

Morning Brief

Daily | Feb. 15, 2023

Today's Outlook:

The US Inflation (Jan.) data came in at 6.4% YoY due to higher rent and food costs; higher than expected at 6.2%, though lower than 6.5% in Dec. Meanwhile, Core Inflation still grew at 5.6% YoY, which is above the forecast of 5.5% and lower than 5.7% in Dec. Market traders are betting on at least two more 25 basis point rate hikes this year, in March and May; bringing the FFR to peak at 5.28% in July. From the Europe, UK's labor market data showed solid numbers, leaving the US & EU with the same concerns of untamed inflationary pressures. Eurozone's 4Q22 GDP was reported as expected at 1.9% YoY and 0.1% QoQ, indicating an economic slowdown towards recession began to appear as a result of the European Central Bank's 3% interest rate hike since July. European market began to consider another 1% hike before the ECB's benchmark rate peaked; anticipating the release of UK Inflation (Jan.) data later this afternoon (WIB), where it remains at a double-digit level of 10.5% YoY in the last reading. From the East, Japan's 4Q22 GDP showed growth below expectation at 0.6% YoY and 0.2% QoQ, yet moving into positive territory from 3Q22's -1% YoY and -0.3% QoQ.

Meanwhile, the Wall Street index was volatile; US Treasury yields increased, triggered by the market's expectations of a continued tight monetary policy. The 10-year US Treasury yield benchmark rose by 2.8 bps to 3.747%; while the 30-year yield fell 1.2 bps to 3.7799%. The 2-year UST yield also experienced an increase of 8.1 bps to 4.6154%, a 3-month high.

Corporate News

Bank Panin Prepares Funds to Repay Maturing Bonds. Bank Panin has prepared funds to repay maturing bonds. Currently, the funds to pay off the bonds are placed in reverse repo instruments. Referring to data from the Indonesian Central Securities Depository (KSEI), Bank Panin's sustainable bonds II phase III 2018 will mature on Monday, February 27, 2023. (Issuer News)

Domestic Issue

Investors who are still cautious and in a wait-and-see stance over the release of US Inflation data, are considered as a contributing factor to the decline in the bidding for the auction of government bonds (SUN) on Tuesday. In yesterday's SUN auction, the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance recorded that the total incoming bid at the SUN auction was IDR 55.98 trillion. Unfortunately, the bids in today's auction were lower than the results of the previous SUN auction on January 31, 2023, which reached IDR 67.08 trillion. Meanwhile, the government managed to absorb IDR 20 trillion in yesterday's auction. This figure is also below the minimum target set by the government, which is IDR 23 trillion. (KONTAN)

Recommendation

ID10YT yield maintains its position above the upper channel support after breaking the downtrend. A reasonable pullback is still tolerated as long as the yield does not break below MA10 & MA20, aka below 6,680-6,668; thus there is still a possibility of heading towards TARGET: 6.79-6.815 / 7.0 / 7.06 / 7.20. ADVISE: Buy on Weakness, Average Up accordingly.

While the **US10YT yield had attempted a breakout to touch the High level of 3.791**, the final result still did not leave the Resistance area of 3.774. Although the US10YT yield has approached the short-term TARGET, it is not yet necessary to take profit now. The uptrend is assumed to be intact, since the yield is still orderly moving above MA10 / 3,684 as the nearest Support. ADVISE: Set your Trailing Stop; Average Up accordingly.

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	: 96.15 (6.19%)
FR0091	: 98.43 (6.60%)
FR0093	: 97.67 (6.63%)
FR0092	: 101.80 (6.95%)
FR0086	: 98.12 (6.16%)
FR0087	: 99.27 (6.62%)
FR0083	: 104.78 (7.01%)
FR0088	: 93.67 (6.99%)

CDS of Indonesia Bonds

CDS 2yr	: -1.79% to 39.75
CDS 5yr	: -3.05% to 89.80
CDS 10yr	: -1.29% to 157.51

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.72%	-0.02%
USDIDR	15,160	-0.23%
KRWIDR	11.95	0.39%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,089.27	(156.66)	-0.46%
S&P 500	4,136.13	(1.16)	-0.03%
FTSE 100	7,953.85	6.25	0.08%
DAX	15,380.56	(16.78)	-0.11%
Nikkei	27,602.77	175.45	0.64%
Hang Seng	21,113.76	(50.66)	-0.24%
Shanghai	3,293.28	9.12	0.28%
KOSPI	2,465.64	12.94	0.53%
EIDO	23.51	0.12	0.51%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,854.3	0.8	0.04%
Crude Oil (\$/bbl)	79.06	(1.08)	-1.35%
Coal (\$/ton)	219.50	(1.50)	-0.68%
Nickel LME (\$/MT)	26,627	(1167.0)	-4.20%
Tin LME (\$/MT)	27,528	179.0	0.65%
CPO (MYR/Ton)	3,956	33.0	0.84%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	CH	—	FDI YTD YoY CNY	Jan	—	—	6.3%
<i>13 - Feb.</i>	GE	—	Wholesale Price Index YoY	Jan	—	—	12.8%
Tuesday	US	20:30	CPI YoY	Jan	6.4%	6.2%	6.5%
<i>14 - Feb.</i>	JP	06:50	GDP Annualized SA QoQ	4Q P	0.6%	2.0%	-0.8%
Wednesday	US	20:30	Retail Sales Advance MoM	Jan		1.7%	-1.1%
<i>15 - Feb.</i>	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
<i>16 - Feb.</i>	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%
<i>17 - Feb.</i>	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

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Indonesia 10 Years Treasury

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