SAMUEL SEKURITAS INDONESIA

Macro Strategy and Fixed Income Weekly

Lionel Priyadi

Your Lifelong
Investment Partner

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Last Week's Recap
November 11 – 17, 2023

Lionel Priyadi

What’s Our View?

- We expect Indonesia to book another current account deficit of -USD 2bn in 3Q23 (2Q23: -USD 1.9bn) following the release of the trade balance surplus data for 3Q23 (USD 7.8bn), the same as in 2Q23 (2Q23: USD 7.8bn).

- In our opinion, Bank Indonesia still has room to raise its 7DRRR by 25 bps to 6.25% due to the high SRBI 12M discount rate, even though the SRBI interest rate is currently experiencing a downtrend.

- The release of United States CPI and PPI inflation data for October convinced market players that the Fed's rate hike cycle has ended.

- Global investors will focus their attention on the US and European manufacturing and services PMI data, which will be released on Thursday (11/23) and Friday (11/24); the data might help investors to predict whether the global economy will experience a soft or hard landing in the next three quarters. (4Q23-2Q24).

Indonesia Update: BI announces its updated macroeconomic assumptions for 2023 and 2024

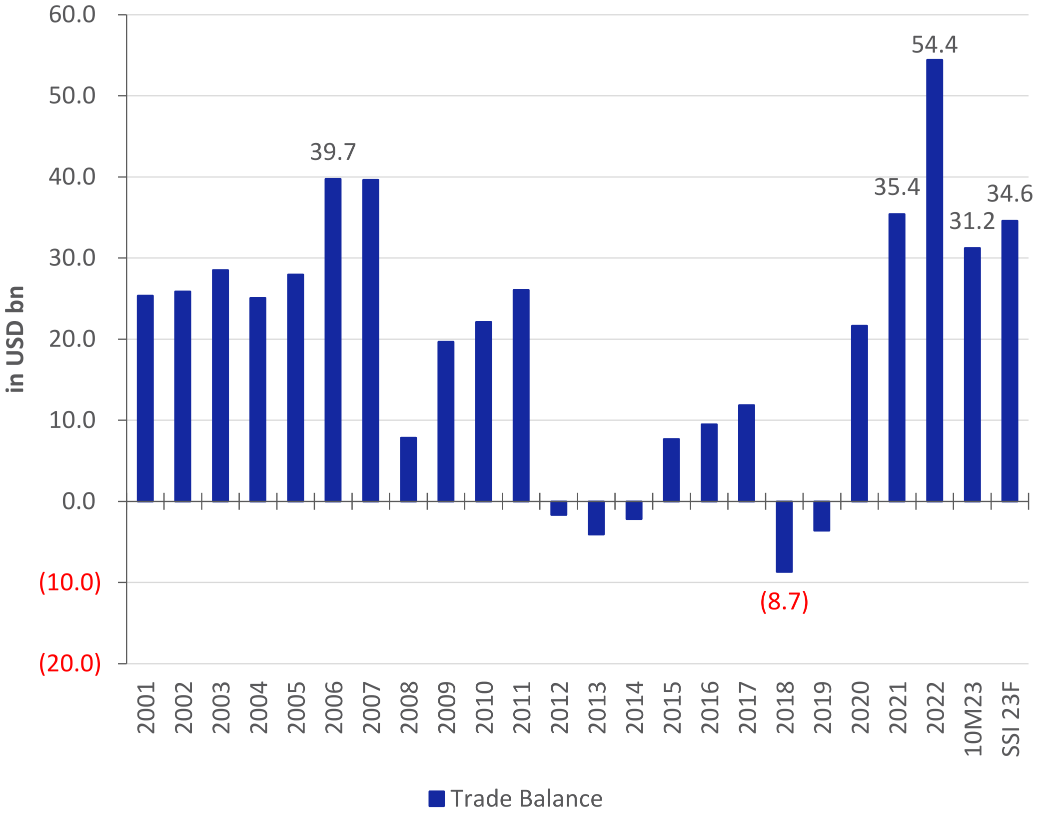
We have more optimistic projections for inflation and Rupiah movements in 2023, as well as core inflation and Rupiah movements in 2024. However, our projections for GDP growth and headline inflation in 2024 are slightly less optimistic than BI's

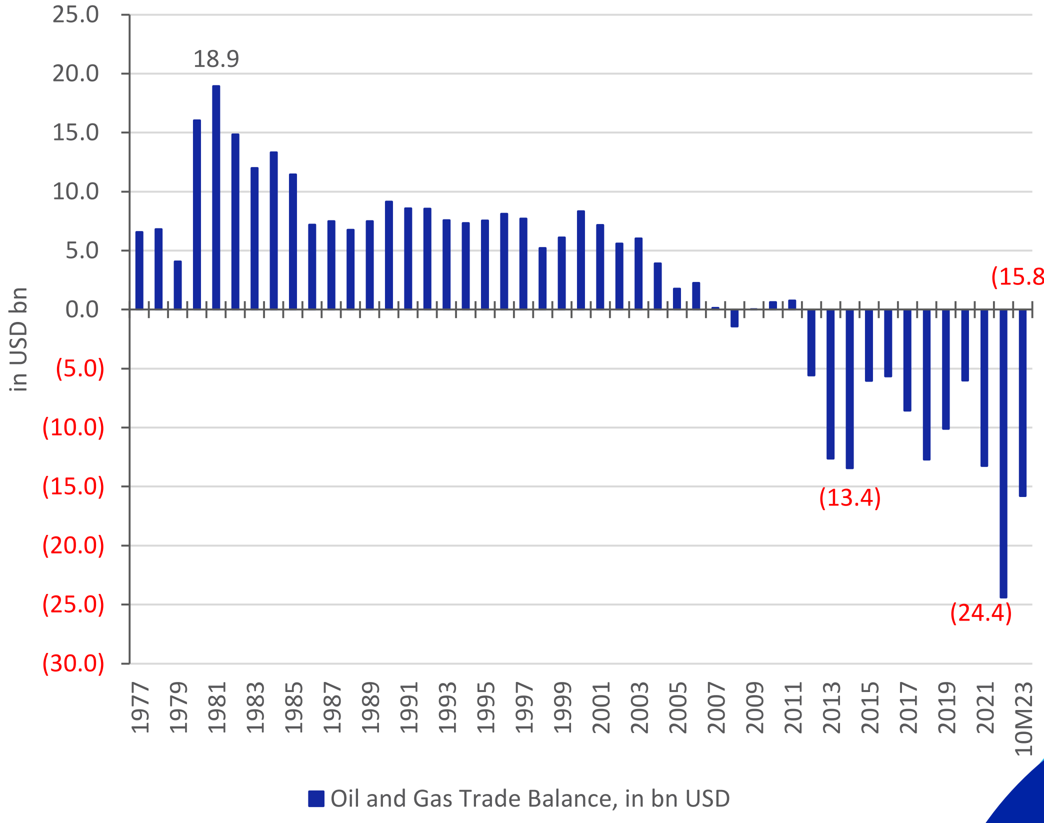
2023 Macro Indicators		
Variables	**BI Assumption**	**SSI Projection**
GDP Growth	5.01	5.00
Headline CPI Inflation	2.84	2.60
Core CPI Inflation	2.08	1.80
Average USD/IDR	15,280	15,250

