

# Morning Brief

Daily | Jan. 24, 2023

## Today's Outlook:

**The battle over the US government's borrowing limit is likely to come to the fore** as it reaches its USD 31.4 trillion limit, as emergency fund that has been used will only be sufficient until the end of June. The US is hoping that the government can make some spending cuts before they agree to a higher ceiling; as happened in 2011, where S&P was forced to cut the US debt rating for the first time, resulting a chaos in the financial markets. This matter is considered critical from an economic and financial point of view, as failure to raise the ceiling will undermine investor confidence in the US economy and weaken the US Dollar. A number of macroeconomic data will also catch the market attention today, including PMIs from Japan, Germany, Eurozone, UK, and US. Additionally, the US is to publish a first estimate of 4Q22 GDP on Thursday with consensus 2.6% (vs. previous quarter 3.2%).

## Corporate News

**BRI Plans to Continue Issuing Green Bonds.** The green bond market is still considered prospective this year, along with the recent issues about environmental, social, and corporate governance (ESG standards). Several banks, such as PT Bank Rakyat Indonesia (Persero) Tbk (BBRI), will also boost the funding. The company sees the potential for funding through green bonds is vast. This is reflected in the first phase of green bond issuance last year, which was oversubscribed 4.4 times. (Bisnis Indonesia)

## Domestic Issue

**Bank Indonesia's raised interest rates by a dovish 25 bps**, sending the state bond yields even lower. All new bonds are currently trading at premium prices (>100). According to Bloomberg, the 5-year FR95 traded at 100.14 (+0.15%) or yielded 6.34% (-3.3bps), the 10-yr FR96 at 102.73 (+0.53%) or yielded 6.62% (-7.4 bps). By 2023, investors' concerns are expected to shift from inflation worries to economic growth worries; thus this issue will further support the bond market. (Mandiri Sekuritas)

## Recommendation

**ID10YT is waiting to cross the 6.72 yield level** as it is the MA10 resistance within the Parallel Channel downtrend. A successful break of this resistance will clear the way for US10YT to yield 6.83 / 6.90 / 7.0 / 7.05. ADVISE: Buy on Break, or gradual Average Up. **US10YT is still moving in a Falling Wedge pattern (medium-term downtrend)**, although for the short term, it is trying to pass MA 20 & MA50 Resistance in the range of 3.57-3.6. Success in breaking the wall will open up the potential for strengthening towards a yield of 3.74. ADVISE: Average Up accordingly.

## 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 : 96.40 (6.10%)  
FR0091 : 98.29 (6.62%)  
FR0093 : 99.55 (6.42%)  
FR0092 : 102.28 (6.91%)

FR0086 : 98.28 (6.09%)  
FR0087 : 99.14 (6.64%)  
FR0083 : 105.37 (6.96%)  
FR0088 : 94.47 (6.89%)

## CDS of Indonesia Bonds

CDS 2yr: -2.16% to 38.12  
CDS 5yr: -2.46% to 86.65  
CDS 10yr: -1.72% to 152.82

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.63%	-0.01%
USDIDR	15,075	-0.19%
KRWIDR	12.19	-0.49%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,629.56	254.07	0.76%
S&P 500	4,019.81	47.20	1.19%
FTSE 100	7,784.67	14.08	0.18%
DAX	15,102.95	69.39	0.46%
Nikkei	26,906.04	352.51	1.33%
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	23.26	0.13	0.56%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,931.0	5.0	0.26%
Crude Oil (\$/bbl)	81.62	(0.02)	-0.02%
Coal (\$/ton)	360.00	9.05	2.58%
Nickel LME (\$/MT)	28,110	(661.0)	-2.30%
Tin LME (\$/MT)	29,503	(33.0)	-0.11%
CPO (MYR/Ton)	3,889	22.0	0.57%

koDate	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	US	22:00	Leading Index	Dec	-1.0%	-0.7%	-1.0%
23 - Jan.	PD	16:00	Retail Sales YoY	Dec	15.5%	17.8%	18.4%
<b>Tuesday</b>	US	21:45	S&P Global US Manufacturing PMI	Jan P		46.5	46.2
24 - Jan.	FR	15:15	S&P Global France Manufacturing PMI	Jan P		49.5	49.2
	GE	15:30	S&P Global Germany Manufact. PMI	Jan P		48.0	47.1
	JP	07:30	Jibun Bank Japan PMI Mfg	Jan P		—	48.9
<b>Wednesday</b>	US	19:00	MBA Mortgage Applications	Jan 20		—	27.9%
25 - Jan.	KR	—	Retail Sales YoY	Dec		—	8.4%
<b>Thursday</b>	US	20:30	GDP Annualized QoQ	4Q A		2.6%	3.2%
26 - Jan.	US	20:30	Initial Jobless Claims	Jan 21		—	190 K
	US	20:30	Durable Goods Orders	Dec P		2.8%	-2.1%
<b>Friday</b>	US	20:30	Personal Income	Dec		0.2%	0.4%
27 - Jan.	US	20:30	Personal Spending	Dec		-0.1%	0.1%
	JP	06:30	Tokyo CPI YoY	Jan		4.0%	4.0%

Source: Bloomberg

## United States 10 Years Treasury

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## Indonesia 10 Years Treasury

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