

ULASAN MAKROEKONOMI

Perekonomian Indonesia tidak menunjukkan indikator negatif di bulan Agustus. Indonesia mencatatkan deflasi -0.07% MoM, dan inflasi tahunan pada level +3.82% YoY. Pendorong utama deflasi adalah penurunan harga pangan sebesar -0.14 ppt. Tingkat inflasi inti kembali turun selama enam bulan berturut-turut ke level +2.98% di bulan Agustus, level terendah sejak 2003, mengindikasikan tanda-tanda pelemahan permintaan. Tingkat inflasi yang rendah menjadi basis bagi BI untuk memangkas suku bunga acuan sebesar 25bps di 22 Agustus lalu.

Dari sisi neraca perdagangan, terjadi defisit USD271 juta di bulan Juli. Defisit tersebut merupakan yang defisit pertama sejak Desember 2015. Impor melonjak tinggi (+54.0% YoY). Secara bulanan, peningkatan impor tertinggi terjadi pada komponen mesin (47.4%), komponen elektrik dan kendaraan – yang merupakan indikasi positif.

Setelah turun -3.4 ppt di bulan Juni, indeks keyakinan konsumen naik (+1.0ppt) menjadi 123.4 di bulan Juli. Komponen keyakinan kondisi saat ini naik lebih tinggi dibanding komponen ekspektasi kondisi enam bulan kedepan.

MACROECONOMY REVIEW

The Indonesia economy indicators showed no red flags in August. The country reported a deflation of -0.07% MoM, making annual headline inflation +3.82% YoY. Main driver was a -0.14ppt decline in food prices. Core inflation continued to ease for the sixth month in a row, it is recorded at +2.98% in August, the lowest figure since the data goes back to 2003, which to a certain extent reflects weak demand. Overall, we believe inflation will remain under control this year given that the government has actively monitored foodstuff prices. The low inflation has been the major reason behind the 25bps BI rate cut decision taken on 22 August.

On trade, we saw a deficit of USD271m in July. It was the first trade deficit since December 2015. Imports grew sharply (+54.0% YoY). On a monthly basis, largest import growth was shown by Machineries (+47.4%), followed by electrical components and vehicles – a positive indicator.

Following a -3.4 ppts decline in June, the Consumer Confidence index was slightly up (+1.0ppts) to 123.4 in July. Confidence on the current condition was up higher than expectation on the situation in the next six months.



SAHAM

IHSG menguat 0.4% di bulan Agustus, lebih rendah dibandingkan MSCI Asia Ex Japan (+1.03%), MSCI Emerging Market (+2.01%), namun mengungguli MSCI World (-0.07%). Investor juga dibayangi kekhawatiran mengenai meningkatnya target defisit anggaran, walaupun defisit hingga 3% masih pada level sehat bagi ekonomi yang bertumbuh seperti Indonesia. Sektor properti (+3.2%) mencatatkan kinerja terbaik, merespon positif pemangkasan suku bunga acuan Bank Indonesia, diikuti oleh sektor infrastruktur (+1.9%) seiring pasar menyambut rencana peningkatan belanja modal pemerintah. Sektor pertambangan (+1.5%) masih terus ditopang oleh harga komoditas yang kuat. Di lain pihak, sektor perdagangan (-2.9%) melemah seiring kekecewaan pasar akan laporan laba sektor tersebut yang rendah.

Kami terus memandang optimis kondisi Indonesia. Perbaikan fundamental ekonomi membuat Indonesia menjadi destinasi investasi yang menarik. Kami juga berharap akan adanya *earnings upgrade* tahun ini, setelah 4 tahun terakhir terjadi *earnings downgrade*. Indikator makro juga terus menunjukkan perbaikan di semua aspek. Defisit neraca berjalan yang rendah, cadangan devisa semakin kuat. Menurut kami pertumbuhan PDB akan membaik secara gradual. Perbaikan fundamental juga diikuti oleh reformasi menyeluruh. Kami memperkirakan perbaikan pertumbuhan ekonomi di semester kedua tahun ini, dipicu oleh kenaikan belanja pemerintah dan membaiknya daya beli konsumen. Kenaikan peringkat dari S&P diperkirakan akan meningkatkan selera investor terhadap Indonesia. Kami tetap percaya perekonomian Indonesia akan tetap positif dan kami tetap optimis akan daya tarik jangka panjang investasi Indonesia.

