

Morning Brief

Daily | Feb. 16, 2023

Today's Outlook:

USD rallied along with an increase in US Treasury yield; amid the release of US Retail Sales (Jan.) data that rallied to a 2-year high, implying a resilient economy in terms of consumer spending; indicating the US central bank will keep interest rate high for a while longer. The Retail Sales figure rose to 3%, clearly higher than the previous month's 1.1% forecast. Similarly, the UK inflation (Jan.) figure has yet to leave the double-digit level, holding at 10.1% YoY, lower than the forecast of 10.3% and the previous month's 10.5%. The market will pay attention to several important economic data that will still come out today from the US, namely Building Permits (Jan.), Housing Starts (Jan.), Initial Jobless Claims, Philadelphia Fed Manufacturing Index (Feb.), and not the producer-side inflation rate or PPI (Jan.). The market is quite confident that the above reports will determine the direction of the Fed's monetary policy ahead.

The Indonesia government released a Trade Balance (Jan.) data, which recorded to experience a surplus for the 33rd consecutive month, at USD3.87 billion; which posted a surplus for the 33rd consecutive month, at USD3.87 billion (Jan.); beating market expectation at USD3.35 billion and increasing year-on-year from USD960 million in the same month last year. The market will keep a close eye on Indonesia's interest rate announcement today, where the market is expecting the rate will remain at 5.75%; or at least a 25 bps hike, bringing BI7DRR to 6%.

Corporate News

Bank Mandiri Bonds Receive a Stable Outlook Rating from Pefindo. PT Bank Mandiri (Persero) Tbk received the highest rating of idAAA or stable outlook for its bonds from PT Pefindo (Pefindo). The rating was given to Sustainable Bonds I Phase I Series B and Series C Year 2016, Phase II Series B and Series C Year 2017, Phase III Year 2018 and Sustainable Bonds II PHase I Series A and Series B Year 2020 of Bank Mandiri that worth IDR11.9 trillion for the period of February 9, 2023 to February 1, 2024. (Bisnis Indonesia)

Domestic Issue

This Year's Bond Yield Projection from Pefindo

Pefindo projects that the yield range for 10-year bonds will be at 7.60%-7.66% throughout 2023. Meanwhile, for 5-year bonds, Pefindo projects that it will be in the range of 7.10% - 7.15% in 2023. With the benchmark yield assumption, Pefindo predicts that the coupon rate for 5-year corporate bonds with AAA rating will be in the range of 7.73%-8.12% in 2023. Meanwhile, the BBB rating with a 5-year tenor will be in the range of 12.51%-12.82% in 2023. (Kontan)

Recommendation

ID10YT Yield is speeding northward ahead of the interest rate decision by Bank Indonesia today; surpassing Resistance yield of 6.827 and seems to be steadily heading towards the TARGET of 7.06 / 7.202 / 7.234. ADVISE: Average Up accordingly.

While **the US10YT yield has no sign of stopping its strengthening** even after reaching the TARGET of 3.832 as the Federal Reserve's hawkish view has returned, responding to the US Retail Sales & Inflation that have just been released in recent days. It is not impossible that the US10YT yield will try to surpass the Resistance from the previous High level of 3.905; the TARGET for the longer time-frame is located in the yield area: 4.243 / 4.338 / 4.514. ADVISE: 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)	3.87	3.89	Govt. Spending Yoy	-4.77%	-2.88%
Exports Yoy	16.37%	6.58%	FDI (USD bn)	5.14	4.70
Imports Yoy	1.27%	-6.61%	Business Confidence	104.82	105.33
Inflation Yoy	5.28%	5.51%	Cons. Confidence*	123.00	119.90

PRICE OF BENCHMARK SERIES

FR0090	: 96.08 (6.21%)
FR0091	: 98.09 (6.66%)
FR0093	: 97.62 (6.63%)
FR0092	: 100.95 (7.03%)
FR0086	: 98.08 (6.18%)
FR0087	: 99.08 (6.65%)
FR0083	: 104.24 (7.07%)
FR0088	: 93.67 (6.99%)

CDS of Indonesia Bonds

CDS 2yr	: +1.06% to 40.17
CDS 5yr	: +0.93% to 90.64
CDS 10yr	: +0.73% to 158.65

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.76%	0.04%
USDIDR	15,204	0.29%
KRWIDR	11.86	-0.76%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,128.05	38.78	0.11%
S&P 500	4,147.60	11.47	0.28%
FTSE 100	7,997.83	43.98	0.55%
DAX	15,506.34	125.78	0.82%
Nikkei	27,501.86	(100.91)	-0.37%
Hang Seng	20,812.17	(301.59)	-1.43%
Shanghai	3,280.49	(12.79)	-0.39%
KOSPI	2,427.90	(37.74)	-1.53%
EIDO	23.40	(0.11)	-0.47%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,836.0	(18.3)	-0.99%
Crude Oil (\$/bbl)	78.59	(0.47)	-0.59%
Coal (\$/ton)	219.90	0.40	0.18%
Nickel LME (\$/MT)	26,459	(168.0)	-0.63%
Tin LME (\$/MT)	26,817	(711.0)	-2.58%
CPO (MYR/Ton)	3,936	(20.0)	-0.51%

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	3.0%	1.7%	-1.1%
<i>15 - Feb.</i>	US	21:15	Industrial Production MoM	Jan	0.0%	0.5%	-0.7%
	ID	—	Imports YoY	Jan	1.27%	0.95%	-6.61%
	ID	—	Trade Balance	Jan	\$3,870M	\$3,258M	\$3,890M
	ID	—	Exports YoY	Jan	16.37%	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



Indonesia 10 Years Treasury



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