

Global Macro Strategy Morning Notes

Economic-Equity-Commodities-Currencies-Politics-Policies

Macro Strategy & Equity Analysis

1 November 2023

Global Macro Strategy Indicators

Stock Indexes	10/31/2023	Daily (%)	MTD (%)	YTD (%)
US - Dow Jones	33,052.9	0.4	(1.4)	(0.3)
US - S&P 500	4,193.8	0.6	(2.2)	9.2
US - NASDAQ	12,851.2	0.5	(2.8)	22.8
US - Russell 2000	1,662.3	0.9	(6.9)	(5.6)
Eurozone - STOXX 50	4,061.1	0.8	(2.7)	7.1
UK - FTSE 100	7,321.7	(0.1)	(3.8)	(1.7)
Germany - DAX 30	14,810.3	0.6	(3.7)	6.4
France - CAC 40	6,885.7	0.9	(3.5)	6.4
Japan - Nikkei	30,858.9	0.5	(3.1)	18.3
South Korea - KOSPI	2,278.0	(1.4)	(7.6)	1.9
MSCI Emerging Markets	915.2	(0.7)	(3.9)	(4.3)
MSCI Asia Excluding Japan	580.9	(1.0)	(3.9)	(6.2)
China - Hang Seng	17,112.5	(1.7)	(3.9)	(13.5)
China - CSI 300	3,572.5	(0.3)	(3.2)	(7.7)
India - Sensex	63,874.9	(0.4)	(3.0)	5.0
Indonesia - JCI/IDX	6,752.2	0.2	(2.7)	(1.4)
Malaysia - FTSE KLCI	1,442.1	0.2	1.3	(3.6)
Thailand - Thai SET	1,381.8	(1.0)	(6.1)	(17.2)
Philippines - PSEi	5,973.8	0.2	(5.5)	(9.0)
IDX Subsectors	10/31/2023	Daily (%)	MTD (%)	YTD (%)
IDX Financials	1353.9	0.2	(3.3)	(4.3)
IDX Basic Materials	1210.6	0.4	(7.1)	(0.5)
IDX Energy	2008.0	0.0	(5.8)	(11.9)
IDX Consumer Non-Cyclicals	751.0	0.4	(1.3)	4.8
IDX Infrastructures	1267.9	1.9	39.5	46.0
IDX Consumer Cyclicals	832.7	(0.3)	(3.9)	(2.1)
IDX Technology	3854.9	2.0	(11.1)	(25.3)
IDX Properties & Real Estate	692.5	0.9	(4.0)	(2.6)
IDX Healthcare	1463.0	(0.4)	2.3	(6.5)
IDX Industrials	1125.8	0.2	(5.1)	(4.1)
IDX Transportations & Logistics	1679.4	0.3	(9.3)	1.0
Commodities	10/31/2023	Daily (%)	MTD (%)	YTD (%)
Oil Brent (USD/bbl)	87.4	(0.0)	(8.3)	1.7
Oil WTI (USD/bbl)	81.0	(1.6)	(10.8)	0.9
Coal Newcastle (USD/ton)	121	(7.6)	(22.5)	(68.9)
US Soybean Oil (USD/lbs)	51.4	(1.9)	(10.5)	(19.4)
CPO Malaysia (MYR/ton)	3,564	(1.7)	(3.4)	(14.6)
Gold NYMEX (USD/toz)	1,985	(0.6)	7.4	9.1
Nickel LME (USD/ton)	17,926	(2.0)	(3.1)	(40.0)
Copper LME (USD/ton)	8,052	(0.5)	(2.3)	(3.8)
Wheat CBT (USD/bushel)	556	(1.7)	2.7	(29.8)
Corn CBT (USD/bushel)	479	0.1	0.4	(29.4)
S&P-Goldman Sachs Commodity Index	577.8	(0.4)	(5.1)	(5.3)
Currencies & Fixed Income	12/31/2022	Daily (%)	MTD (%)	YTD (%)
Dollar Index	106.7	0.5	0.5	3.0
USD/IDR	15,885	(0.0)	2.8	2.0
USD/IDR 1 Month NDF	15,917	0.3	2.7	2.5
US Treasuries 10-Year (bp)	4.93	3.7	36.0	105.6
Indonesia INDOGB 10-Year (bp)	7.11	(1.6)	19.3	16.7
ID CDS 5-Year	98.6	(2.0)	6.1	(1.0)

