

ULASAN MAKROEKONOMI**MACROECONOMY REVIEW**

Perekonomian Indonesia tetap kondusif di Januari. Inflasi tetap rendah pada level +3.25% YoY (vs. +3.61% di bulan sebelumnya dan +3.49% di Januari 2017). Turunnya harga transportasi pasca musim libur menyebabkan angka inflasi yang rendah. Di sisi lain, beberapa komponen mengalami kenaikan harga lebih tinggi dari bulan sebelumnya. Harga pakaian naik +0.50% MoM (vs. +0.13% MoM di Desember 2017), makanan yang diproses (+0.43% MoM) dan kesehatan (+0.28%). Beberapa barang menunjukkan pertumbuhan bulanan yang lebih rendah, seperti bahan pangan (+2.34% MoM), papan (+0.23% MoM), dan edukasi (+0.16% MoM). Harga bahan pangan seperti beras, telur dan susu meningkat lebih lambat dibanding bulan sebelumnya. Inflasi ini tetap rendah pada level +2.69% YoY (vs. +2.95% di Desember 2017) karena faktor *high base*. Secara keseluruhan, menurut pandangan kami inflasi akan tetap terjaga tahun ini (walaupun ada risiko meningkat dari faktor tingginya harga minyak) karena pengawasan yang ketat terhadap harga bahan pangan dan tidak adanya rencana kenaikan harga yang diadministrasi, setidaknya di kuartal I. Walaupun inflasi rendah, menurut kami BI tidak akan bergerak untuk memangkas suku bunga. Berdasarkan publikasi tahunannya, kebijakan BI diperkirakan lebih mengarah pada pelonggaran makroprudensial daripada pemangkasan suku bunga lebih lanjut. Tujuan pelonggaran makroprudensial adalah untuk meningkatkan efektivitas transmisi kebijakan moneter, likuiditas, dan pendalaman pasar finansial. Di bulan Januari Bank Indonesia mempertahankan tingkat suku bunga acuan dan mengumumkan pelonggaran kebijakan makroprudensial pertama yang bertujuan untuk meningkatkan likuiditas.

PDB Indonesia tumbuh +5.2% YoY di 4Q17, naik dari +5.1% YoY di 3Q17. Pertumbuhan tersebut sesuai dengan ekspektasi kami. Pendorong pertumbuhan di 4Q17 adalah pertumbuhan investasi (+6.2% YoY dari sebelumnya di kisaran ~4.0%-4.5% dalam empat tahun ke belakang). PMI di bulan Januari naik ke level 49.9 dari 49.3 di bulan sebelumnya. Perbaikan tersebut didukung oleh stabilisasi produksi dan operasional di sektor manufaktur. Di sisi lain jumlah pesanan melanjutkan penurunan dua bulan berturut-turut. Indeks produksi ke depannya mengindikasikan keyakinan yang terjaga di 12 bulan ke depan. Ekspektasi perbaikan permintaan, perbaikan strategi penjualan, dan rencana ekspansi menjadi faktor utama yang mendorong tingkat keyakinan. Di bulan Januari cadangan devisa Indonesia naik ke level USD132.0 miliar mencatat rekor tertinggi, naik dari USD130.2 miliar di bulan sebelumnya. Peningkatan cadangan devisa didukung oleh pendapatan dari pajak, ekspor migas, pinjaman luar negeri, dan gelang surat utang.

