

Macro Strategy Weekly

Lionel Priyadi

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Investment Partner

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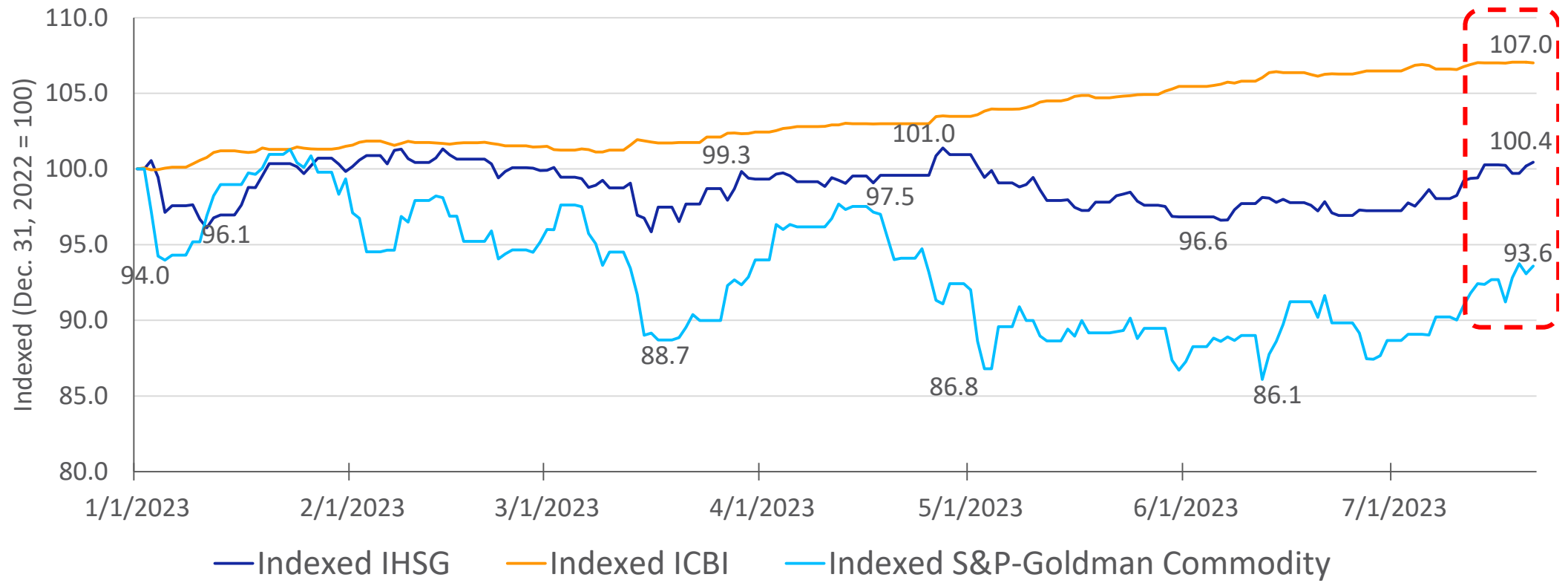