Source: Bloomberg, SSI Research

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Economic Calendar

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
11/01/2023 07:30	ID	S&P Global Indonesia PMI Mfg	Oct	--	52.30
11/01/2023 11:00	ID	CPI YoY	Oct	2.60%	2.28%
11/01/2023 11:00	ID	CPI NSA MoM	Oct	0.20%	0.19%
11/01/2023 11:00	ID	CPI Core YoY	Oct	1.99%	2.00%

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

Waiting for dovish signals from the Fed

- We expect the Fed to continue its hawkish rhetoric due to the stronger-than-expected 3Q23 US GDP growth of 4.9%.
- However, the current inflation rate and tightening financial markets, as reflected by the increase in the 30Y UST yield, might encourage Powell to send dovish signals in his speech tonight.
- US labor market data for October and November will be a determining factor for the FFR hike in December.

We noticed that global market players are anticipating a dovish signal from the FOMC announcement tonight. In general, we expect Federal Reserve Chair Jerome Powell to continue his hawkish rhetoric. The stronger-than-expected US 3Q23 GDP growth of 4.9% qoq SAAR will be a solid justification for the Fed to continue its hawkish rhetoric by keeping the option of another rate hike in 4Q23 of 25 bps to 5.75%.

However, it's possible that the Fed will give dovish signals by emphasizing the progress of disinflation and tightening in the US financial market. Although the monthly core PCE inflation rate rose to 0.3% mom in September (Aug: 0.12% mom), US core PCE inflation at the end of 2023 is projected to be lower than the Fed's September projection (Forc: 3.6% yoy; Fed Forc: 3.7% yoy). Meanwhile, tightening in the US financial market is reflected by the increase in the 30Y UST yield of 80 bps to 5.09% over the last two months.

Another thing that will also be of concern to the market players tonight is the Fed's statement regarding the US labor market, which has only begun to show signs of the expected slowdown. The Fed's December rate hike will be determined by US unemployment data for October and November. If the unemployment rate rises to 3.9% or higher, the Fed will certainly hold its FFR.

We advise investors to maintain a defensive position, and our sectoral picks are:

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

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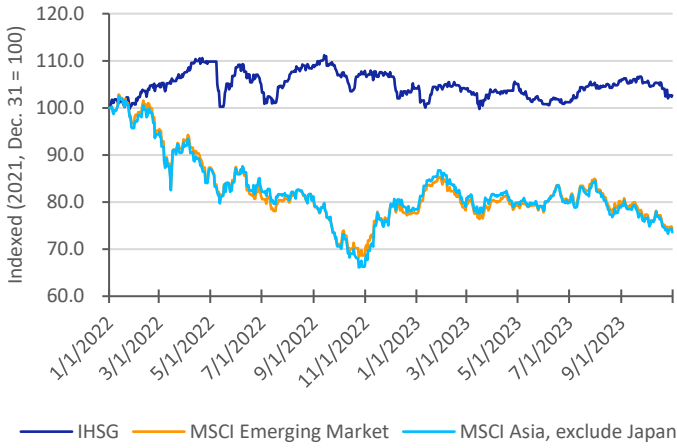


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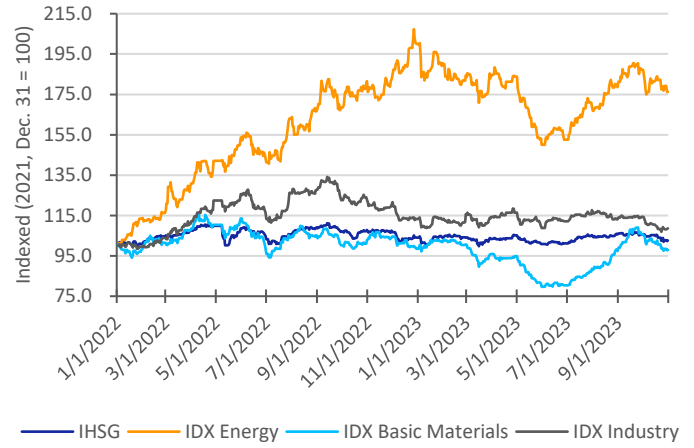
1 November 2023

