

Monthly Market Review

April 2019

Hanya untuk investor profesional PT Manulife Aset Manajemen Indonesia. Bukan untuk umum.

ULASAN MAKROEKONOMI

Kondisi makroekonomi Indonesia bulan April tetap kondusif. Tingkat pengangguran tercatat sebesar 5.01%, terendah dalam 20 tahun. Inflasi +0.44% MoM, menunjukkan akselerasi ke level +2.83% YoY dari sebelumnya +2.48% YoY. Angka ini di atas konsensus +2.66% YoY, diakibatkan oleh peningkatan inflasi pangan +0.31ppt. Terjadi peningkatan harga-harga bumbu dapur menjelang bulan Ramadhan. Di lain pihak, terjadi deflasi harga beras di tengah panen raya. Inflasi inti stabil +3.05% YoY dari 3.03% YoY di bulan Maret. Selain inflasi pangan, transportasi juga menunjukkan kenaikan inflasi, disumbang oleh naiknya harga tiket pesawat terbang menjelang Idul Fitri. Kami percaya peningkatan inflasi ini masih terjaga, karena masih di bawah 3%. Harga-harga yang diatur pemerintah kemungkinan akan naik secara gradual di paruh kedua 2019. Kami melihat pemerintah akan terus menjaga dan mempertahankan inflasi yang cukup rendah. Jika inflasi terus terjaga dan The Fed menurunkan suku bunga, ada ruang bagi Bank Indonesia untuk menurunkan suku bunga acuannya, terutama jika terjadi perbaikan defisit neraca berjalan.

Di bulan Maret neraca perdagangan kembali surplus sebesar USD540 Juta, setelah sebelumnya di bulan Februari juga surplus USD330 Juta. Secara bulanan baik ekspor maupun impor mencatat kenaikan volume. Perbaikan dalam neraca perdagangan dapat menurunkan tekanan defisit neraca berjalan. Cadangan devisa tercatat USD124.3 Miliar, tidak banyak berubah dibandingkan bulan sebelumnya USD124.5 Miliar. Angka ini setara dengan pembiayaan 7 bulan impor atau 6.8 bulan impor dan kewajiban utang eksternal pemerintah. Nilai tukar Rupiah sedikit melemah -0.1%, namun mengungguli mata uang Asia Tenggara yang lain kecuali Peso Filipina.

Pertumbuhan PDB Indonesia kuartal pertama 2019 melemah ke level +5.07% YoY dari +5.18% YoY di kuartal terakhir 2018. Penyebab utamanya adalah komponen Pembentukan Modal Tetap bruto (PMTB) yang turun dari +6.01% di kuartal terakhir 2018 ke level +5.03% di kuartal pertama 2019). Komponen konsumsi tidak terlalu berubah, dengan pertumbuhan belanja transportasi dan komunikasi turun paling dalam (dari +6.14% menjadi +4.91%). Walaupun belanja sosial pemerintah di kuartal pertama 2019 cukup besar, namun rendahnya realisasi belanja non sosial membuat aktivitas bisnis sebelum pemilu juga melambat. Semakin selektifnya pemerintah mengimplementasikan proyek infrastruktur, belanja terkait mesin dan peralatan juga turun dari +12.3% di kuartal terakhir 2018 menjadi +8.4% YoY. Bangunan, komponen terbesar dalam PMTB tumbuh +5.5% dari 5.0% satu kuartal yang lalu. Selain itu, penurunan terjadi pada belanja kendaraan (dari +8.4% menjadi -7.4%) dan peralatan lain (+0.3% menjadi -6.8%). Hal ini memang terkait dengan berakhirnya siklus belanja modal di sektor pertambangan. Kami perkirakan pertumbuhan PDB akan meningkat di kuartal kedua 2019, ditopang oleh konsumsi, belanja pemerintah non sosial, dan kenaikan gaji PNS. Kami tetap memproyeksikan pertumbuhan PDB 2019 di level 5.2% - 5.4%.

