

Morning Brief

Daily | Feb. 23, 2023

Today's Outlook:

The market participants digested the FOMC Meeting Minutes result, which stated that almost all Federal Reserve officials agreed to set the upcoming interest rate hike to 25 bps and bring the FFR to 4.75% at the next FOMC in March. In addition, they also emphasized that high inflation would remain a key factor that would shape monetary policy, and further rate hikes would be necessary until it was controlled (flattening). Money market participants expect Fed Fund Rate to peak at 5.35% by July and stay around those levels till the end of 2023. The 10-year US Treasury rallied, closing around its highest point of the day.

Meanwhile, from the Europe region, German CPI (Feb.) came in at 8.7% as per market consensus, meaning it is still higher than January at 8.6%, signaling inflation is still hard to beat. This will pave the way for the European Central Bank's plan to raise interest rates by 50 bps in March; uniting these Western countries in a tight monetary policy. Several macroeconomic data are scheduled to come out today, one of which is from the Eurozone: Inflation (Jan.) and US: 4Q22 GDP, Initial Jobless Claims, and Crude Oil Inventories. As for the energy index has fallen for seven consecutive sessions, triggered by concerns that an economic slowdown will reduce global demand.

Corporate News

S&P 500: Property Bonds Will Be Sluggish This Year Rating agency S&P Global predicts that the property sector of the bond market will be sluggish this year as companies are expected to conduct limited expansion through debt instruments. In its research, S&P said the sector will be more conservative in preparing capital expenditure (CapEx) budgets due to rising construction costs and the effect of the 2024 Elections, which is estimated to increase by five percent. S&P Global mentioned that several property issuers need funds in 2023 and 2024, such as PT Agung Podomoro Land Tbk (APLN), PT Bumi Serpong Damai Tbk (BSDE), and PT Alam Sutera Realty Tbk (ASRI). (Bisnis.com)

Domestic Issue

S&P Prediction: Indonesian Corporate Bonds in 2023 Is Stable S&P Global assesses that corporate bonds in Indonesia will tend to remain stable in 2023. According to the S&P publication, bonds that will mature from 2023 to 2025, with a value of USD 3 million to USD 3.5 million, mostly consist of large-cap companies and state-owned enterprises. In addition, S&P also noted that bonds issued by smaller companies that will mature in 2023 and 2023 had made restructuring, renegotiation, and refinancing last year, which are expected to push maturity to be postponed up to 2026 to bring relief to the market and mitigate the impact caused by uncertainty ahead of the 2024 elections. (Bisnis.com)

Recommendation

US10YT US10YT seems to confirm that it forms a DOUBLE BOTTOM bullish reversal pattern with significant upside potential towards the TARGET yield of 4.48-4.49 (equivalent to the previous pattern target of Falling Wedge). Currently, the Neckline Support test is underway at the level of 3,905. ADVISE: Average Up accordingly after the Support Test proves successful and the yield rises above the previous High level of 3,966 - 4.0 (psychological level).

ID10YT ID10YT surged to 6,862 level from the 6,731 level previously, placing the yield above MA50 Resistance, confirming several bullish reversal patterns, and paving the way for strengthening towards TARGET yields: 6.99-7.0 / 7.06 / 7.19-7.20. ADVISE: Average Up accordingly above 6.904.

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)	4.54	4.02
Trd Balance (USD bn)	3.87	3.89	Govt. Spending Yoy	-4.77%	-2.88%
Exports Yoy	16.37%	6.58%	FDI (USD bn)	5.27	5.14
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	: 95.76 (6.30%)
FR0091	: 97.78 (6.70%)
FR0093	: 97.50 (6.65%)
FR0092	: 100.72 (7.06%)
FR0086	: 97.74 (6.30%)
FR0087	: 98.91 (6.68%)
FR0083	: 104.34 (7.06%)
FR0088	: 97.50 (6.53%)

CDS of Indonesia Bonds

CDS 2yr:	-0.88% to 44.66
CDS 5yr:	+1.78% to 101.42
CDS 10yr:	-0.94% to 171.39

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.77%	0.03%
USDIDR	15,202	0.08%
KRWIDR	11.65	-0.64%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,045.09	(84.50)	-0.26%
S&P 500	3,991.05	(6.29)	-0.16%
FTSE 100	7,930.63	(47.12)	-0.59%
DAX	15,399.89	2.27	0.01%
Nikkei	27,104.32	(368.78)	-1.34%
Hang Seng	20,423.84	(105.65)	-0.51%
Shanghai	3,291.15	(15.38)	-0.47%
Kospi	2,417.68	(41.28)	-1.68%
EIDO	22.90	(0.17)	-0.74%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,825.4	(9.7)	-0.53%
Crude Oil (\$/bbl)	73.95	(2.41)	-3.16%
Coal (\$/ton)	209.65	1.15	0.55%
Nickel LME (\$/MT)	26,431	(674.0)	-2.49%
Tin LME (\$/MT)	26,848	(678.0)	-2.46%
CPO (MYR/Ton)	4,146	5.0	0.12%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	CH	08:15	5-Year Loan Prime Rate	Feb 20	4.30%	4.30%	4.30%
20 - Feb.	ID	10:00	BoP Current Account Balance	4Q	\$4,300M	\$4,475M	\$4,400M
Tuesday	US	21:45	S&P Global US Manufacturing PMI	Feb P	47.8	47.0	46.9
21 - Feb.	US	22:00	Existing Home Sales	Jan	4.00M	4.11M	4.02M
	JP	07:30	Jibun Bank Japan PMI Mfg	Feb P	47.4	—	48.9
	KR	04:00	Consumer Confidence	Feb	90.2	—	90.7
Wednesday	KR	04:00	Business Survey Manufacturing	Mar	66	—	65
22 - Feb.	GE	14:00	CPI YoY	Jan F	8.7%	8.7%	8.7%
Thursday	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
Friday	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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