

Morning Brief

Today's Outlook:

Wall Street's major indexes closed out February in bearish territory, with a 4.19% total decline for the Dow Jones, 2.61% for the S&P 500, and 1.11% for the Nasdaq; in contrast to the bond market, which is cozily sitting on a yield uptrend, as evidenced by the two-year US Treasury yields, the most sensitive to shifts in expectations for interest rates, have risen this February to 5% (the highest monthly increase since 1981, according to Refinitiv data). US consumer confidence declined below forecast to 102.9 (vs. forecast 108.5, vs. previous 106), implying consumers are getting pessimistic about the future of economic activity; meanwhile, single-family home prices increased at their slowest pace since the summer of 2020. On the European continent, France's Inflation data (Feb.) still showed a growth of 6.2% YoY (0.9% MoM), which was higher than the survey as well as the previous month. The MSCI All-World global shares also ended February with a down of around 3%, erasing a large chunk of January's 7% gain. Bank of America warned that the US benchmark interest rate could hover near 6%. Similarly, ECB is believed not to end rate hikes until the Eurozone's inflation can be pushed closer to 2%. Germany's 10-year yield bonds, the benchmark for the euro area, was virtually flat at 2.639%, its highest level since July 2011.

On the domestic sentiments, USD/IDR is perched at a 1.5-month high of IDR 15,266/USD; slightly lower than this month's high of 15,287. The US Dollar Index has indeed gained 2.76% throughout February. However, BI Governor Perry Warjiyo stated that there is no need to raise the benchmark interest rate yet, as the 225bps hike that has been accumulated since August 2022 is sufficient to suppress the Inflation rate until the end of the year. He also said that the central bank took several intervention measures to stabilize the Rupiah exchange rate. Today market participants will keep an eye on the Inflation figure (Feb.), which is expected to grow 5.44% YoY (vs. Jan 5.28%), while Core Inflation is predicted to be at 3.26% (vs. previous 3.27%).

Corporate News

PTPP Uses Cash to Pay Off IDR 460 Billion in Bonds That Will Mature Soon PTPP Corporate Secretary Bakhtiyar Efendi said the company will pay off the company's Sustainable Bonds II Phase I 2018 Series B debt worth IDR 460 billion using internal cash. Bakhtiyar also dismissed the possibility of refinancing or extending the debt. If we refer to the financial statements as of September 30, 2022, PTPP issued Sustainable Bonds II PT PP (Persero) Tbk Phase I Year 2018 Series B worth IDR 460 billion. The debt has an interest rate of 8.50% which will mature on July 6, 2023. (Bisnis)

Domestic Issue

Government Issues SR018 Retail Sukuk on March 3, 2023 The government will soon issue a retail state sharia securities (SBSN) or retail sukuk series SR018 on March 3, 2023. SR018 T3 has a 3-year tenor and a coupon of 6.25 percent fixed p.a or per year. This series will mature on March 10, 2026 and is sold at a price per unit of IDR 1 million. The minimum order value for SR018 T3 is IDR 1 million and the maximum order is IDR 5 billion. Meanwhile, the SR018 T5 series will have a tenor of 5 years and a coupon rate of 6.40 percent fixed p.a or per year. This series will mature on March 10, 2028. The minimum order value for SR018 T5 is IDR 1 million and the maximum order is IDR 10 billion. DJPPR said the purpose of the SR018 series Retail Sukuk issuance is to assist in the state budget financing, including to finance the development of infrastructure projects in Indonesia and expand the domestic investor base. (Bisnis)

Recommendation

US10YT is still staying above MA10, although it looks Sideways or has the risk of forming a Topping formation. ADVISE: there is no harm in using MA10 Support as a Trailing Stop level; reduce positions if the yield breaks below 3.91 as the yield is expected to go to the second support / MA20 around 3.82 or MA50 at 3.66. On the other hand, Average Up if yield breaks Resistance 3.98-4.00 with the following TARGETS in stages: 4.243 / 4.338 / 4.48-4.5.

ID10YT managed to reach the first TARGET of the (bullish reversal) Inverted Head & Shoulders pattern at the yield position of 6.99, one step away from the psychological level of 7.00. RSI has also entered the Overbought region. ADVISE: Sell on Strength; or at least set your Trailing Stop if you don't want to take profit now as the Uptrend is still considered intact and robust. Average Up accordingly when it is still able to break the Resistance from the previous High level of 7,057; as ID10YT yield will try to go to its second pattern's TARGET around 7,189-7,202.

