

## ULASAN MAKROEKONOMI

## MACROECONOMY REVIEW

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. Usaha pemerintah untuk menjaga inflasi dari sisi suplai mulai membuahkan hasil sehingga per 8M17 harga pangan turun -0.4% (vs. +3.7% di 8M16). 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. Secara keseluruhan menurut kami inflasi tahun ini akan tetap terjaga didukung oleh pemerintah yang proaktif menjaga harga pangan. Pemerintah akan menetapkan batas atas untuk harga beras. Selain itu Presiden Joko Widodo telah menginisiasi pengelolaan inflasi pada tingkat pusat, provinsi, dan kabupaten melalui Perpres no 23/2017. Perpres tersebut mengharuskan pemerintah daerah untuk memberikan laporan kuartalan kepada Kementerian Koordinator Perekonomian. 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, disebabkan oleh turunnya neraca non-migas menjadi USD333 juta (Juni: USD1.9 miliar). Defisit tersebut merupakan yang defisit pertama sejak Desember 2015. Impor melonjak tinggi (+54.0% YoY), disebabkan oleh volume impor yang meningkat (+31.3% YoY), yang merupakan pertumbuhan impor tertinggi sejak 2011. Secara bulanan, peningkatan impor tertinggi terjadi pada komponen mesin (47.4%), komponen elektrik dan kendaraan – yang merupakan indikasi positif. Di sisi lain, ekspor tumbuh 41.1% YoY (Juni: -11.7% YoY) didukung oleh ekspor non-migas yang tumbuh 43.8% YoY (Juni: -13.6% YoY), terutama dari ekspor bahan bakar mineral, kendaraan, mesin, dan karet. Dari sisi migas, ekspor tumbuh +17.6% YoY (Juni: +7.3% YoY). Apabila dinormalisasi dengan efek libur di bulan Juni, impor di bulan Juli tumbuh +17% YoY, dan bulan Juni +10.1% YoY.

Kedepannya, menurut kami ekspor Indonesia akan tetap terjaga di 2H17 (walaupun surplus perdagangan di 2H17 lebih rendah dibanding 1H17), didukung oleh harga komoditas. 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. Konsumer dengan pendapatan tinggi lebih optimis dibandingkan dengan konsumen pendapatan rendah. Peningkatan tertinggi terjadi di Jawa barat, Sumatera Utara dan Jawa Tengah, sementara penurunan terdalam di Sulawesi Selatan, Jawa Timur dan Jakarta.

## PASAR SAHAM

IHSI 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%), dimana investor asing membukukan penjualan bersih USD468.2 Juta sebagai aksi ambil untung setelah indeks mencatatkan rekor tertinggi. Investor juga dibayangi kekhawatiran mengenai meningkatnya target defisit anggaran, walaupun defisit hingga 3% masih pada level sehat bagi ekonomi yang bertumbuh seperti Indonesia.

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. Government effort to manage the supply-side inflation has been fruitful in 8M17 as food prices declined -0.4% (vs. an increase of +3.7% in 8M16). 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 government will implement ceiling price on rice. In addition, President Joko Widodo has initiated inflation management for central, provincial, and regency levels through the presidential decree No 23/2017. The decree requires a submission of quarterly reports, with provincial and regency level teams reporting to the coordinating minister for economic affairs. 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, driven by falling non-O&G trade balance to USD333m (June: USD1.9b). It was the first trade deficit since December 2015. Imports grew sharply (+54.0% YoY), supported by a very strong volume growth (+31.3% YoY). It was the highest import growth since 2011. On a monthly basis, largest import growth was shown by Machineries (+47.4%), followed by electrical components and vehicles – a positive indicator. On the other side of trade, exports rose by 41.1% YoY (June: -11.7% YoY) mainly driven by the non O&G sector which grew 43.8% YoY (June: -13.6% YoY), resulted by strong exports of mineral fuels, vehicles, machinery and rubber. On the O&G side, exports rose by +17.6% YoY (June: +7.3% YoY). If we were to normalize the impact of extra holidays in June, we would have seen July import growth of +17% YoY and June import growth at +10.1%.

Going forward, we believe Indonesia's exports are likely to remain decent in 2H17 (albeit lower trade surplus in 2H17 vs. 1H17), supported by commodity prices. 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. Consumers with higher income were more optimistic compared to those in the lower income category. Largest increases took place in West Java, North Sumatra and Central Java while largest declines were shown in South Sulawesi, East Java and Jakarta.

## EQUITY MARKET

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%) as foreign investors recorded a net flow of -USD468.2m as more took profit after the index reached record high. 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%),

## PASAR SAHAM

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.

