

# Morning Brief

Daily | Feb. 20, 2023

## Today's Outlook:

Ahead in the week, market participants will be looking towards series of important macroeconomic data; preliminary services and manufacturing PMIs, existing home sales, FOMC meeting minutes, GDP and PCE data as well as personal spending and Michigan consumer sentiment and expectations. Meanwhile, several comments from Federal Reserve officials will also be closely monitored. On the bond markets, United States 10-Year rates were at 6-week highs of 3.822%. Overseas sentiment was colored by the expectation of an increasingly hawkish Fed considering the economic data that has been released last week, showing the level of Inflation is still relatively high, the solidity of the labor market; as well as the strong purchasing power of the people; suggesting the Fed still has a reason to raise interest rates. Goldman Sachs & Bank of America even predicted three more rate hikes this year at 25bps each. Market participants are starting to expect the Fed Funds Rate may peak at 5.3% in July.

From the other side, the Eurozone PMI, Germany Ifo Business Climate Index, and European CPI will also play an important role in the direction of global monetary policy. The Bank of Japan is starting to point to Kazuo Ueda as the leader, who is expected to start work this April, as market participants will be watching his comments on controlling the yield curve in the USD 8 trillion within the Japanese bond market. As for domestic bond trading earlier this week, it will rely more on domestic catalysts as the US market will be on holiday this Monday

## Corporate News

**Bank BTN to Issue Retail Bonds and ABS.** PT Bank Tabungan Negara (Persero) Tbk will raise funds from the capital market by issuing Asset-Backed Securities or ABS and bonds in 2023. In the third quarter of this year, the company plans to issue bonds worth IDR 1 trillion and issue the ABS amounted 500 billion in the second quarter of this year. Additionally, the funds is planned to support the company's credit and business in 2023. (Kontan)

## Domestic Issue

### Corporate Bond Coupons Predicted to Attract More Interest

Corporate bond coupons are getting more appealing as interest rates rise. The prospect of an increase in corporate bond coupons will continue because the world's central banks still have the potential to lift interest rates even higher. Pefindo Economist Suhindarto explained, along with the trend of interest rates that are still rising, the coupons of debt securities issued in January 2023 have also increased. On average, during January 2023, the bond coupon was 9.51%. The coupon rate is higher than January 2022, which was 8.41%. (Kontan)

## Recommendation

**US10YT has reached the TARGET of yield strengthening at 3.905** (even overshooting to 3.929) and left a Shooting Star-like candle at the Resistance area; which indicates a potential bearish reversal. ADVISE: Uptrend is actually still quite strong because the price is still moving above MA10 (3,738 is the Support now) so it is not yet urgent to take profit. Best advise: set your Trailing Stop if you don't want to sell now.

**ID10YT seems to prepare a base for a stronger Uptrend**, as evidenced by the price being kept above MA10 & MA20 which have started to golden cross again after 5 weeks. The ID10YT yield must be able to break out MA50 / 6.8 Resistance (up to 6,827) to be able to move more freely towards TARGET 7.06 / 7.20-7.234.

## Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.75%	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 : 96.02 (6.23%)  
FR0091 : 98.26 (6.63%)  
FR0093 : 97.75 (6.62%)  
FR0092 : 100.95 (7.03%)

FR0086 : 97.83 (6.27%)  
FR0087 : 99.38 (6.60%)  
FR0083 : 104.47 (7.04%)  
FR0088 : 93.72 (6.98%)

## CDS of Indonesia Bonds

CDS 2yr: +4.77% to 42.03  
CDS 5yr: +0.69% to 93.09  
CDS 10yr: +3.47% to 163.78

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.74%	0.04%
USDIDR	15,203	0.30%
KRWIDR	11.70	-0.84%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,826.69	129.84	0.39%
S&P 500	4,079.09	(11.32)	-0.28%
FTSE 100	8,004.36	(8.17)	-0.10%
DAX	15,482.00	(51.64)	-0.33%
Nikkei	27,513.13	(183.31)	-0.66%
Hang Seng	20,719.81	(267.86)	-1.28%
Shanghai	3,224.02	(25.01)	-0.77%
KOSPI	2,451.21	(24.27)	-0.98%
EIDO	23.18	(0.11)	-0.47%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,842.4	6.0	0.33%
Crude Oil (\$/bbl)	76.34	(2.15)	-2.74%
Coal (\$/ton)	209.35	(4.65)	-2.17%
Nickel LME (\$/MT)	25,793	(696.0)	-2.63%
Tin LME (\$/MT)	25,856	(1148.0)	-4.25%
CPO (MYR/Ton)	4,131	62.0	1.52%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	CH	08:15	5-Year Loan Prime Rate	Feb 20		4.30%	4.30%
20 - Feb.	ID	10:00	BoP Current Account Balance	4Q		\$4,475M	\$4,400M
<b>Tuesday</b>	US	21:45	S&P Global US Manufacturing PMI	Feb P		47.0	46.9
21 - Feb.	US	22:00	Existing Home Sales	Jan		4.11M	4.02M
	JP	07:30	Jibun Bank Japan PMI Mfg	Feb P		—	48.9
	KR	04:00	Consumer Confidence	Feb		—	90.7
<b>Wednesday</b>	KR	04:00	Business Survey Manufacturing	Mar		—	65
22 - Feb.	GE	14:00	CPI YoY	Jan F		8.7%	8.7%
<b>Thursday</b>	US	02:00	FOMC Meeting Minutes	Feb 1		—	—
23 - Feb.	US	20:30	GDP Annualized QoQ	4Q S		2.9%	2.9%
	US	20:30	Initial Jobless Claims	Feb 18		—	194K
	US	20:30	Continuing Claims	Feb 11		—	1,696K
<b>Friday</b>	US	20:30	Personal Income	Jan		1.0%	0.2%
24 - Feb.	US	20:30	Personal Spending	Jan		1.0%	-0.2%
	US	20:30	New Home Sales	Jan		620K	616K
	US	22:00	U. of Mich. Sentiment	Feb F		66.4	66.4

Source: Bloomberg

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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