Last Week's Recap

July 17 – 23, 2023

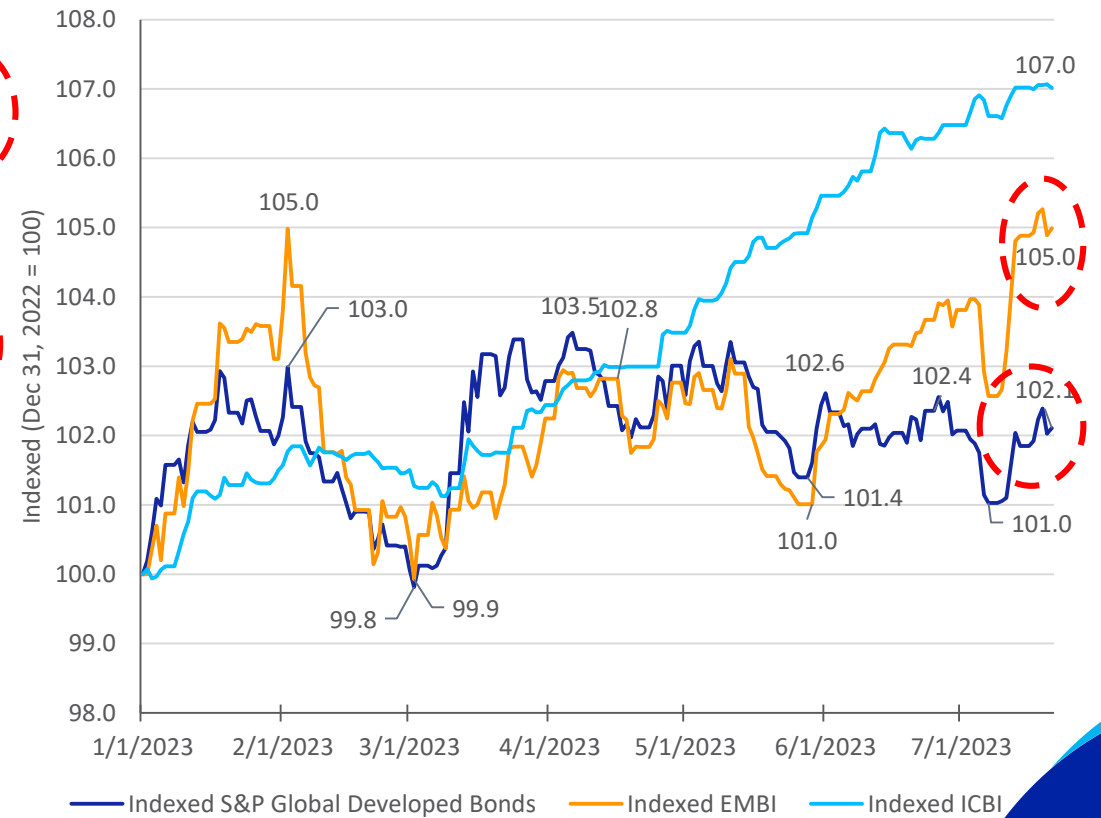
