

# Global Macro Strategy Morning Notes

Economic-Equity-Commodities-Currencies-Politics-Policies

Macro Strategy & Equity Analysis

30 October 2023

## Global Macro Strategy Indicators

Stock Indexes	10/27/2023	Daily (%)	MTD (%)	YTD (%)
US - Dow Jones	32,417.6	(1.1)	(3.3)	(2.2)
US - S&P 500	4,117.4	(0.5)	(4.0)	7.2
US - NASDAQ	12,643.0	0.4	(4.4)	20.8
US - Russell 2000	1,636.9	(1.2)	(8.3)	(7.1)
Eurozone - STOXX 50	4,014.4	(0.9)	(3.8)	5.8
UK - FTSE 100	7,291.3	(0.9)	(4.2)	(2.2)
Germany - DAX 30	14,687.4	(0.3)	(4.5)	5.5
France - CAC 40	6,795.4	(1.4)	(4.8)	5.0
Japan - Nikkei	30,991.7	1.3	(2.7)	18.8
South Korea - KOSPI	2,302.8	0.2	(6.6)	3.0
MSCI Emerging Markets	919.8	1.0	(3.5)	(3.8)
MSCI Asia Excluding Japan	585.0	1.2	(3.2)	(5.5)
China - Hang Seng	17,398.7	2.1	(2.3)	(12.0)
China - CSI 300	3,562.4	1.4	(3.4)	(8.0)
India - Sensex	63,782.8	1.0	(3.1)	4.8
Indonesia - JCI/IDX	6,758.8	0.7	(2.6)	(1.3)
Malaysia - FTSE KLCI	1,441.9	0.1	1.2	(3.6)
Thailand - Thai SET	1,388.2	1.2	(5.7)	(16.8)
Philippines - PSEi	5,962.0	(0.9)	(5.7)	(9.2)
IDX Subsectors	10/27/2023	Daily (%)	MTD (%)	YTD (%)
IDX Financials	1356.2	0.5	(3.2)	(4.1)
IDX Basic Materials	1215.0	1.0	(6.8)	(0.1)
IDX Energy	2043.0	1.4	(4.2)	(10.4)
IDX Consumer Non-Cyclicals	755.4	1.0	(0.7)	5.4
IDX Infrastructures	1205.9	3.0	32.6	38.8
IDX Consumer Cyclicals	851.0	0.5	(1.8)	0.0
IDX Technology	3809.9	(0.1)	(12.1)	(26.2)
IDX Properties & Real Estate	689.0	(0.4)	(4.5)	(3.1)
IDX Healthcare	1504.8	1.1	5.2	(3.8)
IDX Industrials	1121.8	(0.4)	(5.4)	(4.5)
IDX Transportations & Logistics	1690.0	0.8	(8.8)	1.7
Commodities	10/27/2023	Daily (%)	MTD (%)	YTD (%)
Oil Brent (USD/bbl)	90.5	2.9	(5.1)	5.3
Oil WTI (USD/bbl)	85.5	2.8	(5.8)	6.6
Coal Newcastle (USD/ton)	134	(0.4)	(14.1)	(65.5)
US Soybean Oil (USD/lbs)	52.3	1.0	(9.0)	(18.1)
CPO Malaysia (MYR/ton)	3,675	0.1	(0.4)	(11.9)
Gold NYMEX (USD/toz)	1,989	0.1	7.6	9.3
Nickel LME (USD/ton)	18,188	1.7	(1.7)	(39.2)
Copper LME (USD/ton)	8,057	1.5	(2.2)	(3.8)
Wheat CBT (USD/bushel)	576	(0.7)	6.3	(27.3)
Corn CBT (USD/bushel)	481	0.3	0.8	(29.1)
S&P-Goldman Sachs Commodity Index	590.2	1.2	(3.0)	(3.3)
Currencies & Fixed Income	12/31/2022	Daily (%)	MTD (%)	YTD (%)
Dollar Index	106.6	(0.0)	0.4	2.9
USD/IDR	15,940	0.1	3.1	2.4
USD/IDR 1 Month NDF	15,921	(0.0)	2.8	2.5
US Treasuries 10-Year (bp)	4.83	(1.0)	26.4	96.0
Indonesia INDOGB 10-Year (bp)	7.23	3.6	31.8	29.2
ID CDS 5-Year	101.1	(1.2)	8.8	1.5

Source: Bloomberg, SSI Research

## Political risks and BI 7DRRR hikes will loom over JCI in November

- The increase in the SRBI discount rate at the SRBI auction on Friday (10/27) to 6.97% (10/25: 6.76%) seals another BI 7DRRR hike in November.
- If BI does raise its 7DRRR in November, JCI might fall to 6,550-6,650.
- The participation of Prabowo-Gibran pair in the 2024 elections will be determined by the revision of PKPU, which will be discussed with the House of Representatives.

