

Morning Brief

Daily | Feb. 2, 2023

Today's Outlook:

Federal Reserve chair Jerome Powell set a 25 bps benchmark rate hike, bringing the FFR to a range of 4.5%-4.75%, the highest level since 2007. The Fed also acknowledged that inflation was starting to ease and disinflation had started to happen but still emphasized that the interest rate be increased further and remain elevated at least through 2023 (between 5%-5.25% as per December projections); without derailing the "modest" economic growth and "robust" job gains. This assumption was supported by the latest economic data, which revealed an unexpected rise in job openings as US JOLTS Job Openings (Dec.) came in at 11.012 million (vs. forecast 10.250 million, vs. previous 10.440 million); while ISM Manufacturing PMI (Jan.) appeared more contractionary at 47.4 (vs. forecast 47 & vs. previous 48.4) as high prices suppressed demand. After the press conference, money markets were betting on a terminal rate of 4.892% in June (from 4.92% previously) and rest at 4.4% by the end of December this year. Meanwhile, the 2-year Treasury yield, with the most sensitive maturity to Fed policy, fell sharply by 10 bps to 4.1%. The US Dollar also weakened against several other major world currencies. The Fed stated that the next interest rate hike would be implemented in fractions of 25 bps but still emphasized that the inflation rate target to be achieved is at the level of 2%.

Corporate News

Fitch Ratings Assigns AA+ Rating to TBIG Bonds. Fitch Ratings Indonesia has assigned the bond issuance of PT Tower Bersama Infrastructure Tbk's (TBIG) with a BBB-/AA+(idn)/Stable rating up to IDR2.5 trillion 'AA+(idn)' Long-Term National Rating. The bonds will be the sixth phase of the company's IDR15 trillion bond program, and all net proceeds will be used to refinance its subsidiaries' debt. (Emiten News)

Domestic Issue

The government will hold an auction of Sharia Securities (SBSN) or state sukuk on February 7, 2023. This auction aims to fulfill part of the financing target in the 2023 State Budget (APBN). The indicative target for next week's state sukuk auction is IDR 14 trillion. The underlying assets in the sukuk auction are projects or activities in the 2023 State Budget and State Property. The SBSN to be auctioned are the State Treasury Securities - Sharia (SPN-S) and Project Based Sukuk (PBS) series. (KONTAN).

Recommendation

ID10YT is continuing its downtrend, with an orderly retreat when it touched the upper channel Resistance area at yield 6,805 yesterday. The closing position is also lower than the first Support: MA20 / 6.76, opening a more significant opportunity for ID10YT yield to continue going down & testing the following Support at MA10 / 6.69. ADVISE: Hold; Buy on Weakness 6.69-6.62. **US10YT yield tested the medium-term Support** exactly at the Low of 3.387 yesterday; therefore, the status is considered a very SPECULATIVE BUY. US10YT will only end this Bottoming phase & save the ongoing uptrend when it is able to climb back above the third Moving Average or Resistance 3.48-3.58. NHKSI RESEARCH suggests to WAIT & SEE for a while to confirm that the current Support level is strong & could result in a technical rebound.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.50%	Real GDP	5.50%	5.25%
FX Reserve (USD bn)	137.20	134.00	Current Acc (USD bn)	137.20	134.00
Trd Balance (USD bn)	3.89	5.16	Govt. Spending Yoy	4.97	5.67
Exports Yoy	6.58%	5.58%	FDI (USD bn)	5.58%	12.30%
Imports Yoy	-6.61%	-1.89%	Business Confidence	-1.89%	17.44%
Inflation Yoy	5.28%	5.51%	Cons. Confidence*	5.51%	5.42%

PRICE OF BENCHMARK SERIES

FR0090 : 96.31 (6.14%)
FR0091 : 98.41 (6.61%)
FR0093 : 98.23 (6.57%)
FR0092 : 102.36 (6.90%)

FR0086 : 98.24 (6.11%)
FR0087 : 99.37 (6.60%)
FR0083 : 105.18 (6.98%)
FR0088 : 95.62 (6.75%)

CDS of Indonesia Bonds

CDS 2yr: -4.43% to 36.96
CDS 5yr: -4.73% to 84.11
CDS 10yr: -3.50% to 149.48

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.66%	-0.05%
USDIDR	14,975	-0.10%
KRWIDR	12.16	-0.08%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,092.96	6.92	0.02%
S&P 500	4,119.21	42.61	1.05%
FTSE 100	7,761.11	(10.59)	-0.14%
DAX	15,180.74	52.47	0.35%
Nikkei	27,346.88	19.77	0.07%
Hang Seng	22,072.18	229.85	1.05%
Shanghai	3,284.92	29.25	0.90%
KOSPI	2,449.80	24.72	1.02%
EIDO	23.60	0.37	1.59%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,950.5	22.2	1.15%
Crude Oil (\$/bbl)	76.41	(2.46)	-3.12%
Coal (\$/ton)	247.00	(4.75)	-1.89%
Nickel LME (\$/MT)	30,344	1125.0	3.85%
Tin LME (\$/MT)	29,490	(319.0)	-1.07%
CPO (MYR/Ton)	3,815	(121.0)	-3.07%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 30 - Jan.	US	22:30	Dallas Fed Manf. Activity	Jan	-18.4	-15.0	-18.8
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Tuesday 31 - Jan.	US	22:00	Conf. Board Consumer Confidence	Jan	107.1	109.0	108.3
	CH	08:30	Manufacturing PMI	Jan	50.1	50.1	47.0
	JP	06:30	Jobless Rate	Dec	2.5%	2.5%	2.5%
	JP	06:50	Retail Sales YoY	Dec	3.8%	3.2%	2.6%
	FR	13:30	GDP QoQ	4Q P	0.1%	0.0%	0.2%
Wednesday 1 - Feb.	US	21:45	S&P Global US Manufacturing PMI	Jan F	46.9	46.8	46.8
	US	22:00	ISM Manufacturing	Jan	47.4	48.0	48.4
	CH	08:45	Caixin China PMI Mfg	Jan	49.2	49.8	49.0
	ID	—	S&P Global Indonesia PMI Mfg	Jan	51.3	—	50.9
	ID	—	CPI YoY	Jan	5.28%	5.40%	5.51%
Thursday 2 - Feb.	US	02:00	FOMC Rate Decision (Lower Bound)	Feb 1		4.50%	4.25%
	US	02:00	FOMC Rate Decision (Upper Band)	Feb 1		4.75%	4.50%
	US	20:30	Initial Jobless Claims	Jan 28		—	186 K
	US	22:00	Factory Orders	Dec		1.5%	-1.8%
	US	22:00	Durable Goods Orders	Dec F		—	5.6%
Friday 3 - Feb.	US	20:30	Personal Income	Dec		0.2%	0.4%
	US	20:30	Personal Spending	Dec		-0.1%	0.1%
	JP	06:30	Tokyo CPI YoY	Jan		4.0%	4.0%

Source: Bloomberg

United States 10 Years Treasury



Indonesia 10 Years Treasury



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