

ULASAN MAKROEKONOMI**MACROECONOMY REVIEW**

Ekonomi Indonesia tetap kuat di bulan April. Indeks Nikkei PMI manufaktur Indonesia naik ke level +51.6 dari +50.7 di bulan sebelumnya. Ini merupakan tiga bulan berturut-turut angka indeks berada di atas level 50 sejak bulan Januari, mengindikasikan perbaikan aktivitas manufaktur. Inflasi terjaga pada level +3.4% YoY di bulan April, sementara inflasi inti tetap pada 2.7% YoY. Inflasi biaya transportasi tetap pada +2.5% YoY, sejalan dengan intervensi pemerintah untuk menjaga harga BBM non-subsidi dan mengharuskan penjual untuk mendapat persetujuan pemerintah sebelum merubah harga BBM. Kebijakan ini diterapkan untuk memitigasi risiko inflasi dari kenaikan harga minyak dunia. Dari komponen inflasi inti, penurunan inflasi harga sandang (+3.9% YoY di April vs. +4.1% YoY di Maret) diimbangi oleh kenaikan inflasi medis (+3.1% YoY vs. +2.9% YoY di Maret), sementara inflasi biaya pendidikan, rekreasi dan olahraga stabil pada +3.3% YoY.

PDB tumbuh 5.06% YoY di 1Q18. Pertumbuhan ini lebih rendah dari ekspektasi 5.10% karena pergeseran musim panen. Pertumbuhan ekonomi didorong oleh komponen investasi yang tumbuh +7.95% dari +7.27% di 4Q17. Di sisi lain, konsumsi rumah tangga turun ke level +4.95% YoY di 1Q18 dari sebelumnya +4.97%. Pandangan kami adalah pertumbuhan akan meningkat di 2Q18 didukung oleh perbaikan konsumsi, yang didukung oleh meningkatnya belanja pemerintah, dan konsumsi di tengah periode Hari Raya dan Pilkada. Stimulus fiskal di tengah puncak musim konsumsi dapat mendukung pertumbuhan konsumsi rumah tangga.

Indonesia mencatatkan surplus perdagangan USD 1,092 juta di bulan Maret, didukung oleh ekspor komoditas mineral & metal. Neraca perdagangan non-migas membaik menjadi USD2.0 miliar (dari sebelumnya USD791 juta) sementara neraca perdagangan migas tetap mencatat defisit -USD925 juta (-USD844 juta di Februari). Menariknya, ekspor baja Indonesia ke AS meningkat signifikan di tengah memanasnya tensi dagang. Dari sisi impor, pertumbuhan mengalami moderasi +9.1% YoY (+24.9% di Februari), namun impor barang modal tetap tumbuh +21.6% YoY (+32.2% di bulan sebelumnya). Impor barang modal yang tinggi mengindikasikan aktivitas investasi yang tetap kuat ke depannya. Impor barang konsumen turun -9.5% YoY karena efek high base.

Indonesia economy remained strong in April. Nikkei Indonesia PMI Manufacturing Index came in at +51.6 in April, up from +50.7 in the previous month. It was the third consecutive reading above 50 since January, indicating improvement in manufacturing activities. Headline inflation stood steady at +3.4% YoY in April while core inflation was unchanged at 2.7% YoY. Transport inflation was unchanged at +2.5% YoY, as the government extended fuel price controls to non-subsidised fuels and required fuel retailers to seek approval on future fuel price adjustments. These measures were introduced to mitigate the risks of rising global oil prices on consumer inflation. Among the core inflation components, declining inflation rate for clothing (+3.9% YoY in April vs. +4.1% YoY in March) cancelled out a sharper increase in health costs (+3.1% YoY vs. +2.9% YoY in March), while education, recreation and sports costs rose at a stable pace of +3.3% YoY.

GDP growth came in at 5.06% YoY in 1Q18. The figure is slightly lower than our expectation of 5.10% mainly due to a shift in harvest season. Economic growth was largely driven by investment as gross fixed capital formation accelerated to +7.95% from +7.27% in 4Q17. On the other hand, private consumption marginally eased to +4.95% YoY in 1Q18 from +4.97% in the previous quarter. We believe that growth will be higher in 2Q18 on the back of recovery in private consumption, which will be supported by higher fiscal spending, and higher consumption in relation to the festivities and regional elections. Fiscal stimulus taking place during the peak consumption period of the year will provide strong support for consumption.

