

# Macro Strategy and Fixed Income Weekly

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**Investment Partner**

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# Last Week's Recap

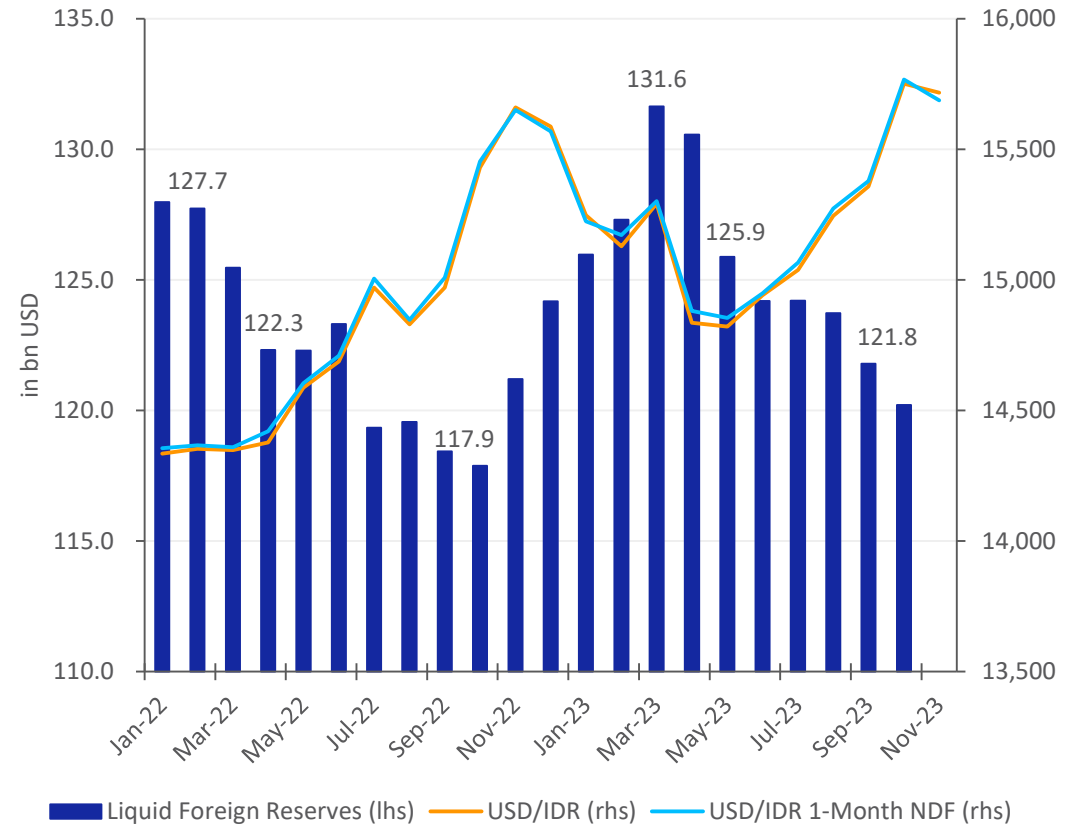
## November 4 – 10, 2023

## What's Our View?

- We believe that the issuance of global sukuk, which helped the government raise USD 2bn of funding last week, will strengthen Indonesia's foreign exchange reserves, bringing it to USD 130-134bn (liquid: USD 119-123bn) and stabilize Rupiah, keeping it between IDR 15,500-15,700 per USD.
- We expect Indonesia's trade balance to record another surplus of USD 2.5bn in October, even though both imports (-12.6% yoy) and exports (-22.2% yoy) are expected to decline.
- The 10Y and 30Y UST yields were quite stable, staying between 4.5-4.7% (10Y) and 4.6-4.8% (30Y), and Fed Chair Jerome Powell's speech at the IMF event indicates efforts to keep the US financial market relatively tight through market mechanisms, including keeping the 30Y UST yield high and stable.
- Investors will focus their attention on the release of the US CPI inflation data for October, which is expected to remain at 4.1% yoy (core inflation) and fall to 3.3% yoy (Sep: 3.7% yoy) (headline inflation), with the possibility of a sell-off if the monthly inflation rate rose to 0.4% mom in October (Cons: 0.3% mom).