MACROECONOMY REVIEW

Indonesia economy macro remained conducive in April. Unemployment rate stood at 5.01%, the lowest in 20 years. The CPI was up +0.44% MoM, showing an inflation acceleration to +2.83% YoY from +2.48% in the previous month. It is above the consensus estimate of +2.66%, mainly resulted from foodstuff inflation of +0.31ppt. Prices of spices went up: onion (+0.13ppt), garlic (+0.09ppt), and chili (+0.07ppt) ahead of the month of Ramadan. Rice still recorded deflation as a result of the grand harvest. Core inflation remained stable at +3.05% YoY from 3.03% in March. In addition to food inflation, transportation contributed +0.03ppt from rising airfares driven by the annual homecoming tradition ahead of the Eid. We believe that the higher inflation is still manageable, as the CPI was still below 3%. It is likely that administered price will increase in 2H19, which we believe will take place gradually. We see the government will continue to monitor and maintain low inflation. If inflation remains manageable and the Fed cut rates, there is room for Bank Indonesia to cut its policy rate in 2H19, provided that the Current Account Deficit improves.

Trade balance remained in the surplus area, of USD540m in March, from USD330m in February. Both exports and imports recorded a MoM volume increase. Improvements in trade balance could alleviate pressure to the Current Account Deficit. Foreign reserve stood at USD124.3 billion, flattish compared to USD124.5 billion in the previous month. The reserve assets position was equivalent to financing of 7.0 months of imports or 6.8 months of imports and payment of government external debt. Rupiah weakened slightly, by -0.1%, but still outperformed other currencies in South East Asia, except the Philippine's peso.

Indonesia's 1Q19 GDP growth eased to +5.07% YoY from +5.18% in 4Q18. Gross Fixed Capital Formation (GFCF) is the main drag (growth was down to +5.03% from +6.01% in 4Q18), while private consumption came in flattish, with transportation and communication spending growth dropped the most (+4.91% from +6.14% in 4Q18). Although government's social spending was large in 1Q19, the non-social spending realization was low, resulted in slow business activities pre-election. As the government became more selective on infrastructure projects growth of machine and equipment slowed to +8.4% YoY from +12.3% in 4Q18. Buildings and structures, the component with the largest share in the GFCF grew +5.5% from +5.0% in the previous quarter. In addition, vehicles and other equipment were down in 1Q19 (-7.4% and -6.8% respectively) from positive growth in 4Q18 (+8.4% and +0.3%). The above was attributable to the end of capital expenditure cycle in the mining sector. We expect GDP growth to accelerate in 2Q19, supported by private consumption, government's non-social spending, and the salary increase of civil servants. We maintain our GDP growth forecast of +5.2%-5.4% for the year.

PASAR SAHAM

EQUITY MARKET

IHSG sedikit terkoreksi -0.2% dan ditutup di level 6455, kalah unggul dibandingkan bursa saham global (MSCI World +3.4%, MSCI Emerging Market +2.0%, dan MSCI Asia Ex. Japan +1.8%). Terjadi arus masuk bersih dana asing sebesar +USD3740 Juta (setelah +USD118 Juta di bulan Maret) seiring antisipasi investor asing akan pemilu presiden yang berjalan aman dan kondusif. Sektor-sektor sensitif suku bunga terus unggul di tengah sikap akomodatif dari The Fed dan ECB. Properti (+4.68%), otomotif (+2.52%), dan keuangan (+2.61%) menjadi sektor dengan kinerja terbaik. Di lain pihak, semen (-6.30%) berkinerja terburuk setelah investor melakukan penyesuaian kepemilikan setelah terjadinya merger & akuisisi atas emiten-emiten di sektor ini.

Kekhawatiran perlambatan ekonomi global membuat The Fed dan ECB menghentikan pengetatan moneter. Kami menilai masih terlalu dini untuk menyimpulkan resesi Amerika Serikat akan terjadi tahun ini. Data di Amerika Serikat menunjukkan tingkat pengangguran rendah, upah masih bertumbuh, dan keyakinan konsumen tetap kuat. Kami juga percaya pemerintahan Amerika Serikat akan fokus menjaga pertumbuhan ekonomi menjelang pemilu tahun depan. Di bulan Mei, tensi perdagangan antara Amerika Serikat dan China kembali meningkat setelah Presiden Trump berniat menaikkan tarif atas produk impor dari China. Hal ini mengejutkan investor setelah sebelumnya dinamika yang ada menunjukkan tensi perdagangan sudah semakin membaik. Kita masih harus menunggu perkembangan yang ada. Di lain pihak, jika perang perdagangan terus terjadi/meningkat, kami melihat akan ada tekanan untuk The Fed menurunkan suku bunga. China juga akan meningkatkan stimulus untuk menjaga perekonomiannya. Dan melambatnya perekonomian global dapat menyebabkan penurunan harga minyak. Mengenai Indonesia, fundamentalnya tetap kuat dan kami percaya Indonesia tetap dapat menghadapi dinamika global yang sedang terjadi. Perekonomian Indonesia yang berorientasi domestik relatif lebih terlindungi dari perlambatan ekonomi global. Kami terus percaya perekonomian Indonesia akan tetap positif dan kami tetap optimis akan daya tarik jangka panjang investasi Indonesia.

