

Morning Brief

Daily | Jan. 17, 2023

Today's Outlook:

The US House of Representatives is bracing to raise the federal debt ceiling before the country shoots itself in the foot with a voluntary default. Treasury Secretary Janet Yellen told both the US government and Congress that they will hit the Congressionally-approved ceiling on Thursday. After that, it will implement emergency measures to continue operating, before being exhausted by June. A possibility is, it will require spending cuts in return for the Congress agreeing to raise the ceiling. In other parts of the world, the Bank of Japan's official two-day meeting ends on Wednesday. Speculation is rife that it will make changes to its yield curve control (YCC) policy, given the market has pushed 10-year yields above its new ceiling of 0.5% (0.51% to be precise), despite the BOJ bought almost 5 trillion yen (USD39.12 billion) of state bonds on Friday and another 1.3 trillion yen on last Monday.

Corporate News

Danareksa Issues IDR 1 T Bonds. PT Danareksa (Persero), as a multi-sector BUMN holding company, announced a public offering plan for the issuance of Danareksa Bond VII Year 2023 worth IDR 1 trillion. The bond issuance is alternative funding in an effort to encourage collaboration and optimize synergy within the Danareksa ecosystem. The bonds offered consist of two series, Series A with a period of three years and a coupon indication of 7.0%-7.0% per year and series B with a period of five years and a coupon indication of 7.6%-8.4% per year. (Berita Satu)

Domestic Issue

The market awaits the outcome of the Bank Indonesia Board of Governors Meeting (RDG BI), which will be held on January 18-19, 2023. The BI RDG result might lead to a decision to keep the benchmark rate at its current level of 5.5%, despite another scenario where BI hikes the BI7DRR by 25 bps. This viewpoint is in line with the Fed's dovish expectation, where a survey said there is a 94% chance that they will only raise the FFR by 25 bps at next month's FOMC Meeting, considering that the US inflation rate has slowed down. Inflation data from the Eurozone to be scrutinized this week is also expected to fall. This condition could reduce the pressure on the European Central Bank (ECB) to raise its interest rates.

Recommendation

ID10YT rebounded at the bottom target area at 6.71 yield with a long-leg Hammer-like candle, just as RSI showed positive divergence. Strengthening continues with direction towards MA10 & MA20 Resistance at yield level 6.89-6.9; before continuing the journey to MA50 / 6.97-7.0. ADVISE: Gradual Average Up. **US10YT yield strengthening appears to be held by the first Resistance,** MA10 at 3.55, although it is still fairly safe in the medium-term uptrend. ADVISE: Gradual Average Up with TARGET yield in MA50 and MA20 area in the range: 3.64 -3.67, before continuing towards short-term Resistance around 3.78. At the same time, keep an eye on the yield Support level at 3.47-3.45 in order to keep this Uptrend assumption intact.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.25%	Real GDP	5.50%	5.25%
FX Reserve (USD bn)	137.20	134.00	Current Acc (USD bn)	137.20	134.00
Trd Balance (USD bn)	3.89	5.16	Govt. Spending Yoy	4.97	5.67
Exports Yoy	6.58%	5.58%	FDI (USD bn)	5.58%	12.30%
Imports Yoy	-6.61%	-1.89%	Business Confidence	-1.89%	17.44%
Inflation Yoy	5.51%	5.42%	Cons. Confidence*	5.51%	5.42%

PRICE OF BENCHMARK SERIES

FR0090 : 96.37 (6.11%)
FR0091 : 97.92 (6.68%)
FR0093 : 94.75 (6.96%)
FR0092 : 102.20 (6.92%)

FR0086 : 98.31 (6.08%)
FR0087 : 98.70 (6.71%)
FR0083 : 105.01 (6.99%)
FR0088 : 94.50 (6.88%)

CDS of Indonesia Bonds

CDS 2yr: +0.42% to 38.45
CDS 5yr: -0.40% to 88.76
CDS 10yr: +0.24% to 155.05

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.76%	0.07%
USDIDR	15,045	-0.69%
KRWIDR	12.17	-0.23%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,302.61	112.64	0.33%
S&P 500	3,999.09	15.92	0.40%
FTSE 100	7,860.07	16.00	0.20%
DAX	15,134.04	47.52	0.31%
Nikkei	25,822.32	(297.20)	-1.14%
Hang Seng	21,746.72	8.06	0.04%
Shanghai	3,227.59	32.29	1.01%
KOSPI	2,399.86	13.77	0.58%
EIDO	22.32	0.02	0.09%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,916.0	(4.2)	-0.22%
Crude Oil (\$/bbl)	78.99	(0.14)	-0.18%
Coal (\$/ton)	368.75	(1.50)	-0.41%
Nickel LME (\$/MT)	27,217	422.0	1.57%
Tin LME (\$/MT)	28,466	(290.0)	-1.01%
CPO (MYR/Ton)	3,852	7.0	0.18%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 16 - Jan.	ID	—	Imports YoY	Dec	-6.61%	-7.99%	-1.89%
	ID	—	Trade Balance	Dec	\$3,890 Mn	\$4,172 Mn	\$5,160 Mn
	ID	—	Exports YoY	Dec	6.58%	7.45%	5.58%
Tuesday 17 - Jan.	US	20:30	Empire Manufacturing	Jan		-8.7	-11.2
	CH	09:00	Industrial Production YoY	Dec		0.3%	2.2%
	CH	09:00	Retail Sales YoY	Dec		-8.0%	-5.9%
	CH	09:00	GDP YoY	4Q		1.7%	3.9%
Wednesday 18 - Jan.	US	19:00	MBA Mortgage Applications	Jan 13		—	1.2%
	US	21:15	Industrial Production MoM	Dec		-0.1%	-0.2%
Thursday 19 - Jan.	ID	14:20	Bank Indonesia 7D Reverse Repo	Jan 19		5.75%	5.50%
	US	20:30	Housing Starts	Dec		1,350 K	1,427 K
	US	20:30	Initial Jobless Claims	Jan 14		—	205 K
	US	22:00	Existing Home Sales	Dec		3.96 Mn	4.09 Mn
	GE	14:00	PPI MoM	Dec		-1.1%	-3.9%
Friday 20 - Jan.	GE	14:00	PPI YoY	Dec		21.7%	28.2%

Source: Bloomberg

United States 10 Years Treasury



Indonesia 10 Years Treasury



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