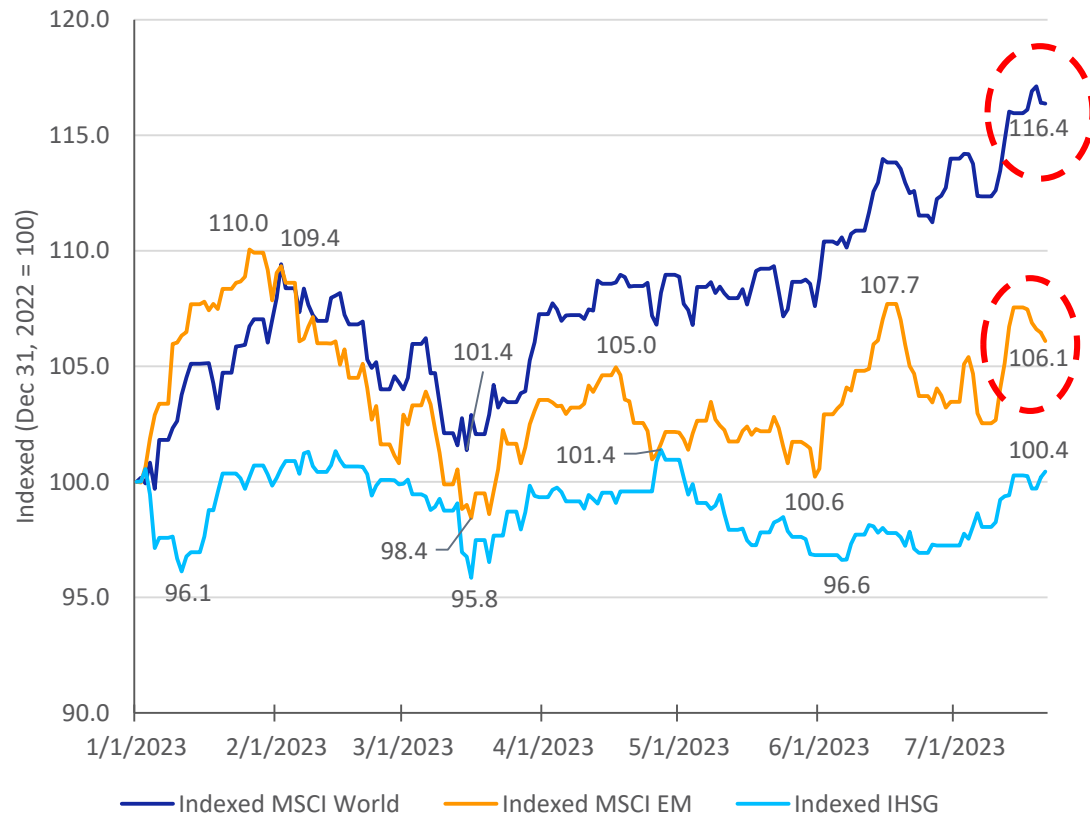
JCI and domestic bond market moved sideways over the past week