The Jakarta Composite Index was slightly corrected, by -0.2% and closed the month at 6455. It still underperformed global stock markets (MSCI World with +3.4%, MSCI Emerging Market +2.0% and MSCI Asia ex Japan +1.8%). There was a big net foreign inflow of +USD3,740m (after a +USD118m in March) as foreign investors were anticipating a safe and conducive general election in April. Interest-sensitive sectors continued outperforming the index, as investors cheered the more accommodative Fed and ECB. Property (+4.68%), Auto (+2.52%) and Finance (+2.61%) became top gainers. On the other hand, Cement (-6.30%) became the top loser as investors adjusted holdings post the M&A in the sector.

Concerns over slowdown in the global economy have prompted the Fed and ECB to halt monetary tightening initiatives for the moment. We believe it is too early to say that US recession will take place this year. Data show low unemployment, rising wages and strong consumer confidence in the US. We also believe that the US government will focus on guarding the economy growth as next year is an election year. In May, the US-China tension increased post President Trump statement on intention to increase tariffs for goods imported from China. That took investors by surprise as recent dynamics showed that trade tension between the US and China has started to decline. It remains to be seen whether tension will subside. However, if trade war continues/escalates, there is a silver lining in that we believe there is more pressure for the Fed to cut rates. China will also increase stimulus to protect its economy. And weaken global growth may cause oil price to decline. For Indonesia, its fundamentals remain strong and we believe should be able to weather the global dynamics. Indonesia economy, a domestic oriented one, is relatively more protected from global growth slowdown. We continue to believe that exposure to Indonesia economies

PASAR OBLIGASI

BOND MARKET

Setelah menguat 3 bulan berturut-turut, pasar obligasi Indonesia mencatat pelemahan -0.06% di bulan April, sehingga kinerja tahun berjalan 2019 turun menjadi 4.33%. Pelemahan tersebut dipicu oleh siklus penguatan USD terhadap IDR di kuartal kedua. Siklus tersebut disebabkan oleh beberapa faktor domestik: pembayaran utang dalam USD, repatriasi dividen, dan pembayaran kupon obligasi pemerintah. Walaupun periode pembayaran kupon dan repatriasi dividen terjadi di bulan Mei, tapi tekanan jual IDR di pasar valas cenderung meningkat sebelum periode tersebut. Sentimen negatif lain terhadap pasar obligasi adalah naiknya harga minyak yang berisiko membuat defisit transaksi berjalan melebar dan neraca pembayaran melemah karena Indonesia adalah net importir minyak.

After experience gains in the first 3 consecutive months, Indonesia bonds suffers monthly loss in 2019 by -0.06% on April. It brings the YTD slightly down to 4.33%. The weakness is triggered by the cyclical of USD strengthen against IDR on Q2. The cycle driven by several domestic factors: corporate USD debt repayments, dividend repatriation, and government bonds coupon payments. Despite the timing of both dividend repatriation and coupon payment will occur on May, but the general expectations on FX market of IDR tend to be offerish before the payment date. The other negative sentiment to the bond market is the oil price rise trend that could wider both Current Account Deficit and Balance of Payment since Indonesia is oil net importer.