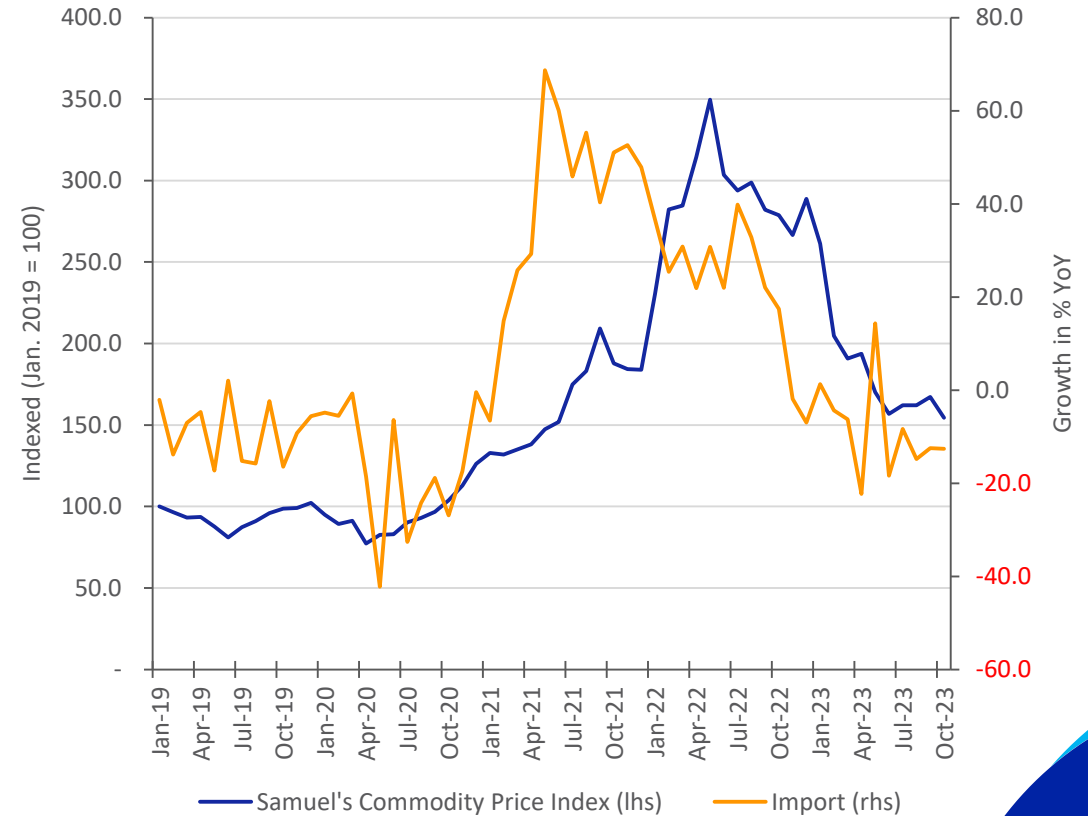
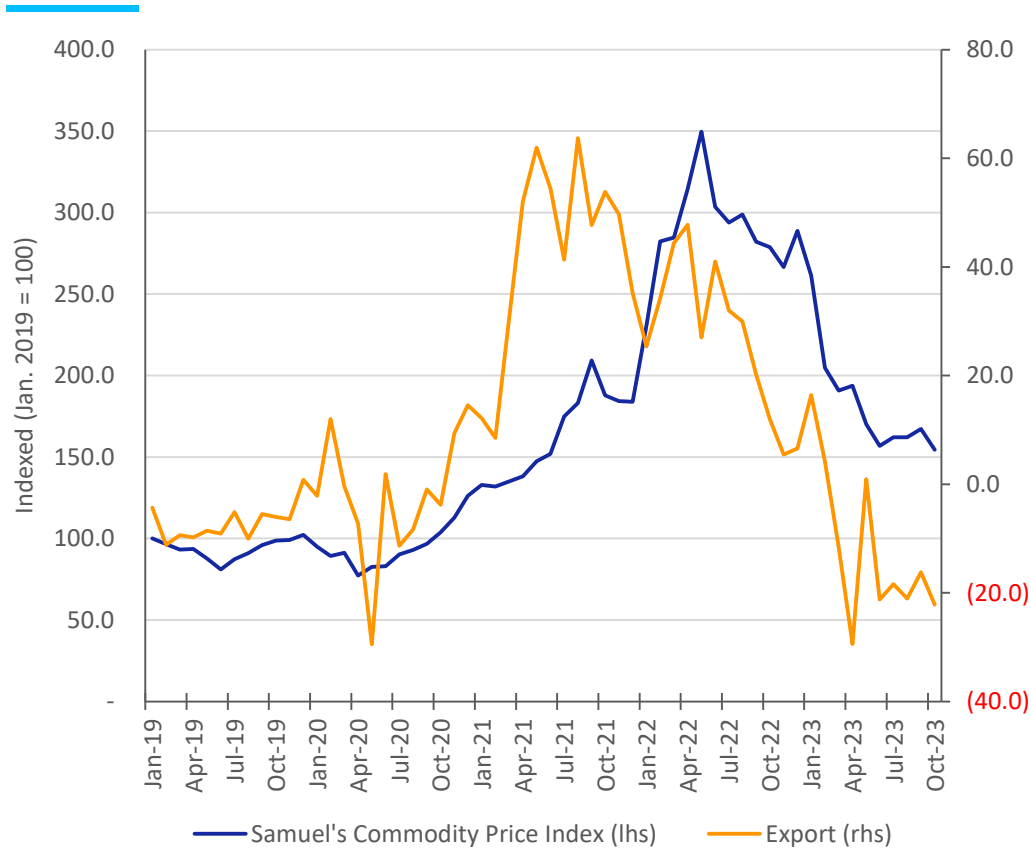
## Indonesia Update: Depreciation pressure against Rupiah has subsided