2024 Macro Indicators		
Variables	**BI Assumption**	**SSI Projection**
GDP Growth	5.00	4.80
Headline CPI Inflation	3.20	3.30
Core CPI Inflation	2.54	2.20
Average USD/IDR	15,510	15,450

Source: BI, Bloomberg, SSI Research

Indonesia Update: Indonesia's 2023 trade balance surplus might exceed the 2021 figure, while the 2023 oil and gas trade balance deficit is the second-largest deficit in Indonesia's history

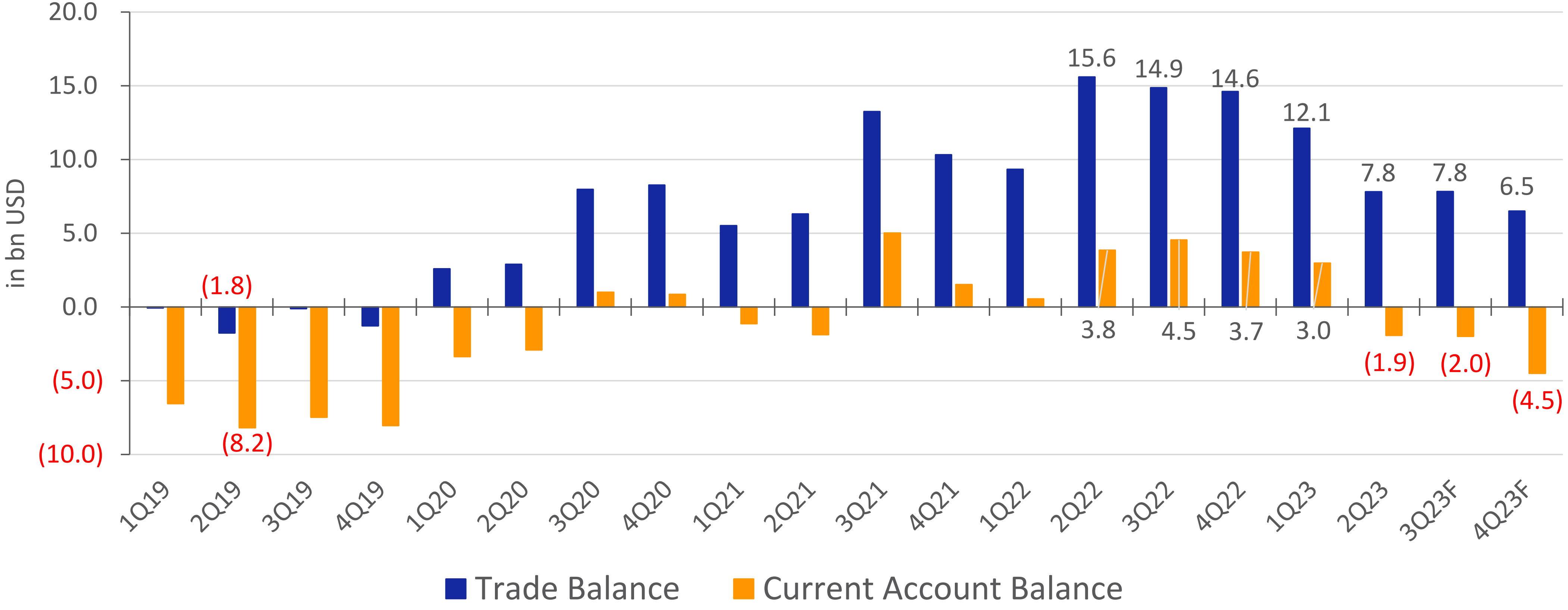




Source: BI, SSI Research

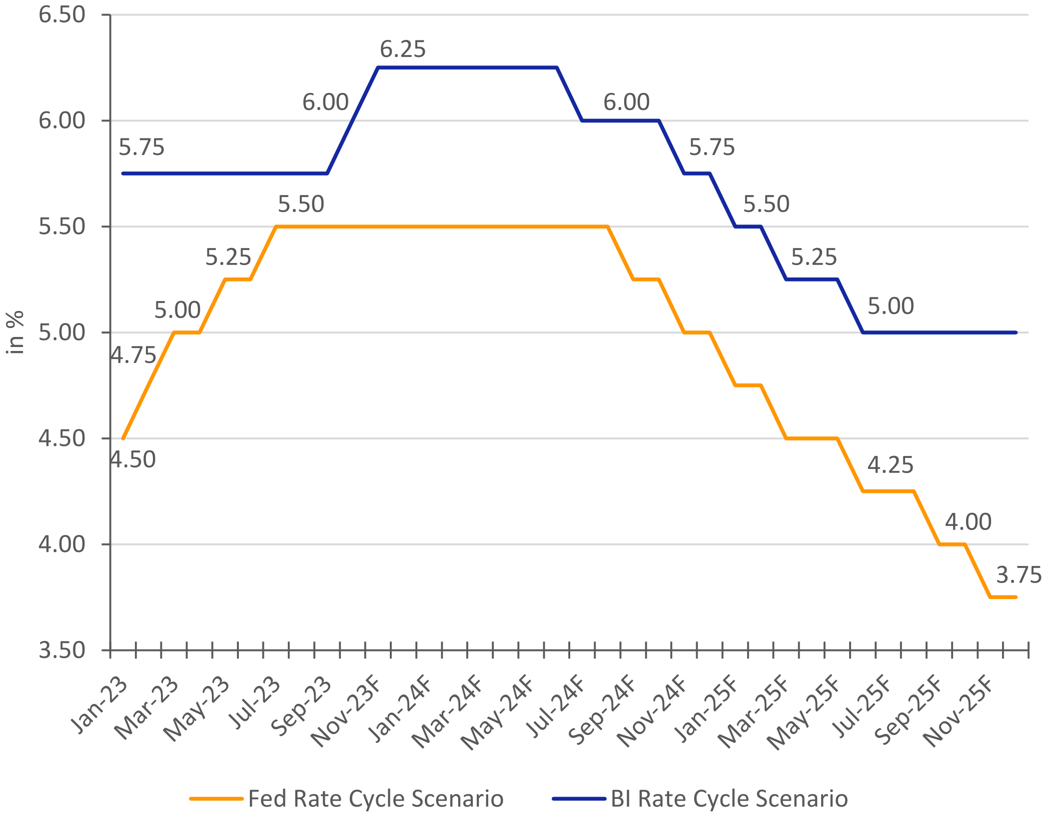
Indonesia Update: We project Indonesia to book a current account deficit of – USD 2bn in 3Q23

