

DEAR INVESTOR,

by Avrist Asset Management Team

FUND MANAGER'S LETTER
AUGUST 1ST WEEK, 2024



Bond & Economy

Tertekan Turunkan Suku Bunga

Pasar obligasi rally signifikan menyusul pelemahan data ketenagakerjaan di Amerika Serikat (AS) dan komentar dovish dari the Fed. Gubernur the Fed, Jerome Powell, menyatakan bahwa "pemangkasan suku bunga bisa masuk dalam agenda the Fed di bulan September ini". Probabilitas pemangkasan suku bunga Fed melonjak secara signifikan pekan lalu. Data future dari CME menunjukkan bahwa lebih dari 75% probabilitas The Fed akan menurunkan suku bunga sebesar 50 bps pada bulan September mendatang. Hal ini mendorong yield UST turun drastis pekan lalu. Yield UST tenor 2 tahun dan 10 tahun turun lebih dari 40 bps ke level 3,88% dan 3,80%. Rally juga terjadi di pasar obligasi domestik.

Yield SUN tenor 10 tahun turun 13 bps WoW ke level 6,83%. Investor asing terlihat mencatatkan net buy hingga IDR 4,6 triliun pekan lalu.

Data ketenagakerjaan di AS menunjukkan tren yang memburuk. Ekonomi AS hanya menambahkan 114K pekerjaan pada bulan Juli 2024, lebih sedikit 35% dari yang diharapkan dan jauh lebih rendah dibandingkan rata-rata enam bulan terakhir yang sebesar 218K. Angka pengangguran juga melonjak naik 0,2% dalam sebulan menjadi 4,3%. Ini adalah angka pengangguran tertinggi sejak Oktober 2021, dan kenaikannya dalam sebulan melewati angka threshold psikologis yang mensinyalkan potensi

resesi. Perkembangan ini bisa menekan the Fed untuk memangkas suku bunga secara cepat dan agresif untuk menghindari resesi.

Dalam domestik, ekonomi Indonesia tumbuh sebesar 5,05% di 2Q2024. Angka ini lebih rendah dibandingkan kuartal sebelumnya yang tumbuh 5,11%, dikarenakan penurunan belanja pemerintah pasca-pemilu. Belanja pemerintah hanya tumbuh 1,42% di 2Q24 (1Q24: 19,90%). Konsumsi rumah tangga masih tetap tumbuh stabil di level 4.93%, (1Q24: 4,91%). Laju investasi tumbuh lebih cepat pasca pemilu yaitu sebesar 4,43% (1Q24: 3,79%). Perdagangan eksternal tumbuh membaik, dimana ekspor dan impor melonjak naik masing-masing

8,28% dan 8,57% di 2Q24, setelah melambat sebesar 1,37% dan 1,94% pada kuartal sebelumnya.

Equity

IHSG Melonjak di Akhir Juli 2024

Minggu lalu, Indeks Harga Saham Gabungan (IHSG) mencatatkan kenaikan mingguan sebesar +0,27%, ditutup pada level 7.308 pada 2 Agustus 2024. Kenaikan ini terutama didorong oleh kinerja kuat di sektor properti, siklikal konsumen, dan keuangan, yang masing-masing naik sebesar 2,95%, 2,47%, dan 1,20%. Beberapa saham yang mencatatkan kinerja terbaik dalam sektor ini antara lain SMDM, PWON, MAPA, SRTG, dan BFIN.