Rupiah is expected to remain relatively stable, staying between IDR 15,500-15,700 per USD, unless the Fed decides to raise its FFR in December



Source: BI, Federal Reserve, Bloomberg, SSI Research

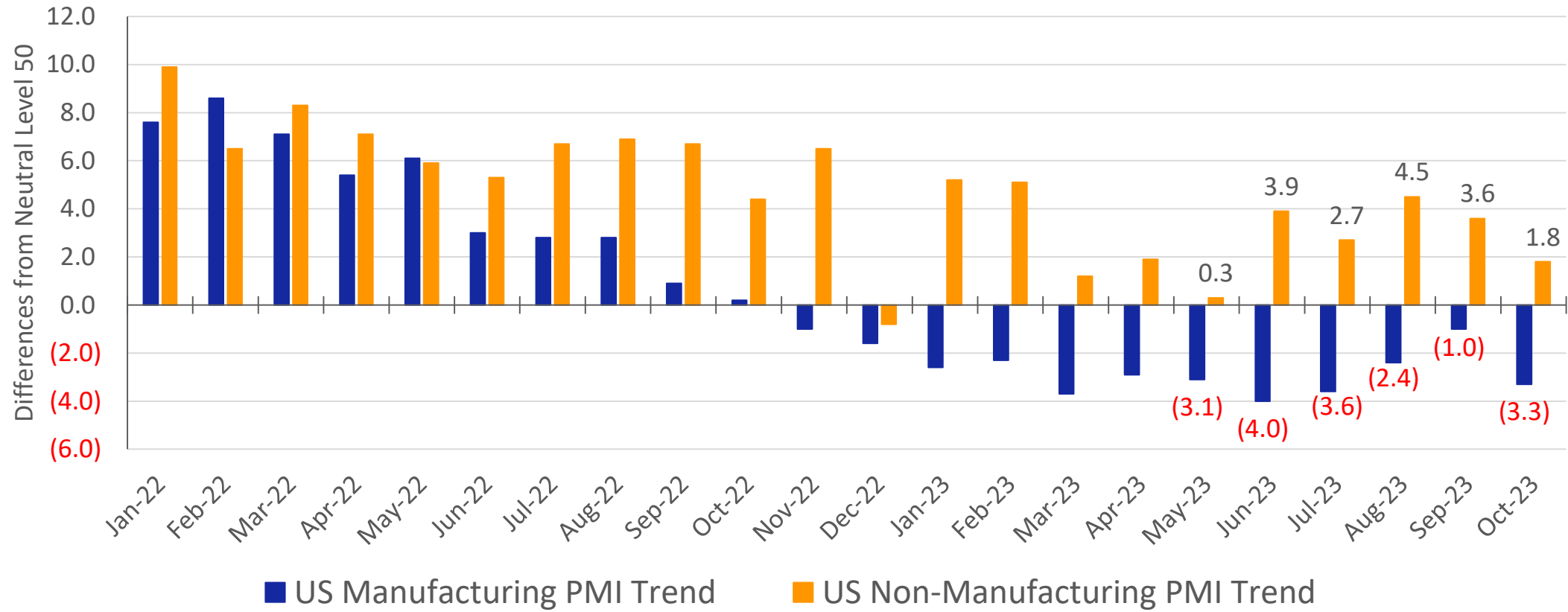
Indonesia Update: We expect to see more contractions in exports and imports in October (-22.2% & -12.6% yoy) due to commodity slump, with a trade balance surplus of USD 2.5bn



