

Morning Brief

Daily | Feb. 10, 2023

Today's Outlook:

US stock indexes ended in negative territory, erasing earlier gains as Treasury yields rose after an auction of 30-year bonds went poorly as sales only reached USD 21 billion, with the final sale of USD 96 billion this week. Markets view the rising bond yields as an alternative investment that is more attractive than equities. On the other hand, the 2-year and 10-year bonds yields curve widened further at 85 points, the deepest inversion since the early 1980s. Thus, reigniting economic concerns even though market participants began to accept that the Federal Reserve must be hawkish again. This inverted yield curve also brought a negative sentiment to bank sector stocks, as the shorter tenor rate is higher than the long tenor, which will pressure the profitability of banking issuers' lending margin (credit sector). Germany's inflation rate (Jan.) is still burning at 8,7% YoY (although lower than the forecast of 8.9%, yet higher than the previous month's 8.6%). Meanwhile, US Initial Jobless Claims managed to rise to 196K, higher than the forecast and the last week's result.

Corporate News

Lippo Karawaci Repays Global Bond Debt. PT Lippo Karawaci Tbk (LPKR) obtained a syndicated credit facility of IDR6 trillion and made an initial withdrawal of IDR3.89 trillion to repay two senior debt securities totaling USD845 million, equivalent to IDR12.77 trillion. The funds obtained from the syndicated loan based on the syndicated loan agreement will be used to repay the 2025 bonds and 2026 bonds, as explained by the management in the disclosure. (Bisnis Indonesia)

Domestic Issue

Government Bond Yields Decline Supported by Inflow and Easing of Interest Rate Hikes

Government bond yields are on a downward trend. The interest rate easing and foreign investors' inflow into the country's bonds are the reasons behind the downward trend. The 10-year benchmark bond yield decreased from 6.90% to the lowest level of 6.55% in early February 2023. This decline in yields was driven by the entry of foreign investors into the government bond market. (Kontan)

Recommendation

ID10YT is still consistently undergoing a downtrend, even potentially returning to the Support level of the previous Low of around 6,544. ADVISE: Hold, Wait & See, preparing to reduce position. **US10YT yield remain to appear orderly, being on-the-way towards TARGET 3.77.** ADVISE: Average Up when 3.692 yield is broken.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.50%	Real GDP	5.01%	5.72%
FX Reserve (USD bn)	139.40	137.20	Current Acc (USD bn)	4.02	4.97
Trd Balance (USD bn)	3.89	5.16	Govt. Spending Yoy	-4.77%	-2.88%
Exports Yoy	6.58%	5.58%	FDI (USD bn)	5.14	4.70
Imports Yoy	-6.61%	-1.89%	Business Confidence	104.82	105.33
Inflation Yoy	5.28%	5.51%	Cons. Confidence*	123.00	119.90

PRICE OF BENCHMARK SERIES

FR0090 : 96.23 (6.16%)
FR0091 : 98.86 (6.54%)
FR0093 : 97.37 (6.66%)
FR0092 : 101.80 (6.95%)

FR0086 : 98.20 (6.13%)
FR0087 : 99.67 (6.55%)
FR0083 : 104.76 (7.02%)
FR0088 : 96.65 (6.63%)

CDS of Indonesia Bonds

CDS 2yr: +1.38% to 39.00
CDS 5yr: +1.71% to 86.96
CDS 10yr: +1.23% to 155.64

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.62%	-0.03%
USDIDR	15,095	-0.03%
KRWIDR	11.98	-0.00%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,699.88	(249.13)	-0.73%
S&P 500	4,081.50	(36.36)	-0.88%
FTSE 100	7,911.15	25.98	0.33%
DAX	15,523.42	111.37	0.72%
Nikkei	27,584.35	(22.11)	-0.08%
Hang Seng	21,624.36	340.84	1.60%
Shanghai	3,270.38	38.28	1.18%
KOSPI	2,481.52	(2.12)	-0.09%
EIDO	23.44	(0.06)	-0.26%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,861.8	(13.7)	-0.73%
Crude Oil (\$/bbl)	78.06	(0.41)	-0.52%
Coal (\$/ton)	225.50	(13.85)	-5.79%
Nickel LME (\$/MT)	29,142	1752.0	6.40%
Tin LME (\$/MT)	27,745	126.0	0.46%
CPO (MYR/Ton)	3,973	(24.0)	-0.60%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 6 - Feb.	ID	11:00	GDP YoY	4Q	5.01%	4.92%	5.72%
	ID	11:00	GDP QoQ	4Q	0.36%	0.35%	1.81%
	ID	11:00	GDP Annual YoY	2022	5.31%	5.30%	3.69%
Tuesday 7 - Feb.	US	20:30	Trade Balance	Dec	-\$67.4B	-\$68.5B	-\$61.5B
	CH	—	Foreign Reserves	Jan	\$3,184.4B	\$3,155.0B	\$3,127.6B
	ID	10:00	Foreign Reserves	Jan	\$139.4B	—	\$137.2B
Wednesday 8 - Feb.	US	19:00	MBA Mortgage Applications	Feb 3	7.4%	—	-9.0%
	US	22:00	Wholesale Inventories MoM	Dec F	0.1%	0.1%	0.1%
	ID	—	Consumer Confidence Index	Jan	123.0	—	119.9
	JP	06:50	BoP Current Account Balance	Dec	33.4B	112.0B	1,803B
	JP	06:50	Trade Balance BoP Basis	Jan	-1,225B	-1,115B	-1,537B
	KR	06:00	BoP Current Account Balance	Dec	\$2677.2M	—	-\$621.7M
Thursday 9 - Feb.	US	20:30	Initial Jobless Claims	Feb 4	196K	190K	183K
	US	20:30	Continuing Claims	Jan 28	1,688K	1,660K	1,655K
	CH	—	Money Supply M2 YoY	Jan	—	11.7%	11.8%
	JP	06:50	Money Stock M2 YoY	Jan	2.7%	—	2.9%
	GE	14:00	CPI YoY	Jan P	8.7%	8.9%	8.6%
	Friday 10 - Feb.	US	22:00	U. of Mich. Sentiment	Feb P	—	65.0
CH		08:30	CPI YoY	Jan	—	2.2%	1.8%
CH		08:30	PPI YoY	Jan	—	-0.4%	-0.7%
JP		06:50	PPI YoY	Jan	—	9.7%	10.2%

Source: Bloomberg

United States 10 Years Treasury



Indonesia 10 Years Treasury



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