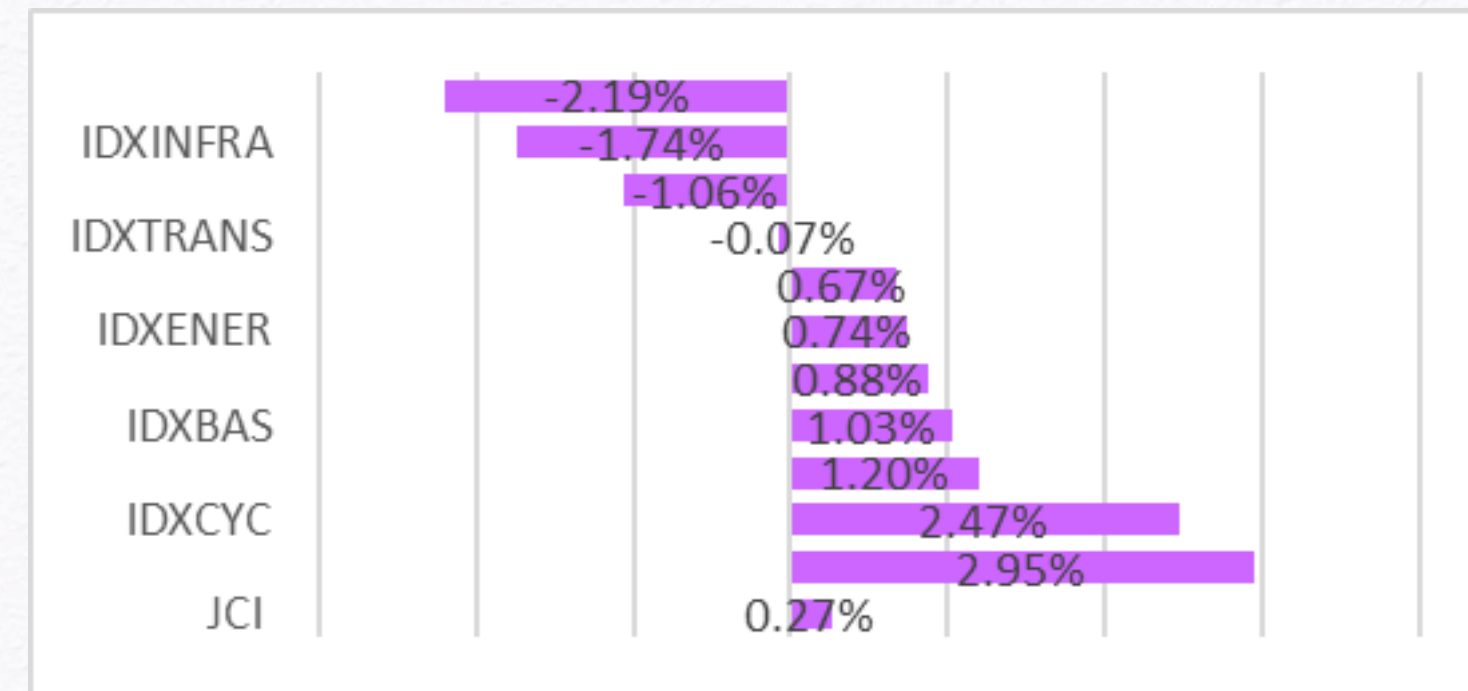
Sebaliknya, sektor teknologi dan infrastruktur merupakan sektor dengan kinerja terlemah minggu lalu, masing-masing turun sebesar 2,19% dan 1,74%. Meskipun terjadi kemunduran di beberapa sektor,

IHSG berhasil mengungguli indeks ekuitas global utama lainnya, seperti S&P 500, STOXX, FTSE 100, Kospi, dan Hang Seng, yang masing-masing turun sebesar 4,60%, 1,34%, 4,67%, dan 2,04%.

Tren positif pada IHSG didukung oleh aliran masuk dana asing bersih yang berlanjut sepanjang Juli 2024, dengan IHSG mencatatkan aliran masuk dana asing bersih sebesar IDR 2,67 triliun minggu lalu. Meskipun terjadi aliran keluar dana asing bersih sebesar IDR 184,3 miliar sejak awal tahun, kami yakin bahwa IHSG memiliki peluang signifikan untuk mempertahankan tren pembelian asing bersih dalam beberapa bulan mendatang.

Optimisme ini sejalan dengan meningkatnya probabilitas pemotongan suku bunga oleh Federal Reserve pada pertemuan September 2024. Kemungkinan pemotongan suku bunga telah meningkat menjadi lebih dari 90%, yang diharapkan menciptakan lingkungan yang lebih menguntungkan bagi pasar saham global, termasuk pasar saham Indonesia.

JCI and Sectors performance WoW



Source: Bloomberg



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Bond & Economy Pressure to Cut

The bond market experienced a robust rally following a marked weakening in U.S. job data and dovish remarks from the Federal Reserve. Jerome Powell, the Fed Chair, announced that "a rate cut could be on the table for the September meeting." The probability of a Fed rate cut in September 2024 soared, with Fed fund futures showing over a 75% probability of a 50 bps cut. Consequently, yields on U.S. Treasuries plummeted last week, with the 2-year and 10-year yields declining over 40 bps to 3.88% and 3.80%, respectively. This rally also resonated within the domestic market, where the yield on 10-year IndoGB fell by 13 bps over the week to 6.83%. Foreign investors engaged significantly,

reporting a net purchase of IDR 4.6 trillion of bonds last week—the largest weekly net buy in the past four weeks.

The U.S. labor market exhibited signs of deterioration. In July 2024, the U.S. economy added merely 114,000 jobs, 35% below expectations and significantly lower compared to the six-month average of 218,000. The unemployment rate surged by 0.2% within a month to 4.3%, the highest since October 2021, crossing a threshold previously indicative of potential recession. These developments have undoubtedly pressured the Fed to implement substantial and rapid monetary easing

to forestall a recession. Domestically, Indonesia's economy maintained an annual growth rate of 5.05% in the second quarter of 2024, albeit weaker than the 5.11% observed in the previous quarter, due to a slowdown in government spending post-election. Government expenditure increased by only 1.42% in Q2 2024, compared to 19.90% in Q1 2024. Household consumption remained robust at 4.93%, mirroring figures from Q1. Fixed investment showed the most significant acceleration, growing by 4.43% compared to 3.79% in the previous quarter. External trade also saw considerable improvement, with exports and imports expanding by 8.28% and 8.57% respectively in Q2 2024, following a slowdown to

1.37% and 1.94% in Q1 2024.