PASAR OBLIGASI

Di sisi lain, kebijakan The Fed yang tetap akomodatif memberikan sentimen positif bagi pasar. Dan sentimen pasar juga tertopang oleh data pertumbuhan ekonomi AS dan China yang lebih baik dari ekspektasi (China 6.4% vs konsensus 6.3% & Amerika Serikat 3.2% vs konsensus 2.3%) yang mengurangi kekhawatiran pasar terhadap risiko resesi global. Selain itu sentimen positif juga didukung oleh pemilu Indonesia juga berlangsung dengan damai. Sejalan dengan kebijakan The Fed, Bank Indonesia mempertahankan suku bunga acuan pada 6%. Selain itu Bank Indonesia juga mengeluarkan kebijakan yang lebih akomodatif melalui penguatan strategi operasi moneter dan meningkatkan suplai DDNF dengan mempermudah peraturan mengenai transaksi *underlying*.

Di bulan April, perbankan merupakan penjual terbesar obligasi sebesar IDR12.39 Triliun, sehingga persentase kepemilikan turun dari 22.13% menjadi 21.86%. Penjual terbesar lain adalah Bank Indonesia, investor asing, dan reksa dana, masing-masing sebesar IDR9.23 Triliun, IDR6.78 Triliun, dan IDR4.01 Triliun. Walaupun secara absolut terjadi penurunan, namun secara persentase terjadi kenaikan kepemilikan investor asing dari 38.26% ke level 38.38%. Pembeli bersih terbesar di bulan April adalah dana pensiun senilai IDR4.32 Triliun (persentase kepemilikan naik dari 8.95% ke 9.21%). Selain itu asuransi dan investor individu juga menjadi pembeli bersih, masing-masing senilai IDR2.67 Triliun dan IDR0.29 Triliun.

Selama bulan April, kurva imbal hasil bergerak membentuk pola bear *steepening*. Imbal hasil obligasi tenor pendek meningkat antara 16-26 bps. Imbal hasil obligasi tenor menengah (10-15 tahun) meningkat rata-rata 18 bps, dan imbal hasil obligasi tenor panjang (20-30 tahun) meningkat antara 9-22 bps.

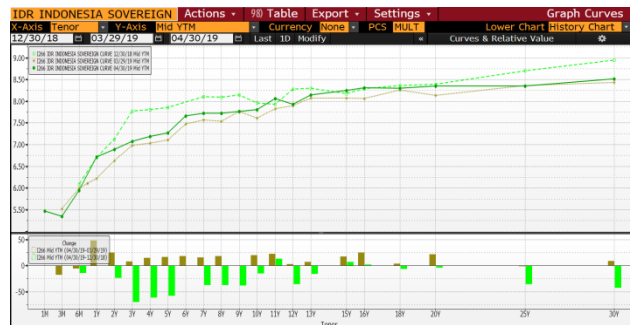
TENOR	30 Apr 19	29 Mar 19	CHANGES (bps)
2yr	6.89	6.63	26
5yr	7.27	7.10	17
10yr	7.80	7.60	20
15yr	8.24	8.07	17
20yr	8.35	8.13	22
30yr	8.52	8.43	9

BOND MARKET

Besides the above negative factors, the positive sentiment coming from the Fed as they remain dovish on their policy. Market also support by the better than expected of GDP growth data for US and China (China 6.4% vs 6.3% consensus & US 3.2% vs 2.3% consensus) which deny the concern over global recession. In addition, positive sentiment is also coming from the peaceful Indonesian election. Inline with the Fed policy on rates, Bank Indonesia (BI) maintains BI 7-Days Repo Rate unchanged at 6%. In addition, BI adds several accommodative policies by strengthening monetary operations strategy and increasing the supply of DDNF through simplifying the underlying transaction regulations.

During the months commercial banks are the biggest sellers of bonds by IDR 12.39 T that bring the percentage ownership drop from 22.13% to 21.86%. The other sellers of bonds are Bank Indonesia, offshore investors, mutual fund by IDR 9.23 T, IDR 6.78 T and IDR 4.01 T respectively. Despite decline in absolute amount, on percentage terms, offshore investors add positioned in Indonesia bonds from 38.26% to 38.38%. The biggest net buyer of bond in April is Pension Fund by IDR 4.32 T (ownership rose from 8.95% to 9.21%). The net buyer investors are Insurance and Individual investors by IDR 2.67 T and IDR 0.29 T respectively.

Yield curve moved in bear steepening pattern along the month. The short dated bonds yield increased ranged by 16 to 26 bps. Medium term bond (10-15 year) yield up by 18 bps on average. Meanwhile, longer dated bonds (20-30 year) also increased by 9-22 bps.



Manulife Investment Management

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