Meanwhile, commodity market rally is still going strong



Source: IDX, Bloomberg, SSI Research

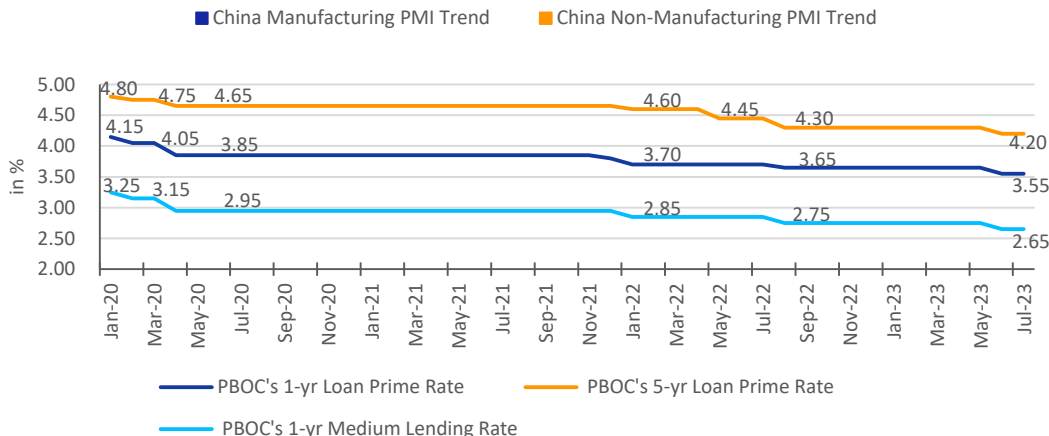
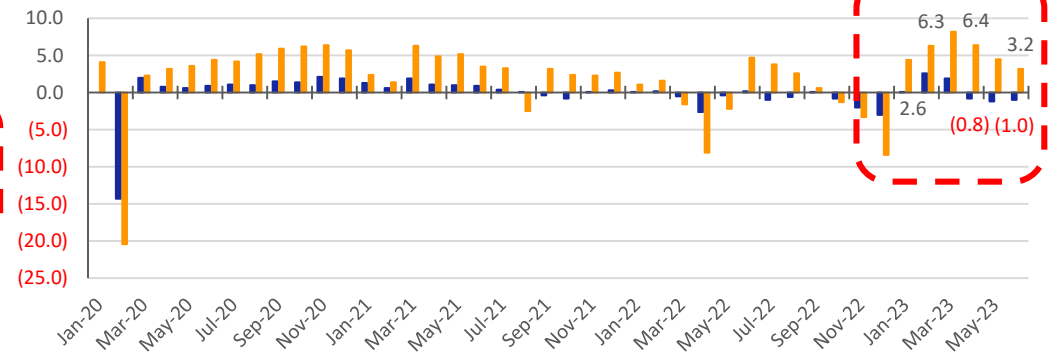
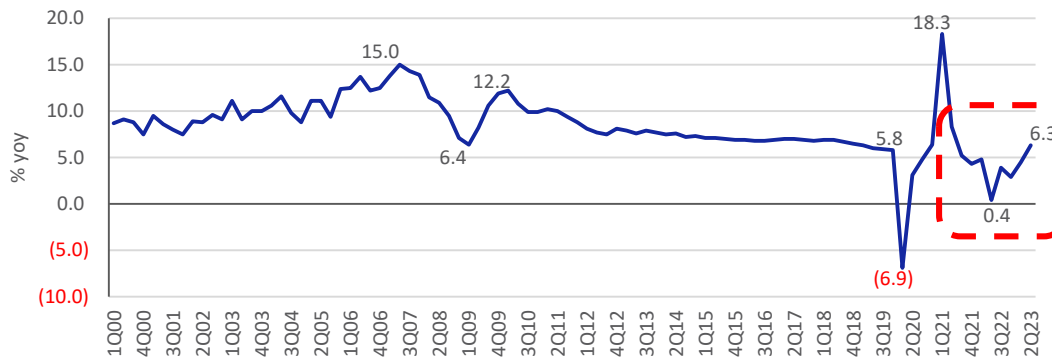
The sideways movement was mainly caused by the drop in market euphoria as market players prepare for the Fed's FFR announcement...