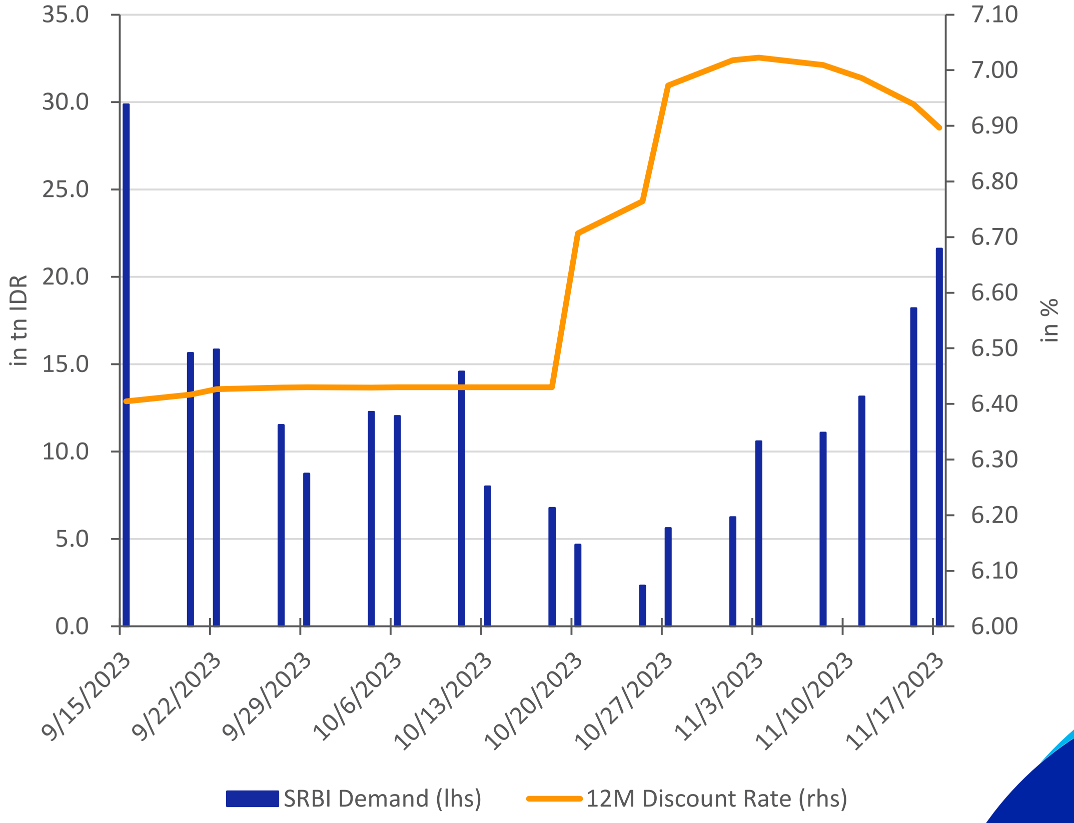
Which is equivalent to -0.56% of stand-alone 3Q23 GDP or 0.2% of 12M rolling sum 3Q23 GDP



Source: BEA, BLS, Bloomberg, SSI Research

Indonesia Update: A BI 7DRRR rate hike in November or December is still very likely, despite the downtrend in the SRBI 12M discount rate

