

Morning Brief

Daily | Feb. 14, 2023

Today's Outlook:

The market patiently awaits US January inflation data later tonight (WIB). Survey expects the annual inflation rate to fall to 6.2% on yearly basis, from 6.4% in December; and rise to 0.5% from 0.1% (revised from -0.1%) on the monthly level. Core inflation (which excludes fuel prices) is expected to rise 0.4% MoM and 5.5% YoY. Japan and Eurozone await the release of their 4Q22 GDP data, while Japan expects to see an increase of 2% YoY from 0.8% previously; while Eurozone projects their 4Q22 GDP to at least be equal to the previous level of 1.9% YoY. The US Dollar weakened slightly in an attempt to consolidate after its rise to a 6-week high against the Japanese Yen amid expectations that the Federal Reserve will keep monetary policy tight for longer. At the same time, the next head of the BOJ (Bank of Japan) might not necessarily signal an imminent change in course from the negative rate policy.

Foreign capital outflow from the domestic financial market in the second week of February 2023. Based on transaction data for February 6-9, 2023, compiled by Bank Indonesia (BI), capital outflow left the government securities (SBN) market in a large amount, while at the same time, there was also foreign capital inflow entering the stock market. Foreign sold a net IDR3.11 trillion in the SBN market, yet bought a net of IDR 2.52 trillion in the stock market. Along with the exit of foreign from the domestic financial market, the investment risk premiums in Indonesia have also increased. As seen from Indonesia's five-year credit default swap (CDS) premiums that rose to 86.55 bps as of February 9, 2023, from 79.15 bps as of February 3, 2023. Given this progress, according to settlement data from the beginning of the year to February 9, 2023, non-residents purchased a net of IDR 49.57 trillion in the SBN market. At the same time, there was a capital outflow from the stock market of IDR3.06 trillion.

Corporate News

Issuing Green Bonds, Saudi Arabia's SWF Raises USD5.5 Billion. The Public Investment Fund (PIF) of Saudi Arabia's Sovereign Wealth Fund (SWF) issued green bonds amounted to USD5.5 billion. The bonds were oversubscribed six times, with offers reaching USD33 billion. The bonds were issued in three tranches, including US1.75 billion with a 7-year tenor, USD 2 billion with a 12-year tenor, and USD1.75 billion with a 30-year tenor. (Republika)

Domestic Issue

Through the DJPPR Kemenkeu, the government will conduct an auction of Rupiah-denominated Government Bonds (SUN). The target of the SUN auction is IDR 23 trillion to IDR 34.5 trillion. The government will auction seven series of SUN on Tuesday, consisting of two series of State Treasury Notes (SPN), namely, SPN03230517 and SPN12240201; and five series of State Bonds (ON), namely FR0095, FR0096, FR0098, FR0097, DR0089. (IDX CHANNEL)

Recommendation

ID10YT confirmed the PARALLEL CHANNEL pattern's break, thus breaking the yield's downtrend. It is currently testing MA50 Resistance at the yield level of 6.82; if a short pullback should occur, then the nearest Support is the MA10 & MA20, with a range around 6.8-6.815. On the other hand, a break above the High yield point of 6.851 as the nearest Resistance will make ID10YT yield race towards TARGET 7.0-7.055, or at least close the GAP at yield 7.202. ADVISE: Average Up accordingly.

US10YT YIELD pullback momentarily approaching the upside TARGET area around 3,774. The current closest support is the MA10 at 3.658; if that is not capable of holding the yield down, it will look for the second support, which is the trendlines and other MA of around 3.626-3.57. ADVISE: HOLD; Uptrend is still assumed intact; 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	: 96.25 (6.16%)
FR0091	: 98.44 (6.60%)
FR0093	: 98.05 (6.59%)
FR0092	: 101.80 (6.95%)
FR0086	: 98.08 (6.17%)
FR0087	: 99.34 (6.61%)
FR0083	: 104.82 (7.01%)
FR0088	: 93.82 (6.97%)

CDS of Indonesia Bonds

CDS 2yr	: +0.72% to 40.48
CDS 5yr	: -0.40% to 92.25
CDS 10yr	: +0.32% to 159.57

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.74%	0.07%
USDIDR	15,195	0.40%
KRWIDR	11.90	-0.53%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,245.93	376.66	1.11%
S&P 500	4,137.29	46.83	1.14%
FTSE 100	7,947.60	65.15	0.83%
DAX	15,397.34	89.36	0.58%
Nikkei	27,427.32	(243.66)	-0.88%
Hang Seng	21,164.42	(26.00)	-0.12%
Shanghai	3,284.16	23.49	0.72%
KOSPI	2,452.70	(17.03)	-0.69%
EIDO	23.39	(0.01)	-0.04%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,853.5	(12.1)	-0.65%
Crude Oil (\$/bbl)	80.14	0.42	0.53%
Coal (\$/ton)	221.00	(5.10)	-2.26%
Nickel LME (\$/MT)	27,794	(1348.0)	-4.63%
Tin LME (\$/MT)	27,349	(396.0)	-1.43%
CPO (MYR/Ton)	3,923	(8.0)	-0.20%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	CH	—	FDI YTD YoY CNY	Jan	—	—	6.3%
13 - Feb.	GE	—	Wholesale Price Index YoY	Jan	—	—	12.8%
Tuesday	US	20:30	CPI YoY	Jan		6.2%	6.5%
14 - Feb.	JP	06:50	GDP Annualized SA QoQ	4Q P		1.8%	-0.8%
Wednesday	US	20:30	Retail Sales Advance MoM	Jan		1.7%	-1.1%
15 - Feb.	US	21:15	Industrial Production MoM	Jan		0.5%	-0.7%
	ID	—	Imports YoY	Jan		0.95%	-6.61%
	ID	—	Trade Balance	Jan		\$3,258M	\$3,890M
	ID	—	Exports YoY	Jan		12.95%	6.58%
Thursday	US	20:30	Housing Starts	Jan		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%	-0.5%
	ID	14:20	Bank Indonesia 7D Reverse Repo	Feb 15		5.75%	5.75%
Friday	US	20:30	Import Price Index MoM	Jan		-0.1%	0.4%
17 - Feb.	US	20:30	Export Price Index MoM	Jan		-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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