

# Morning Brief

Daily | Feb. 13, 2023

## Today's Outlook:

**Treasury bond yields surged to a 1-month high** triggered by a lackluster on the 30-year Treasury bond auction. US consumer sentiment will improve in Feb. (mom), but households expect inflation to remain high for the next 12 months; as revealed by preliminary readings from the University of Michigan. Market participants will keep a close eye on the US inflation (Jan.) and Eurozone 4Q22 GDP that scheduled to be released this Thursday. The University of Michigan survey, which is crucial to the Fed's decision-making, expects US inflation this year to reach 4.2%, higher than the January forecast. Meanwhile, from the eastern side of the world, China's inflation rate rose to 2.1% (Jan.) from December's 1.8%, though still slightly lower than the 2.2% forecast as the economy starts to roll over due to the zero-covid policy that has ended. Market participants will evaluate several important domestic economic data and monetary decisions such as Trade Balance (Jan.) on Wednesday, which is expected to grow to USD 4.01 billion (vs. previous USD 3.89 billion), followed by the interest rate decision by Bank Indonesia on Thursday. The Rupiah exchange rate position will also draw attention as the USD continues strengthening to IDR 15202. Currently, USD is recorded at a 5-month high, while Gold prices at a 1-month low.

## Corporate News

**Pefindo Affirm 'idA+' Rating for OKI Pulp & Paper Mills' Bonds.** Indonesia's Credit Rating Agency (Pefindo) affirmed the "idA+" rating for PT OKI Pulp & Paper Mills' Bond II Series A Year 2022, due April 10, 2023, which amounted to IDR1.32 trillion. The Company plans to use cash and cash equivalents to pay off the bonds. As of September 30, 2022, the Company has cash and cash equivalents of USD 223.7 million. (Emiten News)

## Domestic Issue

### Government Earns IDR 24.05 Trillion from SUN Auction with Debt Switch Method

The repurchase auction of Government Securities (SUN) by debt switch is still the government's strategy for debt management. Director of Government Securities, the Directorate General of Financing and Risk Management (DJPPR), Ministry of Finance Deni Ridwan said, through the Many to Many mechanism, the government earned IDR 24.05 trillion from the debt switch. Meanwhile, the Many to Many mechanism is a debt switch auction by exchanging several series of SUNs that are repurchased (source bond) with several series of SUNs issued (destination bond). (Kontan)

## Recommendation

**ID10YT yield is still orderly moving in the down channel** and below MA10 & MA20, causing the level of 6.67-6.685 becomes the closest resistance to break this bearish trend. Neckline 6.79 to MA50 / 6.82 acts as the next resistance that will end the Bottoming pattern and free the yield to go bullish towards TARGET 7.06 / 7.20. ADVISE: HOLD, Average Up accordingly. **US10YT yield is still consistently on its way up towards the TARGET of 3.774**, and if it is able to break, then it will move further towards: 3.88-3.905 (= previous High level at the end of last year). ADVISE: HOLD, let your profit run; set your Trailing Stop.

## 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 : 98.61 (6.54%)  
FR0093 : 97.50 (6.65%)  
FR0092 : 101.65 (6.97%)

FR0086 : 98.19 (6.13%)  
FR0087 : 99.52 (6.58%)  
FR0083 : 104.87 (7.01%)  
FR0088 : 97.25 (6.56%)

## CDS of Indonesia Bonds

CDS 2yr: +3.05% to 40.19  
CDS 5yr: +4.08% to 90.51  
CDS 10yr: +2.20% to 159.06

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.67%	0.05%
USDIDR	15,134	0.26%
KRWIDR	11.97	-0.11%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,869.27	169.39	0.50%
S&P 500	4,090.46	8.96	0.22%
FTSE 100	7,882.45	(28.70)	-0.36%
DAX	15,307.98	(215.44)	-1.39%
Nikkei	27,670.98	86.63	0.31%
Hang Seng	21,190.42	(433.94)	-2.01%
Shanghai	3,260.67	(9.71)	-0.30%
KOSPI	2,469.73	(11.79)	-0.48%
EIDO	23.40	(0.04)	-0.17%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,865.6	3.8	0.20%
Crude Oil (\$/bbl)	79.72	1.66	2.13%
Coal (\$/ton)	226.10	0.60	0.27%
Nickel LME (\$/MT)	27,794	(1348.0)	-4.63%
Tin LME (\$/MT)	27,349	(396.0)	-1.43%
CPO (MYR/Ton)	3,931	(42.0)	-1.06%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	CH	—	FDI YTD YoY CNY	Jan	—	—	6.3%
13 - Feb.	GE	—	Wholesale Price Index YoY	Jan	—	—	12.8%
<b>Tuesday</b>	US	20:30	CPI YoY	Jan	6.2%	6.2%	6.5%
14 - Feb.	JP	06:50	GDP Annualized SA QoQ	4Q P	1.8%	1.8%	-0.8%
<b>Wednesday</b>	US	20:30	Retail Sales Advance MoM	Jan	1.7%	1.7%	-1.1%
15 - Feb.	US	21:15	Industrial Production MoM	Jan	0.5%	0.5%	-0.7%
	ID	—	Imports YoY	Jan	0.95%	0.95%	-6.61%
	ID	—	Trade Balance	Jan	\$3,258M	\$3,258M	\$3,890M
	ID	—	Exports YoY	Jan	12.95%	12.95%	6.58%
<b>Thursday</b>	US	20:30	Housing Starts	Jan	1,355K	1,355K	1,382K
16 - Feb.	US	20:30	Initial Jobless Claims	Feb 11	—	—	196K
	US	20:30	Continuing Claims	Feb 4	—	—	1,688K
	US	20:30	PPI Final Demand MoM	Jan	0.4%	0.4%	-0.5%
	ID	14:20	Bank Indonesia 7D Reverse Repo	Feb 15	5.75%	5.75%	5.75%
<b>Friday</b>	US	20:30	Import Price Index MoM	Jan	-0.1%	-0.1%	0.4%
17 - Feb.	US	20:30	Export Price Index MoM	Jan	-0.2%	-0.2%	-2.6%
	FR	14:45	CPI YoY	Jan F	—	—	6.0%

Source: Bloomberg

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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