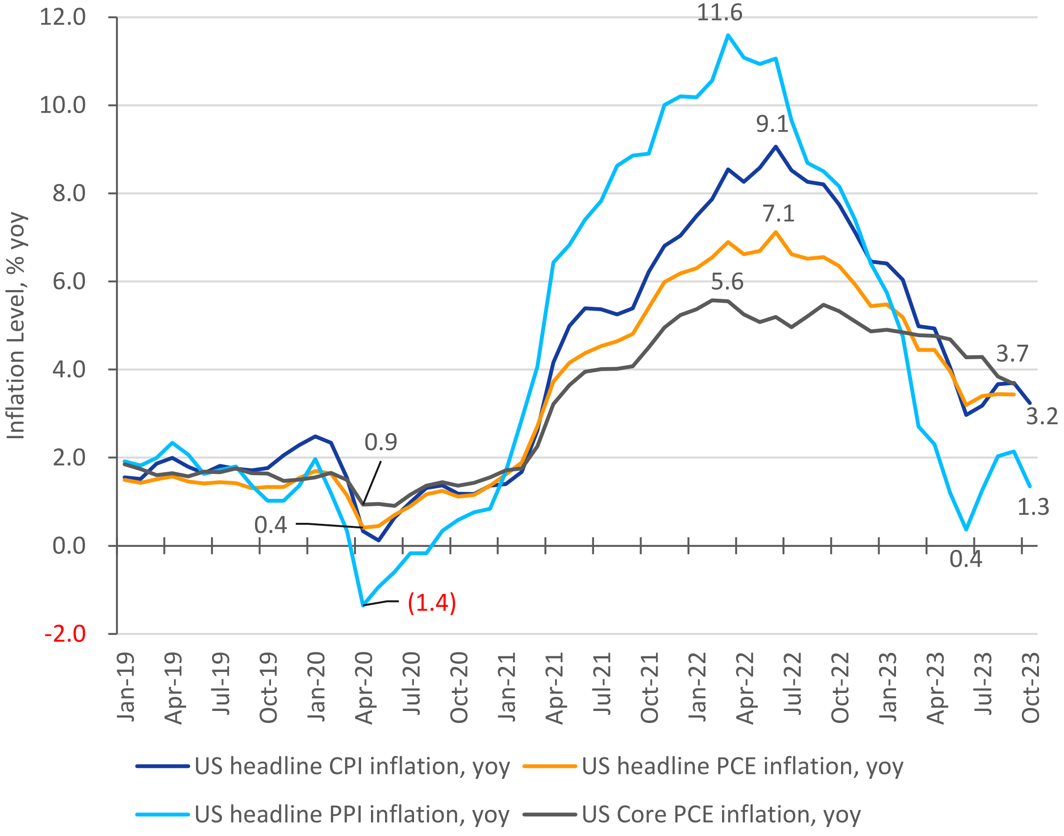


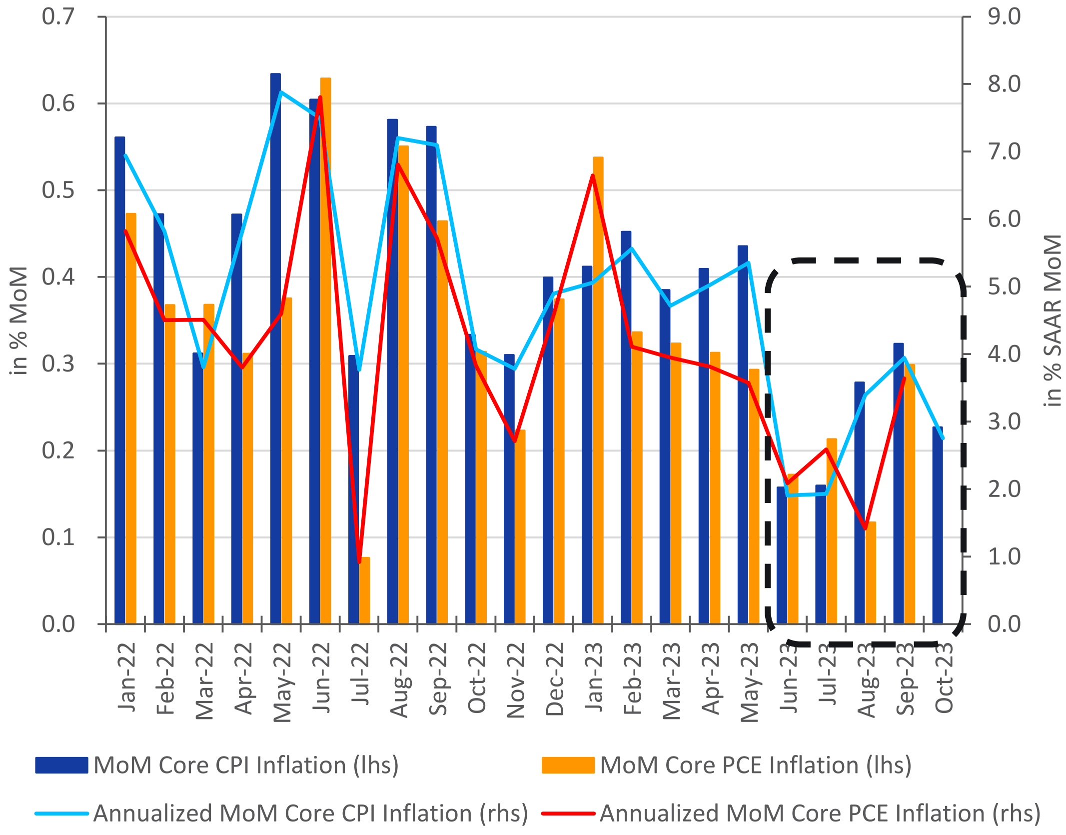


Source: BI, SSI Research

US Update: The reacceleration of inflation is short-lived

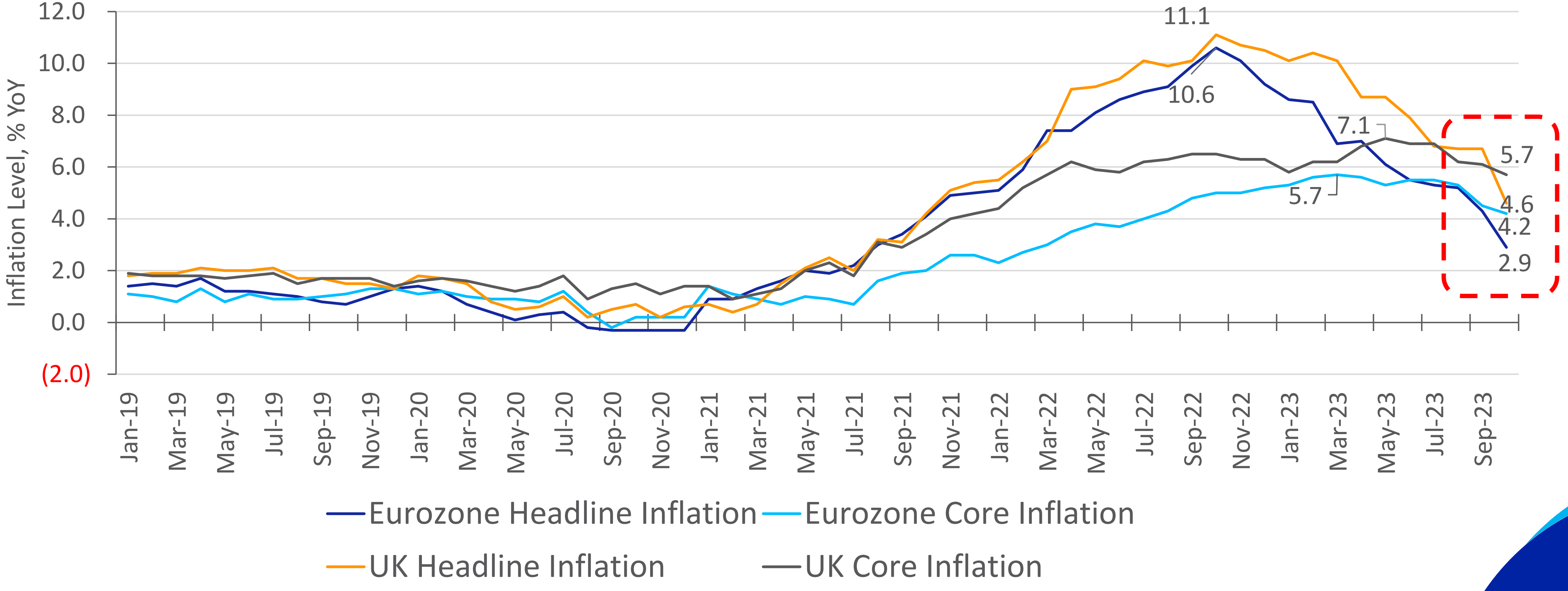
The monthly core CPI inflation rate fell to 0.23% mom in October (Sep: 0.32% mom), followed by a drop in PPI inflation





