

# Macro Strategy Weekly

Lionel Priyadi

Your Lifelong  
**Investment Partner**

[www.samuel.co.id](http://www.samuel.co.id)

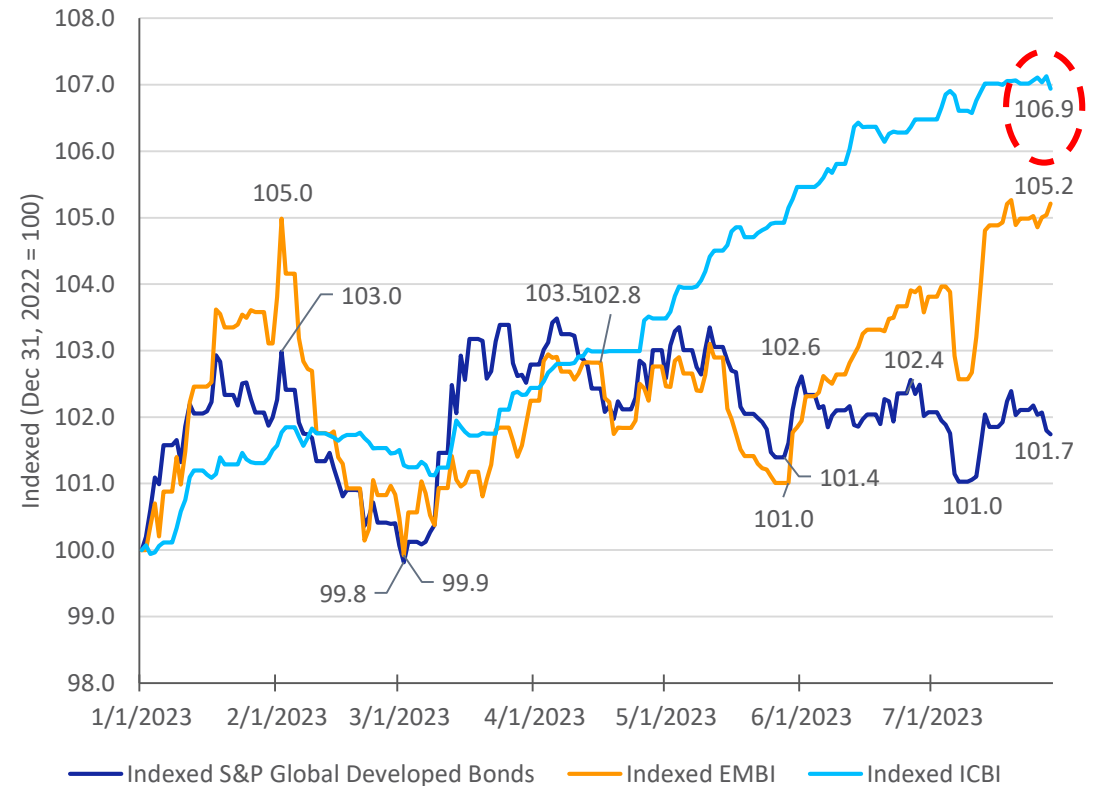
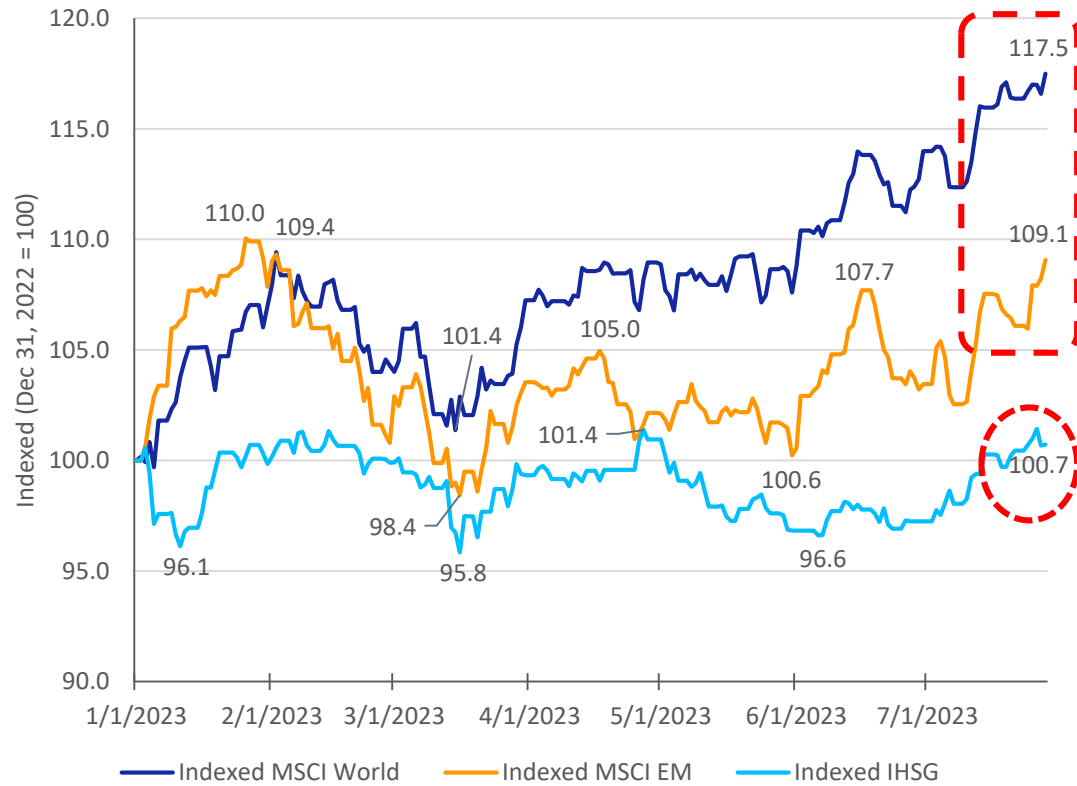


