

Morning Brief

Daily | Nov. 18, 2022

Today's Outlook:

Jobless claims fell 2% within the week, again giving the Fed a Hawkish room. Data showed that US Initial Jobless Claims as of Nov. 12 went down as many as 222K claims (-2% WoW), indicating the labor market remains solid while complementing Resilient Consumers amid high inflation and Borrowing Costs. Thus, this raised the probability of an increase in Dec. FFR, by +75Bps, from 15% to 19%, according to a FedWatch CME survey. Additionally, the assumption of an increase in FFR +75Bps for the fifth time in December again brings speculation about the US economic recession, making the spread of UST2Y Vs. UST10Y Yield Inversion widen, approaching 70Bps or the widest spread in 2022.

Corporate Bonds

BI Will Issue Sukuk. Bank Indonesia (BI) will issue BI sukuk or SukBI, in order to continue to support inclusive financing and the development of sharia economy and finance. In more detail, the issuance of SukBI using the underlying in the form of inclusive financing securities (SukBI inclusive), and recognized as Inclusive Financing Securities (SBPI). (Liputan6)

Domestic Issue

BI's Benchmark Interest Rate Rises 50Bps. Bank Indonesia again raised the BI 7 days reverse repo rate this month, an increase of 50Bps to 5.25%. As for the Deposit Facility, the interest rate is at 4.50%, and the Lending Facility interest rate is at 6%. For the record, BI has raised its benchmark interest rate by 125 bps within the past three months, by 25 bps in August, 50 bps in September, and 50 Bps in October. (CNBC Indonesia)

Recommendation

Investors digested the BI 7DRR 50Bps hike for the third time, and the Financial sector rose by 1%, leading to the sectoral gain. The increase in BI 7DRR 50Bps or Front Loading signaled that BI's stance remains Hawkish to maintain the Core Inflation below 4% up to 1Q23. Currently, Indonesia's Core Inflation in Oct. is at the level of 3.31% YoY (Vs. Sept. 3.21% YoY), and BI projects that it will still rise to the level of 3.50% YoY by the end of 2022. The increase in the BI 7DRR, which was in line with the market expectations, however, has not been able to dampen the rupiah depreciation, which once touched the IDR15,700/USD.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	4.75%	Real GDP	5.72%	5.44%
FX Reserve (USD bn)	130.20	130.80	Current Acc (USD bn)	0.41	4.97
Trd Balance (USD bn)	5.67	4.99	Govt. Spending Yoy	-2.88%	-7.74%
Exports Yoy	12.30%	20.28%	FDI (USD bn)	4.28	4.70
Imports Yoy	17.44%	22.02%	Business Confidence	104.82	105.33
Inflation Yoy	5.71%	5.95%	Cons. Confidence*	120.30	117.20

PRICE OF BENCHMARK SERIES

FR0090 : +1.5 Bps to 93.75 (6.79%)
FR0091 : +1.1 Bps to 95.64 (7.01%)
FR0093 : +0.3 Bps to 94.52 (6.97%)
FR0092 : +1.4 Bps to 99.87 (7.13%)

FR0086 : +7.0 Bps to 95.99 (6.83%)
FR0087 : -1.2 Bps to 96.26 (7.10%)
FR0083 : -2.4 Bps to 101.48 (7.34%)
FR0088 : +42.7 Bps to 88.50 (7.62%)