We believe the JCI will still be pressured by bearish sentiment in November, mainly from two factors. The first one is the potential Bank Indonesia seven-day reverse repo rate (7DRRR) hike, which is reflected in the increase in the SRBI discount rate (Sertifikat Rupiah Bank Indonesia) on Friday's auction (10/27) to 6.97% (10/25: 6.76%; 18/18: 6.43%). The increase was mainly driven by the decline in demand, especially from foreign investors, to IDR 2.3tn at the auction on October 25, from IDR 4.7tn on October 20 and IDR 6.8tn on October 18.

Eventhough most analysts have anticipated the possibility of another BI 7DRRR hike of at least 1X25 bps to 6.25% (its highest level since the BI 7DRRR was first adopted in April 2016), the increase in the SRBI discount rate provides certainty about the hike. Thus, we see the risk of a JCI correction to 6,550-6,650.

The registration period for presidential and vice presidential candidates ended on Wednesday (10/25), and three pairs have registered. However, the participation of one pair (Prabowo Subianto-Gibran Raka Rangkabuming) will be determined after a consultation meeting on the revision of KPU Regulation no. 19/2023 together with the House of Representatives (DPR-RI), and the House will begin convening again today. Political uncertainty surrounds the candidacy of the Prabowo-Gibran pair because the vote percentage of their supporting party in the House only reached 45.4%, meaning that their candidacy will be determined by their opposing parties. The ethics trial, which will be held by the Honorary Council of the Constitutional Court (MKMK), will certainly not affect their candidacy.

We recommend investors to maintain a defensive strategy and stick with the following sectors

**Sector Recommendation: Food retailers, cigarettes, infrastructures, health.**

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## Economic Calender

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
10/30/2023 17:00	EC	Consumer Confidence	Oct F	--	(17.90)
10/30/2023 17:00	EC	Economic Confidence	Oct	93.00	93.30
10/30/2023 17:00	EC	Industrial Confidence	Oct	(9.50)	(9.00)
10/30/2023 17:00	EC	Services Confidence	Oct	3.50	4.00

JN = Japan - US = United States - CH = China - EC = Eurozone Aggregate - ID = Indonesia - GE = Germany - FR = France - UK = United Kingdom

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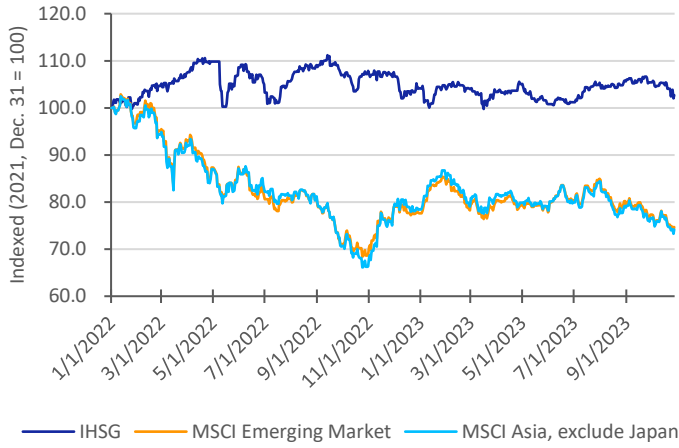


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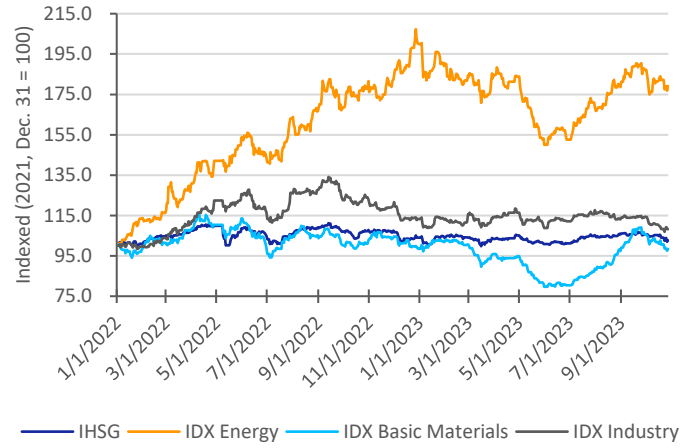
30 October 2023