Source: BEA, BLS, Bloomberg, SSI Research

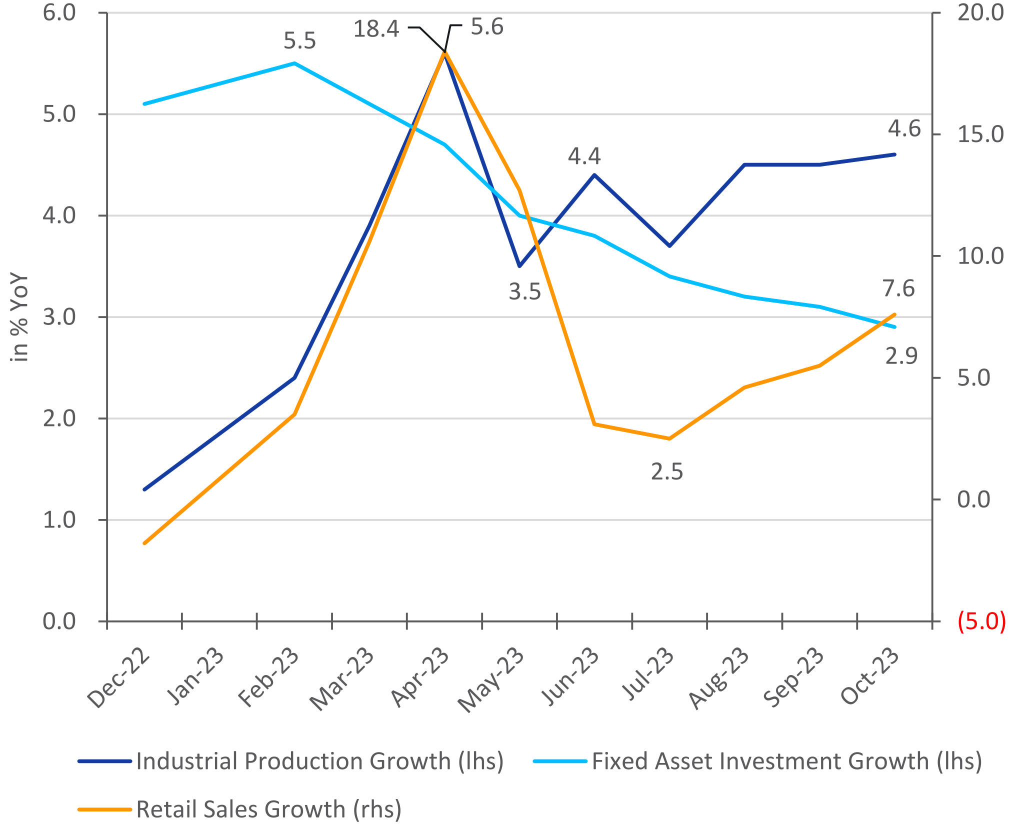
Europe Update: The disinflation in the United Kingdom (UK) is starting to accelerate, just like in the Eurozone

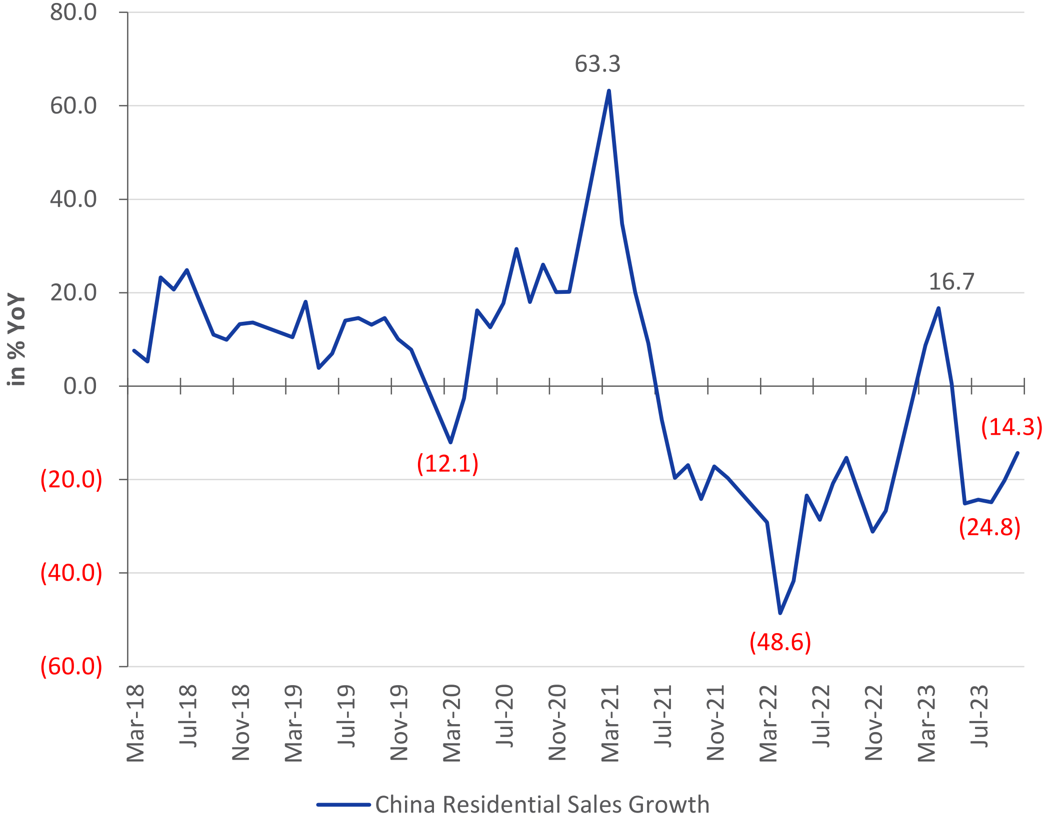


Source: Eurostat, ONS, Bloomberg, SSI Research

China Update: Industrial production activity and retail sales are increasing, but investment slows down