EQUITY

In August the Jakarta Composite Index was up +0.4%, underperforming those of MSCI Asia Ex Japan (+1.03%), MSCI Emerging Market (+2.01%) but outperforming MSCI World (-0.07%). The investors also worried over the increasing budget deficit target, although a budget deficit of up to 3% is not concerning for a growing economy such as Indonesia. Property sector (+3.2%), as a beneficiary of the rate cut, became a top gainer. Infrastructure (+1.9%) came next as the market cheered continued strong government capital expenditure spending. Mining sector (+1.5%) continued to be supported by strong commodity prices. On the other hand, Trade (-2.9%) continued to underperform as investors were disappointed on the weak results in the sector, especially on companies focusing on the low-end of consumer segment.

We remain positive on Indonesia. Improvements in Indonesia economic fundamentals put the country as an attractive investment destination. We expect earnings upgrade this year after four years of downgrades. 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, triggered by higher government spending and improving consumer purchasing power. The S&P investment grade is expected to continue increasing investor appetite on Indonesia. We continue to believe that exposure to Indonesia economies will likely remain to be positive and we remain optimistic on the enduring appeal of investment in Indonesia.

OBLIGASI

Indeks BINDO sebagai proksi pasar obligasi domestik di bulan Agustus ditutup di level 219.96, tertinggi sepanjang sejarah. Indeks menguat 2.46% dalam sebulan, membuat kinerja tahun berjalan berada di level 12.57%. Kenaikan dipacu oleh kejutan positif penurunan suku bunga acuan Bank Indonesia merespons pertumbuhan PDB kuartal kedua 2017 sebesar 5.01%, lebih rendah dari konsensus 5.08%. Data-data ekonomi lain masih tetap solid, seperti inflasi yang terjaga, nilai tukar Rupiah yang stabil, dan cadangan devisa yang juga meningkat ke level tertinggi dalam sejarah. Selain itu, kenaikan pasar obligasi juga sejalan dengan tingginya minat pada lelang obligasi di bulan Agustus - baik dari investor lokal maupun asing - yang mencapai level tertinggi di tahun ini baik untuk obligasi konvensional maupun syariah.

Imbal hasil turun di semua tenor, terutama tenor pendek (2-5 tahun) yang turun 46 bps dan tenor menengah (10-15 tahun) turun 25 bps. Sementara itu imbal hasil tenor panjang seperti 20 tahun turun 35 bps, dan tenor 30 tahun turun sedikit hanya 8 bps.

BOND

Bloomberg Indonesia Local Sovereign Index as a proxy for Indonesia local bond market closed at 219.96, the highest in history. The index jumped significantly by 2.46% MoM in August translating to 12.57% YTD return. The rally was mainly driven by the positive surprise of Bank Indonesia (BI) Rate cut responding to a below consensus GDP growth in 2Q 2017 of YoY 5.01% vs consensus expectation of 5.08%. In addition to central bank cutting rates, the economic data continue to show solid indicators such as manageable inflation, relatively stable exchange rate, and strong foreign reserves which reached all-time high. The significant bond rally was also marked by incoming bids at auctions conducted by the government in August reaching the highest total bids this year both for sharia and conventional bond auctions showing strong support from both foreign and local investors.

Yield decreased across the curve especially short dated bonds (2-5 years) by 46bps and medium term bonds (10-15 years) by 25bps. Meanwhile, long term tenor such as 20-year yield dropped by 35bps, but 30-year bond yield showed limited decline by only 8bps.