Indonesia economy remained conducive in January. CPI remained low at +3.25% YoY (vs. +3.61% in the previous month and +3.49% in January 2017). A decline in transportation costs post the holidays was the main reason of the low CPI figure. On the other hand, a few items were up faster compared to previous month. Clothing was up +0.50% MoM (vs. +0.13% MoM in Dec 2017), processed foods (+0.43% MoM) and healthcare (+0.28%). Major items which reported a slower MoM readings included raw food (+2.34% MoM), housing at (+0.23% MoM), and education (+0.16% MoM). Prices of raw food such as rice, eggs and milk, increased slower compared to the previous month. Core inflation remained low at +2.69% YoY (vs. +2.95% YoY in Dec 2017) due to a high-base factor. Overall, we believe inflation will remain manageable (although there are upward risks from high energy prices) this year given tight control in foodstuff prices and no more hike in administered prices, at least until 1Q18. Despite the reasonably low inflation, we believe it is unlikely for Bank Indonesia to cut its benchmark rate. As stated in the Central Bank annual publication, instead of conducting further rate cuts, the Central Bank is more likely to introduce new macro-prudential measures in its easing endeavors. These macro-prudential measures are implemented with the objective to increase the effectiveness of monetary transmission, liquidity, and financial sector deepening. In January Bank Indonesia maintained benchmark rate and issued its first macro-prudential measure, aimed at improving liquidity.

Indonesia real GDP growth edged up to +5.2% YoY in 4Q17, from +5.1% YoY in 3Q17. For FY17, real GDP growth is +5.1% (from +5.0% in FY16), in line with our expectation. Main driver for growth in 4Q17 was gradually rising investment growth (+6.2% YoY from a range of ~4.0%-4.5% in the last four years). In January PMI was up to 49.9 from 49.3 in the previous month. A rebound was supported by stabilized output and operating conditions across manufacturers. However, new order was still down for two consecutive months. The future output index signaled sustained confidence in the next twelve months. Expectations of demand improvements, enhanced marketing initiatives and planned company expansions were cited as key factors driving confidence. In January Indonesia foreign reserve came in at USD132.0b, once again broke a record high, from USD130.2 b in the previous month. In addition to tax revenues and proceeds from oil & gas exports, withdrawal of government foreign loan as well as auction results of Bank Indonesia foreign exchange bills supported the reserves.

PASAR SAHAM
EQUITY MARKET

Di bulan Januari IHSG mencatatkan penguatan tinggi. Sempat mencapai level 6681 sebelum ditutup pada level 6606 di akhir bulan, naik +3.9% dari penutupan bulan sebelumnya. Nilai tukar Rupiah menguat +1.3% MoM. Investor asing kembali masuk ke pasar saham Indonesia setelah sebelumnya mencatatkan penjualan bersih selama 10 bulan di 2017. Namun penguatan pasar melemah dibayangi oleh sentimen mengenai kenaikan imbal hasil US Treasury karena kekhawatiran inflasi akan meningkat dan normalisasi kebijakan moneter akan lebih agresif. Secara keseluruhan investor asing membukukan pembelian bersih senilai USD132.4 juta di bulan Januari. Hanya satu sektor yang mencatatkan pelemahan, yakni sektor infrastruktur yang melemah (-1.8% MoM). Sementara itu sektor yang mencatatkan penguatan tertinggi adalah Pertambangan (+25.0%) – didukung kenaikan harga minyak dan komoditas -, Semen & Industri Dasar (+11.5%), dan Properti (+8.6%).

Kami terus memandang optimis kondisi Indonesia. Perbaikan fundamental ekonomi membuat Indonesia menjadi destinasi investasi yang menarik. Indikator makroekonomi terus menunjukkan perbaikan di semua aspek. Kami mengekspektasikan pertumbuhan yang lebih baik di tahun 2018, terutama ditopang oleh naiknya belanja pemerintah dan perbaikan daya beli konsumen. Perbaikan pertumbuhan PDB juga terus ditopang oleh neraca perdagangan dan investasi yang membaik. Sementara perbaikan fundamental ditopang oleh reformasi di segala bidang. Baik pemerintah maupun bank sentral terus berkomitmen menjaga pertumbuhan. Kami tetap percaya perekonomian Indonesia akan tetap positif dan kami tetap optimis akan daya tarik jangka panjang investasi Indonesia.