Indonesia recorded huge trade surplus of USD1,092m in March, supported by higher mineral & metal related exports. Non-oil and gas trade balance improved significantly to USD2.0b (from USD791m in the previous month) while oil and gas trade balance remained in negative territory at -USD925m (-USD844m in February). It is interesting to see that Indonesia steel export to the US was up significantly in the midst of higher trade tension. On import, growth moderated to +9.1% YoY (+24.9% in Feb), but capital goods import was still growing at +21.6% YoY (+32.2% in previous month). The strong import of capital goods indicates investment activities to remain strong going forward. Consumer goods import was down at -9.5% YoY, due to high base effect.

PASAR SAHAM

EQUITY MARKET

Sentimen menghindari risiko mendominasi pasar di tengah pelemahan nilai tukar, pasar saham, dan obligasi. Koreksi pasar dipicu oleh faktor eksternal, yakni kenaikan imbal hasil US Treasury dan penguatan USD. Sentimen negatif meningkat di pasar negara berkembang, sejalan dengan Argentina dan Turki yang terkena dampak terburuk dari sentimen eksternal tersebut. Sementara itu, meningkatnya tensi dagang AS-China juga tidak mendukung sentimen pasar. Dari sisi domestik, data PDB 1Q18 dan laba perusahaan yang lebih rendah dari ekspektasi juga menambah sentimen negatif bagi pasar Indonesia. Investor asing membukukan penjualan bersih USD750 juta di April, outflow tiga bulan berturut-turut. IHSG melemah -3.1% (setelah melemah -6.2% di bulan sebelumnya) dan ditutup pada level 5995. Saham dengan beta dan kepemilikan asing yang tinggi relatif mengalami koreksi terdalam. Sektor yang mencatatkan pelemahan terdalam adalah Finansial (-6.2% MoM) dan Perkebunan (-5.5% MoM), sementara hanya sektor Semen (+5.2% MoM) dan Perdagangan (+0.2% MoM) yang menguat. Nilai tukar IDR melemah -1.3% MoM ke level IDR13,913/USD.

Di tengah intervensi Bank Indonesia untuk menopang nilai tukar, cadangan devisa turun USD1.1 miliar ke level USD124.9 miliar. Diperkirakan terdapat pendapatan devisa senilai USD4.2 miliar dari penawaran obligasi valas pemerintah (USD 2.2 miliar, dan pendapatan devisa senilai USD2 miliar dari aktivitas moneter). Cadangan devisa tersebut cukup untuk membiayai ~7.7 bulan impor. Pandangan kami BI akan terus memperkuat amunisi valasnya, salah satunya dengan memperbaharui perjanjian swap bilateral. Pekan lalu, BI dan Kementerian Keuangan Jepang memperbaharui perjanjian swap bilateral yang mencapai USD22.8 miliar. BI juga mengindikasikan sikap yang terbuka untuk menaikkan suku bunga apabila diperlukan.

Menurut kami volatilitas pasar akan tetap tinggi dalam jangka pendek, sementara fundamental tetap terjaga. Kondisi Indonesia saat ini lebih baik dalam menghadapi guncangan dibandingkan periode taper tantrum 2013 ketika Asia terkoreksi karena kekhawatiran pengurangan stimulus The Fed. Seperti sebelumnya, respon dari meningkatnya kebijakan proteksionis AS akan lebih terjaga untuk mencegah terjadinya perang dagang. Kedua belah pihak diperkirakan akan mencapai kesepakatan melalui proses negosiasi. Indonesia merupakan salah satu Negara dengan eksposur perdagangan yang lebih terbatas terhadap AS, sehingga secara keseluruhan lebih terjaga dari efek kebijakan proteksionis. Valuasi pasar saham menjadi lebih atraktif setelah koreksi di pasar. Setelah volatilitas mereda, investor akan kembali fokus pada fundamental, dan Indonesia akan kembali pada radar investor sebagai destinasi investasi. Kami tetap percaya eksposur terhadap ekonomi Indonesia akan tetap positif, dan kami tetap optimis terhadap potensi jangka panjang investasi di Indonesia.