# Last Week's Recap

## July 24 – 30, 2023

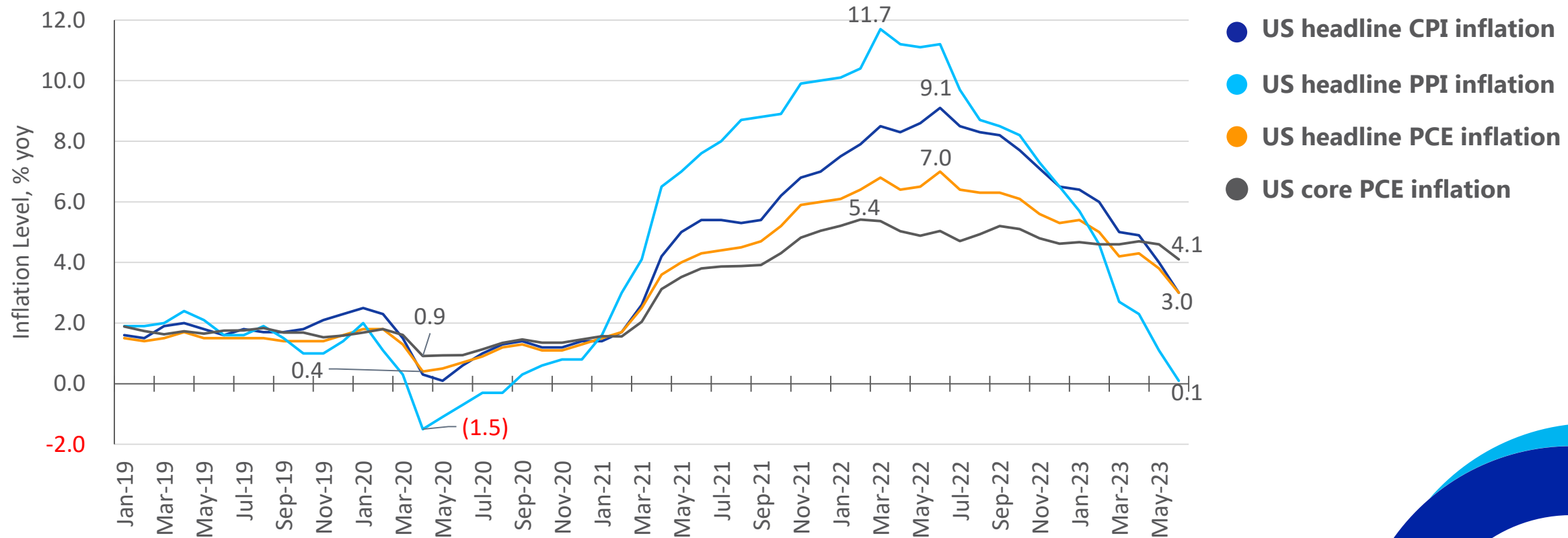
# Global stock market rally continued after the announcement of the benchmark interest rates of several major central banks

