

Market update 15 June 2020

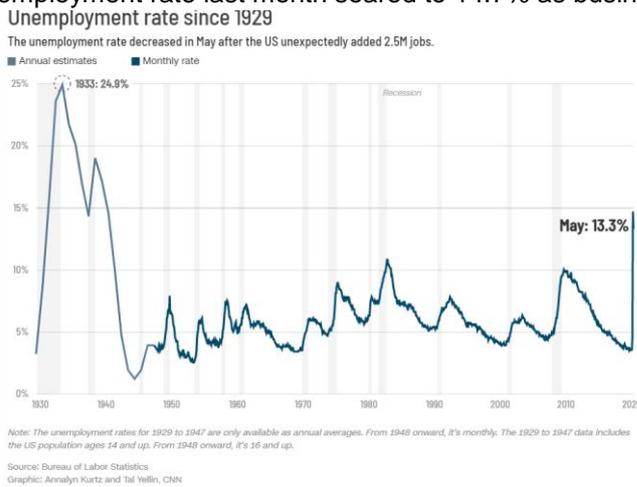
What happened last week and what to expect this week?

U.S Recovery

The American economy just got a shocking piece of good news: The job market may be recovering well ahead of schedule.

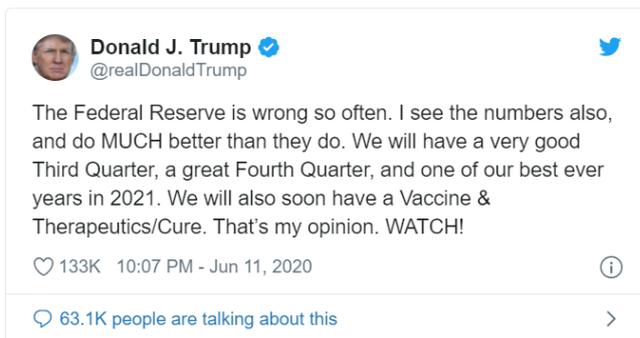
The US unemployment rate surprisingly fell to 13.3% in May, as the economy gained 2.5 million jobs while consensus predict a 20% unemployment rate. It was the largest monthly gain in new jobs since the Bureau of Labor Statistics started tracking the data series in 1929.

The labor market rebounded from April's drastic losses, when a revised 20.7 million jobs vanished. The unemployment rate last month soared to 14.7% as businesses shut during the coronavirus lockdown.



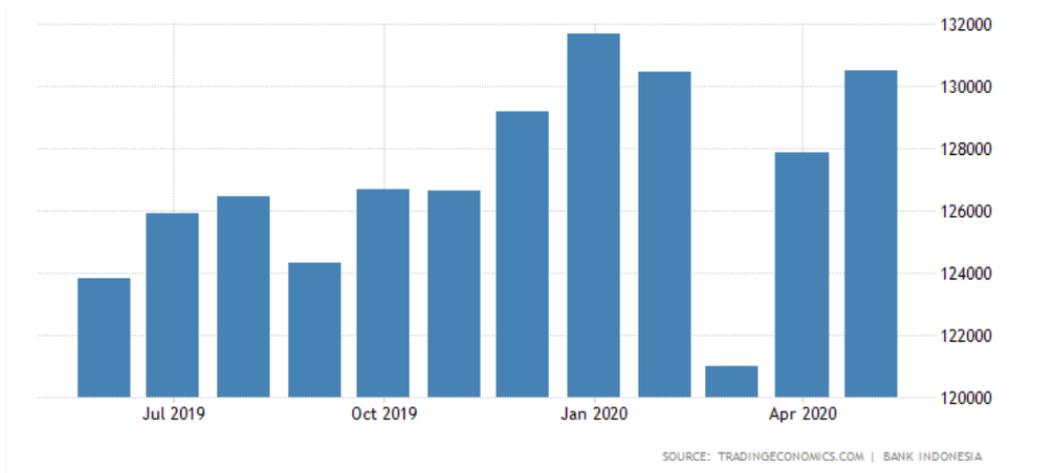
The jobs report is showing the first green shoots of the reopened economy -- even though the unemployment rate is still higher than during the 2008 financial crisis, Zhao said. The gradual reopening of the economy actually added new jobs rather than eliminating further positions.

