

05 November 2018

Market Review

- ✦ Indonesia's economic growth in the third quarter of 2018 was 5.17%. This figure is lower than 2018 quarter-II which is 5.27% yoy. However, this position is higher than the economic rate in the same period last year of 5.06%. In addition, BPS noted that the prices of oil and gas and non-oil and gas commodities in the international market in the third quarter of 2018 generally increased both quarterly (QoQ) and also on an annual basis (YoY). One of them is an increase in the average price of Indonesian Crude Price (ICP), which currently reaches USD74.24 per barrel. This figure is higher than the quarter II-2018 which amounted to USD71.92 per barrel, up 3.22%. Also experienced a 48.5% increase when compared to the third quarter of 2017 which amounted to USD49.99 per barrel. Indonesia's exports to China in the second quarter of 2018 reached 14.5%, exports to the United States from 10.81% and to Singapore reached 5.92%.
- ✦ After two months of deflation, the Central Statistics Agency (BPS) recorded October 2018 inflation of 0.28% Month-on-month. Inflation for the calendar year January to October 2018 is 2.22%. While the annual inflation in the same period was 3.16% year-on-year (YoY). This figure is still under control considering inflation is still below 3.50%. The main causes of inflation are the increase in prices of red chillies, non-subsidized fuel and rental rates for houses. In detail, Housing, Water, Electricity, Gas and Fuel experienced inflation of 0.42% with the largest share in October inflation of 10%. Followed by inflation in processed foods, beverages, cigarettes and tobacco by 0.27% with a share of 0.05%. The most increase was contributed by food to nail rice and clove cigarettes.
- ✦ Consumer optimism again posted a decline after having increased in September 2018. From the results of a consumer survey conducted by Bank Indonesia (BI), the October 2018 Consumer Confidence Index (IKK) fell 3.2 points, even though the IKK was still at the optimistic level (> 100), namely 119.2. The decline was influenced by the decline in consumer confidence in the current economic conditions, as well as expectations for the next six months.

Market View

- ✦ The challenge for the rupiah this year until 2019 is still based on external factors despite domestic influences. The detailed pressure is due to great rotation. At present it is a profit harvest period for global investors from emerging markets after investment since 2008. The good performance of the US economy strengthens the outflows flow from emerging markets, one of which is Indonesia. In Indonesia, the biggest outflows come from stocks. In addition, the normalization of interest rates in the United States (US) follows the recovery of the US economy after the 2009 recession so that investors flock to the US. Other risks such as negative sentiment from global financial market players towards contagious emerging market economic conditions, and escalation of the US-China trade war. In addition, the increase in world oil prices led to the perception of market participants that Indonesia's CAD was at an increased risk, affecting the fundamentals of Indonesia's economic fundamentals against the rupiah. Whereas domestic factors, the problem lies in the current account deficit, significant foreign ownership in stocks and SBN so that the rupiah is vulnerable to outflows. Also tightening foreign exchange liquidity and concentrated in large banks and many companies that are not fully hedge FX exposures.

Fund Performance	Type	Nav/unit	1W%	1M%	YTD%
Lancar Victoria Merkurius	Pasar Uang	1,241.05	0.13	0.57	5.09
Victoria Obligasi Negara	P. Tetap	1,120.76	1.94	0.56	(4.95)
Victoria Equity Maxima	Saham	1,047.50	3.10	2.30	(9.94)
Pasar Uang Syariah	P.U. Syariah	1,061.74	0.12	0.48	4.61
Obligasi Negara Syariah	O.N. Syariah	992.78	0.41	0.47	(1.20)
Saham Syariah	Saham Syariah	984.87	1.82	(0.51)	N/A

Stock Market Indices	Last	1D Chg	1W%	1M%	YTD%
Jakarta – JCI	5,920.6	14.3	2.3	3.3	(6.8)
Japan – NIKKEI 225	22,060.1	161.1	2.0	(7.2)	(3.1)
Hong Kong – Hang Seng	25,934.4	(552.0)	5.5	(2.4)	(13.3)
US – S&P 500	2,738.3	15.3	2.1	(3.8)	2.4
UK – FTSE 100	7,103.8	9.7	1.0	(2.9)	7.6

Exchange Rate	Last	1D Chg	1W%	1M%	YTD%
USD / IDR	14,955.0	(173.0)	(1.8)	(1.5)	10.3
USD / JPY	113.2	(0.0)	0.1	(0.0)	0.4
GBP / USD	1.30	0.0	2.4	(0.4)	0.0
EUR / USD	1.14	0.0	0.9	(0.7)	(5.0)

Commodity	Last	1D Chg	1W%	1M%	YTD%
Oil (USD/bbl)	63.1	(0.1)	(4.7)	(15.3)	4.2
Coal (USD/MT)	92.8	(2.2)	(3.3)	(9.1)	1.5
CPO (MYR/MT)	1,985.0	(35.0)	(4.3)	(8.8)	(20.2)
Gold (USD/OZ)	1,231.5	(0.5)	0.7	2.3	(5.5)
Nickel (\$/MT)	11,742.5	(195.0)	0.0	(7.3)	(7.2)
Tins (\$/MT)	19,040.0	(70.0)	(0.4)	0.3	(4.6)

Government Bond Yield (%)	Last	1W Chg	1M Chg	YTD Chg
Indonesia IDR 2yr	7.45	(0.11)	(0.2)	1.9
Indonesia IDR 5yr	8.17	(0.27)	(0.1)	2.2
Indonesia IDR 10yr	8.34	(0.29)	(0.0)	2.0
Indonesia IDR 20yr	8.79	(0.24)	(0.0)	1.7
Indonesia USD 5yr	4.51	0.01	0.3	1.3
Indonesia USD 10yr	4.84	(0.04)	0.2	1.3
US Treasury 10yr	3.20	0.08	(0.0)	0.8

Interest Rate (%)	Last	1W Chg	1M Chg	YTD Chg
Fed Rate	2.25	0.00	0.00	0.75
Jakarta Interbank Offered Rate	5.71	(0.0)	0.0	1.8
1M USD Deposit Rate	1.13	(0.0)	0.0	0.3
Libor USD 3M	2.58	0.1	0.2	0.9

Selected Macroeconomic Data	Oct-18	3Q18	2Q18	1Q18
Real GDP (%YoY)	N/A	5.17	5.27	5.06
CPI (%YoY)	3.16	2.88	3.12	3.40
Core CPI (%YoY)	2.94	2.82	2.72	2.67
BI Net Foreign Reserve (USD bn)	N/A	114.85	119.84	126.00
BI 7 Days Reverse Repo (%)	5.75	5.75	5.25	4.25
Export (%YoY)	N/A	1.70	11.47	6.14
Import (%YoY)	N/A	14.18	12.66	9.07

Bond Market Indices	Last	1D Chg	1W%	1M%	YTD%
INDOBEX IBPA Index – IDR Bond	229.1	0.8	1.5	0.4	(4.6)

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