Source: BPS, Bloomberg, SSI Research

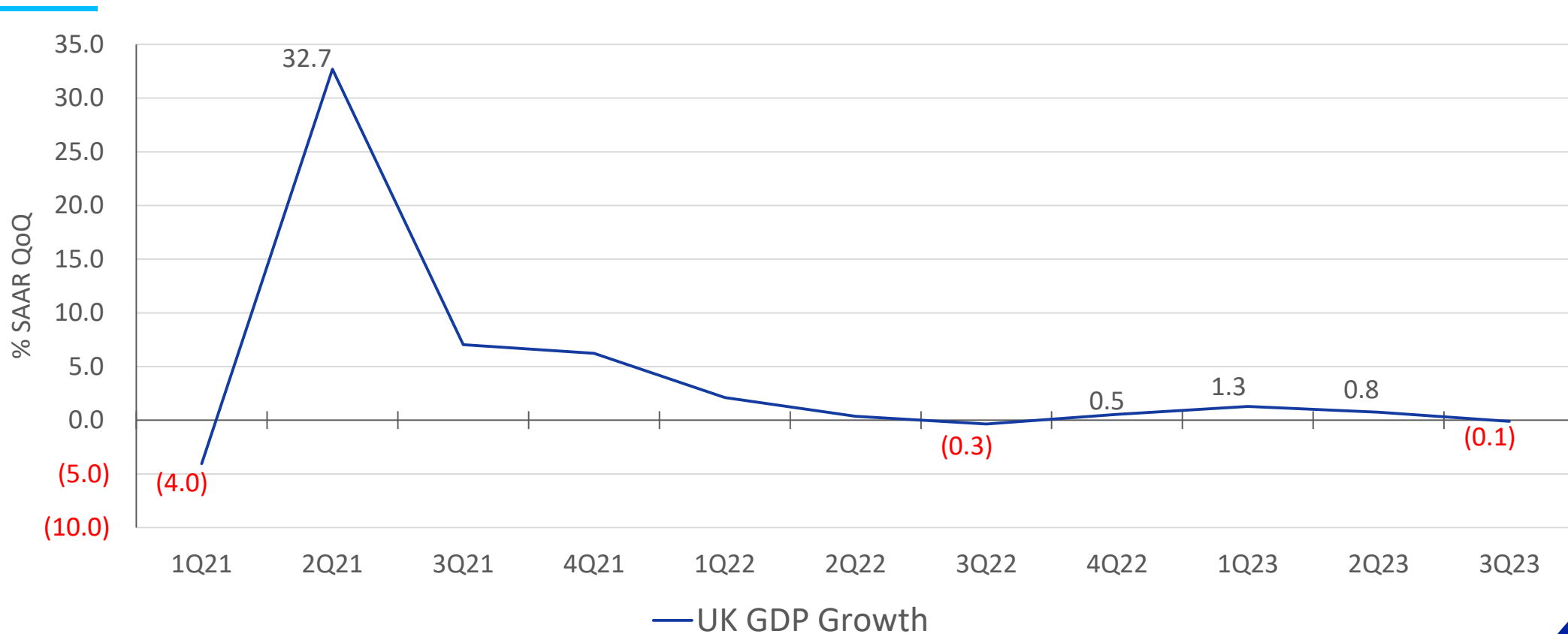
## US Update: PMI data indicates a soft landing

Mainly due to the persistent US services sector expansion, albeit at a relatively slow pace



