

## ULASAN MAKROEKONOMI

Ekonomi Indonesia tetap kondusif di November. Inflasi tetap rendah, di mana inflasi bulanan tercatat +0.2% MoM di bulan November, sehingga inflasi tahunan turun menjadi +3.3% YoY dari +3.6% YoY di Oktober. Sekitar 90% dari rendahnya inflasi disebabkan oleh turunnya harga bahan pangan, di tengah efek high base dari gangguan suplai karena faktor cuaca di November 2016. Karena tingginya harga cabai di November 2016 merupakan anomali, kami memperkirakan inflasi akan naik di Desember. Inflasi inti tetap terjaga pada +3.1% YoY untuk dua bulan berturut-turut. Komponen sandang dan rekreasi mendukung stabilitas inflasi inti. Kenaikan inflasi untuk sandang dan rekreasi mengindikasikan meningkatnya permintaan menjelang musim libur di Desember. Secara keseluruhan, menurut kami inflasi akan tetap terjaga tahun ini karena pengontrolan ketat terhadap harga pangan dan tidak adanya kenaikan harga yang diadministrasi.

Di bulan Oktober, neraca perdagangan kembali mencatatkan surplus sebesar USD0.9 miliar. Ekspor tumbuh +18.4% YoY dan impor tumbuh +23.3% YoY. Pertumbuhan ekspor lebih didukung oleh efek kenaikan harga (+11.7% YoY) dibandingkan pertumbuhan volume (+5.9% YoY). Di sisi lain pertumbuhan impor lebih didukung oleh kenaikan volume (+18.0% YoY) dibandingkan kenaikan harga (+4.5% YoY). Pertumbuhan impor didorong oleh impor barang konsumen yang tumbuh +29.6% YoY, didukung oleh pertumbuhan impor kendaraan dan suku cadang. Pertumbuhan tersebut sejalan dengan meningkatnya penjualan mobil dan motor di November. Selain itu impor bahan baku tumbuh +25.7% YoY, secara sebagian didukung oleh meningkatnya impor baja dan besi.

## MACROECONOMY REVIEW

Indonesia economy remained conducive in November. Inflation continued to be benign, the CPI went up by a mere +0.2% MoM, making YoY inflation of +3.3% in November, from +3.6% in October. Approximately 90% of the low inflation was due to negative food inflation, amid high base effect due to weather-related supply disruption in November 2016. As the spike in chili prices in Nov 2016 was pretty much a one-off event, we expect inflation to rebound in December. Core inflation was sustained at +3.1% YoY for the second straight month. Clothing and recreation supported stable core inflation. Higher inflation in clothing and recreation may reflect demand ahead of the holiday season in December. Overall, we believe inflation will remain manageable this year given tight control in foodstuff prices and no more hike in administered prices.

In October trade continued to be in surplus, of USD0.9b. Both exports and imports went up, the former by +18.4% YoY while the former by +23.3% YoY. Export growth was mainly supported by price increase (+11.7% YoY) rather than volume growth (+5.9% YoY). In contrast, import growth was mainly driven by volume increase (+18.0% YoY) rather than higher price (+4.5% YoY). Consumer goods led the import growth with +29.6% YoY, supported by increase in vehicles and parts. The increase is in line with higher sales of cars and motorcycles during the month. Next came raw material with +25.7% YoY, partly driven by higher imports of iron and steel.



## SAHAM

Di bulan November IHSG bergerak menguat dan sempat mencapai rekor tertinggi pada level 6070, namun kemudian indeks terkoreksi memasuki akhir bulan, dan ditutup melemah -0.9% pada level 5952. Pelemahan indeks terutama karena adanya rebalancing indeks MSCI oleh investor asing. Pasar lain di kawasan mencatatkan penguatan (MSCI Asia ex Japan menguat +0.58% MoM, MSCI Emerging Market +0.15%, MSCI World +1.99%). Pelaku pasar, terutama investor pasif, melakukan rebalancing portofolio dengan salah satunya menjual saham Indonesia. Di bulan November investor asing membukukan penjualan bersih -USD1.38 miliar, penjualan bersih terbesar dalam 9 tahun. Walau demikian, IHSG berbalik menguat di perdagangan hari berikutnya karena investor melihat adanya value. Pola yang sama juga terjadi di akhir bulan Oktober.

