

Morning Brief

Today's Outlook:

The dollar falls to a nine-month low and Treasury yields ease after the Federal Reserve signals the end is near for the current rate hiking cycle, after raising the benchmark interest rate by 25 bps to 4.50%-4.75%. However, Chair Jerome Powell still said it was "premature" to declare victory over inflation, but acknowledged that a "disinflationary trend" has started. The dollar index fell to a low of 100.675 before recovering, while two-year Treasury yields fell as low as 4.09%. ECB & BOE raised their benchmark rates by 50bps to 3% and 4%, respectively, with the Bank of England signaling the tide was turning against inflation and the ECB indicating at least one more hike was on the horizon. US economic data showed weekly Initial Jobless Claims dropped to a nine-month low of 183K (vs. forecast: 200K & vs. previous: 186K), showing the labor market remains strong, while worker productivity in the fourth quarter accelerated based on Nonfarm Productivity data at 3% (higher than forecast: 2.4% & previous: 1.4%).

Corporate News

BJB Again Offers SBR012 Retail SBN. Bank BJB participated in offering SBR012 Retail Savings Bond to support the government in increasing funding for the State Budget (APBN). Unlike the previous Retail SBN series, SBR012 is issued with two tenors, SBR012-T2 for a 2-year tenor and SBR012-T4 for a 4-year tenor. SBR012 is offered with a floating coupon of 6.15% p.a for SBR012-T2 and 6.35% p.a for SBR012-T4. This coupon value will be adjusted according to the BI 7-Day Reverse Repo Rate. However, a minimum coupon (floating with floor) applies to ensure the investment up until the end. (Emiten News)

Domestic Issue

Banking Interest in Issuing Bonds is Still Appreciable

Interest in banks to issue bonds is still quite high this year. However, bankers are still calculating liquidity and the direction of the benchmark interest rate movement which will affect bond coupons. Indeed, Bank Indonesia (BI) ensures that banking liquidity will remain adequate in 2023. The banking liquidity ratio based on the loan to deposit ratio (LDR) was at the level of 80.94% as of October 2022. (Kontan)

Recommendation

ID10YT yield is testing support from the previous low 6,624 up to 6,604 as the last tolerance. The hope of technical rebound in the near future is signaled by RSI positive divergence; however our ADVISE is to better wait for confirmation of rebound at this support area as the current position is still very speculative. Failure to hold this support area will result in ID10YT yield sliding downwards looking for the next support around 6.45 yield. **US10YT yield failed to initiate a technical rebound** even though a long-leg Hammer candle has appeared right at the support area, and now it has started to break the 3.393 mid-term support. Yield should be immediately corrected to above 3.4; or risk further downside to 3.368-3.321 as last tolerance before testing lower Wedge support around 3.25. ADVISE: Hold, Buy on Weakness.

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	: 96.35 (6.12%)
FR0091	: 98.86 (6.54%)
FR0093	: 97.33 (6.67%)
FR0092	: 102.03 (6.93%)
FR0086	: 98.33 (6.08%)
FR0087	: 99.63 (6.56%)
FR0083	: 105.20 (6.97%)
FR0088	: 96.17 (6.69%)

CDS of Indonesia Bonds

CDS 2yr	: -7.18% to 34.30
CDS 5yr	: -6.10% to 78.98
CDS 10yr	: -5.45% to 141.33

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.59%	-0.07%
USDIDR	14,880	-0.63%
KRWIDR	12.20	0.35%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,053.94	(39.02)	-0.11%
S&P 500	4,179.76	60.55	1.47%
FTSE 100	7,820.16	59.05	0.76%
DAX	15,509.19	328.45	2.16%
Nikkei	27,402.05	55.17	0.20%
Hang Seng	21,958.36	(113.82)	-0.52%
Shanghai	3,285.67	0.75	0.02%
KOSPI	2,468.88	19.08	0.78%
EIDO	23.54	(0.06)	-0.25%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,912.7	(37.8)	-1.94%
Crude Oil (\$/bbl)	75.88	(0.53)	-0.69%
Coal (\$/ton)	244.65	(2.35)	-0.95%
Nickel LME (\$/MT)	29,790	494.0	1.69%
Tin LME (\$/MT)	29,377	564.0	1.96%
CPO (MYR/Ton)	3,751	(64.0)	-1.68%

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%	4.50%	4.25%
	US	02:00	FOMC Rate Decision (Upper Band)	Feb 1	4.75%	4.75%	4.50%
	US	20:30	Initial Jobless Claims	Jan 28	183 K	195 K	186 K
	US	22:00	Factory Orders	Dec	1.8%	2.3%	-1.8%
	US	22:00	Durable Goods Orders	Dec F	56%	5.6%	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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