However, the news was not well received through out the week because Fed Chairman, Jerome Powell, offered a grim outlook on economy saying there was a long road ahead. The Dow fell by 7% on 11 June then Donald Trump criticized the Fed again.

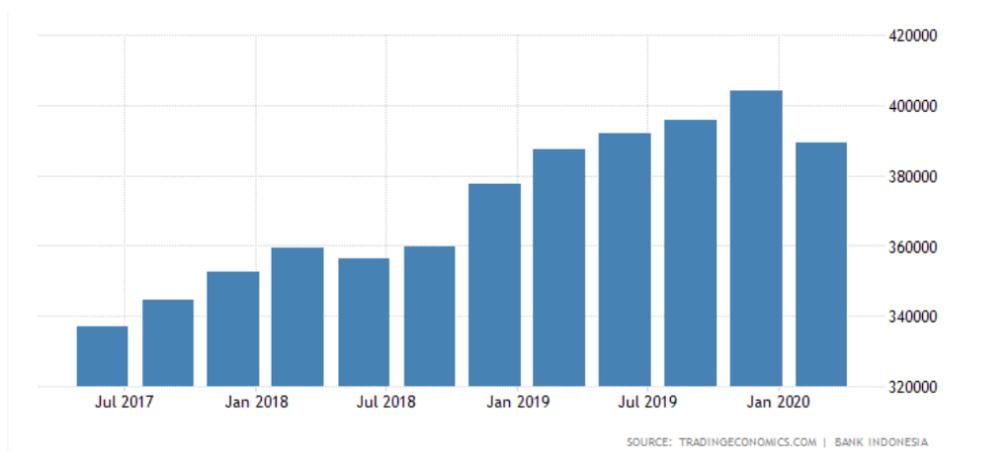


Indonesia's Economic Data

- Not much economic data released last week. The number of infected case of covid-19 is starting to increase in Indonesia registering of around 1k new cases daily. Before the new cases were only around 600. We think the higher number was because of many people do not follow the PSBB protocol provided and the number will keep getting higher since the government will open the economy starting 15th June. We might see the peak numbers in the July or August.
- **Indonesia's Foreign Reserve** increased to USD 130.5bn last month, attributable to the government's new debt issuance and increased forex levels stored by banks at the central bank. Foreign exchange reserves in May rose USD 2.6bn from April's level, which estimated to be sufficient to support 8 months of imports and payment for the government's short-term debts.



- **Indonesia's External Debt** Bank Indonesia has recorded external debt position was recorded at USD389.3bn (34.5% of GDP) consisted of public debt (government and central bank) of USD183.8bn, as well as private debt (including state-owned enterprises) of USD205.5bn. Indonesia's growth in external debt decelerated to 0.5% (YoY) from 7.8% (YoY) in the previous quarter, stemming from lower government and private external debt growth. The government's external debt decreased 3.6% YoY at USD181.0bn due to capital outflows from the domestic government securities (SBN) market and SBN payments



Market Indexes (8 June 2020 - 12 June 2020)

- During the period, JCI depreciated by 3.6% to 4,880 points on 12 June 2020 due to taking profit activities by investors since JCI had rallied for 9 consecutive days. In YTD basis, JCI went down by 22.42% due to economic slowdown caused by the pandemic. We think JCI will remain traded at the tight range at around 4,800 – 5,000 which are inline within our year end lower band target.



JCI last 1 year as of 15 June 2020 (Source: Yahoo Finance)

- Relationship between U.S and China is going south since both parties keep pointing finger at each other of who should be responsible for the pandemic. It might worsen the global economy since both parties might pull out from the 'Phase one' trade deal at the beginning of January.
- During the same period, IDR depreciated by 1.35% to IDR 14,073/USD level since in a month period IDR had rallied by around 5% and we think there is some profit taking activities from investor side. The strong rally of rupiah was supported by the prudent debt management compare to the other emerging countries and unlimited support from the Fed to keep the money flowing which in result providing more dollar to the street.

--- End of report ---

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