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 saat ini jauh lebih rendah, dan cadangan devisa juga jauh lebih kuat. Kami memperkirakan pertumbuhan ekonomi yang lebih baik di 2018, didukung terutama oleh naiknya belanja pemerintah dan perbaikan daya beli masyarakat. Perbaikan ekonomi secara gradual juga didukung oleh meningkatnya aktivitas perdagangan dan investasi yang kuat. Perbaikan fundamental ekonomi juga didukung oleh berbagai reformasi. Menurut kami, baik Pemerintah maupun bank sentral akan tetap berkomitmen untuk mendorong pertumbuhan. Kami percaya bahwa perekonomian Indonesia akan tetap positif dan kami optimis akan daya tarik jangka panjang investasi Indonesia.

## EQUITY

In November the Jakarta Composite Index moved up and once reached the record high at 6070 but then it was corrected at the month-end and closed the month -0.9% lower at 5952. Main reason for the decline was MSCI rebalancing by foreign investors. As other markets in the region were up much stronger (MCSI Asia ex Japan was up by +0.58% MoM, MCSI Emerging Market +0.15%, MSCI World +1.99%). Market players, especially passive investors, rebalanced their portfolio by selling more of the Indonesian stocks. In November foreign investors booked a -USD1.38b net outflow, the largest outflow in more than 9 years. However, the JCI increased again the next day as investors saw values. The pattern was similar to what happened at the October month-end.

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 expect better growth in 2018, triggered mainly by higher government spending and improving consumer purchasing power. The gradual improvement in GDP growth will also continue being supported by improving trade and robust investment. The fundamental improvements are also supported by widespread reforms. We see that 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

Setelah mengalami pelemahan bulanan pertama untuk tahun ini di bulan Oktober, pasar obligasi Indonesia (berdasarkan indeks BINDO) berbalik menguat +2.47% di bulan November. Secara tahun berjalan pasar obligasi menguat 15.79% per akhir November. Penguatan tersebut didukung oleh kabar bahwa pemerintah akan menghentikan penerbitan obligasi IDR hingga akhir tahun karena telah mencapai target pembiayaannya. Sentimen pasar juga didukung oleh inflasi Oktober yang rendah +0.02% MoM (lebih rendah dari bulan sebelumnya +0.13% MoM). Selain itu, pasar juga memperkirakan pemerintah akan menerbitkan obligasi dalam USD di awal Desember, yang akan mengurangi tekanan pada obligasi IDR dan juga memperkuat cadangan devisa. Faktor terakhir, pasar juga telah memperhitungkan dampak dari kenaikan suku bunga The Fed di Desember, terutama relatif terhadap imbal hasil US Treasury

Investor asing menjadi penggerak pasar obligasi di November, mencatatkan pembelian bersih IDR34.61 triliun. Kepemilikan asing mencapai IDR830.81 triliun atau 39.28% dari total obligasi pemerintah yang diperdagangkan, naik dari sebelumnya IDR796.20 triliun atau 38.35% dari total obligasi yang diperdagangkan di Oktober. Bank Indonesia membeli sekitar IDR0.22 triliun sehingga total kepemilikan mencapai IDR185.15 triliun (8.75% dari total). Kepemilikan investor domestik lain, seperti asuransi dan dana pensiun menurun, sementara reksadana meningkat.

## FIXED INCOME

After suffering the first monthly loss this year in October, the Indonesian Bond market rebounds in November by recording gain +2.47% (based on Bloomberg Indonesia Local Sovereign Index). The YTD gain then expands to 15.79%. The rally was driven by the news that government will stop IDR bond issuance until the year-end as it has reached its funding target. The rally was also supported by the low October inflation figure of +0.02% MoM (lower than previous month of +0.13% MoM). In addition, market expects government to re-issue USD denominated bonds in early December, which will reduce the pressure on IDR bonds and improve the Foreign Exchange Reserve. Lastly, market has priced-in the impact of December Fed Rate hike especially relative to the US Treasury yield.

Foreign investors were behind the rally in bond market in November. They booked a net buy of IDR34.61 trillion during the month. Foreign holding was about IDR830.81 trillion or 39.28% of total tradable government bonds, went up from IDR796.20 trillion or 38.35% of total tradable government bonds in October. Bank Indonesia also bought about IDR0.22 trillion in the month to IDR185.15 trillion (8.75% of total). Positions of other domestic investors such as insurance and pension funds slightly decreased while mutual fund slightly increased.