

Global Macro Strategy Morning Notes

Economic-Equity-Commodities-Currencies-Politics-Policies



Your Lifelong Investment Partner

Macro Strategy & Equity Analysis

7 November 2023

Global Macro Strategy Indicators

Stock Indexes	11/6/2023	Daily (%)	MTD (%)	YTD (%)
US - Dow Jones	34,095.9	0.1	3.2	2.9
US - S&P 500	4,366.0	0.2	4.1	13.7
US - NASDAQ	13,518.8	0.3	5.2	29.2
US - Russell 2000	1,737.9	(1.3)	4.6	(1.3)
Eurozone - STOXX 50	4,158.6	(0.4)	2.4	9.6
UK - FTSE 100	7,417.8	0.0	1.3	(0.5)
Germany - DAX 30	15,136.0	(0.4)	2.2	8.7
France - CAC 40	7,013.7	(0.5)	1.9	8.3
Japan - Nikkei	32,708.5	2.4	6.0	25.3
South Korea - KOSPI	2,502.4	5.7	9.8	11.9
MSCI Emerging Markets	968.9	2.2	5.9	1.3
MSCI Asia Excluding Japan	614.7	2.5	5.8	(0.7)
China - Hang Seng	17,966.6	1.7	5.0	(9.2)
China - CSI 300	3,632.6	1.4	1.7	(6.2)
India - Sensex	64,958.7	0.9	1.7	6.8
Indonesia - JCI/IDX	6,878.8	1.3	1.9	0.4
Malaysia - FTSE KLCI	1,464.7	1.0	1.6	(2.1)
Thailand - Thai SET	1,417.2	(0.2)	2.6	(15.1)
Philippines - PSEi	6,078.0	1.5	1.7	(7.4)
IDX Subsectors	11/6/2023	Daily (%)	MTD (%)	YTD (%)
IDX Financials	1389.4	1.1	2.6	(1.8)
IDX Basic Materials	1222.7	1.5	1.0	0.5
IDX Energy	2003.4	1.4	(0.2)	(12.1)
IDX Consumer Non-Cyclicals	739.9	(0.1)	(1.5)	3.3
IDX Infrastructures	1243.3	1.8	(1.9)	43.1
IDX Consumer Cyclicals	811.5	0.7	(2.5)	(4.6)
IDX Technology	4113.9	2.3	6.7	(20.3)
IDX Properties & Real Estate	708.2	0.9	2.3	(0.4)
IDX Healthcare	1370.4	(0.2)	(6.3)	(12.4)
IDX Industrials	1116.7	0.0	(0.8)	(4.9)
IDX Transportations & Logistics	1671.1	1.5	(0.5)	0.6
Commodities	11/6/2023	Daily (%)	MTD (%)	YTD (%)
Oil Brent (USD/bbl)	85.2	0.3	(2.6)	(0.8)
Oil WTI (USD/bbl)	80.8	0.4	(0.2)	0.7
Coal Newcastle (USD/ton)	122	(2.8)	0.9	(68.6)
US Soybean Oil (USD/lbs)	50.8	2.9	(1.2)	(20.4)
CPO Malaysia (MYR/ton)	3,700	(0.5)	3.8	(11.3)
Gold NYMEX (USD/toz)	1,989	(0.5)	0.2	9.3
Nickel LME (USD/ton)	18,305	1.2	2.1	(38.8)
Copper LME (USD/ton)	8,210	0.8	2.0	(2.0)
Wheat CBT (USD/bushel)	576	0.6	3.5	(27.3)
Corn CBT (USD/bushel)	477	0.0	(0.3)	(29.7)
S&P-Goldman Sachs Commodity Index	581.2	0.0	0.6	(4.7)
Currencies & Fixed Income	12/31/2022	Daily (%)	MTD (%)	YTD (%)
Dollar Index	105.2	0.2	(1.4)	1.6
USD/IDR	15,538	(1.2)	(2.2)	(0.2)
USD/IDR 1 Month NDF	15,566	(0.4)	(2.2)	0.2
US Treasuries 10-Year (bp)	4.64	7.1	(28.8)	76.8
Indonesia INDOGB 10-Year (bp)	6.85	(1.0)	(25.8)	(9.1)
ID CDS 5-Year	83.8	(3.5)	(15.0)	(15.8)

Source: Bloomberg, SSI Research

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Economic Calendar

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
11/07/2023 10:00	ID	Net Foreign Assets IDR	Oct	--	1936.4t
11/07/2023 10:00	ID	Foreign Reserves	Oct	--	\$134.90b
11/07/2023 17:00	EC	PPI YoY	Sep	-13.00%	-11.50%
11/07/2023 20:30	US	Trade Balance	Sep	-\$60.5b	-\$58.3b

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

Beware of political swing!