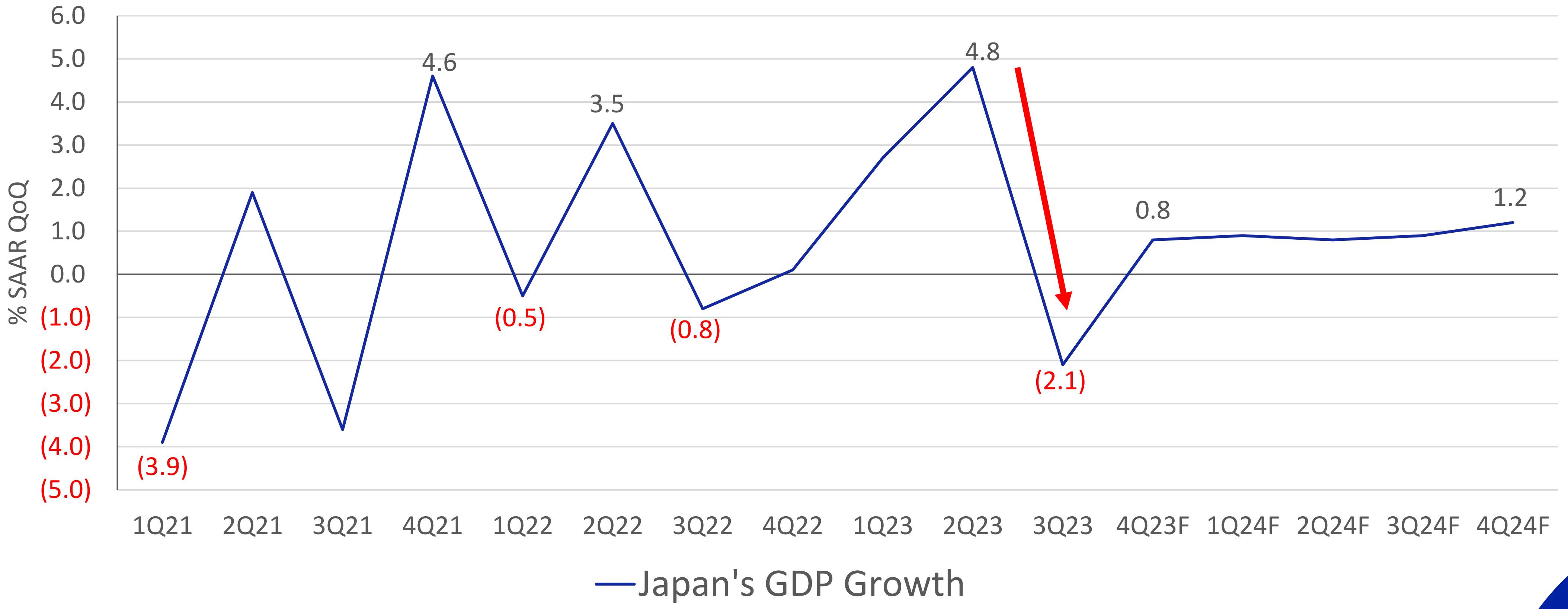
Residential property sales continue to decline, so property sector players, consumers and local governments are waiting for the effects of the PBOC's QE policy





Source: NBOSC, Bloomberg, SSI Research

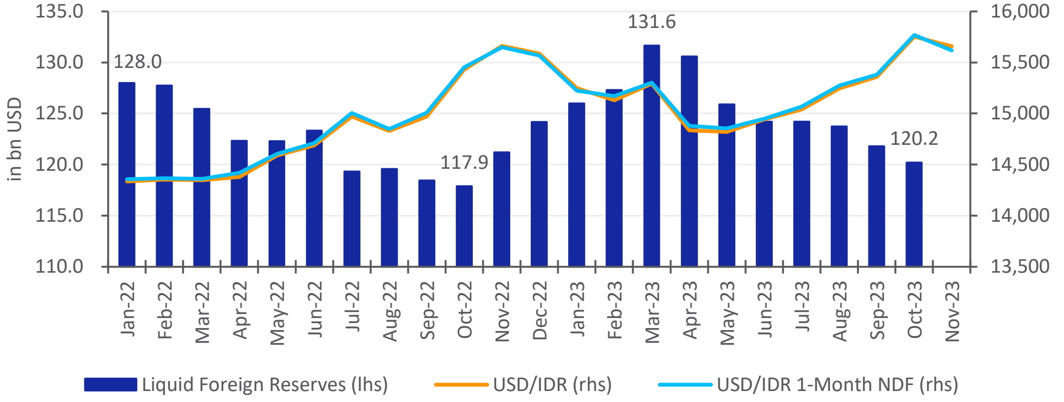
Japan Update: Japan’s economy is experiencing another contraction after three consecutive quarters of expansion, and is expected to grow steadily starting in 4Q23

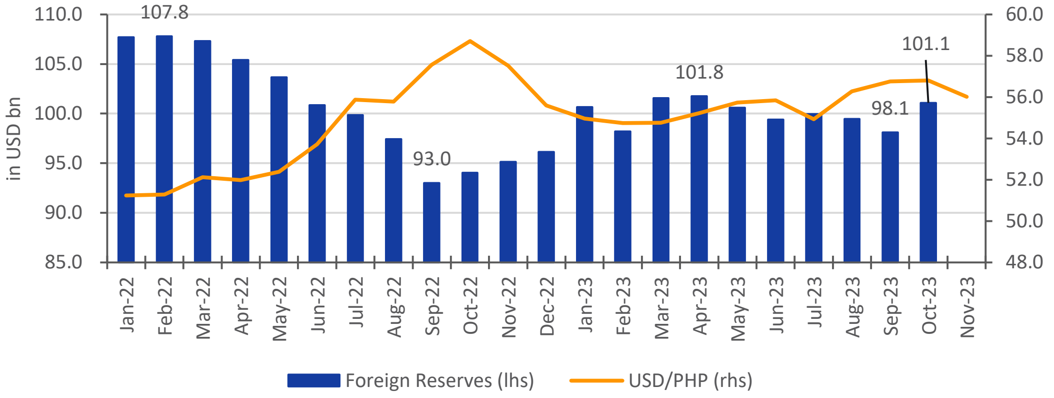


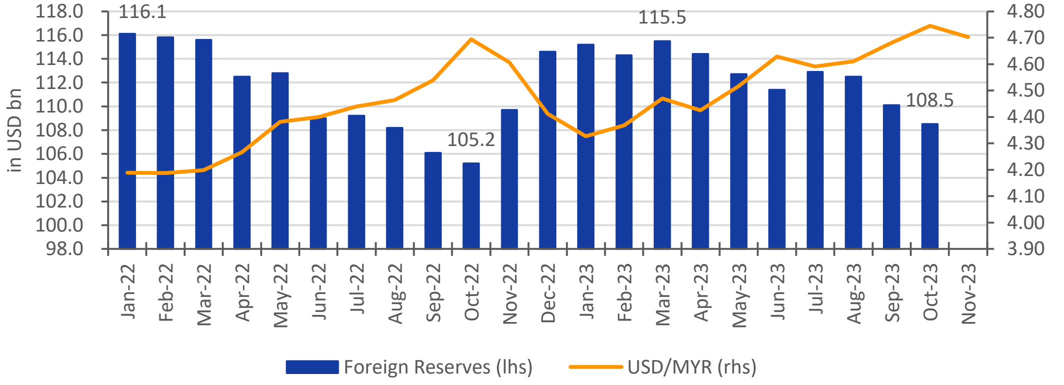
Source: Japan Cabinet Office, Bloomberg, SSI Research

