

Morning Brief

Daily | Dec. 19, 2022

Today's Outlook:

SUN Market movement in a week, amidst the BoE and ECB continued their upward trend in interest rates, which rose by 50 Bps to 3.50% and 2.50%, respectively. The positive catalysts are the surplus of Indonesia's Trade Balance in Nov. maintained at +USD5.16 billion and US economic data, such as flattening Headline Inflation and the Dec. FFR rise in line with market expectations.

Corporate Bonds

PGAS Bonds Buyback USD 400 Million. PT Perusahaan Gas Negara Tbk (PGAS) has completed an early tender offer of USD 400 million or IDR 6.24 trillion (exchange rate IDR 15,600) on 12 December. PGAS accepts tender submissions from bondholders that exceed the maximum request limit (oversubscribe). Furthermore, the purpose of this tender offer is to buy back USD 400 million of PGAS bonds from USD 1.35 billion (5.125%), as part of the PGAS initiative in the company's Liability Management activities. (DetikFinance)

Domestic Issue

Fitch Cuts Their Projection on Indonesia's Economic Growth. Fitch Rating cut its forecast for Indonesia's economic growth next year from 5.8% YoY to 4.8% YoY. The projection is based on the weakening in several economic indicators, including the weakening demand of both domestic and global markets, the surge in inflation, which made Bank Indonesia lower the benchmark interest rate., and the surge in commodity prices, which are predicted not to continue next year. (Kontan)

Recommendation

The Window Dressing deadline happens near the January Effect. NHKSI Research sees potential for BI to loosen the monetary policy or the Dec. BI 7DRR that projected to only increase by +25 Bps, which will be the positive catalysts driving the JCI for the next two weeks, or in the rest of 2022 trading. This moderate increase in BI 7DRR benefits the Technology sector, which has a high sensitivity to rising interest rates. On the other hand, BI 7DRR in Dec., projected to increase to 5.50% or has grown by 200Bps YTD, will keep the Banking margins high. Furthermore, a significant appreciation potential in Technology Sector stocks and banking, especially Core Capital-Based Bank Groups IV (KBMI IV), will encourage the strengthening of JCI as a whole (Window Dressing). Additionally, the absence of the FOMC Meeting in Jan. 2023 caused this period's JCI to have the opportunity to form its own movement pattern (January Effect). Thus, investors continue to anticipate any potential in BI's further aggressive Hawkish as the Indonesian Headline Inflation survey in the third week of Dec. has reached 0.4% MoM. This survey result has not included an inflation spike potential caused by the New Year holiday.

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)	4.97	5.67	Govt. Spending Yoy	-2.88%	-7.74%
Exports Yoy	5.58%	12.30%	FDI (USD bn)	5.14	4.70
Imports Yoy	-1.89%	17.44%	Business Confidence	104.82	105.33
Inflation Yoy	5.42%	5.71%	Cons. Confidence*	119.10	120.30

PRICE OF BENCHMARK SERIES

FR0090 : -0.2 Bps to 96.27 (6.11%)
FR0091 : -0.0 Bps to 96.66 (6.86%)
FR0093 : -4.2 Bps to 96.25 (6.78%)
FR0092 : -0.9 Bps to 100.19 (7.10%)

FR0086 : -2.5 Bps to 97.83 (6.23%)
FR0087 : -0.8 Bps to 97.72 (6.86%)
FR0083 : -0.8 Bps to 102.93 (7.19%)
FR0088 : -0.0 Bps to 90.75 (7.34%)

CDS of Indonesia Bonds

CDS 2yr: +5.91% to 38.40
CDS 5yr: +3.87% to 99.01
CDS 10yr: +4.56% to 174.99

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.89%	-0.00%
USDIDR	15,598	-0.13%
KRWIDR	11.93	-0.46%

Global Indices

Index	Last	Chg.	%
Dow Jones	32,920.46	(281.76)	-0.85%
S&P 500	3,852.36	(43.39)	-1.11%
FTSE 100	7,332.12	(94.05)	-1.27%
DAX	13,893.07	(93.16)	-0.67%
Nikkei	27,527.12	(524.58)	-1.87%
Hang Seng	19,450.67	82.08	0.42%
Shanghai	3,167.86	(0.79)	-0.03%
KOSPI	2,360.02	(0.95)	-0.04%
EIDO	22.77	0.36	1.61%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,793.1	16.2	0.91%
Crude Oil (\$/bbl)	74.29	(1.82)	-2.39%
Coal (\$/ton)	403.00	1.10	0.27%
Nickel LME (\$/MT)	28,273	(38.0)	-0.13%
Tin LME (\$/MT)	23,535	(65.0)	-0.28%
CPO (MYR/Ton)	3,918	24.0	0.62%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	GE	16:00	IFO Business Climate	Dec.		87.5	86.3
19 - Dec.	GE	16:00	IFO Expectations	Dec.		82.0	80.0
Tuesday	CH	08:15	1Y Loan Prime Rate	Dec.		3.65%	3.65%
20 - Dec.	CH	08:15	5Y Loan Prime Rate	Dec.		4.30%	4.30%
	US	20:30	Housing Starts	Nov.		1,400K	1,425K
	US	20:30	Building Permits	Nov.		1,480K	1,512K
Wednesday	US	19:00	MBA Mortgage Applications	Dec. 16		--	3.2%
21 - Dec.	US	22:00	Existing Home Sales	Nov.		4.20Mn	4.43Mn
	US	22:00	Conf. Board Consumer Confidence	Dec.		101.0	100.2
Thursday	ID	14:20	BI 7DRR	Dec.		5.50%	5.25%
22 - Dec.	US	20:30	GDP Annualized QoQ	3Q		2.9%	2.9%
	US	20:30	Initial Jobless Claims	Dec. 17		222K	211K
	US	20:30	Continuing Claims	Dec. 10		1,685K	1,671K
Friday	US	20:30	Personal Income	Nov.		0.3%	0.7%
23 - Dec.	US	20:30	Personal Spending	Nov.		0.2%	0.8%
	US	20:30	PCE Deflator MoM	Nov.		0.1%	0.3%
	US	20:30	PCE Deflator YoY	Nov.		5.5%	6.0%

Source: Bloomberg

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