Source: Bloomberg, SSI Research

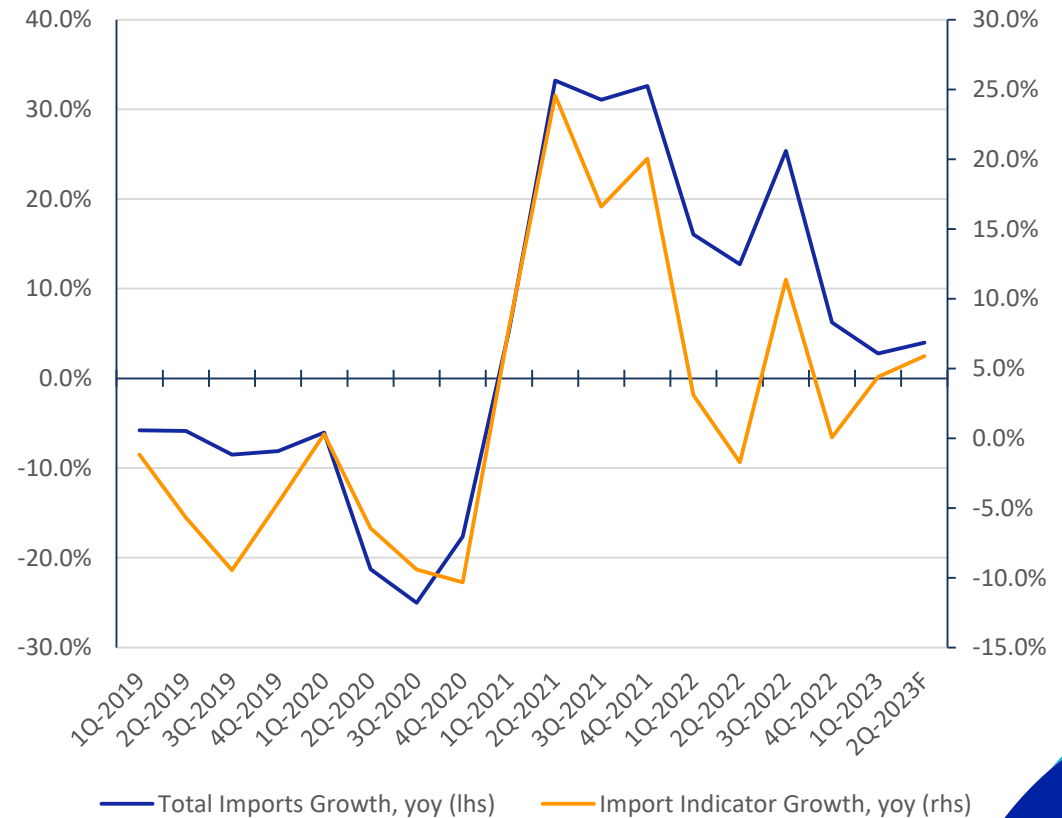
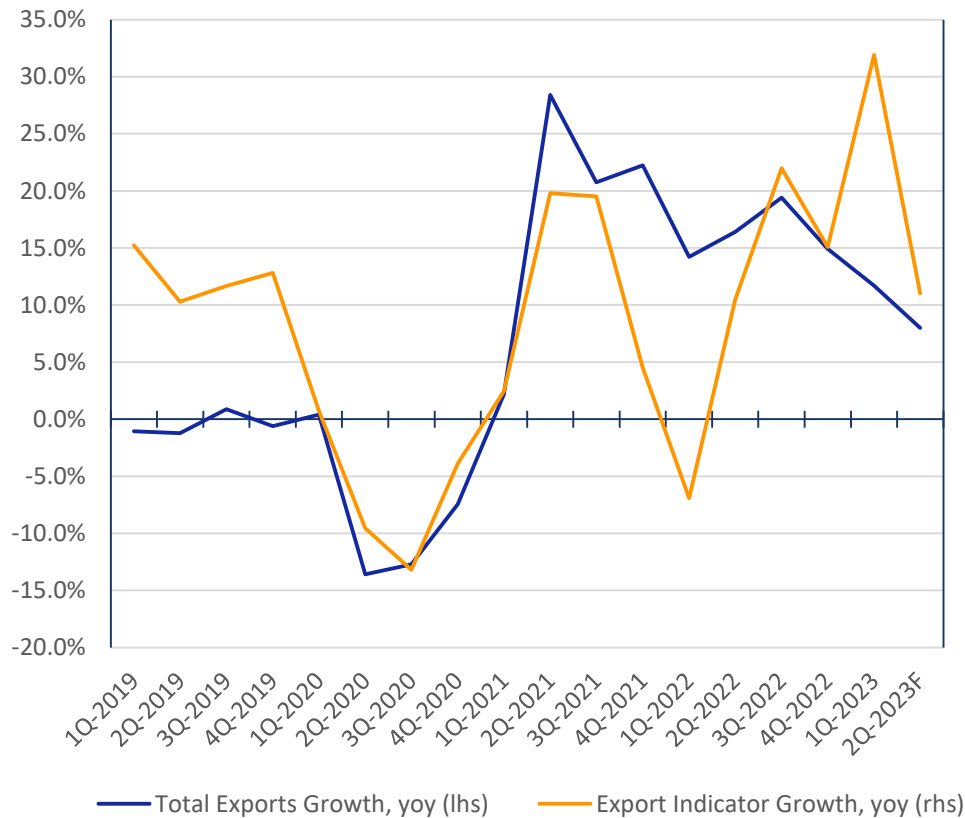
... and slower-than-expected Chinese economic growth

The latest PMI and inflation data indicate that additional monetary stimulus is necessary to maintain the momentum of China's economic growth and recovery