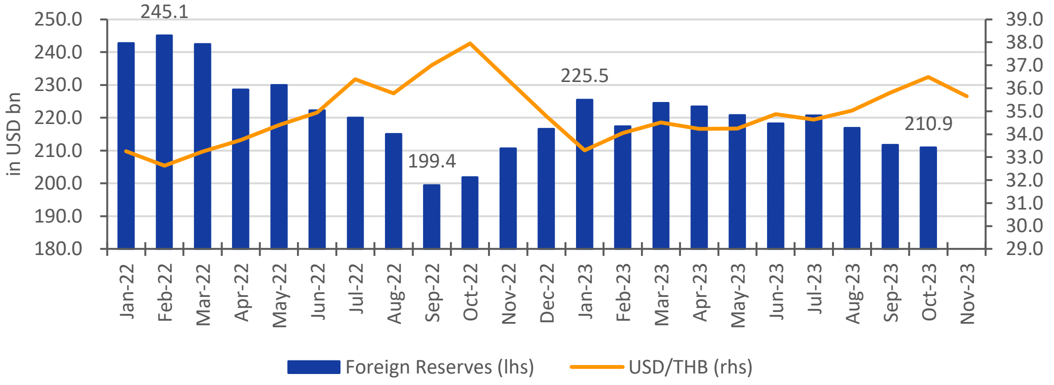
ASEAN Update: The exchange rate depreciation pressure has passed its peak

With the exception of the Philippines, ASEAN central banks have spent lots of their foreign exchange reserves to maintain their exchange rate through direct intervention in the forex market