In January the Jakarta Composite Index experienced a big rally. It once reached 6681 before closed at 6606, up +3.9% from the previous month's close. Rupiah exchange rate appreciated +1.3% MoM. We saw foreign investors came back in after exiting the market for ten out of 12 months in 2017. The rally somewhat slowed as the global market softened as a result on a high increase in US Treasury yields due to fear of higher inflation and more aggressive monetary normalization. In total, there was USD132.4m foreign net inflow in January. Only one sector, Infrastructure, recorded a loss (of -1.8% MoM). Top gainers included Mining (+25.0%) - resulted from strong oil and commodity prices, Cement & Basic Industries (+11.5%) and the laggard Property (+8.6%).

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. 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.

PASAR OBLIGASI
BOND MARKET

Pasar obligasi Indonesia tetap di zona positif di pembukaan tahun ini. Indeks Bloomberg Indonesia Local Sovereign menguat 1.21% MoM atau 16.97% YoY ke level 232.71 di Januari 2018. Pasar menguat di awal bulan sehingga imbal hasil turun ke level 6.06 didukung arus dana asing yang masuk ke pasar Indonesia, dipicu oleh perbaikan makroekonomi, ekspektasi Indonesia dimasukkan ke dalam indeks Barclays-Bloomberg, dan kenaikan rating Indonesia dari Fitch menjadi 'BBB' (stabil) dari 'BBB-'. Sejalan dengan pergerakan pasar, lelang obligasi konvensional di awal Januari mencapai rekor penawaran tertinggi sebesar IDR72.47 triliun. Dalam lelang tersebut pemerintah memenangkan IDR25.5 triliun. Namun, sentimen negatif dari pasar global terutama naiknya imbal hasil US Treasury membayangi kinerja pasar di akhir Januari. Koreksi tersebut juga mempengaruhi penawaran pada lelang di akhir Januari yang turun menjadi IDR47.23 triliun. Walau demikian, pemerintah memenangkan IDR17.55 triliun dalam lelang tersebut, sedikit lebih tinggi dari target IDR17 triliun.

Dari sisi domestik, inflasi bulan Desember mencapai 0.71% MoM dipengaruhi musim liburan, tapi secara tahunan inflasi tetap rendah sebesar 3.61% YoY di 2017, sejalan dengan target BI di kisaran 4±1%. Cadangan devisa di bulan Desember mencapai USD130.20 miliar (ekuivalen dengan 8.3 bulan impor dan pembayaran utang luar negeri), yang dianggap memadai untuk mempertahankan stabilitas nilai tukar. Selain itu ekspektasi kenaikan *sovereign rating* dari Moody's dan S&P juga menjadi potensi katalis bagi pasar. Sebelumnya di bulan Desember Fitch menaikkan *sovereign rating* Indonesia.

The Indonesian bond stays in the positive territory at the start of the year. Bloomberg Indonesia Local Sovereign Index rose by 1.21% MoM or 16.97% YoY to 232.71 as of January 2018. The market went sharply higher early in the month, sending the yield lower to 6.06 at the back of the strong offshore inflows triggered by macro improvement, expectation on Indonesia inclusion into Barclays-Bloomberg Index and Fitch rating upgrade on Indonesia sovereign to 'BBB' stable outlook from 'BBB-'. Following bond market movement, the conventional bond auction conducted in first half of January reached all-time high in terms of incoming bids totaling IDR72.47 trillion. In the auction, the government awarded IDR25.5 trillion. However, due to negative sentiment looming from global factors especially the rising of US Treasury yield, the Indonesian bond retreat in late January. The correction also resulted in the declining of incoming bid on an auction at the end of January of IDR47.23 trillion. Nevertheless, the government was successful in raising a total of IDR17.55 trillion, slightly above its initial target issuance of IDR17 trillion.

On the domestic side, macro economy such as inflation rate in December was reported at 0.71% MoM resulting from the holiday season, but the FY17 data was low at 3.61% YoY, in line with BI's target of 4±1%. Foreign reserve reached USD130.20 billion in December (equivalent to 8.3 months of imports and servicing of government external debt repayments), considered more than enough to maintain exchange rate stability. Moreover, expectation of sovereign rating upgrade from Moody's and S&P in the near future was also a positive trigger. Previously in December, Fitch has upgraded Indonesia sovereign rating.

