

Morning Brief

Daily | Jan. 20, 2023

Today's Outlook:

Fed Officials are sharing the same hawkish tone that they will probably need to raise interest rates to "just above" 5% and hold them there for a period, worries mounted that an aggressive stance by central banks could push the global economy into a slowdown. Earlier, European Central Bank president Christine Lagarde pushed up euro zone bond yields slightly by telling the World Economic Forum's Davos gathering the bank would stay the course with rate hikes. Benchmark 10-year U.S. Treasury yields edged off four-month lows as they neared a key technical level and the recent bond rally appeared overdone in the near term. The 10-year yields were last at 3.397%, after earlier dropping to 3.321%, the lowest since Sept. 13. The 200-day moving average alias long-term Support is at 3.292%. The yields have fallen from 3.905% at year-end, and from a 15-year high of 4.338% on Oct. 21. Meanwhile, The Bank of Japan (BOJ) may raise a cap set around its 10-year bond yield target to 0.75% or double it to 1.0% by around mid-year if inflation overshoots its expectations as it still won't budge from 4%, the highest level in four decades.

Corporate News

TBIG: Will Pay Off Maturity Bonds This Year. PT Tower Bersama Infrastructure Tbk (TBIG) will pay off its maturing bonds this year. In total, the amount of TBIG bonds maturing in 2023 is IDR5.96 trillion. The company said that TBIG did not refinance or pay off the maturing bonds. The bonds will be repaid using the company's internal cash. (Bisnis Indonesia)

Domestic Issue

Social Security Agency for Employment (BPJS Kesehatan) Will Purchase Bonds. Social Security Agency for Employment (BPJS Kesehatan) takes a cautious stance in its investment strategy in 2023. This is reflected in the institution's continued move to increase ownership in debt securities or bonds. Indeed, the contribution of bonds has been the largest recently in the investment portfolio of BPJS Ketenagakerjaan. Up to the end of 2022, bonds contributed 70.7% of the total managed funds and the majority in the form of Government Bonds (SUN). As of the end of December 2022, the total investment funds managed by BPJS Ketenagakerjaan reached IDR626.9 trillion, growing by 13.12% from the same position in 2021. (Kontan)

Recommendation

ID10YT Yield not yet able to break the nearest Resistance: MA10 / 6.77, and instead, it went reversed back towards the Support of the previous Low at 6.62. This movement could still have a bullish reversal opportunity as long as it forms a Double Bottom pattern, indicated by the RSI which is still consistently positive divergence. However, from the current appearance, ADVISE positioning Buy is not really recommended and it is better to monitor the strength of Support first. **The US10YT yield has more upside probability** after a rebound reaction at the lower wedge Support around 3.30, although not so impactful if it is still unable to break the nearest resistance of: MA10 / 3.48. However, if it can break the MA10 level, then the US10YT yield will move towards TARGET: 3.61-3.62, which is the gathering point of MA20 & MA50. ADVISE: Average Up >3.45

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.50%	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 : 96.51 (6.07%)
FR0091 : 98.14 (6.64%)
FR0093 : 99.52 (6.43%)
FR0092 : 102.06 (6.93%)

FR0086 : 98.36 (6.06%)
FR0087 : 99.18 (6.63%)
FR0083 : 105.34 (6.96%)
FR0088 : 94.35 (6.90%)

CDS of Indonesia Bonds

CDS 2yr: +4.37% to 38.96
CDS 5yr: +4.38% to 88.84
CDS 10yr: +3.70% to 156.91

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.64%	-0.08%
USDIDR	15,104	0.10%
KRWIDR	12.26	0.53%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,044.56	(252.40)	-0.76%
S&P 500	3,898.85	(30.01)	-0.76%
FTSE 100	7,747.29	(83.41)	-1.07%
DAX	14,920.36	(261.44)	-1.72%
Nikkei	26,405.23	(385.89)	-1.44%
Hang Seng	21,650.98	(27.02)	-0.12%
Shanghai	3,240.28	15.87	0.49%
KOSPI	2,380.34	12.02	0.51%
EIDO	22.80	0.17	0.75%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,932.2	28.1	1.48%
Crude Oil (\$/bbl)	80.33	0.85	1.07%
Coal (\$/ton)	363.50	(4.50)	-1.22%
Nickel LME (\$/MT)	29,248	1,404	5.04%
Tin LME (\$/MT)	29,100	684	2.41%
CPO (MYR/Ton)	3,889	22.0	0.57%

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	-32.9	-8.7	-11.2
	CH	09:00	Industrial Production YoY	Dec	1.3%	0.1%	2.2%
	CH	09:00	Retail Sales YoY	Dec	-1.8%	-9.0%	-5.9%
	CH	09:00	GDP YoY	4Q	2.9%	1.6%	3.9%
Wednesday 18 - Jan.	US	19:00	MBA Mortgage Applications	Jan 13	27.9%	—	1.2%
	US	21:15	Industrial Production MoM	Dec	-0.7%	-0.1%	-0.2%
Thursday 19 - Jan.	ID	14:20	Bank Indonesia 7D Reverse Repo	Jan 19	5.75%	5.75%	5.50%
	US	20:30	Housing Starts	Dec	1,382 K	1,358 K	1,427 K
	US	20:30	Initial Jobless Claims	Jan 14	190 K	214 K	205 K
	US	22:00	Existing Home Sales	Dec	—	3.96 Mn	4.09 Mn
Friday 20 - Jan.	GE	14:00	PPI MoM	Dec	—	-1.1%	-3.9%
	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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