Source: NBSC, PBOC, S&P, Bloomberg, SSI Research

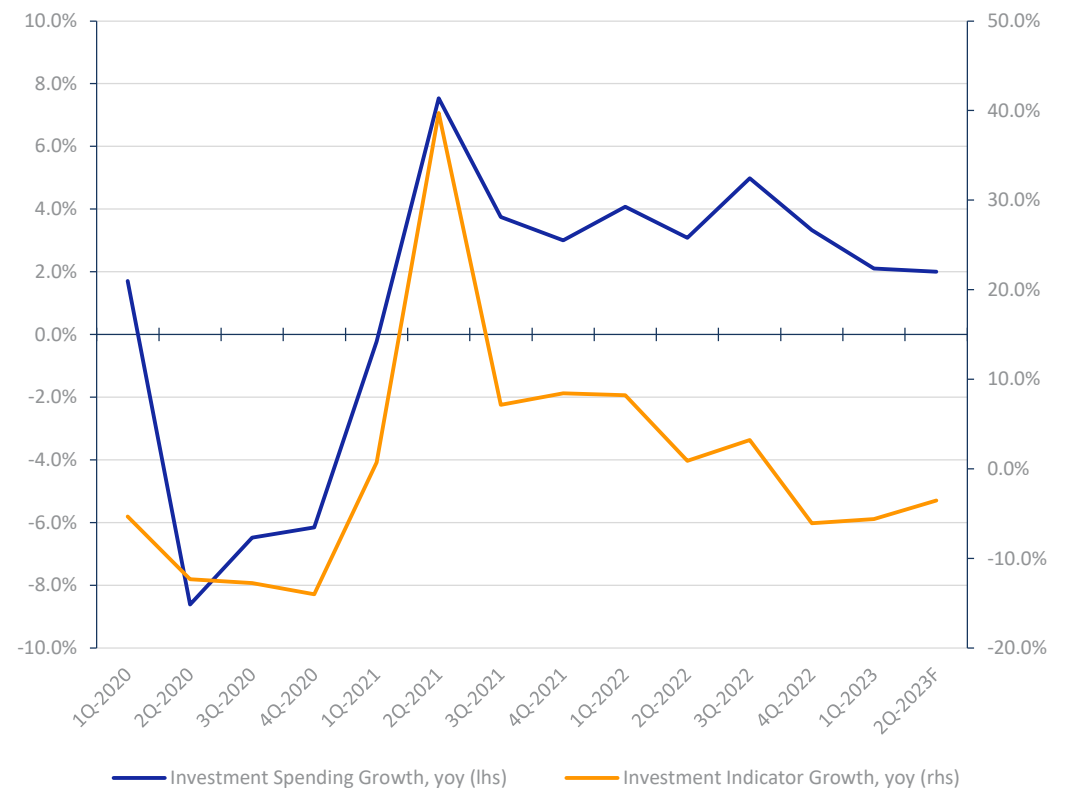
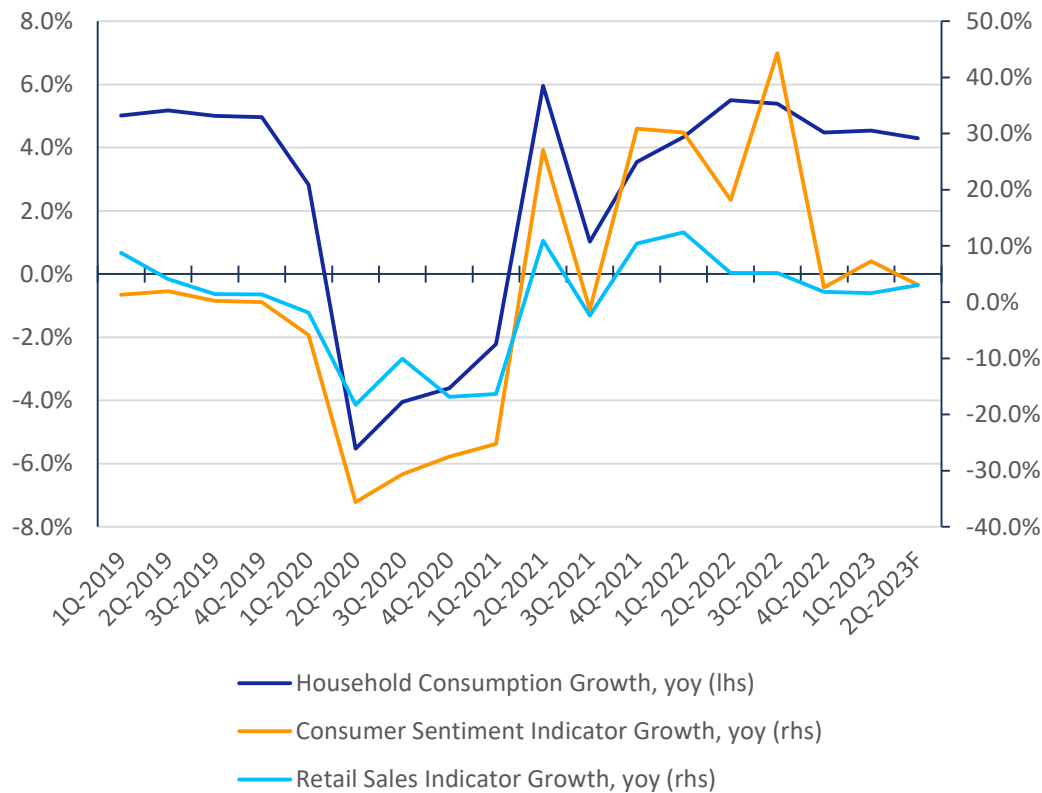
The domestic market was also affected by the slowdown in economic growth in 2Q23, especially on the export-import side, due to the drop in global commodity prices ...



