

Morning Brief

Daily | Feb. 24, 2023

Today's Outlook:

The market participants digested the macro data that continued to show the strength of the US economy, validating the Federal Reserve's tight monetary policy stance. Initial Jobless Claims fell to an unexpected 192K from 200K (lower than the previous period's 195K), indicating the labor market is still tight. The US 4Q22 GDP report confirmed the economy grew solidly at 2.7%, albeit lower than the 2.9% forecast and from the previous quarter's 3.2%. The 4Q22 Personal Consumption Expenditures (PCE) reading, the Fed's preferred inflation measure, was revised upward to 3.7%; indicating inflation was much stronger than initially expected. From Europe, the Eurozone CPI (Jan.) reading did not budge at 8.6% YoY as expected, a downward from December's 9.2%; on the other hand, Core Inflation showed an increase to 5.3% (vs. previous 5.2%). Meanwhile, from Asia, the Bank of Korea kept interest rates at 3.5% in its February meeting.

The 10-year US Treasury yield pulled back from three-month highs in a volatile trading session as investors priced in the resilient economic data above. The benchmark yield were down at 3.8865%, while the yield curve between two- and 10-year Treasury notes was still inverted at minus 77.90 points, indicating a looming recession.

Corporate News

Foreign Ownership in SBN Continues to Decrease Finance Minister Sri Mulyani Indrawati said that in early 2023, the performance of the economy and financial markets had improved and encouraged foreign capital inflows of IDR43.9 trillion in the Indonesian bond market. The Indonesian bond market also received this capital inflow of IDR 43.9 trillion YTD despite recent outflows. It was recorded that the outflow of Government Securities (SBN) in 2023 amounted to IDR6.7 trillion. Meanwhile, in terms of SBN ownership, dominated by both banks and Bank Indonesia. On the other hand, foreign ownership has continued to experience a downward trend since the end of 2020, which was at 25.2%. As of February 20, 2023, it was recorded at 14.2%. (Bisnis)

Domestic Issue

Public Offering of Provident Investasi Bersama Tbk Bonds PT Provident Investasi Bersama Tbk (PALM) will conduct a public offering of USD50 million bonds, which are divided into two series. Based on the prospectus issued yesterday, this investment company will issue series A bonds with a maturity of 370 calendar days and series B bonds with a maturity of three years from the issuance date. The use of 81% of the proceeds from the public offering will be used to pay debts and interest expenses incurred under the USD50 million facility agreement between the company and UOB Bank, then 18% of the proceeds from the public offering will be used to develop an investment portfolio in the form of purchasing shares in one or more companies from the natural resources, technology, media, and telecommunications sectors. (Katadata)

Recommendation

US10YT US10YT is firmly in the uptrend of its yield, but it is likely to test the MA10 Support at 3.844. If this Support does not hold back then it is likely that the US10YT yield will look for other Support within the MA20 / 3.721. ADVISE: Hold, monitor Support to prepare reducing position.

ID10YT ID10YT is still showing yield strengthening even though it is around the resistance area of 6,812-6,83; a breakout of which will bring yield to a further strengthening towards 6,987-7.0 (psychological level). ADVISE: Average Up accordingly.

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 : 95.65 (6.34%)
FR0091 : 97.68 (6.72%)
FR0093 : 97.65 (6.63%)
FR0092 : 100.64 (7.06%)

FR0086 : 97.62 (6.35%)
FR0087 : 98.86 (6.69%)
FR0083 : 104.37 (7.05%)
FR0088 : 97.50 (6.53%)

CDS of Indonesia Bonds

CDS 2yr: -4.99% to 42.43
CDS 5yr: -5.55% to 95.79
CDS 10yr: -3.80% to 164.87

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.79%	0.02%
USDIDR	15,190	-0.08%
KRWIDR	11.71	0.58%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,153.91	108.82	0.33%
S&P 500	4,012.32	21.27	0.53%
FTSE 100	7,907.72	(22.91)	-0.29%
DAX	15,475.69	75.80	0.49%
Nikkei	27,104.32	(368.78)	-1.34%
Hang Seng	20,351.35	(72.49)	-0.35%
Shanghai	3,287.48	(3.67)	-0.11%
Kospi	2,439.09	21.41	0.89%
EIDO	23.00	0.10	0.44%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,822.3	(3.1)	-0.17%
Crude Oil (\$/bbl)	75.39	1.44	1.95%
Coal (\$/ton)	210.10	0.45	0.21%
Nickel LME (\$/MT)	25,387	(1044.0)	-3.95%
Tin LME (\$/MT)	26,171	(677.0)	-2.52%
CPO (MYR/Ton)	4,235	89.0	2.15%

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	2.7%	2.9%	2.9%
	US	20:30	Initial Jobless Claims	Feb 18	192K	—	194K
	US	20:30	Continuing Claims	Feb 11	1,654K	—	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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