

# Morning Brief

Daily | Jan. 31, 2023

## Today's Outlook:

**US Treasury yields rose for a third consecutive session**, it gained 2.6 bps to 3.544% (from 3.518 las Friday) ahead of central bank monetary policy announcement and a number of important macroeconomic data from various parts of the world, such as: the continental Europe (Eurozone 4Q22 figures, CPI and Unemployment Change of French & German), China (Jan. Manufacturing PMI), US (Jan. Consumer Confidence). Germany's 4Q22 GDP has begun this series of economic data announcements by coming in at 0.5% YoY (vs. 0.8% forecast, vs. 1.3% previous) and contracting -0.2% QoQ (lower than the last quarter's 0.5%), indicating an apparent economic slowdown. The market is focusing on the final decision of the Federal Open Market Committee Meeting, which will be held from January 31 - February 1, to raise the Fed Fund Rate (FFR) by 25 bps that would bring the policy rate to the 4.5%-4.75% range; while the Bank of England and European Central Bank, both of which are primarily expected to hike by 50 bps. Moreover, the market anticipates rates to peak at about 4.9% in June before retreating to 4.5% by year-end.

## Corporate News

**Barito Pacific Bonds Receive idA+ Rating.** Indonesia Credit Rating Agency (Pefindo) affirmed the idA+ rating of Barito Pacific's (BRPT) bonds worth IDR227.48 billion. The Sustainable Bonds I Barito Pacific Phase II Year 2020 Series A, will mature on April 1, 2023. Barito Pacific plans to pay off the maturing bonds with internal funds. Meanwhile, debt securities with an idA rating indicate that the issuer's ability to fulfill long-term financial commitments on these debt securities, compared to other issuers in Indonesia, is strong. (Emiten News)

## Domestic Issue

**The Indonesian government bond market** or Government Securities (SBN) is still attractive for foreign investors, even though yields have increased in the past week. Based on Bank Indonesia's data, foreigners recorded a net buy or inflow in SBN of IDR 3.63 trillion throughout the last week. As for January 2023, foreign recorded a sizable inflow in SBN of IDR 48.08 trillion. In the past week, the yield on the 10-year SBN, which is the benchmark SBN, jumped 9.3 basis points (bp) to 6.727% as of last Friday, from the previous Friday at 6.634%. (CNBC INDONESIA).

## Recommendation

**ID10YT yield broke Parallel Channel (downtrend)** thus opening up strengthening potential until the following resistance/TARGET areas: 7.05/7.20/7.35. ADVISE: Average Up above MA50/6.88. **US10YT seems to be unsettled passing the Neckline of the bullish reversal Inverted Head & Shoulders pattern** at the 3.55 level (up to 3.58 = crucial MA50 resistance = could be an Average Up point later too). It seems to be waiting for the FOMC Meeting decision as a trigger for decision making on which breakout direction to choose. ADVISE: Buy on Break, or 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 : 96.31 (6.13%)  
FR0091 : 97.95 (6.67%)  
FR0093 : 97.49 (6.65%)  
FR0092 : 102.39 (6.90%)

FR0086 : 98.09 (6.16%)  
FR0087 : 98.98 (6.66%)  
FR0083 : 105.16 (6.98%)  
FR0088 : 95.62 (6.75%)

## CDS of Indonesia Bonds

CDS 2yr: 4.95% to 38.19  
CDS 5yr: 2.24% to 86.09  
CDS 10yr: 3.76% to 153.47

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.76%	0.01%
USDIDR	14,970	-0.10%
KRWIDR	12.20	0.23%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,717.09	(260.99)	-0.77%
S&P 500	4,017.77	(52.79)	-1.30%
FTSE 100	7,784.87	19.72	0.25%
DAX	15,126.08	(23.95)	-0.16%
Nikkei	27,433.40	50.84	0.19%
Hang Seng	22,069.73	(619.17)	-2.73%
Shanghai	3,269.32	4.50	0.14%
KOSPI	2,450.47	(33.55)	-1.35%
EIDO	23.31	(0.24)	-1.02%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,923.2	(4.9)	-0.25%
Crude Oil (\$/bbl)	77.90	(1.78)	-2.23%
Coal (\$/ton)	265.35	(92.75)	-25.90%
Nickel LME (\$/MT)	29,740	755.0	2.60%
Tin LME (\$/MT)	30,838	(1424.0)	-4.41%
CPO (MYR/Ton)	3,936	34.0	0.87%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 30 - Jan.	US	22:30	Dallas Fed Manf. Activity	Jan	-18.4	-15.0	-18.8
	—	—	—	—	—	—	—
<b>Tuesday</b> 31 - Jan.	US	22:00	Conf. Board Consumer Confidence	Jan		108.9	108.3
	CH	08:30	Manufacturing PMI	Jan		49.9	47.0
	JP	06:30	Jobless Rate	Dec		2.5%	2.5%
	JP	06:50	Retail Sales YoY	Dec		3.2%	2.6%
	FR	13:30	GDP QoQ	4Q P		—	0.2%
<b>Wednesday</b> 1 - Feb.	US	21:45	S&P Global US Manufacturing PMI	Jan F		—	46.8
	US	22:00	ISM Manufacturing	Jan		48.1	48.4
	CH	08:45	Caixin China PMI Mfg	Jan		49.5	49.0
	ID	—	S&P Global Indonesia PMI Mfg	Jan		—	50.9
	ID	—	CPI YoY	Jan		5.40%	5.51%
<b>Thursday</b> 2 - Feb.	US	02:00	FOMC Rate Decision (Lower Bound)	Feb 1		4.50%	4.25%
	US	02:00	FOMC Rate Decision (Upper Band)	Feb 1		4.75%	4.50%
	US	20:30	Initial Jobless Claims	Jan 28		—	186 K
	US	22:00	Factory Orders	Dec		1.5%	-1.8%
	US	22:00	Durable Goods Orders	Dec F		—	5.6%
<b>Friday</b> 3 - Feb.	US	20:30	Personal Income	Dec		0.2%	0.4%
	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



## Indonesia 10 Years Treasury



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