Source: ISM, Bloomberg, SSI Research

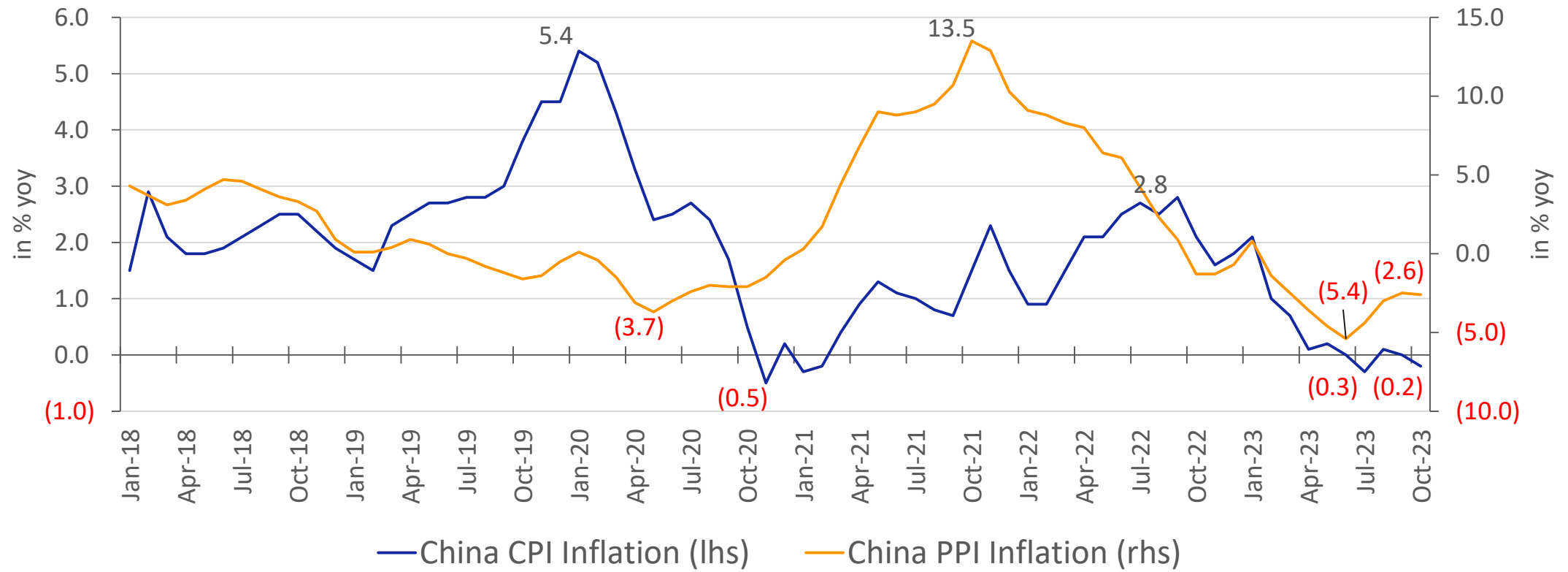
## Europe Update: UK GDP growth slowed down in 3Q23, and a recession in 'very likely'



