

19 November 2018

Market Review

- Bank of Indonesia (BI) decided to raise the BI 7-Days Reverse Repo Rate (BI7DRRR) benchmark rate by 25 basis points (bps) to 6.00%. Previously, BI raised the BI7DRRR interest rate in September 2018 by 25 bps to 5.75%. If accumulated, BI has raised interest rates 6 times by 175 bps until this November. The decision as a further step to reduce the CAD deficit within safe limits, also to strengthen the attractiveness of domestic financial assets by anticipating a rise in global interest rates in the next few months. The deposit facility interest rate also rose 25 bps to 5.25%, and the lending facility rose 25 bps to 6.75%. Additional information, the current account deficit (CAD) in quarter III-2018 widened to US \$ 8.8 billion, equivalent to 3.37% of GDP.
- The Central Statistics Agency (BPS) noted that in October the export value reached US \$ 15.80 billion, an increase of 5.87% compared to last year's export performance and an increase of 3.59% compared to exports in October 2017 of US \$ 15.25 billion. The increase in exports in October was driven by increases in oil and gas and non-oil and gas exports. Oil and gas exports increased 15.18% from the previous month or from US \$ 1.29 billion in September to US \$ 1.48 billion. Compared to September 2018, the value of the oil processing industry decreased by 39.86% and the value of crude oil also decreased by 9.87%. Meanwhile, the development of the value of non-oil and gas exports increased 4.99% from US \$ 13.64 billion in September to US \$ 14.32 billion. Whereas when compared to October 2017, there was an increase of 4.03%, where the value of non-oil and gas exports was US \$ 13.76 billion.
- Oil and gas imports in October 2018 showed a significant increase compared to last month. The volume of oil and gas imports increased by 20.37% month on month (mom) to 4.29 million tons. Meanwhile, the value of imports increased by 26.97% mom to US \$ 2.9 billion. The increase in oil and gas imports in October was due to anticipate preparation in the new year. The increase in import value was also driven by oil and gas prices which rose by 5.48%. This increase is due to the price of world crude oil, which can be seasonal. In the past two weeks oil prices have fallen sharply. It could be that in November imports fell both from price and volume. In our opinion, the increase in oil and gas imports also always increases in October, even though the volume varies. Oil and gas imports are now quite high, possibly considering the price that time is rising and worries about rising.

Market View

- We expect the current account deficit (CAD) throughout 2018 to be in the range of 2.9% to 3.1% until the end of the year. In our opinion, in the fourth quarter there will indeed be an increase in imported goods, seeing demand for imported raw materials, especially for consumer goods, increase. This is in line with the Christmas holiday and the new year. Meanwhile, from the export side there will be no significant increase because the manufacturing industry does not utilize the production utilities to the maximum. Plus, export destination countries have faced a winter and a long holiday, making demand for raw materials from Indonesia decreasing. Although imports have increased and exports have not increased significantly, the current decline in crude oil prices can still help Indonesia's trade balance.

Fund Performance	Type	Nav/unit	1W%	1M%	YTD%
Lancar Victoria Merkurius	Pasar Uang	1,244.24	0.13	0.57	5.36
Victoria Obligasi Negara	P. Tetap	1,138.78	0.67	3.93	(3.42)
Victoria Equity Maxima	Saham	1,054.12	3.73	1.76	(9.37)
Pasar Uang Syariah	P.U. Syariah	1,064.24	0.12	0.50	4.86
Obligasi Negara Syariah	O.N. Syariah	997.86	0.15	1.35	(0.70)
Saham Syariah	Saham Syariah	982.74	2.03	(0.87)	N/A

Stock Market Indices	Last	1D Chg	1W%	1M%	YTD%
Jakarta – JCI	6,005.3	(7.1)	4.0	2.9	(5.5)
Japan – NIKKEI 225	21,321.4	(261.8)	(1.2)	(5.4)	(6.3)
Hong Kong – Hang Seng	25,840.3	(531.7)	0.8	1.1	(13.6)
US – S&P 500	2,641.9	(48.8)	(3.1)	(3.0)	(1.2)
UK – FTSE 100	6,947.9	(53.0)	(1.5)	(1.4)	(9.6)

Exchange Rate	Last	1D Chg	1W%	1M%	YTD%
USD / IDR	14,588.0	0.0	(1.6)	(3.9)	7.6
USD / JPY	112.8	0.2	(1.0)	(0.0)	0.1
GBP / USD	1.28	(0.0)	0.0	(1.4)	0.0
EUR / USD	1.14	(0.0)	1.8	(0.8)	(5.3)

Commodity	Last	1D Chg	1W%	1M%	YTD%
Oil (USD/bbl)	53.4	0.2	18.2	(22.5)	(11.3)
Coal (USD/MT)	84.4	(0.5)	10.0	(15.3)	(6.3)
CPO (MYR/MT)	1,775.0	25.0	11.8	(15.3)	(26.4)
Gold (USD/OZ)	1,221.6	(1.6)	0.8	(0.6)	(6.4)
Nickel (\$/MT)	11,192.5	(202.5)	(1.4)	(10.3)	(11.5)
Tins (\$/MT)	19,675.0	287.5	2.2	2.7	(1.4)

Government Bond Yield (%)	Last	1W Chg	1M Chg	YTD Chg
Indonesia IDR 2yr	7.41	(0.04)	(0.2)	1.9
Indonesia IDR 5yr	7.99	(0.09)	(0.5)	2.0
Indonesia IDR 10yr	8.05	(0.18)	(0.6)	1.7
Indonesia IDR 20yr	8.46	(0.21)	(0.6)	1.4
Indonesia USD 5yr	4.51	0.04	0.1	1.3
Indonesia USD 10yr	4.88	0.07	0.1	1.3
US Treasury 10yr	3.06	(0.12)	(0.1)	0.7

Interest Rate (%)	Last	1W Chg	1M Chg	YTD Chg
Fed Rate	2.25	0.00	0.00	0.75
Jakarta Interbank Offered Rate	5.96	0.2	0.2	2.1
1M USD Deposit Rate	1.18	(0.0)	0.0	0.4
Libor USD 3M	2.64	0.0	0.2	1.0

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	232.9	0.2	0.5	3.7	(3.0)

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