

# Morning Brief

Daily | Mar. 02, 2023

## Today's Outlook:

New inflation indicators release from China, Germany, and the US hardened expectations that high-interest rates would be in force longer than expected. China's Manufacturing Purchasing Managers' Index (PMI) rose to 52.6 (Feb.) from 50.1 (Jan.), marking the fastest growth in more than a decade. In the US, prices for raw materials were recorded to rise to 51.3 (clearly higher than the forecast of 45.1 & Jan. figure of 44.5); suggesting inflation could remain elevated. Meanwhile, from Europe, the release of German CPI data (Feb.) still has not budged from the level of 8.7% and failed to meet expectations of a forecast down to 8.5%; confirming the level of inflation in Europe also remains a challenge. In response to the US macroeconomic data, the 10-year US Treasury yield suddenly soared to 4.006%, returning to the position for the first time since November; while the two-year yield was at its highest level since 2007, at 4.889%. The two-year German sovereign bond yield also jumped to 3.2%, the highest since October 2008. Fed funds futures showed traders added to bets the U.S. central bank will raise its benchmark rate to a range of 5.5%-5.75% by September, from the current range of 4.5%-4.75%. This is in line with the views of several Fed officials who agreed that the rate hike could reach 50bps at the upcoming FOMC Meeting on March 21-22.

Indonesia's annual inflation (Feb.) was reported to increase by 5.47% YoY from January's 5-month low of 5.28% (also higher than the expected 5.44%). 5.28% (also higher than the 5.44% forecast). On a monthly basis, goods & services price growth crept up 0.16% in Feb. (vs. forecast 0.11%, vs. previous 0.34%). On the other hand, Core Inflation (Feb.) seems more manageable as it fell to 3.09% YoY (clearly lower than the consensus of 3.26% & previous month's 3.27%).

## Corporate News

**Bonds Maturing, TBIG Prepares IDR 1.7 Trillion Funds** PT Tower Bersama Infrastructure (TBIG) has prepared funds for the repayment of bonds that will mature on March 13, 2023 amounting to IDR 1.7 trillion. Director of PT Tower Bersama Infrastructure Tbk (TBIG), Helmy Yusman Santoso explained that his party has provided funds to pay off the principal and interest of the 4 bonds to bondholders. For the record, in 2023 TBIG must pay off a total of IDR 5.96 trillion for its maturing bonds. TBIG is also not refinancing to pay off the maturing bonds this year and will be repaid using the company's internal cash. (BeritaSatu)

## Domestic Issue

**Sri Mulyani Earns IDR20 Trillion from 7 SUN Auctions** Finance Minister Sri Mulyani has managed to obtain IDR 20 trillion in demand from the auction of seven government bonds (SUN) at the auction on Tuesday, February 28, 2023. The seven debt securities include the SPN03230531 series (new issuance), SPN12240229 (new issuance), FR0095 (reopening), FR0096 (reopening), FR0098 (reopening), FR0097 (reopening) and FR0089 (reopening) through the Bank Indonesia auction system. Director of SUN at the Directorate General of Financing and Risk Management of the Ministry of Finance Deni Ridwan said that investor interest is still solid, which is reflected in the total bid of IDR 45.97 trillion or twice the previous indicative target. This was driven by investors' optimistic attitude towards the strengthening of the Indonesian economy for 2022 which was recorded at 5.31 percent on an annual basis. This achievement is higher than the previous year's growth, which was 3.70 percent year-on-year (YoY). (Bisnis)

## Recommendation

**US10YT** yield turned out to be more steady on the Uptrend, staying safely above the MA10 Support and breaking the 4% psychological level. Thus, it is possible for the yield to continue to rise towards the next TARGET: 4.243 / 4.338. ADVISE: Average Up accordingly.

**ID10YT** looks giddy, holding in the Resistance / Target yield area that has reached around the psychological level of 7.0%. However, if the figure can be broken in the near future, it will open the way for further yield strengthening towards the next TARGET: 7.057 / 7.189-7.202. ADVISE: Set your Trailing Stop; 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 : 95.24 (6.46%)  
FR0091 : 97.25 (6.78%)  
FR0093 : 97.00 (6.70%)  
FR0092 : 100.25 (7.10%)

FR0086 : 97.37 (6.44%)  
FR0087 : 98.47 (6.75%)  
FR0083 : 103.56 (7.14%)  
FR0088 : 97.18 (6.57%)

## CDS of Indonesia Bonds

CDS 2yr: -1.27% to 37.35  
CDS 5yr: -1.40% to 92.52  
CDS 10yr: -1.13% to 159.61

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.86%	-0.04%
USDIDR	15,235	-0.10%
KRWIDR	11.58	0.46%

## Global Indices

Index	Last	Chg.	%
Dow Jones	32,661.84	5.14	0.02%
S&P 500	3,951.39	(18.76)	-0.47%
FTSE 100	7,914.93	38.65	0.49%
DAX	15,305.02	(60.12)	-0.39%
Nikkei	27,516.53	70.97	0.26%
Hang Seng	20,619.71	833.77	4.21%
Shanghai	3,312.35	32.74	1.00%
Kospi	2,412.85	10.21	0.42%
EIDO	22.80	(0.11)	-0.48%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,836.7	9.8	0.54%
Crude Oil (\$/bbl)	77.69	0.64	0.83%
Coal (\$/ton)	193.50	0.65	0.34%
Nickel LME (\$/MT)	24,890	96.0	0.39%
Tin LME (\$/MT)	25,334	371.0	1.49%
CPO (MYR/Ton)	4,182	40.0	0.97%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	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%
<b>Tuesday</b>	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%
<b>Wednesday</b>	US	21:45	S&P Global US Manufacturing PMI	Feb F	47.3	47.8	47.8
1 - Mar.	US	22:00	ISM Manufacturing	Feb	47.7	47.8	47.4
	CH	08:30	Manufacturing PMI	Feb	50.2	50.7	50.1
	ID	—	CPI YoY	Feb	5.47%	—	5.28%
	KR	07:00	Exports YoY	Feb	-7.5%	-8.8%	-16.6%
	KR	07:00	Imports YoY	Feb	3.6%	4.4%	-2.6%
<b>Thursday</b>	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%	—
<b>Friday</b>	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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