Source: ONS, Bloomberg, SSI Research

## China Update: Another CPI deflation

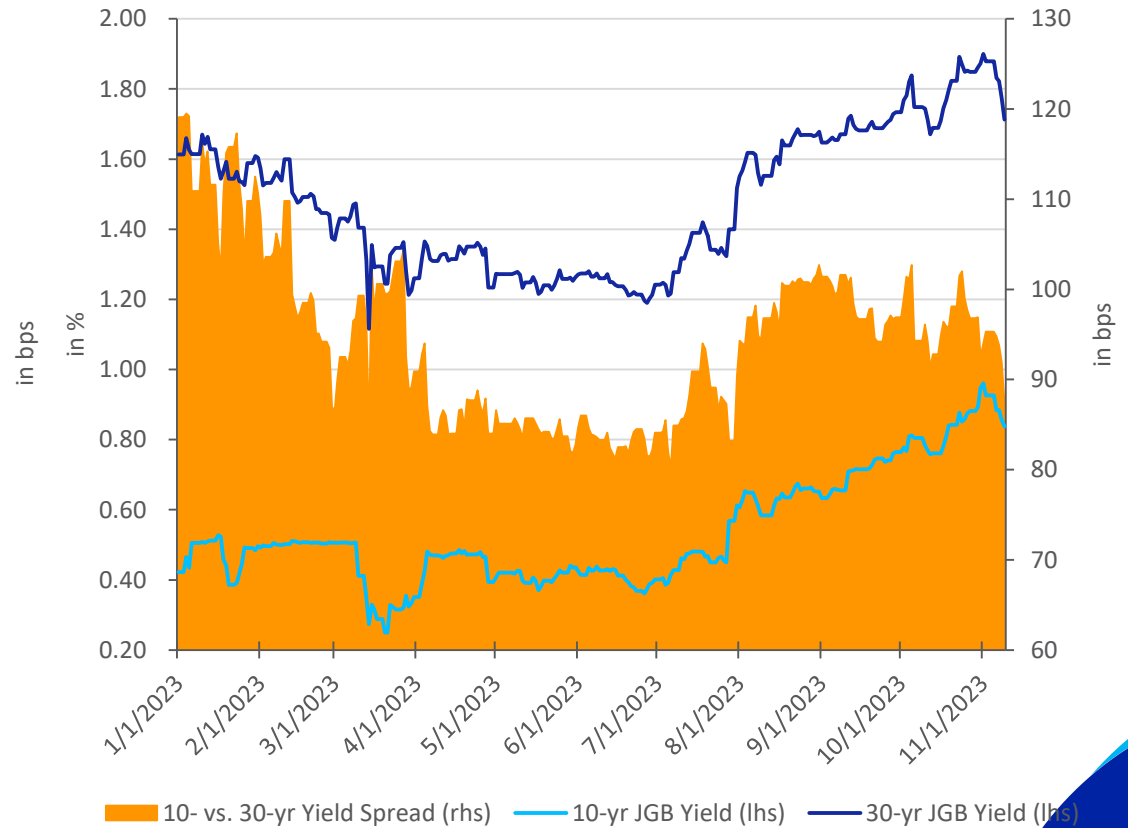
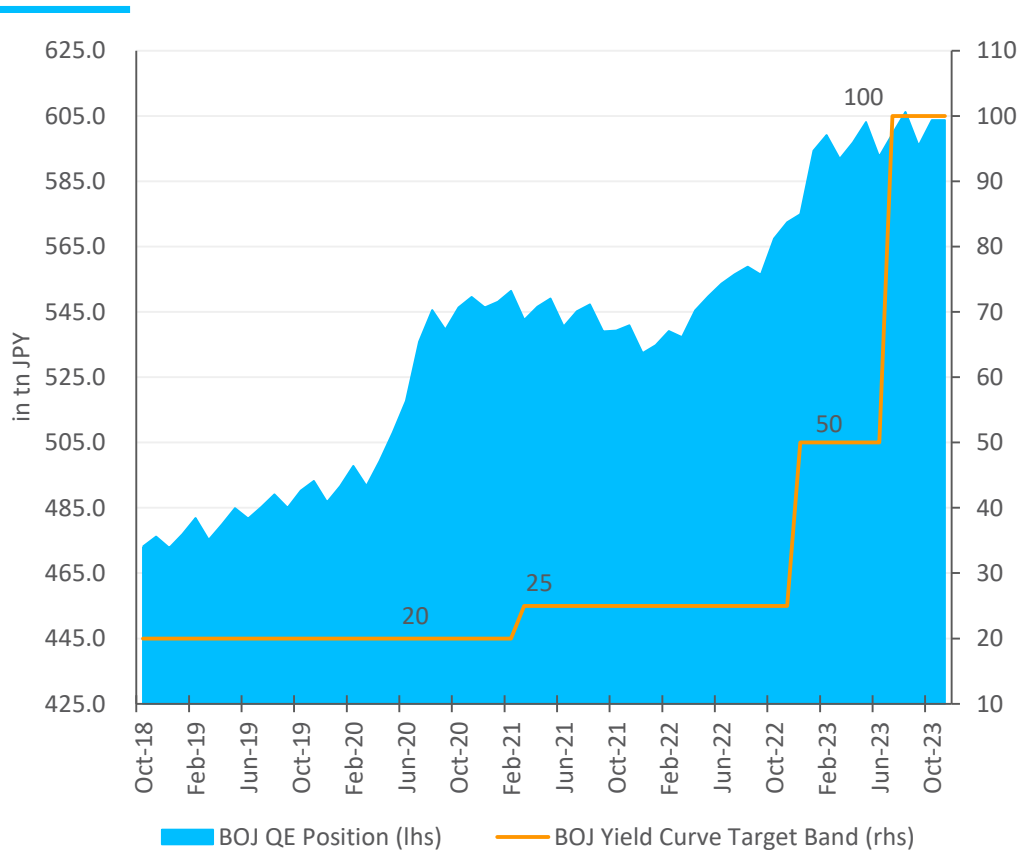
China's economy is expected to experience more deflations until the end of the year



