

Morning Brief

Daily | Jan. 25, 2023

Today's Outlook:

Fourth quarter earnings season is in full swing, with 72 of the companies in the S&P 500 having reported. Of those, 65% have beaten consensus, just a hair below the 66% long-term average, according to Refinitiv. On aggregate, analysts now expect S&P 500 earnings 2.9% below the year-ago quarter, down from the 1.6% year-on-year decline seen on Jan. 1, per Refinitiv. The Fed will take apart earnings reports and look at how the economy is doing, given the rate hikes and other issues out there. Market is hoping that they are getting closer to that pivot point where the Fed sees enough progress in the inflation fight to stop the (interest) rate hikes and that's why the markets have reacted positively lately. Economic data showed shallower-than-expected contraction in the manufacturing and services sector in the first weeks of the year, suggesting that the Federal Reserve's restrictive interest rates are dampening demand.

Corporate News

Offering Bonds, Sinarmas Group Gives 10.75% Yield. PT Sinarmas Multifinance is seeking new debt through the issuance of bonds or debt securities worth IDR1 trillion, which will consist of three tenors, which are: one year with an interest rate offer of 7.25%-7.50% per year, a three-year maturity with a coupon of 10.00%-10.25% per year, and five years with a yield offered between 10.50%-10.75% per year, with every three months payment. Additionally, this debt issuance is the first phase of Sinar Mas Multifinance's Sustainable Bond III program. (CNBC Indonesia)

Domestic Issue

The yields on Indonesian government bonds or Surat Berharga Negara (SBN) were mixed after Chinese New Year, despite indications that Bank Indonesia (BI) will not raise its benchmark interest rate again. Investors hunted for 5 and 10 years SBN, with the tendency to offload the 15 and 20 years SBNs. Launching data from Refinitiv, the 5 and 10 years SBN tenors experienced an increase in price or a decrease in yield. The 5 and 10 years SBN simultaneously fell 1.6 bps to 6.351% and 6.618%, respectively. (CNBC Indonesia)

Recommendation

US10YT yield is struggling to maintain its bullish ground above MA10 Support, which is now somewhat giddy in the 3.47 area, not to mention passing MA20 & MA50 in the 3.57-3.6 range. ADVISE: wait to Average Up until yield is considered stable above MA10 and even better if it breaks MA20 & MA50. TARGET placed in 3.73 yield. **ID10YT yield returned to Support from the previous low level of 6.62.** Although RSI still showed a positive divergence, the fact that the yield made a new low level and will not rebound soon. Thus, it threatens ID10YT to find the next yield Support in the lower channel of the downtrend, which is around 6.38. ADVISE: Wait & See for a solid technical rebound around here; still a very Speculative Buy.

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 : 96.44 (6.09%)
FR0091 : 98.40 (6.61%)
FR0093 : 99.55 (6.42%)
FR0092 : 102.20 (6.92%)

FR0086 : 98.30 (6.09%)
FR0087 : 99.25 (6.62%)
FR0083 : 105.40 (6.96%)
FR0088 : 94.45 (6.89%)

CDS of Indonesia Bonds

CDS 2yr: -0.95% to 37.66
CDS 5yr: -2.46% to 86.65
CDS 10yr: -0.48% to 152.09

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.62%	-0.01%
USDIDR	14,888	-1.24%
KRWIDR	12.10	-1.34%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,733.96	104.40	0.31%
S&P 500	4,016.95	(2.86)	-0.07%
FTSE 100	7,757.36	(27.31)	-0.35%
DAX	15,093.11	(9.84)	-0.07%
Nikkei	27,299.19	393.15	1.46%
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	23.10	(0.16)	-0.69%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,937.4	6.3	0.33%
Crude Oil (\$/bbl)	80.13	(1.49)	-1.83%
Coal (\$/ton)	359.60	(0.40)	-0.11%
Nickel LME (\$/MT)	28,782	672.0	2.39%
Tin LME (\$/MT)	29,960	457.0	1.55%
CPO (MYR/Ton)	3,889	22.0	0.57%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	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%
Tuesday	US	21:45	S&P Global US Manufacturing PMI	Jan P	46.8	46.0	46.2
24 - Jan.	FR	15:15	S&P Global France Manufacturing PMI	Jan P	50.8	49.5	49.2
	GE	15:30	S&P Global Germany Manufact. PMI	Jan P	47.0	48.0	47.1
	JP	07:30	Jibun Bank Japan PMI Mfg	Jan P	48.9	—	48.9
Wednesday	US	19:00	MBA Mortgage Applications	Jan 20		—	27.9%
25 - Jan.	KR	—	Retail Sales YoY	Dec		—	8.4%
Thursday	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%
Friday	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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