**Chart 1. Samuel's Regional Stock Watcher**



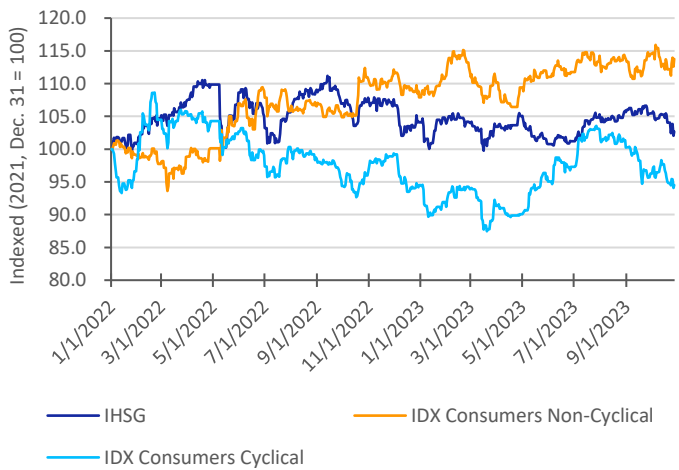
Source: Bloomberg

**Chart 2. Samuel's Sectoral Watcher 1**



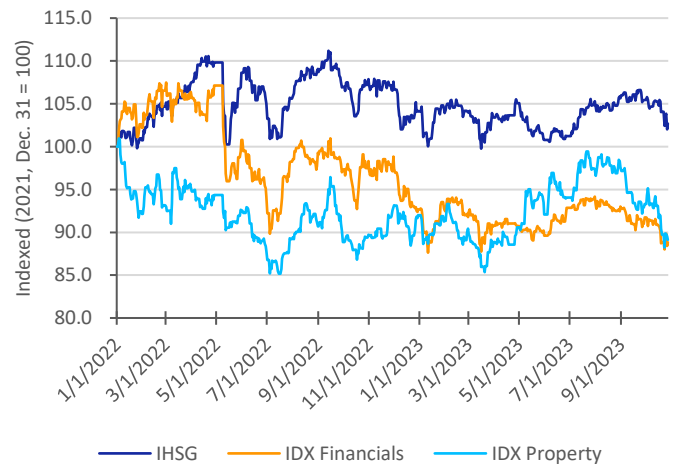
Source: Bloomberg

**Chart 3. Samuel's Sectoral Watcher 2**



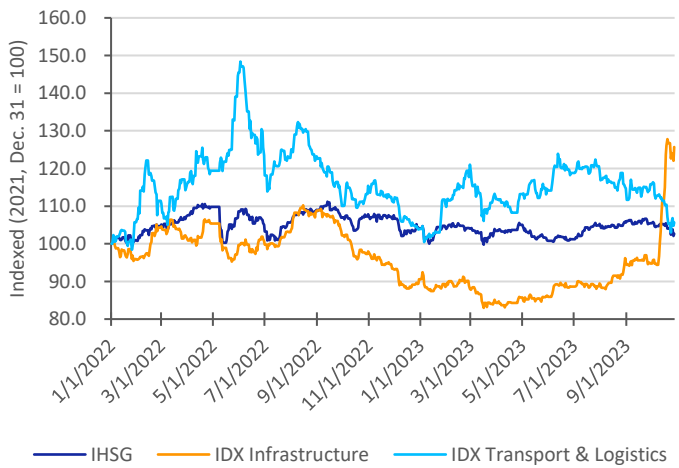
Source: Bloomberg

**Chart 4. Samuel's Sectoral Watcher 3**



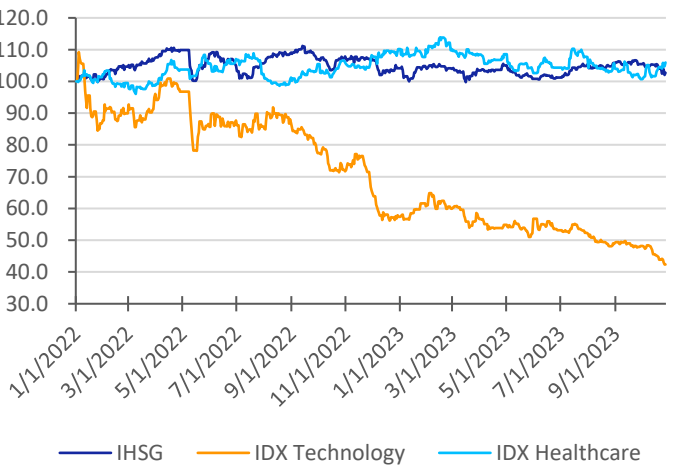
Source: Bloomberg

**Chart 5. Samuel's Sectoral Watcher 4**



Source: Bloomberg

**Chart 6. Samuel's Sectoral Watcher 5**



Source: Bloomberg

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