Meanwhile, JCI and ICBI bond index experienced some pressure over the past week



Source: Bloomberg, SSI Research

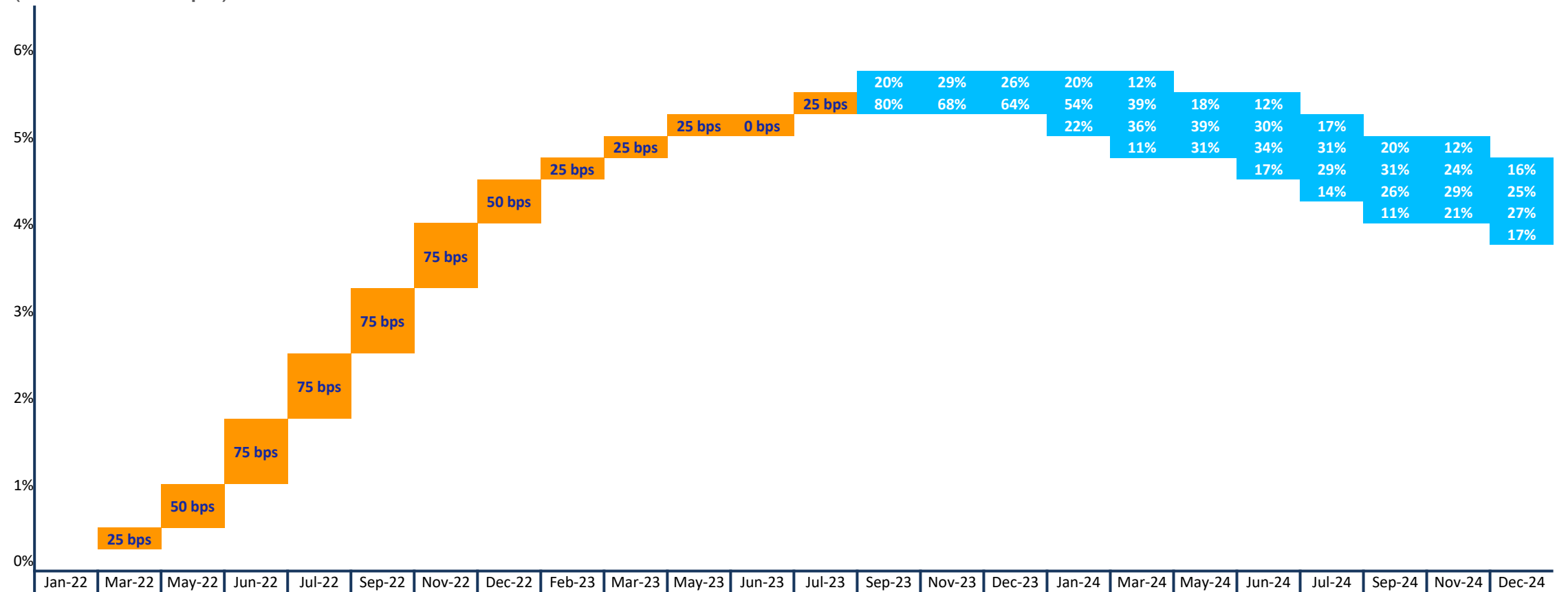
Global stock market rally was mainly driven by two factors: a) sharp decline in US PCE inflation ...



