

Today's Outlook:

Core inflation data in Dec. from the Eurozone was recorded to fall to the level of 9.2% (lower than forecasts and the previous period), although core inflation still rose by 5.2% YoY vs the previous 5%. Moreover, Construction PMI (Dec.) England also shrunk to 48.8 from 50.4. The US ISM Non-Manufacturing Purchasing Managers' Index (PMI) fell to 49.6, lower than the forecast and previous period at 55 and 56.5, respectively. The three macro data above show the trend of overall economic contraction in various parts of the world, both from the consumer side and the producer side in the manufacturing and non-manufacturing sectors. Nonfarm Payrolls (Dec.) data also showed that it began to gentle with a labor increase of 223K, below the previous month of 256K, although the Unemployment Rate (Dec.) still grew by 3.5% indicating that worker demand is still at a high level. This fosters hope that finally the cure for high Inflation, which is aggressive rate hikes, is starting to show the expected effect with declining inflation rates and the business sectors starting to contract.

Corporate News

Indonesian Eximbank Prepares Principal Funds for Bonds. The Indonesian Export Financing Institution (LPEI) or Indonesian Eximbank (BEXI) prepared an IDR1.65 trillion fund to pay the bond principal. This readiness is related to the upcoming maturity of the Indonesian Eximbank III Sustainable Bonds III Phase IV Year 2018 Series B. The bonds will mature on February 14, 2023. The company emphasized that the funds have been placed in several liquid financial instruments, including banking institutions.

Domestic Issue

An Increase in Foreign Exchange Reserves Experience

Indonesia's foreign exchange reserves at the end of December 2022 reached USD 137.2 billion, went upwards by USD 3.2 billion from the position in November; owing to tax and service revenues, as well as the withdrawal of government loans. Thus, foreign exchange reserves have increased for two consecutive months after previously declining in the March-October 2022 period. Even so, the IDR exchange rate remains unmoved from the position of RP 15630 / USD, the reason is estimated due to the withdrawal of the above loans poses the risk of foreign exchange reserves falling again. This strengthens the forecast if the supply of USD in the country is quite thin, especially since the demand at the end of the year is also large. (CNBC Indonesia)

Recommendation

US10YT tests Support lower channel around 3.56-3.50. If this Support breaks, the yield of US10YT will weaken to the following Support of 3.42-3.4 and has the potential to disrupt the uptrend of medium-term yield. If it is able to rebound, then the upward path is quite winding. The US10YT should try to surpass the MA Resistance in the yield range of 3.68-3.76 first, before heading towards the resistance short-term yield at 3.85 and the previous high level 3.90. ADVISE: very Speculative Buy. **ID10YT has experienced strengthening towards the nearest term target of 7.11** and is currently in the midst of a pullback towards Support yield 7,056-7.04 / 7.02 / 6.98-7.0. ADVISE: Buy on Weakness because the TARGET of another bullish reversal pattern implies a potential up-swing until 7.2-7.23. ADVISE Average Up > 7.12.

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 : 96.07 (6.18%)
 FR0091 : 96.37 (6.91%)
 FR0093 : 96.22 (6.79%)
 FR0092 : 100.27 (7.10%)

FR0086 : 98.13 (6.14%)
 FR0087 : 97.62 (6.89%)
 FR0083 : 103.22 (7.17%)
 FR0088 : 94.17 (6.92%)

CDS of Indonesia Bonds

CDS 2yr: -2.32% to 40.88
 CDS 5yr: +0.50% to 96.52
 CDS 10yr: -1.95% to 161.48

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.98%	-0.02%
USDIDR	15,633	0.16%
KRWIDR	12.32	0.18%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,630.61	700.53	2.13%
S&P 500	3,895.08	86.98	2.28%
FTSE 100	7,699.49	66.04	0.87%
DAX	14,610.02	173.71	1.20%
Nikkei	25,973.85	153.05	0.59%
Hang Seng	20,991.64	(60.53)	-0.29%
Shanghai	3,157.64	2.42	0.08%
KOSPI	2,289.97	25.32	1.12%
EIDO	21.98	0.38	1.76%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,865.7	32.8	1.79%
Crude Oil (\$/bbl)	73.77	0.10	0.14%
Coal (\$/ton)	396.15	(1.35)	-0.34%
Nickel LME (\$/MT)	28,079	331.0	1.19%
Tin LME (\$/MT)	25,270	409.0	1.65%
CPO (MYR/Ton)	4,052	(38.0)	-0.93%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 9 - Jan.	CH	—	Money Supply M2 YoY	Dec		12.4%	12.4%
	ID	—	Consumer Confidence Index	Dec		—	119.1
	GE	14:00	Industrial Production SA MoM	Nov		—	-0.1%
Tuesday 10 - Jan.	US	18:00	NFIB Small Business Optimism	Dec		91.5	91.9
	US	22:00	Wholesale Inventories MoM	Nov F		1.0%	1.0%
	FR	14:45	Industrial Production YoY	Nov		—	-2.7%
	FR	14:45	Industrial Production MoM	Nov		—	-2.6%
Wednesday 11 - Jan.	US	19:00	MBA Mortgage Applications	Jan		—	-10.3%
	CH	—	FDI YTD YoY CNY	Dec		—	9.9%
Thursday 12 - Jan.	US	20:30	CPI MoM	Dec		0.0%	0.1%
	US	20:30	CPI YoY	Dec		6.6%	7.1%
	US	20:30	Initial Jobless Claims	Jan 7		—	204 K
	CH	08:30	PPI YoY	Dec		-0.1%	-1.3%
	CH	08:30	CPI YoY	Dec		1.8%	1.6%
	Friday 13 - Jan.	US	02:00	Monthly Budget Statement	Dec		—
US	22:00	U. of Mich. Sentiment	Jan P		60.5	59.7	
CH	—	Trade Balance	Dec		\$74.30 B	\$69.84 B	

Source: Bloomberg

United States 10 Years Treasury



Indonesia 10 Years Treasury



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