Source: NBOSC, Bloomberg, SSI Research



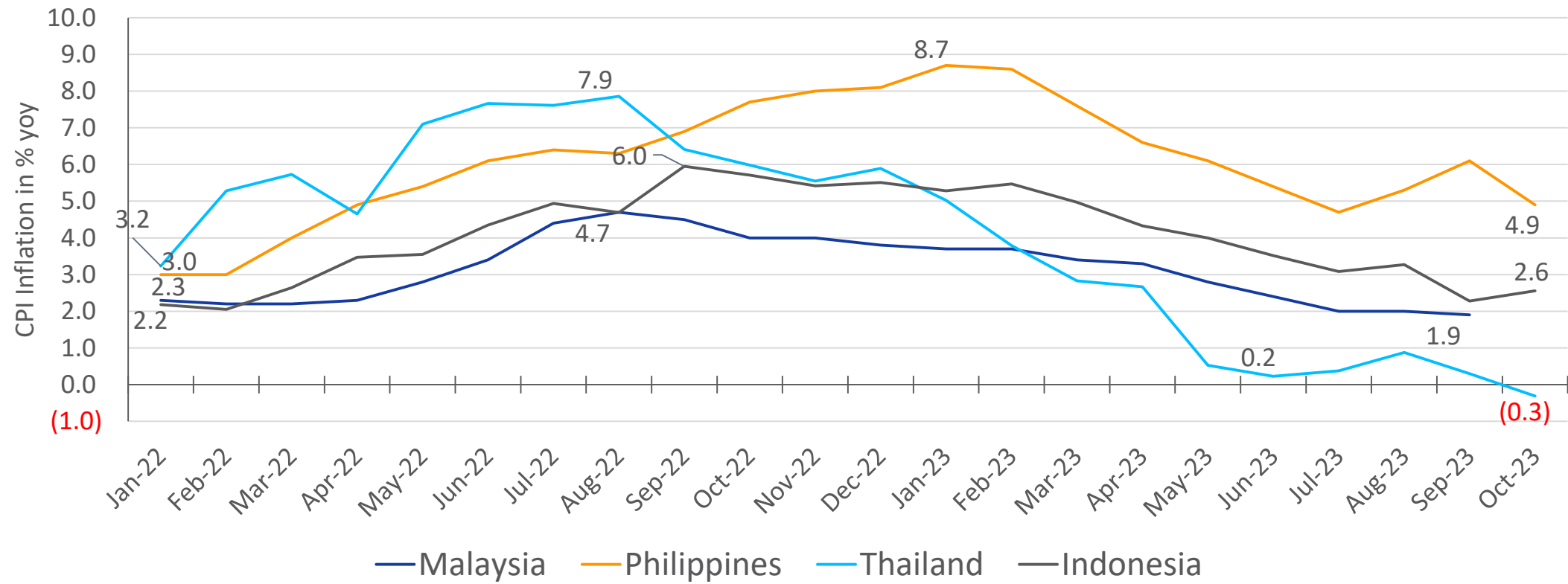
# Japan Update: The 10Y and 30Y JGB yields declined over the past week, even though the BOJ has relaxed its yield curve control (YCC) policy



Source: BOJ, MIC, Bloomberg, SSI Research

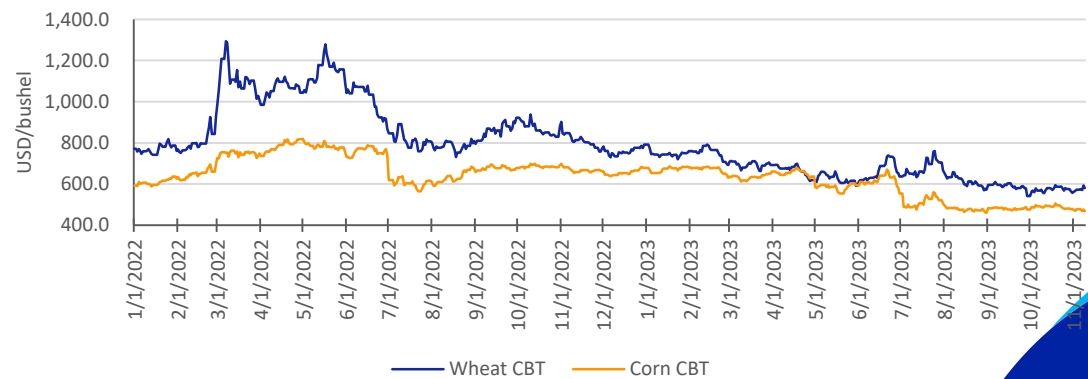
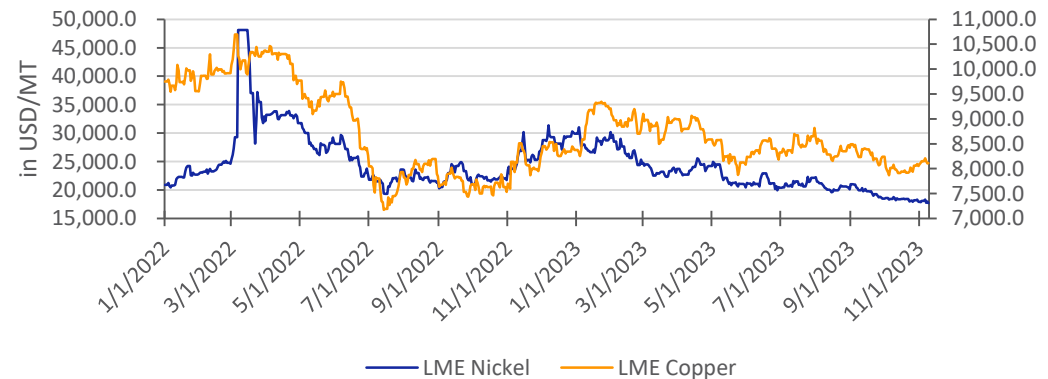
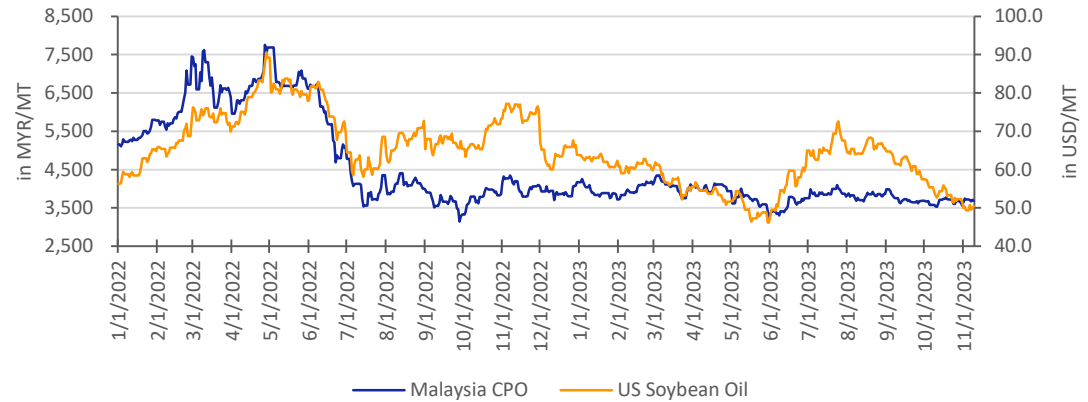
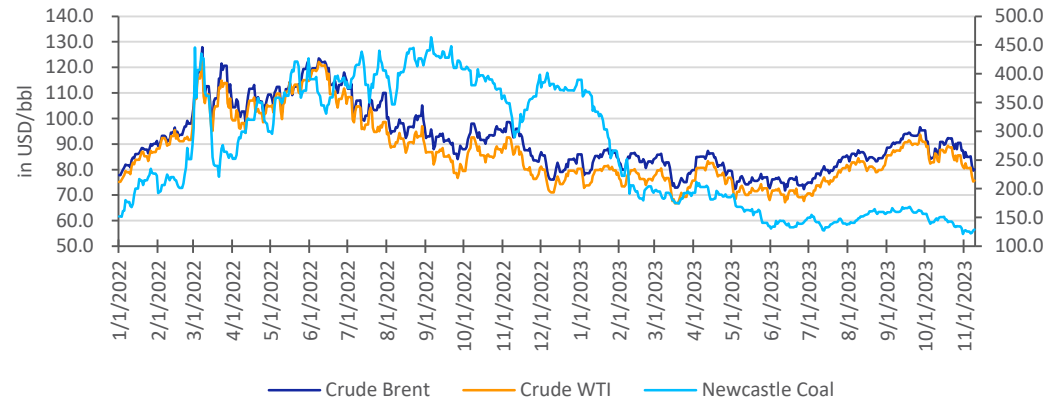
## ASEAN Update: Inflationary pressure in ASEAN remains relatively under control