PASAR OBLIGASI

BOND MARKET

Dari sisi pasar global, imbal hasil US treasury meningkat signifikan dari 2.41 ke 2.71. Kenaikan tersebut disebabkan oleh meningkatnya ekspektasi inflasi tahun ini ke kisaran 2%. Senat dan DPR AS juga telah menyetujui rencana pemangkasan pajak, yang dikhawatirkan dapat menyebabkan melebarnya defisit anggaran dan meningkatnya penerbitan US treasury untuk menutup defisit.

Investor asing membukukan pembelian bersih senilai IDR33.62 triliun di Januari. Kepemilikan asing mencapai IDR869.77 triliun (41.29% dari total obligasi pemerintah yang diperdagangkan). Kepemilikan asuransi dan dana pensiun meningkat IDR8.84 triliun menjadi IDR357.70 triliun (16.98% dari total). Sementara itu perbankan membukukan penjualan bersih IDR31.03 triliun, sehingga total kepemilikan menjadi IDR422.57 triliun (20.06% dari total). Kepemilikan investor lain seperti Bank Indonesia dan reksadana masing-masing tetap pada 8.55% dan 4.95%.

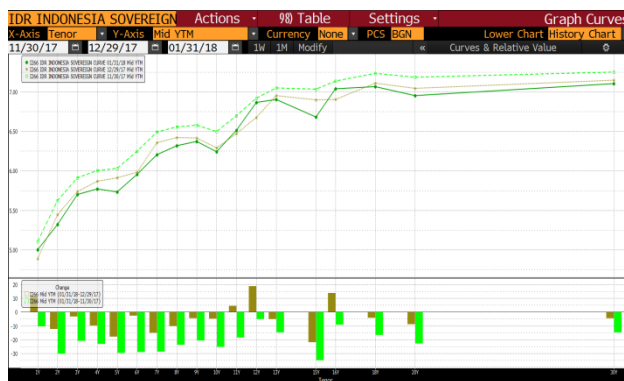
Kurva imbal hasil kembali membentuk pola *bull steepening*. Imbal hasil obligasi tenor pendek (2-5 tahun) turun 13 bps dan 18 bps, sementara imbal hasil obligasi tenor menengah (10-15 tahun) turun 5 bps dan 22 bps. Imbal hasil obligasi tenor panjang (20-30 tahun) turun 9 bps dan 5 bps.

On the global side, US treasury yield rose substantially in January from 2.41 to 2.71. The rising treasury yield was due to higher inflation expectation this year to the trajectory of 2%. Moreover, since US Senate and House of Representatives have passed the proposal of tax cuts, market is concerned that the tax reform will lead to widening budget deficit and surging in US Treasury issuance to cover the deficit.

Foreign investors booked the biggest net buy totaling IDR33.62 trillion during January. Foreign ownership reached IDR869.77 trillion (41.29% of total tradable government bonds). Insurance and pension funds also increased their holding by IDR8.84 trillion to IDR357.70 trillion (16.98% of total). On the other side, commercial banks recorded net sell of IDR31.03 trillion, and total holding was around IDR422.57 trillion (20.06% of total). Other investors such as Bank Indonesia and mutual fund did not show significant change of ownership, around 8.55% and 4.95% of total respectively.

Yield curve continued to show bull steepening curve. Short dated tenor bond (2-5 yr) yield dropped by 13bps and 18bps while the medium term bond (10-15 yr) yield drops by 5bps and 22bps. Meanwhile, long dated bond (20-30 yr) yield dropped by 9bps and 5bps.

TENOR	29 Dec 17	31 Jan 18	CHANGES (bps)
2yr	5.45	5.32	-13
5yr	5.91	5.73	-18
10yr	6.29	6.24	-5
15yr	6.90	6.68	-22
20yr	7.04	6.95	-9
30yr	7.15	7.10	-5



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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