt ratios), peaking Fed Funds Rate and disappointing China recovery post economy reopening could support appetite of foreign investors to Indonesia. Indonesia equity is trading at attractive valuation, much lower than its average in the past ten years. 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.

Chart IHSG



OBLIGASI

Pasar obligasi mencatat kinerja negatif di Oktober dengan indeks BINDO kembali melemah -1.61%, yang merupakan kinerja bulanan terendah tahun ini, sehingga kinerja tahun berjalan menjadi +4.41%. Imbal hasil obligasi tenor 10-tahun terus naik dari 6.89% ke 7.09% (+20bps), mencapai level tertinggi sejak November 2022. Kenaikan level imbal hasil terjadi seiring dengan lonjakan imbal hasil US Treasury 10-tahun yang naik dari 4.57% ke 4.93% (+36bps), mencapai level tertinggi sejak 2007. Data ekonomi AS yang bagus dan melebarnya defisit fiskal AS menjadi faktor penyebab naiknya

FIXED INCOME

The domestic bond market endured hardships during the month with BINDO Index recorded another negative monthly performance of -1.61%, continuously posted worst monthly performance this year, which reduced the positive YTD performance to +4.41%. The 10Y bond yield continued rising from 6.89% to 7.09% (+20bps), highest since November 2022. The increasing yield was in line with the spike in the 10Y US Treasury yield from 4.57% to 4.93% (+36bps), continued breaking its highest level since 2007. Solid US economic data as well as widening US budget deficit were the main culprit

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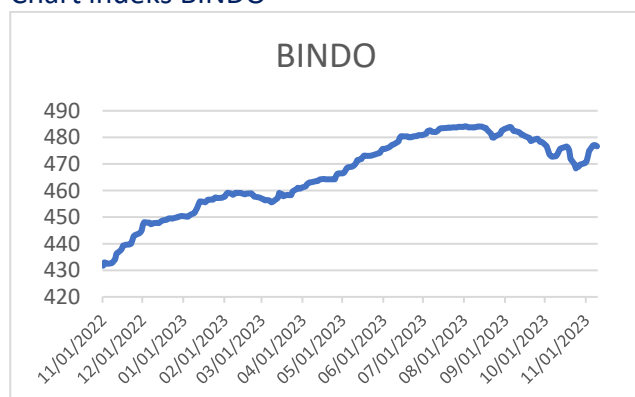
imbal hasil UST. Data tenaga kerja AS (NFP) mencatat 336 ribu pekerja baru, jauh di atas ekspektasi, dan klaim pengangguran AS yang di level 207 ribu mengindikasikan kondisi sektor tenaga kerja tetap ketat dan memaksa Ketua The Fed Powell untuk tetap membuka potensi kenaikan suku bunga lanjutan. Defisit anggaran AS 2023 melonjak ke USD1.696 triliun, yang dapat mendorong penerbitan UST sehingga membuat imbal hasil UST naik.

Di pasar domestik, Bank Indonesia (BI) menaikkan suku bunga acuan 7DRRR dari 5.75% ke 6.00% untuk menjaga stabilitas IDR di tengah volatilitas global dan narasi “higher for longer.” Naiknya suku bunga juga diikuti oleh pelonggaran kebijakan makroprudensial. Di pasar primer, walau permintaan lelang SUN di Oktober terus menurun dan mencatat tingkat permintaan terendah di 2023, namun di lelang terakhir di Oktober menunjukkan perbaikan permintaan ke IDR35.87 triliun, mengindikasikan pulihnya permintaan dari investor domestik dan asing. Investor asing kembali mencatat penjualan bersih IDR12.62 triliun di Oktober (lebih rendah dari bulan sebelumnya), sehingga kepemilikan asing turun menjadi 14.68% dari SBN yang diperdagangkan, dari 14.95% di bulan sebelumnya.

behind the stubbornly high UST yields. The US NFP which surged to 336k was way above expectation and the US initial jobless claims which were at 207k implied that tight labor market situation kept existing, pushing the Fed Chair’s Powell to continue indicate open possibilities of more US tightening monetary policy. The US 2023 budget deficit that skyrocketed to USD1.695Tn, signaled the possibility of higher UST issuances in the primary market hence added pressure to the UST yields.

On the domestic front, Bank Indonesia (BI) eventually increased the 7DRRR to 6.00% from 5.75% in the recent meeting to keep IDR steady amidst global uncertainty and continuous higher-for-longer theme. The rate hike was accompanied with loosening macroprudential policies. From the primary market, although the SUN auction demand during the period persistently declined and recorded as lowest demand in 2023, the auction bids in the last auction held in October ultimately rebounded to IDR 35.87Tn, signaling recovery in the market both from onshore and offshore investors. Foreign investors continued booking a net sell of IDR12.62 trillion in October (lower compared to previous period), thus the foreign ownerships recorded a decrease to 14.68% of total outstanding tradable government bonds from 14.95% in the previous month.

Chart indeks BINDO



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Tenor	31-Oct-23	29-Sep-23	Change (bps)
2yr	6.86	6.27	59
5yr	7.00	6.53	47
10yr	7.09	6.89	20
15yr	7.13	7.00	12
20yr	7.15	7.03	12
30yr	7.13	6.98	16