## PASAR 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.

Tidak seperti bulan sebelumnya dimana investor asing menjadi pendorong utama kenaikan, di bulan Agustus perbankan komersial mencatat pembelian bersih tertinggi sebesar IDR23.63 Triliun, dengan kepemilikan menjadi IDR 427.31 Triliun (21.23% dari total obligasi yang diperdagangkan) dari bulan sebelumnya 20.48%. Sementara itu investor asing masih tetap menambah pembelian sebesar IDR 9.6 Triliun menjadi total IDR 785.14 Triliun, walaupun secara persentase kepemilikan sedikit turun dari 39.35% ke 39.01%. Fenomena ini terjadi karena investor asing tidak memperkirakan terjadinya penurunan suku bunga bank sentral. Kami perkirakan - selama imbal hasil obligasi Amerika Serikat tetap rendah - ke depannya investor asing akan semakin intens melakukan pembelian obligasi setelah sempat kehilangan momen kenaikan di bulan Agustus lalu.

Kategori investor lain juga mencatat kenaikan kepemilikan. Kepemilikan Bank Indonesia naik IDR2.69 Triliun menjadi IDR182.94 Triliun (9.09% dari total). Reksa dana mencatat pembelian bersih IDR4.02 Triliun (4.78% dari total). Sebaliknya kepemilikan asuransi dan dana pensiun turun IDR0.97 Triliun menjadi IDR346.08 Triliun.

## EQUITY MARKET

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.

## BOND MARKET

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.

Unlike previous month in which offshore investors were the main driver of the bond rally, commercial banks booked the largest net buy totaling IDR23.64 trillion in August. Their ownership rose to IDR427.31 trillion or 21.23% of total tradable government bonds from 20.48% in the prior month. Meanwhile, foreign investors also increased their holding by IDR9.60 trillion in the month to IDR785.14 trillion, although its ownership dropped to 39.01% from 39.35% in the previous month. This phenomenon exhibited that foreign investors was not expecting the BI Rate cut as much as the local investors did. Thus, in the coming month, we expect to see foreign investors to intensively purchase Indonesian bonds after somewhat missing the rally in August as long as US Treasury yields remain low.

Other investors of the local government bonds also recorded higher ownership. Bank Indonesia's holding increased by IDR2.69 trillion to IDR182.94 trillion (9.09% of total) in August. Other local investors such as mutual funds also booked net buy of IDR4.02 trillion, and their ownership stood at IDR96.12 trillion (4.78% of total). Insurance and pension funds recorded slightly declining ownership by IDR0.97 trillion to IDR346.08 trillion in August.

**PASAR OBLIGASI**

**BOND MARKET**

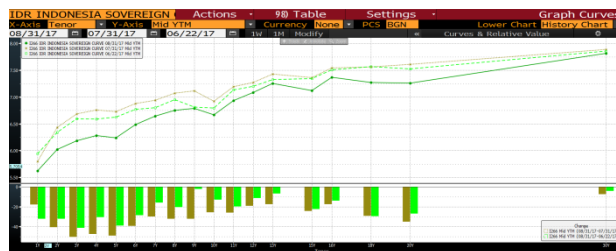
Pasar obligasi bulan Agustus memebentuk kurva bull steepening. Imbal hasil turun di semua tenor, terutama tenor pendek (2-5 tahun) yang turun 46 bps dan tenor menengah (10-15 tahun) turun 25 bps. Sementara itu imbal hasil tenor panjang seperti 20 tahun turun 35 bps, dan tenor 30 tahun turun sedikit hanya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

Bond market showed bull steepening curve in August. 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.

Tabel dan grafik berikut menunjukkan pergerakan bulanan imbal hasil obligasi sepanjang bulan Agustus 2017:

The following table and graph show the MoM bond yield movement as of August 2017.

TENOR	31 Aug17	30 Jul 17	CHANGES (bps)
2yr	6.02	6.43	-42
5yr	6.24	6.73	-49
10yr	6.67	6.92	-25
15yr	7.12	7.36	-24
20yr	7.26	7.61	-35
30yr	7.81	7.89	-8



UNGKAPAN & SANGGAHAN: INVESTASI MELALUI REKSA DANA MENGANDUNG RISIKO. CALON INVESTOR WAJIB MEMBACA DAN MEMAHAMI PROSPEKTUS SEBELUM MEMUTUSKAN UNTUK BERINVESTASI MELALUI REKSA DANA. KINERJA MASA LALU TIDAK MENCERMINKAN KINERJA MASA DATANG.

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