- Two scenarios for MKMK's verdict
- The first one focuses on the possible impacts of a 'major ethical violation' verdict.
- The second one focuses on the possible impacts of a 'minor ethical violation' verdict.

The verdict of the Honorary Council of the Constitutional Court (MKMK) regarding alleged ethical violations of judges in ruling the requirements for presidential and vice presidential candidates will be announced today. According to legal experts, the Constitutional Court's ruling cannot be overturned by MKMK's verdict. However, political experts that we talked to said that if the MKMK ruled that the MK judges have committed major ethical violations, it could lead to delegitimization of MK's ruling. As a consequence, the candidacy of Prabowo Subianto and Gibran Rakabuming Raka is at risk of being delegitimized, and the MKMK might even request a rehearing of the lawsuit regarding the age limit for presidential and vice presidential candidates.

In this situation, Erick Thohir is the favorite candidate to become Prabowo's running mate, thanks to his high electability. However, Golkar (a major Prabowo supporter) might not support Erick's candidacy, as revealed by political expert Agung Baskoro to Kompas in the Obrolan Newsroom show ([Golkar dinilai jadi faktor terpilihnya Gibran ketimbang Erick Thohir sebagai Bacawapres Prabowo](#)).

This increases the degree of speculation in long position over stocks affiliated with Erick Thohir.

Political experts that we talked to did not rule out the possibility of a 'minor ethical violation' verdict from MKMK. If that happens, then the Prabowo-Gibran candidacy will be slightly 'smoother', and resistance from the public, including intellectuals, legal practitioners, and student organizations, might continue. However, the chance of a major social movement like in 1998 is close to none, as the resilience of civil society has been severely eroded.

We advise investors to stay defensive, and our sectoral picks are:

Sector Recommendation: Food retailers, cigarettes, telco infrastructures, hospitals.

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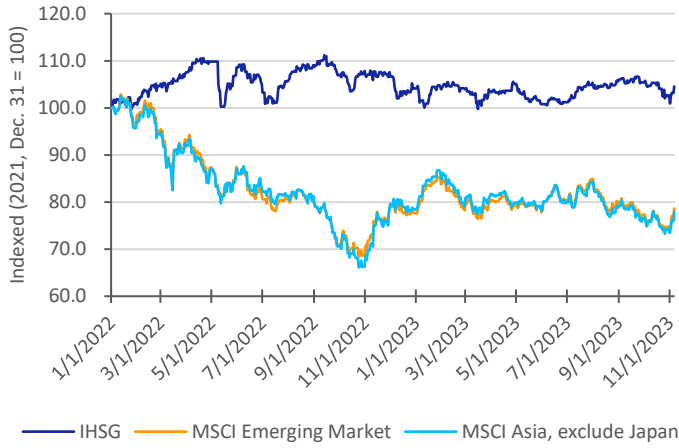


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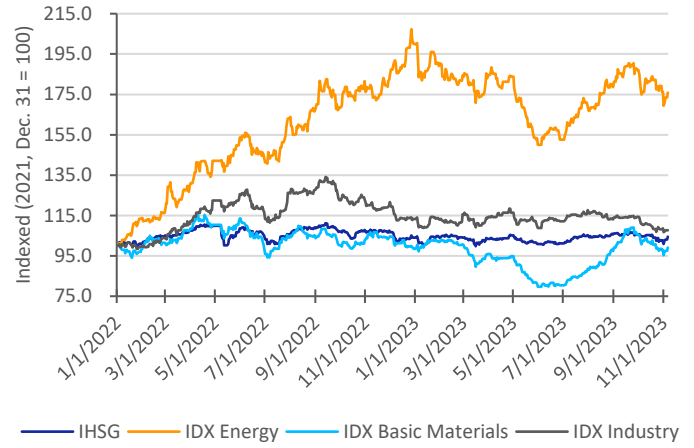
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Chart 1. Samuel's Regional Stock Watcher



