

Morning Brief

Daily | Dec. 8, 2022

Today's Outlook:

Dovish expectations on the Fed, yet the data is not supportive enough. Although the probability is more than 90%, the December FFR increase is only +50Bps, to 4.50%, and the peak is 4.93% in May 2023. Investors are worried that the Fed will keep the FFR at a high level for a long time. The latest data shows that US productivity in 3Q22 increased, and labor costs remained high amid the Fed's effort to reduce inflation to the level of 2% YoY. In more detail, Nonfarm Productivity 3Q22 rose to 0.8% (vs. 2Q22 -4.1%; 1Q22 -5.9%) or ended a two-quarter decline in a row. Meanwhile, US Unit Labor Costs in 3Q22 remained high, at 2.4% (vs. 2Q22 6.7%; 1Q22 8.5%).

Corporate Bonds

TOWR: Distribute Dividends of IDR6/Share. PT Sarana Menara Nusantara Tbk (TOWR) will distribute an interim dividend for the 2022 fiscal year of IDR16 per share. The dividend distribution is following the Company's Board of Commissioners' approvals on December 5, 2022. Additionally, the cum and ex-dividends are appointed on December 14 and 15, 2022, respectively. (Emiten News)

Domestic Issue

Indonesia's Foreign Exchange Reserves Rise to USD134 Billion. Bank Indonesia recorded Indonesia's Foreign Exchange Reserves (Cadev) at USD134 billion at the end of November 2022. An increase compared to the end of October 2022, which was at USD130.2 billion. This increase was influenced by tax and services revenue, as well as oil and gas foreign exchange receipts. Additionally, the cadev counted is equivalent to 5.9 months of financing on imports or 5.8 months on imports and the payment of the government's external debts. (CNN Indonesia)

Recommendation

Oil prices come near the lowest level this year, as US fuel supplies are above forecast. Brent's oil prices closed at USD77.2/barrel, approaching the Lowest Level of USD73.6/Barrel YtD. Meanwhile, WTI closed at USD72.6/Barrel, or near the lowest level of USD70.6/Barrel YtD. This depreciation of oil prices contrasts with the hopes of China's Zero Covid Policy to ease, as China is the world's largest importer of crude oil. Other than normalization, the decline in global oil prices happens along with the weakening projection in global economic growth.

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*	120.30	117.20

PRICE OF BENCHMARK SERIES

FR0090 : +1.4 Bps to 96.08 (6.16%)
FR0091 : +3.7 Bps to 95.97 (6.96%)
FR0093 : -9.9 Bps to 95.87 (6.82%)
FR0092 : +0.4 Bps to 100.37 (7.08%)

FR0086 : +5.8 Bps to 97.96 (6.17%)
FR0087 : +0.6 Bps to 97.55 (6.89%)
FR0083 : -1.9 Bps to 102.65 (7.22%)
FR0088 : +24.8 Bps to 90.75 (7.34%)

CDS of Indonesia Bonds

CDS 2yr: +2.46% to 39.41
CDS 5yr: +4.07% to 104.19
CDS 10yr: +1.87% to 178.83

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.00%	0.04%
USDIDR	15,638	0.13%
KRWIDR	11.83	-0.07%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,597.92	1.58	0.00%
S&P 500	3,933.92	(7.34)	-0.19%
FTSE 100	7,489.19	(32.20)	-0.43%
DAX	14,261.19	(82.00)	-0.57%
Nikkei	27,686.40	(199.47)	-0.72%
Hang Seng	18,814.82	(626.36)	-3.22%
Shanghai	3,199.62	(12.91)	-0.40%
KOSPI	2,382.81	(10.35)	-0.43%
EIDO	22.67	(0.20)	-0.87%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,786.3	15.2	0.86%
Crude Oil (\$/bbl)	72.01	(2.24)	-3.02%
Coal (\$/ton)	405.65	(3.15)	-0.77%
Nickel LME (\$/MT)	31,441	2170.0	7.41%
Tin LME (\$/MT)	24,306	(508.0)	-2.05%
CPO (MYR/Ton)	3,969	(125.0)	-3.05%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	CH	08:45	Caixin China PMI Composite	Nov.	47.0	--	48.3
5 - Dec.	CH	08:45	Caixin China PMI Services	Nov.	46.7	48.0	48.4
	US	22:00	Factory Orders	Oct.	1.0%	0.7%	0.3%
	US	22:00	Durable Goods Orders	Oct.	1.1%	1.0%	1.0%
Tuesday	GE	14:00	Factory Orders MoM	Oct.	0.8%	0.1%	-2.9%
6 - Dec.	US	20:30	Trade Balance	Oct.	-\$78.2Bn	-\$80.0Bn	-\$74.1Bn
Wednesday	ID	10:00	Foreign Reserves	Nov.	\$134.0.Bn	--	\$130.20Bn
7 - Dec.	CH	--	Exports YoY	Nov.	-8.7%	-3.9%	-0.3%
	CH	--	Imports YoY	Nov.	-10.6%	-7.1%	-0.7%
	US	19:00	MBA Mortgage Applications	Dec.	-1.9%	--	-0.8%
Thursday	ID	--	Consumer Confidence Index	Nov.		--	120.3
8 - Dec.	US	20:30	Initial Jobless Claims	Dec.		--	225K
Friday	US	20:30	PPI Final Demand MoM	Nov.		0.2%	0.2%
9 - Dec.	US	20:30	PPI Final Demand YoY	Nov.		7.1%	8.0%
	US	22:00	U. Of Mich. 1 Yr Inflation	Dec.		--	4.9%
	US	22:00	U. Of Mich. 5-10 Yr Inflation	Dec.		--	3.0%

Source: Bloomberg

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