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 : 95.28 (6.45%)
FR0091 : 97.17 (6.80%)
FR0093 : 97.00 (6.70%)
FR0092 : 100.60 (7.07%)

FR0086 : 97.36 (6.45%)
FR0087 : 98.52 (6.74%)
FR0083 : 103.73 (7.12%)
FR0088 : 97.18 (6.57%)

CDS of Indonesia Bonds

CDS 2yr: -9.09% to 37.83
CDS 5yr: -0.70% to 93.83
CDS 10yr: -0.46% to 161.44

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.90%	0.04%
USDIDR	15,250	-0.13%
KRWIDR	11.53	-0.05%

Global Indices

Index	Last	Chg.	%
Dow Jones	32,656.70	(232.39)	-0.71%
S&P 500	3,970.15	(12.09)	-0.30%
FTSE 100	7,876.28	(58.83)	-0.74%
DAX	15,365.14	(16.29)	-0.11%
Nikkei	27,445.56	21.60	0.08%
Hang Seng	19,785.94	(157.57)	-0.79%
Shanghai	3,279.61	21.57	0.66%
Kospi	2,412.85	10.21	0.42%
EIDO	22.91	(0.14)	-0.61%

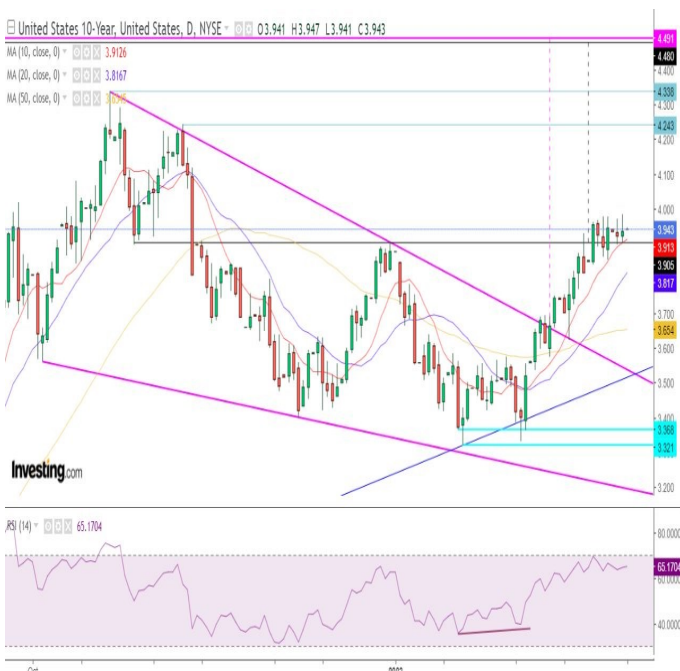
Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,826.9	9.8	0.54%
Crude Oil (\$/bbl)	77.05	1.37	1.81%
Coal (\$/ton)	192.85	(3.65)	-1.86%
Nickel LME (\$/MT)	25,505	951.0	3.87%
Tin LME (\$/MT)	25,478	(173.0)	-0.67%
CPO (MYR/Ton)	4,142	(83.0)	-1.96%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	US	20:30	Durable Goods Orders	Jan P	-4.5%	-3.9%	5.6%
27 - Feb.	US	22:00	Pending Home Sales MoM	Jan	8.1%	0.9%	2.5%
Tuesday	US	22:00	Conf. Board Consumer Confidence	Feb	102.9	108.4	107.1
28 - Feb.	JP	06:50	Industrial Production MoM	Jan P	-4.6%	-2.9%	0.3%
	FR	14:45	GDP QoQ	4Q F	0.1%	0.1%	0.1%
Wednesday	US	21:45	S&P Global US Manufacturing PMI	Feb F		47.8	47.8
1 - Mar.	US	22:00	ISM Manufacturing	Feb		47.8	47.4
	CH	08:30	Manufacturing PMI	Feb		50.7	50.1
	ID	—	CPI YoY	Feb		—	5.28%
	KR	07:00	Exports YoY	Feb		-8.8%	-16.6%
	KR	07:00	Imports YoY	Feb		4.4%	-2.6%
Thursday	US	20:30	Initial Jobless Claims	Feb 24		—	192K
2 - Mar.	US	20:30	Continuing Claims	Feb 18		—	1,654K
	JP	06:50	Capital Spending YoY	4Q		7.1%	9.8%
	KR	06:00	Industrial Production YoY			-8.9%	-7.3%
Friday	US	21:45	S&P Global US Composite PMI	Feb F		—	50.2
3 - Mar.	CH	08:45	Caixin China PMI Composite	Feb		—	51.1

Source: Bloomberg

United States 10 Years Treasury



Indonesia 10 Years Treasury



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