Thailand's CPI experienced deflation, while CPI inflation in the Philippines fell quite sharply, more than consensus



Source: BPS, Bloomberg, SSI Research

# Global Commodity Update: Commodity prices, especially energy, continue to decline



Source: Bloomberg, SSI Research

## Global Stock Market Update: The rebound in stock indices in Asia and emerging markets will help the JCI to stay at 6,800-6,900

However, JCI and other stock indices in Asia and emerging markets might fluctuate sharply this week, due to the release of US CPI inflation data



Source: MSCI, IDX, Bloomberg, SSI Research

# This Week

## November 11 – 17, 2023

## Ones to Watch



November 14, 2023

US headline (Sep: 3.7% yoy; Cons: 3.3% yoy) and core CPI inflation (Sep: & Cons: 4.1% yoy)



November 15, 2023

PBOC's one year loan prime rate (Oct: & Cons: 2.5% [unchanged])



November 15, 2023

US headline PPI inflation (Aug: 2.2% yoy; Cons: 1.9% yoy)



November 15, 2023

China's industrial production (Sep: & Cons: 4.5% yoy); retail sales (Sep: 5.5% yoy; Cons: 7% yoy); and fixed asset investment (Sep: & Cons: 3.1% yoy)



November 15, 2023

Japan's 3Q23 GDP growth (2Q23: 4.8% qoq SAAR or 1.2% qoq; Cons: -0.4% qoq SAAR or -0.1% qoq)



November 15, 2023

Indonesia's export (Aug: -16.2% yoy; Cons: -17.1% yoy; SSI: -22.2% yoy), import (Aug: -12.5% yoy; Cons: -7.6% yoy; SSI: -12.6% yoy), and trade balance (Aug: USD 3.4bn; Cons: USD 2.8bn; SSI: USD 2.5bn)



# Thank You

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