

08 October 2018

Market Review

- The rupiah exchange rate is increasingly helpless. As of last Friday, the rupiah exchange rate in the spot market was recorded at Rp. 15,183 per US dollar. While based on the Bank Indonesia Jakarta Interbank Spot Dollar Rate (Jisdor) exchange rate, the rupiah is at the level of Rp. 15,182 per US dollar. The weakening of the rupiah is currently triggered by rising US bond yields. The 10-year US bond yield touched its highest level since 2011, breaking the 3.23% mark. In addition, employment conditions in the US grew higher than expected. This shows that the American economy is strengthening and therefore global investors prefer to go there. In addition, the ongoing US and Chinese trade wars also triggered a weakening of the rupiah. Therefore, it can be concluded that the weakening of the rupiah is due to external factors. Several attempts that have been made by BI to deal with the weakening of the rupiah are raising bank interest rates to 5.75%, intervening in financial markets through SBI, imposing mandatory hedging for companies and reviving swap transactions.
- After declining for two consecutive months in July and August, consumer optimism in September again increased. The increase was indicated by the Consumer Confidence Index (IKK) based on the Consumer Survey conducted by Bank Indonesia (BI). From the survey, the IKK in September rose 0.8 points to 122.4. This increase in consumer confidence was driven by improved consumer perceptions of current economic conditions and consumer expectations of economic conditions in the next six months.
- The Foreign exchange reserves at the end of September 2018 fell 2.6% from the previous month to the level of US \$ 114.8 billion. The decline was mainly influenced by foreign debt payments and the stabilization of the rupiah exchange rate amidst the high exposure to global financial market uncertainty. We assess that foreign exchange reserves at this level are still able to support external sector resilience and maintain macroeconomic and financial system stability. It should be noted that foreign exchange reserves at the end of last month were equivalent to 6.5 months of import financing or 6.3 imports and government foreign debt payments, and were above the international adequacy standard of around three months of imports.

Market View

- The United States (US) trade war with China and a number of other countries is predicted to not subside in the near future. Of course, this war will cause the retail sector to be hardest hit. Beijing for example, imposed an additional 5% tariff on 1,600 US products including computers, textile goods. Then add 10% to 3,500 items ranging from chemical products, meat, wheat, wine, and LNG. The biggest risk with this tariff is that the US may be pushed out of the Chinese market, which is a developing market and the impact has the potential to widen to other sectors beyond the target list. For US consumers, the adoption of new duties means higher prices for products from China, ranging from vacuum cleaners to routers and modems. More than furniture and home furniture products in the US come from the Bamboo Curtain country.

Fund Performance	Type	Nav/unit	1W%	1M%	YTD%
Lancar Victoria Merkurius	Pasar Uang	1,234.06	0.15	0.53	4.50
Victoria Obligasi Negara	P. Tetap	1,114.47	(1.10)	2.33	(5.48)
Victoria Equity Maxima	Saham	1,023.99	(3.80)	1.21	(11.96)
Pasar Uang Syariah	P.U. Syariah	1,056.63	0.11	0.45	4.11
Obligasi Negara Syariah	O.N. Syariah	988.15	0.06	0.86	(1.66)
Saham Syariah	Saham Syariah	989.95	(2.68)	1.47	N/A

Stock Market Indices	Last	1D Chg	1W%	1M%	YTD%
Jakarta – JCI	5,731.9	(24.7)	(4.1)	(2.0)	(9.8)
Japan – NIKKEI 225	23,783.7	(191.9)	(1.8)	6.6	4.5
Hong Kong – Hang Seng	26,572.6	(51.3)	(4.4)	(1.5)	(11.2)
US – S&P 500	2,885.6	(16.0)	(1.0)	1.6	7.9
UK – FTSE 100	7,318.5	(99.8)	(2.6)	0.6	(4.8)

Exchange Rate	Last	1D Chg	1W%	1M%	YTD%
USD / IDR	15,183	4.0	1.9	1.6	12.0
USD / JPY	113.8	0.1	0.0	2.4	1.0
GBP / USD	1.31	0.0	0.8	0.8	0.0
EUR / USD	1.15	(0.0)	(0.9)	(0.6)	(4.0)

Commodity	Last	1D Chg	1W%	1M%	YTD%
Oil (USD/bbl)	74.3	(0.4)	1.4	9.1	22.4
Coal (USD/MT)	113.8	(0.1)	(0.6)	(1.0)	12.7
CPO (MYR/MT)	2,148.0	(9.0)	1.5	(4.5)	(12.5)
Gold (USD/OZ)	1,203.0	0.6	0.9	0.6	(7.6)
Nickel (\$/MT)	12,432.5	112.5	(1.2)	1.5	19.7
Tins (\$/MT)	18,990.0	47.5	0.6	1.3	(9.7)

Government Bond Yield (%)	Last	1W Chg	1M Chg	YTD Chg
Indonesia IDR 2yr	7.67	(0.09)	(0.14)	2.13
Indonesia IDR 5yr	8.25	0.07	(0.27)	2.28
Indonesia IDR 10yr	8.46	0.28	(0.17)	2.14
Indonesia IDR 20yr	8.87	0.22	(0.23)	1.81
Indonesia USD 5yr	4.20	0.11	0.04	1.03
Indonesia USD 10yr	4.63	0.20	0.07	1.04
US Treasury 10yr	3.23	0.17	0.29	0.83

Interest Rate (%)	Last	1W Chg	1M Chg	YTD Chg
Fed Rate	2.25	0.25	0.25	0.75
Jakarta Interbank Offered Rate	5.64	0.2	0.2	1.7
1M USD Deposit Rate	1.11	0.0	0.1	0.3
Libor USD 3M	2.41	0.0	0.1	0.7

Selected Macroeconomic Data	Sep-18	Aug-18	2Q18	1Q18
Real GDP (%YoY)	N/A	N/A	5.27	5.06
CPI (%YoY)	2.88	3.20	3.12	3.40
Core CPI (%YoY)	2.82	2.90	2.72	2.67
BI Net Foreign Reserve (USD bn)	N/A	117.90	119.84	126.00
BI 7 Days Reverse Repo (%)	5.75	5.50	5.25	4.25
Export (%YoY)	N/A	4.15	12.47	6.14
Import (%YoY)	N/A	24.65	12.66	9.07

Bond Market Indices	Last	1D Chg	1W%	1M%	YTD%
INDOBEX IBPA Index – IDR Bond	228.2	0.2	(0.4)	1.6	(5.0)

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