

MARKET UPDATES

30 September 2024

Market Commentary

Equity Market Performance

The JCI index (IHSG) in September weakened by -1.86% (ytd +3.51%), followed by the LQ45 Index decreased by -0.59% (ytd -3.26%). The JII Sharia stock index strengthened by +1.85% (ytd -1.74%) and the ISSI stock index increased by +0.50% (ytd +6.58%). The domestic stock market was under pressure in the last week as a result of profit taking by foreign and local investors after rally since the beginning of second half.

The JCI in September had strengthened up until the 3rd week, but in the last week the index turned weaker as a result of profit taking by domestic and foreign investors.. Foreign investors recorded inflow in the Indonesian stock market amounting to IDR 21.91 trillion during August. August's trade balance surplus was USD 2.89 billion. The IDX Infrastructure the largest deterioration in September - 5.23% drag down by BREN due to expensive valuation.

The performance of the US stock market in September closed positively. DJIA increased +1.85% (ytd +12.31%) and S&P500 +2.02% (ytd +20.81%). The US stock market strengthened in September after the Fed's projected easing of interest rates and a 50-bps interest rate cut in the FOMC September edition.

Bond Market Performance

The bond market was recorded to have strengthen in September where the performance of the Bindo Index was +1.32% (ytd +5.84%). The 10-year bond yield in August was 6.61% and down to 6.42% at the end of September. Foreign ownership in SBN is IDR 870.58 trillion or 14.70%. Foreign investors posted inflow of IDR 18.28 trillion. The domestic bond market moved stronger in response to the prospect of easing interest rate cuts by BI and the Fed.

Money Market Performance

The BI Board of Governors Meeting agreed on 17-18th September 2024 to lower the BI-Rate by 25bps to 6.00%, while also lowering the Deposit Facility (DF) rate and Lending Facility (LF) rate by 25bps to 5.25% and 6.75% respectively. The decision is consistent with low and stable inflation projected in 2024 and 2025 within the 2.5±1% target corridor, Rupiah stability and appreciation, as well as the need for efforts to strengthen economic growth. Bank Indonesia will hold an accommodative macroprudential policy stance to revive bank lending/financing to priority sectors and create job opportunities, including the MSME sector and green economy.

Conclusion

The stock market's performance closed negative in September was more influenced by profit-taking from several investors where the JCI valuation itself was already quite high. JCI also touched its highest point at level 7,900 in the third week, this caused outflows, especially large capitalization stocks, which had already risen high at the start of the second semester.

The bond market closed higher in September and the IndoGB 10Y yield closed at 6.42% at the end of the month. The bond market moved stronger while still being supported by the inflow of foreign and local investors into the SBN market. The projected continued decline in interest rates has also made the bond market positive.

Bank Indonesia lowered its benchmark interest rate to 6.00% in September 2024 inline with improving global sentiment regarding interest rates. The Rupiah exchange rate strengthened 2.13% during June to IDR 15,144 per USD. Bank Indonesia will continue monitoring opportunities to lower the policy rate in line with low projected inflation, Rupiah stability and appreciation, as well as the ongoing efforts required to accelerate economic growth.

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