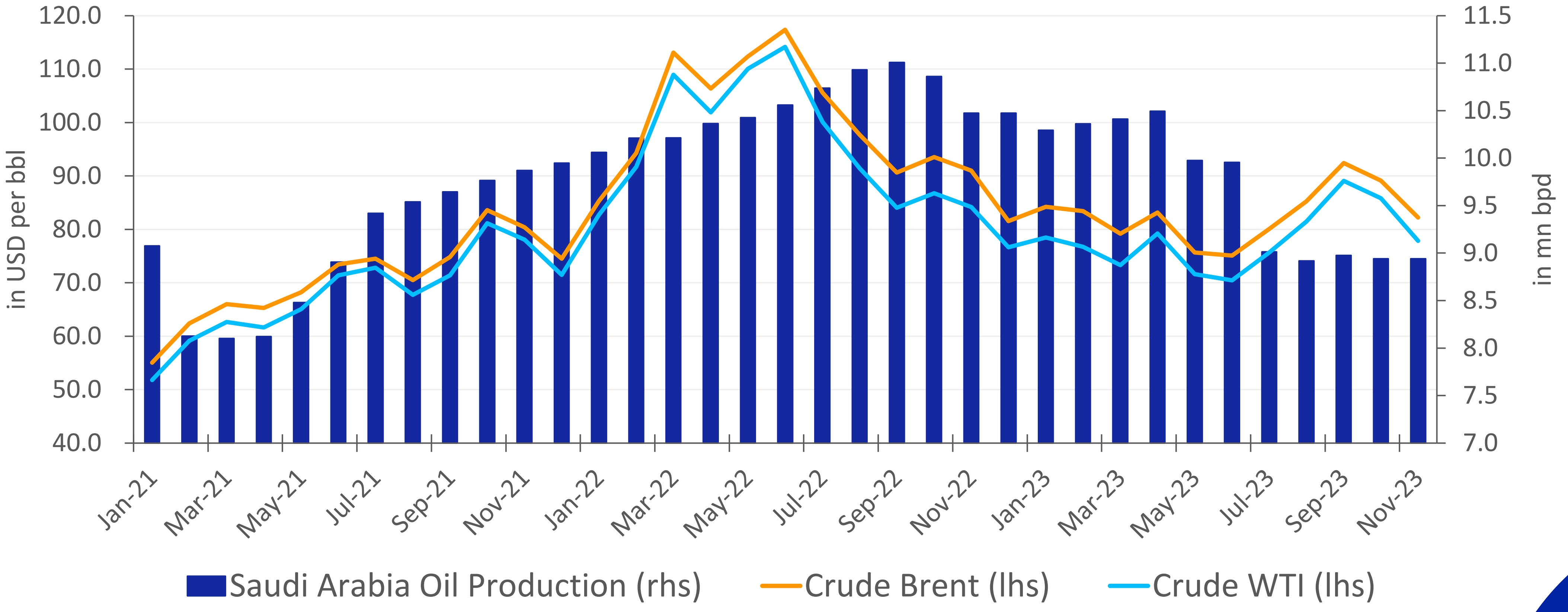






Source: S&P, Bloomberg, SSI Research

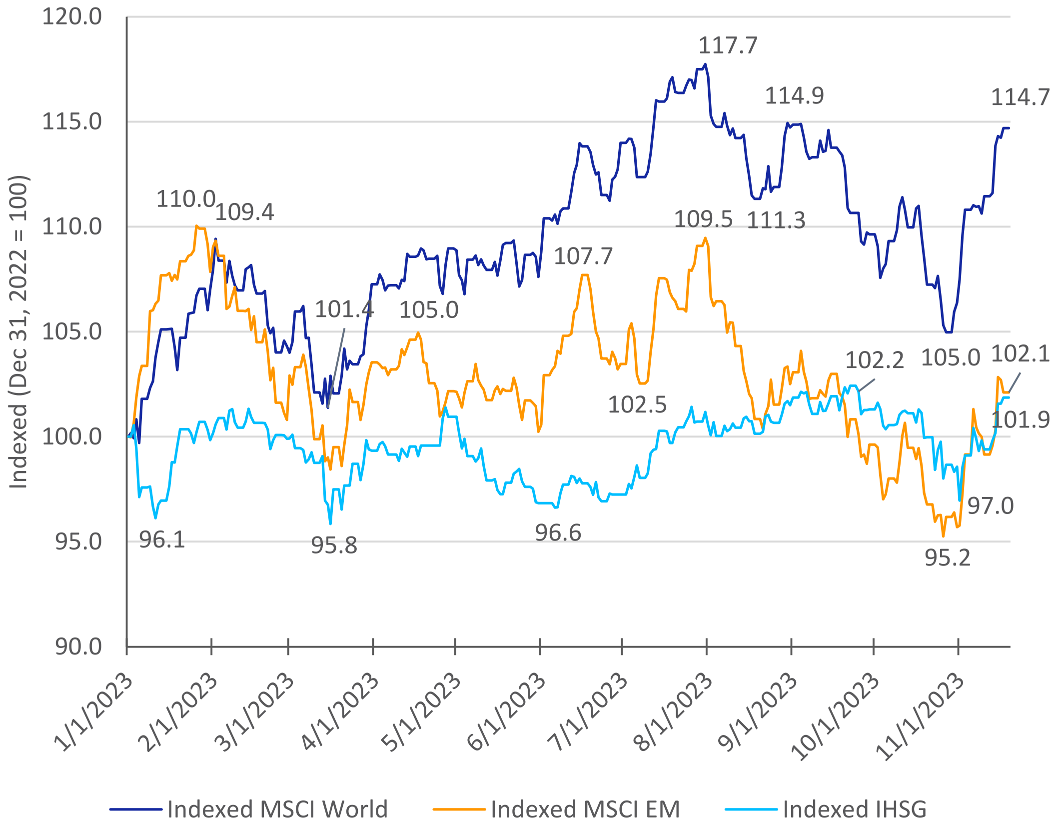
Global Commodity Update: Global oil prices continue to decline, even though Saudi Arabia continues its production restrictions

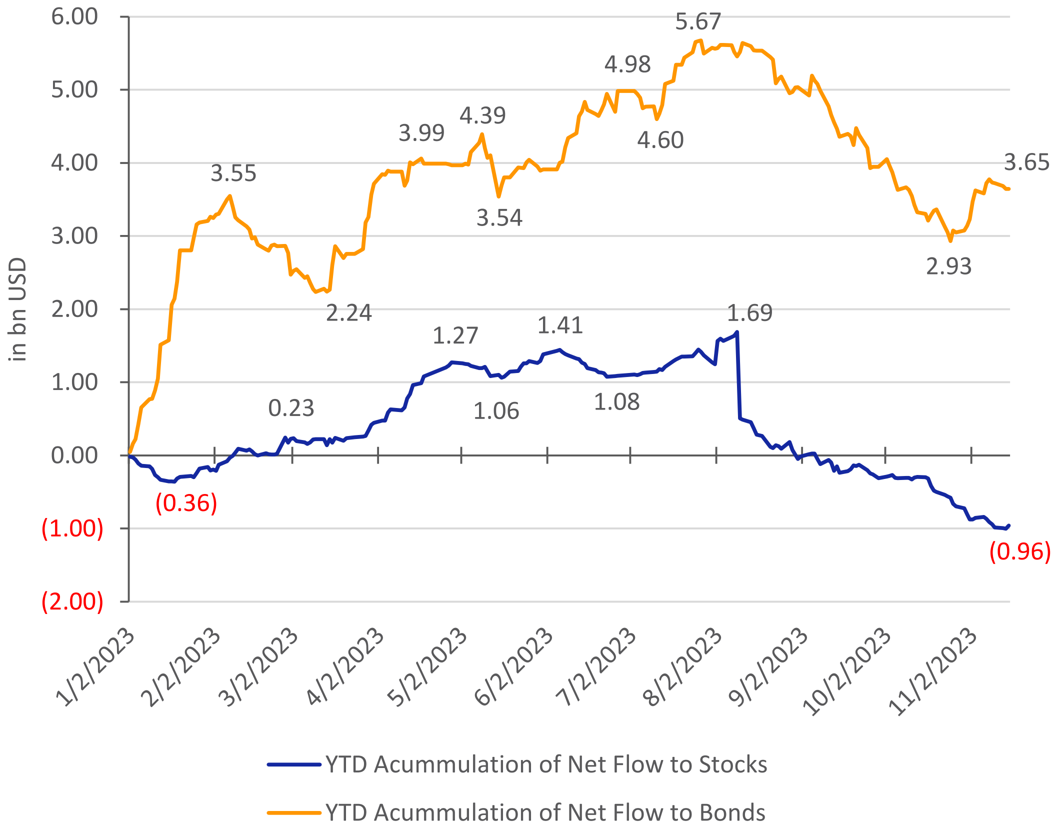


Source: OPEC, Bloomberg, SSI Research

Global Stock Market Update: The possibility of the JCI breaking the 7,000 mark in December is becoming even stronger

Supported by the bullish rally in developed and emerging markets, although capital outflow from the JCI has not shown any signs of a reversal





Source: MSCI, IDX, Bloomberg, SSI Research

This Week

November 18 – 24, 2023

Ones to Watch

November 20, 2023

PBOC's 5Y (Oct: & Cons: 4.2% [0 bps]) and 1Y loan prime rate (Oct: Cons: 3.45% [0 bps])

November 21, 2023

Indonesia's current account balance (2Q23: USD -1.9bn; Cons: USD -921mn; SSI: USD -2bn)

November 23, 2023

BI 7DRRR (Oct: & Cons: 6% [0 bps]; SSI: 6.25% [25 bps])

November 23 & 24 (US), 2023

US (Oct: 50; Cons: 49.9), Eurozone (Oct: 43.1; Cons: 43.4), and UK manufacturing PMI (Oct: 44.8; Cons: 45)

November 23 & 24 (US), 2023

US (Oct: 50.6; Cons: 50.4),Eurozone (Oct: 47.8; Cons: 48.1), and UK services PMI (Oct: & Cons: 49.5)

November 24, 2023

Japan's headline (Sep: 3% yoy; Cons: 3.4% yoy) and core CPI inflation (Sep: 2.8% yoy; Cons: 3% yoy)

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

samuelsekuritasindonesia
samuelsekuritas
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