Source: BEA, BLS, Bloomberg, SSI Research

## ... which helped lower the probability of a second Fed rate hike in 4Q23, and...

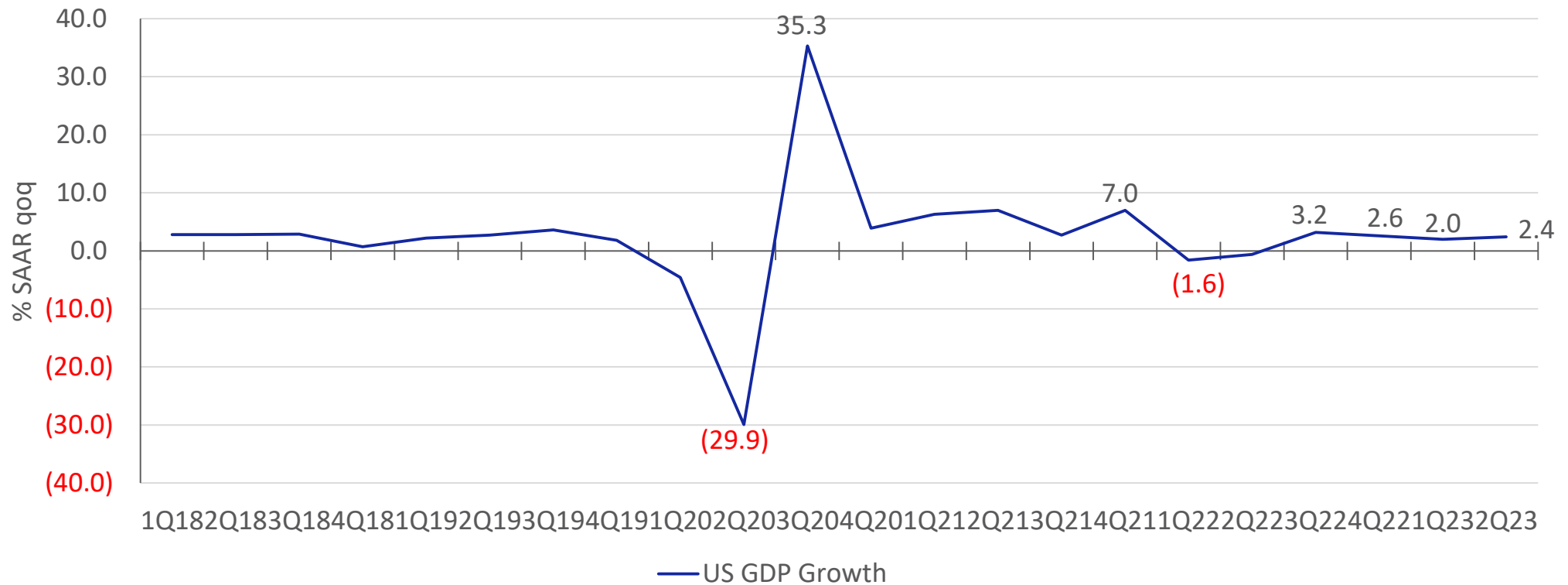
Expectations for Fed rate cuts in FY24 also fell to 5X25 bps (Prev: 6X25 bps)