Chart 1. Samuel's Regional Stock Watcher



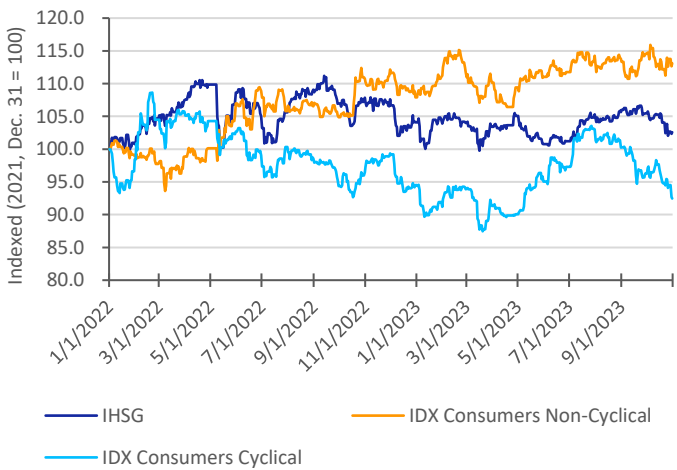
Source: Bloomberg

Chart 2. Samuel's Sectoral Watcher 1



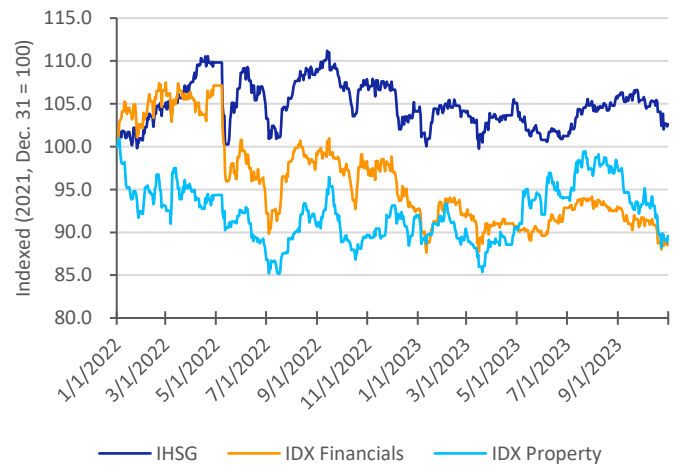
Source: Bloomberg

Chart 3. Samuel's Sectoral Watcher 2



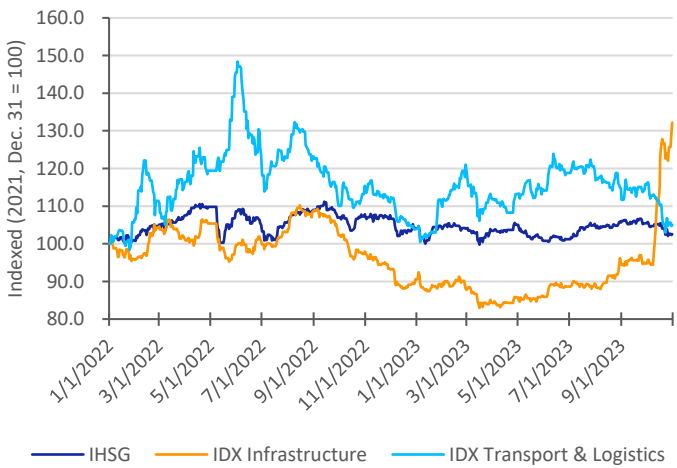
Source: Bloomberg

Chart 4. Samuel's Sectoral Watcher 3



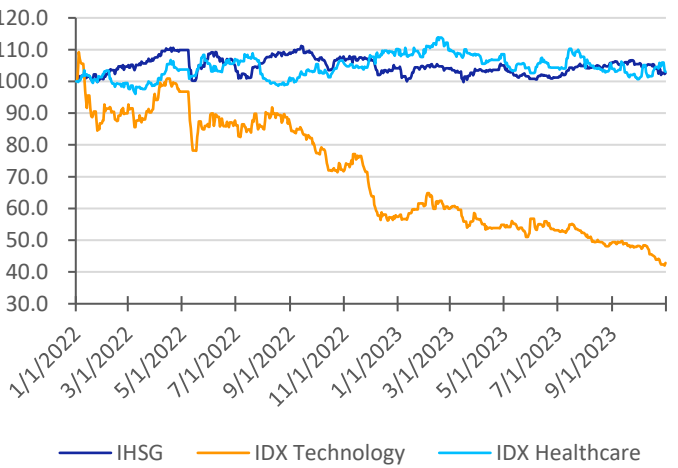
Source: Bloomberg

Chart 5. Samuel's Sectoral Watcher 4



Source: Bloomberg

Chart 6. Samuel's Sectoral Watcher 5



Source: Bloomberg

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