Source: BPS, SSI Research

... as well as domestic consumption and investment

We project GDP growth to slow down to 4.6% yoy in 2Q23 (1Q23: 5% yoy)



Source: BPS, Bank Indonesia, Gaikindo, SSI Research

What's Our View?

Bullish rally in global market, which stopped for a while due to slower-than-expected economic growth in Asia, might continue this week.

- We expect the bullish rally to be tactical, as market players wait for benchmark interest rate announcements from two major central banks: the Federal Reserve and the European Central Bank (ECB).
- Market players are also waiting for the release of US PCE inflation data; the probability of a bullish scenario will be higher if US PCE core inflation falls lower than expected (forc: 4.2% yoy) in June. .
- We project USD/IDR to stay relatively flat this week, staying at IDR 14,900-15,100/USD
- INDOGB 10-yr yield is also expected to move sideways, staying at 6.2-6.4%
- In addition to foreign data, domestic market players are also waiting for Bank Indonesia's position regarding the possibility of rate cuts in 2H23

This Week

July 24 – 30, 2023

Ones to Watch



July 24, 2023

US (Jun: 46.3; Cons Jul: 46.1), Eurozone (Jun: 43.4; Cons Jul: 43.5); and UK manufacturing PMI (Jun: 46.5; Cons Jul: 46)



July 24, 2023

US (Jun: 54.4; Cons Jul: 54.1), Eurozone (Jun: 52; Cons Jul: 51.6); and UK services PMI (Jun: 53.7; Cons Jul: 53)



July 25, 2023

Bank Indonesia's 7DRRR (Jun: & Cons Jul: 5.75% [0 bps])



July 27, 2023

Federal Reserve's Fed funds rate (Jun: 5.25%; Cons Jul: 5.5% [25 bps]) & European Central Bank's main refinancing rate (Jun: 4%; Cons Jul: 4.25% [25 bps])



July 27, 2023

US GDP (1Q23: 2% SAAR; Cons 2Q23: 1.8% SAAR)



July 28, 2023

US headline (May: 3.8% yoy; Cons Jun: 3.1% yoy) dan inflasi and core PCE inflation (May: 4.6% yoy; Cons Jun: 4.2% yoy)



Thank You

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