Risk-off sentiment dominated the market as Indonesia equity, fixed income and currency market were under pressure. Market correction was triggered mainly by external factors, namely higher US Treasury yields and stronger USD. Negative sentiment arose in the emerging markets, as Argentina and Turkey were badly hit by the above external factors. Meanwhile, increasing US-China trade tension does not help. From domestic side, lower-than-expected 1Q18 GDP growth and corporate earnings growth added to the negative sentiment on Indonesia market. Foreign funds sold USD750m in April, the third consecutive month of outflow. The Jakarta Composite Index was down -3.1% (after a -6.2% decline in previous month) and closed at 5995. Stocks with higher foreign ownership or beta were relatively weaker. Top losers were Finance (-6.2% MoM) and Agriculture (-5.5% MoM), while Cement (+5.2% MoM) and Trade (+0.2% MoM) sectors became the only gainers. On fixed income market, BINDO was corrected -0.5% in the month. IDR weakened -1.3% MoM to IDR13,913/ USD.

Despite Bank Indonesia intervention to support the currency, Foreign Reserve came in at USD124.9b in, down only by USD1.1b from the previous month. There was approximately USD4.2b proceed from Indonesia Government's dual currency bond (USD2.2b, and net foreign currency receipts of around USD2b from monetary activities). The reserve is sufficient to cover ~7.7 months of imports. We see that BI will continue to strengthen its foreign currency fire power, among others by renewing bilateral swap agreement. Last week BI and Japan Ministry of Finance renewed Bilateral Swap Arrangement in the amount of USD22.8b. The Central Bank also indicates they are open to do a rate hike if necessary.

We expect volatilities to sustain in the coming months, while fundamentals remain intact. Indonesia is in much better conditions to face turbulence compared to 2013 taper tantrum when Asia market were deeply corrected due to fears of reduced Fed stimulus. As seen in the past, responses on rising US protectionism are likely to be measured to avoid full blown trade wars. Conflicting parties are likely to come to terms after series of negotiation. Indonesia has among the least trade exposure to the US, and therefore relatively more protected against negative impacts of rising trade protectionism. Valuations become more attractive after the recent corrections. After volatilities subside and investors once again become comfortable to look at fundamentals, Indonesia will be back on investor's radar screen as an appealing investment destination. We continue to believe that exposure to Indonesia economies will likely remain to be positive and we stay optimistic on the enduring appeal of long-term investment in Indonesia.

PASAR OBLIGASI

BOND MARKET

Sentimen global dari Amerika Serikat menyebabkan koreksi pada pasar obligasi di bulan April. Tolok ukur Bloomberg Indonesia Local Sovereign Index turun 0.53% MoM atau 0.41% Ytd. Perbaikan ekonomi Amerika Serikat menyebabkan penguatan pada Dolar AS dan kenaikan imbal hasil US Treasury. Imbal hasil US Treasury 10 tahun naik dari 2.74% di akhir Maret menjadi 2.95% di akhir April, bahkan sempat mencapai 3.03% yang merupakan posisi tertinggi sejak Januari 2014. Kenaikan signifikan imbal hasil US Treasury disebabkan oleh pernyataan hawkish gubernur The Fed yang menimbulkan spekulasi kenaikan suku bunga lebih tinggi dibandingkan perkiraan sebelumnya sebesar tiga kali.

Global sentiment pressure from US drives correction in bond market on April. The Bloomberg Indonesia Local Sovereign Index as its proxy declines by 0.53% MoM or 0.41% Ytd. The improvement in US economy triggers the strengthen of USD and the rise of US Treasury yield. The UST 10yrs yield rose from 2.74% in end-March to 2.95% in end-April, even hit 3.03%, the highest since January 2014. The substantial increase of US Treasury yield also caused by hawkish statement by The Fed Governor which sparks the speculation that they may hike rate more than initially expected of three times.

PASAR OBLIGASI

BOND MARKET

Dari pasar domestik tidak ada sentimen baru yang terlalu berarti. Menyusul pelemahan pada pasar modal, nilai tukar Rupiah juga bergerak melemah dan volatilitas meningkat. BI melakukan intervensi untuk menjaga stabilitas nilai tukar. Dalam jangka pendek, pasar menantikan pertemuan The Fed di pertengahan bulan Juni. Di samping itu investor berharap dimasukkannya obligasi Indonesia denominasi IDR ke dalam indeks Bloomberg Barclay di bulan Juni dapat menjadi katalis positif bagi pasar obligasi.