Source: CME Group, Federal Research, SSI Research

## ... b) Better-than-expected US GDP growth

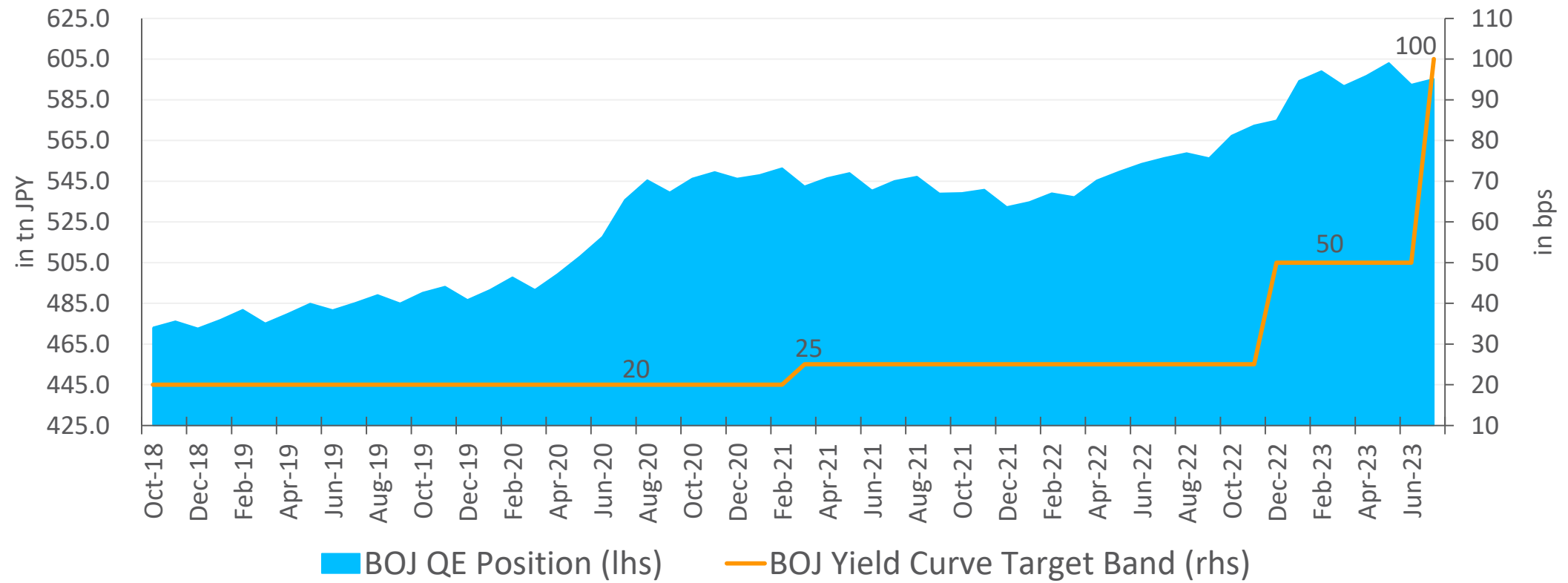
As a result, the probability of a soft landing in the US went up considerably



Source: BEA, Bloomberg, SSI Research

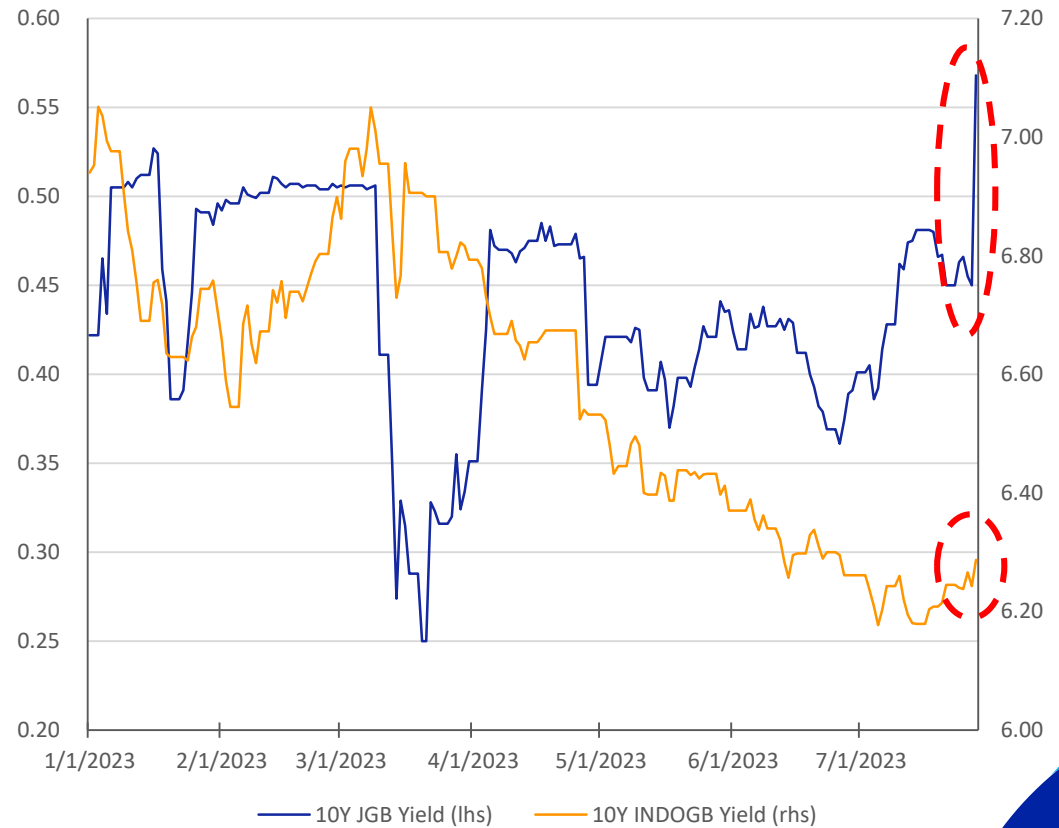
# The JCI and ICBI slump was mainly caused by BoJ's shocking decision to raise the JGB 10Y yield cap