CDS of Indonesia Bonds

CDS 2yr: +7.62% to 46.37
CDS 5yr: +9.74% to 114.05
CDS 10yr: +6.15% to 181.44

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.04%	0.01%
USDIDR	15,663	0.38%
KRWIDR	11.70	-0.60%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,546.32	(7.51)	-0.02%
S&P 500	3,946.56	(12.23)	-0.31%
FTSE 100	7,346.54	(4.65)	-0.06%
DAX	14,266.38	32.35	0.23%
Nikkei	27,930.57	(97.73)	-0.35%
Hang Seng	18,045.66	(210.82)	-1.15%
Shanghai	3,115.44	(4.55)	-0.15%
KOSPI	2,442.90	(34.55)	-1.39%
EIDO	22.92	0.16	0.70%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,760.4	(13.4)	-0.76%
Crude Oil (\$/bbl)	81.64	(3.95)	-4.62%
Coal (\$/ton)	334.60	2.05	0.62%
Nickel LME (\$/MT)	25,064	(2468.0)	-8.96%
Tin LME (\$/MT)	22,584	(1051.0)	-4.45%
CPO (MYR/Ton)	3,850	(172.0)	-4.28%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	—	—	—	—	—	—	—
14 - Nov.	—	—	—	—	—	—	—
Tuesday	ID	11:00	Trade Balance	Oct.	\$5,670Mn	\$4,500Mn	\$4,970Mn
15 - Nov.	ID	11:00	Exports / Imports YoY	Oct.	12.30%/17.44%	13.50% / 24.00%	20.28% / 22.02%
	US	20:30	PPI Final Demand MoM / YoY	Oct.	0.2% / 8.0%	0.5% / 8.3%	0.4% / 8.5%
	US	20:30	PPI Core MoM / YoY	Oct.	0.0% / 6.7%	0.4% / 7.2%	0.3% / 7.2%
Wednesday	US	19:00	MBA Mortgage Applications	Nov. 11	2.7%	--	-0.1%
16 - Nov.	US	20:30	Retail Sales Advance MoM	Oct.	1.3%	1.0%	0.0%
	US	21:15	Industrial Production MoM	Oct.	-0.1%	0.1%	0.1%
	US	21:15	Capacity Utilization	Oct.	79.9%	80.4%	80.3%
Thursday	ID	14:20	BI 7DRR	Nov. 17	5.25%	5.25%	4.75%
17 - Nov.	US	20:30	Housing Starts	Oct.	1,425K	1,420K	1,439K
	US	20:30	Building Permits	Oct.	1,526K	1,517K	1,564K
	US	20:30	Initial Jobless Claims	Nov. 12	222K	228K	226K
Friday	ID	10:00	BoP Current Account Balance	3Q22		\$2,500Mn	\$3,900Mn
18 - Nov.	US	22:00	Existing Home Sales	Oct.		4.37Mn	4.71Mn
	US	22:00	Existing Home Sales	Oct.		-7.3%	-1.5%
	US	22:00	Leading Index	Oct.		-0.4%	-0.4%

Source: Bloomberg

Research Division

Head of Research

Liza Camelia Suryanata

Equity Strategy, Technical

T +62 21 5088 ext 9134

E liza.camelia@nhsec.co.id

Economist

Arief Machrus

Macroeconomics, Banking

T +62 21 5088 ext 9127

E arief.machrus@nhsec.co.id

Analyst

Cindy Alicia

Consumer, Healthcare

T +62 21 5088 ext 9129

E cindy.alicia@nhsec.co.id

Research Support

Amalia Huda Nurfalah

Editor & Translator

T +62 21 5088 ext 9132

E amalia.huda@nhsec.co.id

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



PT. NH Korindo Sekuritas Indonesia

Head Office :

District 8 Treasury Tower 51st Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 50889100

Fax : +62 21 50889101

Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15322

Indonesia

Telp : +62 21 5316 2049

Branch Office Medan :

Jl. Timor No 147

Medan, Sumatera Utara 20234

Indonesia

Telp : +62 614 156500

Fax : +62 614 568560

Branch Office Semarang:

Jl. MH Thamrin No. 152

Semarang 50314

Indonesia

Telp : +62 24 844 6878

Fax : +62 24 844 6879

Branch Office Jakarta Utara:

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

Fax : +62 21 6667 4960

Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 133

Branch Office Surabaya:

Spazio Tower Lt. 10, Unit S05

Jl. Mayjen Yono Suwoyo

Surabaya 60226

Indonesia

Telp : +62 31 9914 1344

Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 8606 1012

Branch Office Denpasar:

Ruko Griya Alamanda No.9

Jl. Cok Agung Tresna

Denpasar

Indonesia

A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
Jakarta