Selama bulan April pemerintah melakukan tiga lelang obligasi konvensional. Permintaan relatif rendah sejak pasar obligasi menunjukkan tren negatif dan investor asing cenderung mengurangi kepemilikan pada obligasi lokal. Dari ketiga lelang tersebut secara berturut-turut penawaran yang masuk mencapai IDR37.72 triliun, IDR10.19 triliun, dan IDR17.02 triliun. Kedua lelang terakhir di bulan April merupakan lelang dengan penawaran terendah di tahun ini. Pemerintah menyerap dana senilai IDR21.85 triliun pada lelang pertama, IDR6.35 triliun pada lelang kedua, dan IDR6.15 triliun pada lelang ketiga, dimana berada jauh dibawah target pemerintah sebesar IDR17 triliun. Namun sampai dengan akhir April 2018 pemerintah telah berhasil menerbitkan obligasi dengan total IDR375.2 triliun atau sekitar 43.80% dari total penerbitan obligasi di tahun ini.

Di bulan April bank umum membukukan pembelian bersih terbesar senilai IDR21.20 triliun dan kepemilikan mencapai IDR492.67 triliun (22.40% dari total obligasi pemerintah yang dapat diperdagangkan). Pembelian bersih kedua terbesar adalah asuransi dan dana pensiun yang mencapai IDR5.09 triliun dan membuat kepemilikannya meningkat menjadi IDR380.53 triliun (17.30% dari total). Investor lokal lainnya seperti reksa dana juga meningkatkan kepemilikan sebesar IDR2.03 triliun menjadi IDR105.65 triliun (4.80% dari total). Di sisi lain, di bulan April investor asing membukukan penjualan bersih senilai IDR13.45 triliun dan kepemilikannya turun menjadi IDR845.34 triliun (38.44% dari total).

Imbal hasil menunjukkan kurva bear flattening. Imbal hasil obligasi tenor pendek (2-5 tahun) meningkat 60bps di bulan April. Sementara itu, imbal hasil obligasi tenor menengah (10-15 tahun) mengalami peningkatan kira-kira sebesar 32bps. Imbal hasil obligasi tenor panjang (20-30 tahun) naik sebesar 14bps selama bulan April.

On domestic side, there was no significant fresh sentiment. Following weakening capital market, rupiah also weakened and volatility was higher. BI intervened to stabilize the exchange rate. In the near term, the market is waiting for the Fed meeting in mid-June. In addition, the investors expect that the inclusion of Indonesia IDR denominated bonds in Bloomberg Barclays Index in June would be a positive catalyst.

Along April, the government has conducted three conventional bond auctions. The demand was relatively low since bond market showed negative trend and foreign investors tended to decrease their holding in local bonds. Incoming bids reached IDR37.72 trillion, IDR10.19 trillion, and IDR17.02 trillion respectively in the auctions. The two last auctions in the month were the lowest incoming bids this year. The government awarded about IDR21.85 trillion in the first auction, and around IDR6.35 trillion and IDR6.15 trillion only respectively, which much below the indicative target of IDR17 trillion. However, as of April 2018, in total, we noted that the government was successful issued total bonds of IDR375.2 trillion or about 43.80% of its total target issuance this year.

Commercial banks booked the largest net buy in April totaling IDR21.20 trillion and ownership reached IDR492.67 trillion (22.40% of total tradable government bonds). The second largest net buy was insurance and pension funds amounting IDR5.09 trillion in the month. Thus, their ownership increased to IDR380.53 trillion (17.30% of total). Other local investors such as mutual funds also increased their holding by IDR2.03 trillion to IDR105.65 trillion (4.80% of total). On the other side, foreign investors booked net sell of IDR13.45 trillion in April, and their holding decreased to IDR845.34 trillion (38.44% of total).

Yield showed bear flattening curve. Short dated tenor bonds (2-5 yr) yield jumped by around 60bps in April. Meantime, medium term bonds (10-15 yr) yield increased by approximately 32bps. Longer dated bonds (20-30 yr) yield rose by 14bps in a month.

TENOR	29 Mar 18	30 Apr 18	CHANGES (bps)
2yr	5.39	6.06	68
5yr	5.91	6.44	52
10yr	6.59	6.88	29
15yr	6.82	7.17	35
20yr	7.27	7.44	18
30yr	7.34	7.44	9



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