

Morning Brief

Daily | Jan. 6, 2023

Today's Outlook:

The US employment data duo turned out better than expected, namely ADP Nonfarm Employment Change (Dec.) of 235K, higher than the forecast of 150K and the previous period of 182K; while Initial Jobless Claims recorded at 204K and 223K. This data reinforces the idea that the Fed must work harder to create a balance between supply and demand in a tight labour market condition, which risks the chance of driving up the workers' wages. Thus, the inflation factor that has to be fought with aggressive interest trends is still haunting the US economy. The data update also pushed up Treasury yields, which slammed the Technology sector.

Corporate News

MNC Capital Offers IDR450 Billion Bonds. PT MNC Kapital Indonesia Tbk has conducted a public offering of Sustainable Bonds III MNC Kapital Indonesia Phase I Year 2022 worth IDR450 billion on January 4-5, 2023. The bonds are offered in three series. Series A, which value is IDR231 billion and a fixed interest rate of 10.5%/year up to maturity within 370 days after issuance. Series B, worth IDR60.42 billion, has an interest rate of 11.25%/year up to maturity within the next three years. Then, series C, worth IDR55.17 billion, has an interest rate of 12%/year up to its maturity in 5 years. As for the rest, IDR103,12 billion is offered in the best possible way. (Emiten News)

Domestic Issue

Sun Auction Enthusiast is Still Few

The initial Government Bond (SUN) auction in 2023 enthusiast is still few, with the total incoming bids reaching IDR28.31 trillion and the Government then absorbing as much as IDR19.20 trillion. This bid is lower than the average incoming bid in 2022 of IDR44 trillion, yet if compared to the last auction at the end of December 2022, the bids entered this time are slightly rise. The low bid is caused by investors that choose to Wait and See for the prospects of the bond market that might be beneath the shadow of high inflation. At this auction, investors are also hunting for the 10-year benchmark FR0096 and FR0095 as the 5-year benchmark. (Kontan)

Recommendation

ID10YT pullback towards the nearest support i.e. MA10 & MA20 in the range 6.97-6.94. Both MAs are already golden cross so it is felt to be able to provide a platform for a short-term Uptrend. It is recommended to Buy On Weakness when the yield reaches the Support area, with the nearest TARGET around 7.023-7.053 (MA50 Resistance). US10YT is still quite orderly in its Uptrend above MA20 & MA50 Support around 3.71-3.69, while MA10 serves as the nearest Resistance at 3.79, before trying to close the 3.88 Gap and a little more towards the previous High level of 3.90. After this high, the US10YT yield is projected to be able to go higher towards the TARGET/next resistance: 4.0/4.23/4.29-4.34. Advise: do a Speculative Buy, and Gradual Average Up ahead of US Non-farm Payroll and Unemployment Change data announcement later tonight.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.25%	Real GDP	5.72%	5.44%
FX Reserve (USD bn)	134.00	130.20	Current Acc (USD bn)	4.02	4.97
Trd Balance (USD bn)	4.97	5.67	Govt. Spending Yoy	-2.88%	-7.74%
Exports Yoy	5.58%	12.30%	FDI (USD bn)	5.14	4.70
Imports Yoy	-1.89%	17.44%	Business Confidence	104.82	105.33
Inflation Yoy	5.42%	5.71%	Cons. Confidence*	119.10	120.30

PRICE OF BENCHMARK SERIES

FR0090 : 96.04 (6.19%)
FR0091 : 96.07 (6.95%)
FR0093 : 96.67 (6.74%)
FR0092 : 100.27 (7.10%)

FR0086 : 97.55 (6.90%)
FR0087 : 97.55 (6.90%)
FR0083 : 103.21 (7.17%)
FR0088 : 94.17 (6.92%)

CDS of Indonesia Bonds

CDS 2yr: +0.05% to 41.85
CDS 5yr: -0.79% to 96.04
CDS 10yr: +0.07% to 164.70

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.99%	-0.04%
USDIDR	15,608	0.13%
KRWIDR	12.30	0.40%

Global Indices

Index	Last	Chg.	%
Dow Jones	32,930.08	(339.69)	-1.02%
S&P 500	3,808.10	(44.87)	-1.16%
FTSE 100	7,633.45	48.26	0.64%
DAX	14,436.31	(54.47)	-0.38%
Nikkei	25,820.80	103.94	0.40%
Hang Seng	21,052.17	259.06	1.25%
Shanghai	3,155.22	31.70	1.02%
KOSPI	2,264.65	8.67	0.38%
EIDO	21.60	(0.73)	-3.27%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,832.9	(21.7)	-1.17%
Crude Oil (\$/bbl)	73.67	0.83	1.14%
Coal (\$/ton)	397.50	2.95	0.75%
Nickel LME (\$/MT)	27,748	(2020.0)	-6.79%
Tin LME (\$/MT)	24,861	(234.0)	-0.93%
CPO (MYR/Ton)	4,090	(79.0)	-1.89%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	FR	15:50	S&P Global France Manufac. PMI	Dec F	49.2	48.9	48.9
2 - Jan.	ID	11:07	CPI YoY	Dec	5.51%	5.39%	5.42%
	GE	15:55	S&P Global/BME Germany Man. PMI	Dec F	47.1	47.4	47.4
Tuesday	US	21:45	S&P Global US Manufacturing PMI	Dec F	46.2	46.2	46.2
3 - Jan.	CH	08:45	Caixin China PMI Mfg	Dec	49.0	49.1	49.4
	GE	20:00	CPI MoM	Dec P	-0.8%	-0.6%	-0.5%
	GE	20:00	CPI YoY	Dec P	8.6%	9.0%	10.0%
Wednesday	US	19:00	MBA Mortgage Applications	Dec 30	-10.3%	--	-3.2%
4 - Jan.	US	22:00	ISM Manufacturing	Dec	48.4	48.5	49.0
	FR	14:45	CPI YoY	Dec P	5.9%	6.4%	6.2%
Thursday	US	02:00	FOMC Meeting Minutes	Dec 14	—	--	--
5 - Jan.	US	20:30	Trade Balance	Nov	-\$61.5 B	-\$63.0 B	-\$78.2 B
	US	20:30	Initial Jobless Claims	Dec 31	204 K	225 K	225 K
	CH	08:45	Caixin China PMI Composite	Dec	48.3	--	47.0
	CH	08:45	Caixin China PMI Services	Dec	48.0	46.8	46.7
	US	20:30	Change in Nonfarm Payrolls	Dec		200K	263K
Friday	US	20:30	Unemployment Rate	Dec		3.7%	3.7%
	GE	14:00	Retail Sales MoM	Nov		1.8%	-2.8%

Source: Bloomberg

United States 10 Years Treasury

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United States 10 Year, United States, NYSE:US10YT=X, D



Indonesia 10 Years Treasury

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