

Morning Brief

Daily | Dec. 12, 2022

Today's Outlook:

The volatility of energy commodities amid the easing of China's Zero-Covid Policy. Oil prices are approaching its lowest level this year, as US fuel supplies are above forecast, causing Brent and WTI oil to come near to the Lowest Level of USD73.7/Barrel and USD70.6/Barrel of YtD, respectively. Continued pressure on oil prices is also in line with the global economic growth projected to weaken. In contrast to Newcastle's ICE price, which rose again to break the psychological level of USD400/Ton, influenced by rising European gas prices. On the other hand, besides the increase in Indonesia's Foreign Exchange Reserves (Cadev), the positive catalyst for consumer optimism is relatively holding JCI to go down further. Consumer Confidence Index Indonesia in Nov. was at the level of 119.1 (vs. Oct. 120.3), or still stayed in the optimistic area (>100). Additionally, Indonesia's Cadev in Nov. is worth USD134 billion (vs. Oct. USD130.2 billion). The Cadev gain is supported by Foreign Inflow within the Government Securities (SBN) market, attractive yields of Government Bonds (SUN) for FR91 and FR87, as well as low supply along with the SBN Auction 2022 that ended on 6 December.

Corporate Bonds

Subsidiary of Indika Energy Buyback Debt IDR 464.6 B. The subsidiary company PT Indika Energy Tbk (INDY) made a buyback (buyback) of debt securities or bonds worth a total of US\$ 41.44 million or Rp.464.6 billion. Indika Energy Capital III Pte Ltd and Indika Energy Capital IV Pte Ltd did this. Indika Energy Capital III Pte Ltd has purchased 5.875% of the notes maturing in 2024, with an aggregate principal amount of US\$ 10.5 million on the open market. The 2024 notes that were bought back represented around 1.83% of the initial principal value of the 2024 notes. (Beritasatu.com)

Domestic Issue

Retail Sales Growth Slows. Retail sales growth in November 2022 has slowed down compared to October 2022. The Retail Sales Survey showed that the November 2022 Real Sales Index grew 0.7% MoM. Lower than the growth in October 2022 of 2.3% MoM. This is in line with the Consumer Confidence Index in November 2022, which was recorded at 119.1, a decrease from 120.3 in October 2022.

Recommendation

Investors are balancing the Headwinds and Tailwinds ahead of some economic data release in the remainder of 2022 trading or the end of 4Q22. This week, from the external side, investors are looking forward to the US Headline CPI data in Nov., which is projected to decline again, or to 0.3% MoM and 7.3% YoY and also, the FOMC Rate Decision, which is projected to raise the Dec. FFR only +50 Bps creating a Lower Bound of 4.25%. As for the domestic side, investors are looking forward to the Nov. Trade Balance data, which is projected to experience a surplus of +USD4.05 billion (vs. Oct. +USD5.67 billion) or shrink on a monthly basis. This shrink is in line with the normalization of a number of major commodities prices and export pressures due to the declining demand in Indonesia's several main trading partners. Additionally, Rupiah depreciation is suppressing Indonesia's bargaining power; imports in Nov. are projected to grow only 10.1% YoY (vs. Oct. 17.4% YoY).

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)	134.00	130.20	Current Acc (USD bn)	4.02	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)	5.14	4.70
Imports Yoy	17.44%	22.02%	Business Confidence	104.82	105.33
Inflation Yoy	5.42%	5.71%	Cons. Confidence*	119.10	120.30

PRICE OF BENCHMARK SERIES

FR0090 : -1.1 Bps to 96.11 (6.15%)
FR0091 : -2.3 Bps to 96.32 (6.91%)
FR0093 : -0.8 Bps to 95.62 (6.85%)
FR0092 : -0.4 Bps to 100.20 (7.10%)

FR0086 : +3.8 Bps to 97.70 (6.26%)
FR0087 : -1.2 Bps to 97.64 (6.87%)
FR0083 : -0.4 Bps to 102.75 (7.21%)
FR0088 : -0.0 Bps to 92.75 (7.09%)

CDS of Indonesia Bonds

CDS 2yr: -2.65% to 37.40
CDS 5yr: -1.30% to 101.58
CDS 10yr: -2.24% to 171.63

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.94%	-0.03%
USDIDR	15,583	-0.24%
KRWIDR	11.97	1.01%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,476.46	(305.02)	-0.90%
S&P 500	3,934.38	(29.13)	-0.73%
FTSE 100	7,476.63	4.46	0.06%
DAX	14,370.72	106.16	0.74%
Nikkei	27,901.01	326.58	1.18%
Hang Seng	19,900.87	450.64	2.32%
Shanghai	3,206.95	9.60	0.30%
KOSPI	2,389.04	17.96	0.76%
EIDO	22.48	(0.37)	-1.62%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,797.3	8.2	0.46%
Crude Oil (\$/bbl)	71.02	(0.44)	-0.62%
Coal (\$/ton)	402.50	7.00	1.77%
Nickel LME (\$/MT)	29,433	(292.0)	-0.98%
Tin LME (\$/MT)	24,290	(335.0)	-1.36%
CPO (MYR/Ton)	3,995	52.0	1.32%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	—	—	—	—	—	—	—
12 - Dec.	—	—	—	—	—	—	—
Tuesday	GE	14:00	CPI MoM	Nov.		-0.5%	-0.5%
13 - Dec.	GE	14:00	CPI YoY	Nov.		10.0%	10.0%
	US	20:30	CPI MoM	Nov.		0.3%	0.4%
	US	20:30	CPI YoY	Nov.		7.3%	7.7%
Wednesday	EC	17:00	Industrial Production MoM	Oct.		-1.2%	0.9%
14 - Dec.	EC	17:00	Industrial Production YoY	Oct.		--	4.9%
	US	19:00	MBA Mortgage Applications	Dec. 9		--	--
Thursday	US	02:00	FOMC Rate Decision (Lower/Upper)	Dec.		4.25% / 4.50%	3.75% / 4.00%
15 - Dec.	ID	11:00	Trade Balance	Nov.		\$4.05Bn	\$5.67Bn
	ID	11:00	Exports YoY	Nov.		10.05%	12.30%
	ID	11:00	Imports YoY	Nov.		10.10%	17.44%
Friday	—	—	—	—	—	—	—
16 - Dec.	—	—	—	—	—	—	—

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

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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

Branch Office Surabaya:

Spazio Tower Lt. 10, Unit S05

Jl. Mayjen Yono Suwoyo

Surabaya 60226

Indonesia

Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Telp : +62 411 361 5255

Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Branch Office Denpasar:

Ruko Griya Alamanda No.9

Jl. Cok Agung Tresna

Denpasar

Indonesia

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