BoJ also raised its inflation expectations for FY23F to 3.2% (Prev: 2.5%)



Source: S&P, Bloomberg, SSI Research

# The BOJ's decision led to currency depreciation in Asia, including the rupiah; the drop hurt both JCI and ICBI



Source: Bloomberg, SSI Research



## What's Our View?

Both JCI and ICBI might continue to fluctuate this week, due to the shocks coming from the BoJ's decision

- We believe that the decision caused fluctuations in rupiah exchange rate, which hurt the performance of the JCI and INDOGB 10Y yield
- However, we expect that the negative impact of the BOJ's decision will only be temporary, and it will be over once the JGB 10Y yield reaches a new equilibrium point at 0.7-0.9% and when the JPY/USD returns to the appreciation trend.
- We project the USD/IDR to fluctuate within the range of IDR 15,000-15,200 per USD
- Meanwhile, the INDOGB 10Y yield may decline to 6.3-6.5% range

# This Week

## July 31 – August 6, 2023

## Ones to Watch



July 31, 2023

China's official manufacturing PMI (Jun: 49; Cons Jul: 48.9)



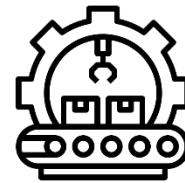
July 31, 2023

China's official services PMI (Jun: 53.2; Cons Jul: 53)



July 31, 2023

Eurozone's 2Q23 GDP growth (1Q23: 1.1% yoy atau 0% qoq; Cons 2Q23: 0.4% yoy atau 0.1% qoq)



August 1, 2023

Indonesia's manufacturing PMI (Jun: 52.5), China's Caixin manufacturing PMI (Jun: 50.5; Cons Jul: 50.1), US ISM manufacturing PMI (Jun: 46, Cons Jul: 46.9)



August 1, 2023

Indonesia's headline (Jun: 3.5% yoy; Cons Jul: 3.2% yoy, SSI: 3.1% yoy) and core CPI inflation (Jun: 2.6% yoy; Cons Jul: & SSI : 2.5% yoy)



August 4, 2023

US nonfarm payrolls (Jun: 209,000; Cons Jul: 190,000), unemployment rate (Jun: & Cons Jul: 3.6%), and workforce participation rate (Jun: 62.6%; Cons Jul: 62.6%)



# Thank You

Your Lifelong  
**Investment Partner**

Lionel Priyadi

PT Samuel Sekuritas Indonesia

Menara Imperium, 21st Floor, Jl. HR. Rasuna Said Kav. 1

Jakarta 12980, Indonesia

Tel. +62 21 2854 8100 | [www.samuel.co.id](http://www.samuel.co.id)

 [samuelsekurasindonesia](https://www.instagram.com/samuelsekurasindonesia)

 [samuelsekuras](https://twitter.com/samuelsekuras)

 [SamuelSekurasIndonesia](https://www.youtube.com/SamuelSekurasIndonesia)