Equity

JCI Surge at the end of July 2024

Last week, the Jakarta Composite Index (JCI) recorded a weekly gain of +0.27%, closing at 7,308 on August 2, 2024. This surge was primarily driven by strong performances in the property, consumer cyclicals, and financial sectors, which rose by 2.95%, 2.47%, and 1.20%, respectively. Notable performers within these sectors included SMDM, PWON, MAPA, SRTG, and BFIN.

Conversely, the technology and infrastructure sectors were the weakest performers last week, declining by 2.19% and 1.74%, respectively. Despite these sectoral setbacks, the JCI outperformed major global equity indices, such as the S&P 500,

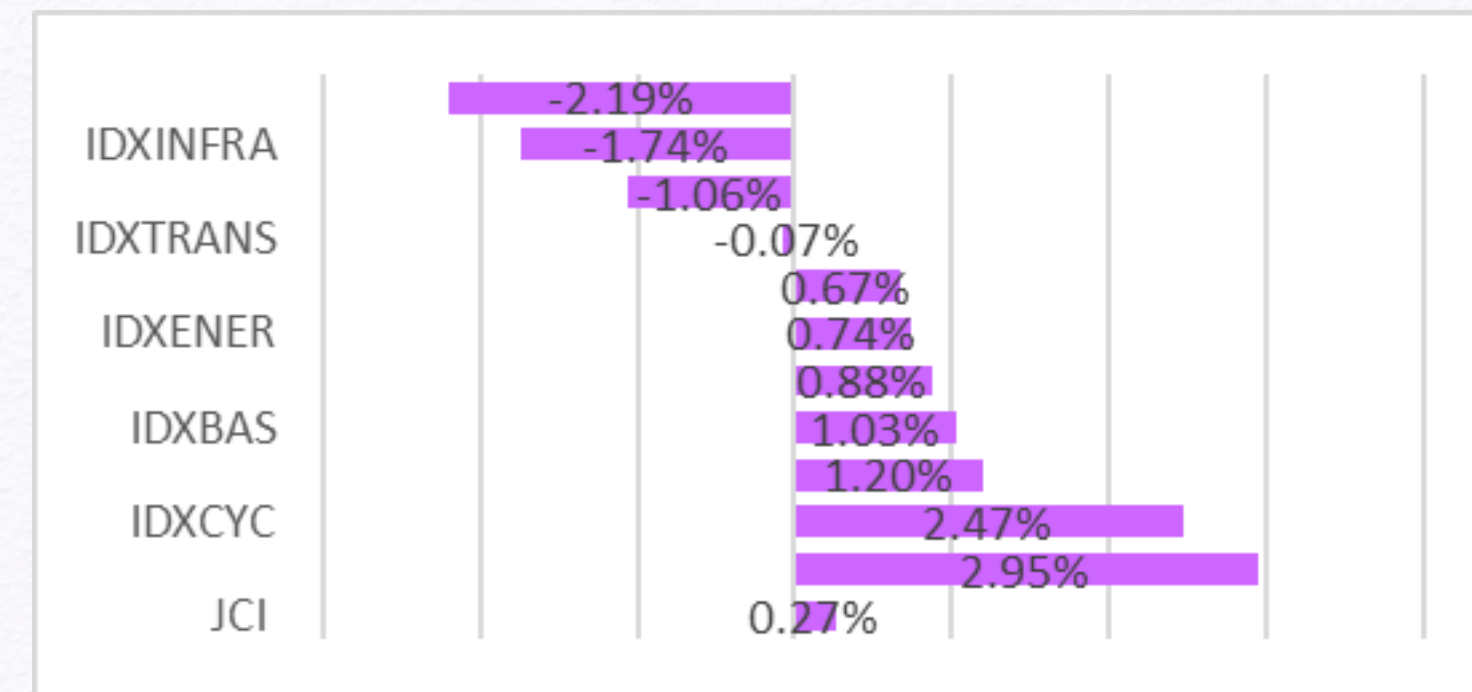
STOXX, FTSE 100, Kospi, and Hang Seng, which saw declines of 4.60%, 1.34%, 4.67%, and 2.04%, respectively.

This positive trend in the JCI was supported by continued net foreign inflows throughout July 2024, with the JCI recording a net foreign inflow of IDR 2.67 trillion last week. Despite a year-to-date net foreign outflow of IDR 184.3 billion, we believe the JCI has a significant opportunity to sustain this trend of net foreign buying in the coming months.

This optimism aligns with the increasing probability of the Federal Reserve cutting interest rates at it's

September 2024 meeting. The likelihood of a rate cut has risen to over 90%, which is expected to create a more favorable environment for equity markets globally, including the Indonesian equity market.

JCI and Sectors performance WoW



Source: Bloomberg



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