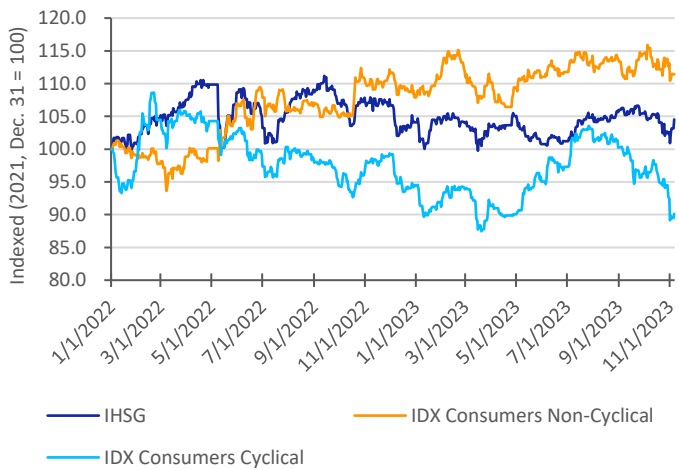
Source: Bloomberg

Chart 2. Samuel's Sectoral Watcher 1



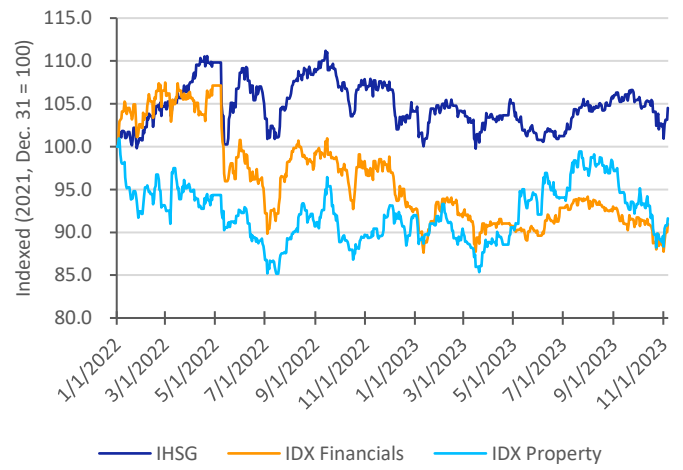
Source: Bloomberg

Chart 3. Samuel's Sectoral Watcher 2



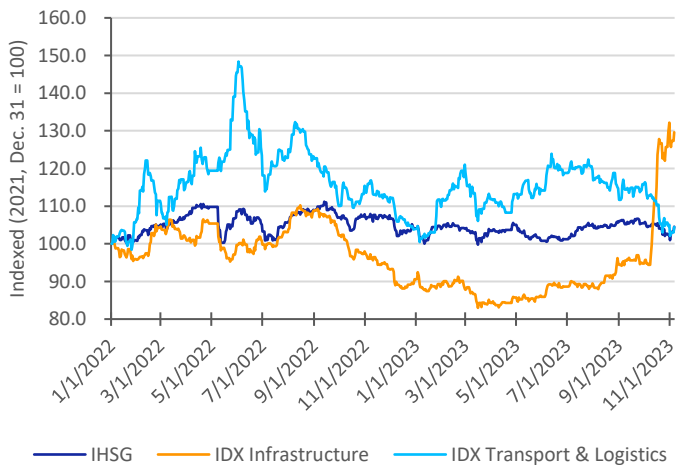
Source: Bloomberg

Chart 4. Samuel's Sectoral Watcher 3



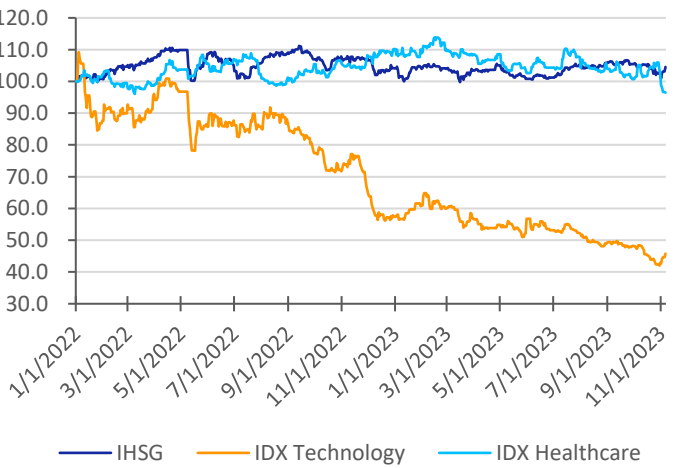
Source: Bloomberg

Chart 5. Samuel's Sectoral Watcher 4



Source: Bloomberg

Chart 6. Samuel's Sectoral Watcher 5



Source: Bloomberg

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