

Morning Brief

Daily | Mar. 03, 2023

Today's Outlook:

Global investors digested strong economic data and signals of a measured interest rate approach from the Federal Reserve. US Initial Jobless Claims numbers were released at 190K, lower than the expected 195K (also lower than the previous week at 192K). At the same time, 4Q22 Unit Labor Costs rose significantly to 3.2% (2x higher than the 1.6% forecast and 2% from the previous quarter.) These two economic data explain how solid the labour market is, where the jobless rate continues to fall, and workers' wages continue to rise. On the other hand, Atlanta Fed President Raphael Bostic said that the 25 bps rate hike is still applicable to limit the risk of recessionary pressures on the economy. Meanwhile, the two-year US Treasury yield was consolidated mildly by 0.4bps to 4.885% after touching a 15-year high of 4.944%. From Europe, Eurozone annual inflation (Feb.) remained unchanged at 8.5% YoY, failing to meet expectations of an increase to 8.2%, although slightly easing from January's 8.6%. On a monthly basis, Eurozone CPI actually strengthened by 0.8% compared to the previous month -0.2%. Meanwhile, the increase in Core Inflation to 5.6% (vs forecast & previous: 5.3%) further strengthened the view that the Eurozone Inflation rate is still difficult to tame.

Bank Indonesia has begun to implement the deposition of Foreign Exchange Export Proceeds for a certain period in domestic banks, as well as providing attractive interest rate incentives to exporters according to the length of the deposit period which varies between one, two, or three months.

Corporate News

Bank Victoria Aims for IDR 500 Billion in Fresh Funds Through Bond Issuance PT Bank Victoria International Tbk (BVIC) is currently offering Sustainable Bonds III Phase I Year 2023, with a total principal amount of IDR 500 billion. The bond public offering period lasts from Wednesday, March 1, 2023 to March 6, 2023. Electronic distribution of bonds will be carried out on March 9, 2023 and listing on the Indonesia Stock Exchange (IDX) on March 10, 2023. The bonds are offered in 2 series, with a principal amount of IDR 300 billion for Series A and IDR 200 billion for Series B. Series A bonds are offered with an interest rate of 9.25% per year and a 3-year tenor, while Series B bonds have an interest rate of 10.25% per year and a 5-year tenor. BVIC has obtained an "idA-" rating from Pemeringkat Efek Indonesia (Pefindo) for the bonds issued. In the prospectus that has been submitted, BVIC will use the proceeds from the bond issuance for working capital needs which will be disbursed in the form of credit. (IDNFinancial)

Domestic Issue

Sri Mulyani and Her Fellow Are Confident That SR018 Sales Will Reach IDR 15 Trillion Through the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance, the government set a sales target of two series of retail government sharia securities (SBSN) or retail sukuk SR018 T3 and SR018 T5, with a total amount of IDR 15 trillion. Director of Sharia Financing at the Ministry of Finance's DJPPR, Dwi Irianti Hadiningdyah, said she was optimistic that SR018 sales would meet the target. According to Irianti, the government is quite optimistic that public interest in SR018 is still high because SR018 is tradable, which is an important characteristic for retail investors who are concerned about liquidity issues. In addition, SR018 has obtained a sharia opinion from DSN-MUI. Thus, investors who are concerned about sharia compliance need not worry. (Bisnis)

Recommendation

US10YT is also consistently undergoing its uptrend above MA10 Support; towards a TARGET of: 4.243 / 4.338 / 4.48 -4.49. ADVISE : let your profit run, set your Trailing Stop as RSI has entered Oversold area.

ID10YT continues its steady rise towards its TARGET yield of 6,987-7.0. ADVISE: let your profit run, Set your Trailing Stop.

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 : 95.17 (6.48%)
FR0091 : 96.92 (6.83%)
FR0093 : 97.00 (6.70%)
FR0092 : 100.07 (7.11%)

FR0086 : 97.25 (6.49%)
FR0087 : 98.32 (6.78%)
FR0083 : 103.51 (7.14%)
FR0088 : 96.35 (6.67%)

CDS of Indonesia Bonds

CDS 2yr: +1.38% to 37.86
CDS 5yr: +1.27% to 93.70
CDS 10yr: +1.03% to 161.25

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.96%	0.10%
USDIDR	15,280	0.30%
KRWIDR	11.62	0.33%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,003.57	341.73	1.05%
S&P 500	3,981.35	29.96	0.76%
FTSE 100	7,944.04	29.11	0.37%
DAX	15,327.64	22.62	0.15%
Nikkei	27,498.87	(17.66)	-0.06%
Hang Seng	20,429.46	(190.25)	-0.92%
Shanghai	3,310.65	(1.69)	-0.05%
Kospi	2,427.85	15.00	0.62%
EIDO	22.82	0.02	0.09%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,835.9	(0.9)	-0.05%
Crude Oil (\$/bbl)	78.16	0.47	0.60%
Coal (\$/ton)	193.00	(0.50)	-0.26%
Nickel LME (\$/MT)	24,395	(495.0)	-1.99%
Tin LME (\$/MT)	24,570	(764.0)	-3.02%
CPO (MYR/Ton)	4,294	112.0	2.68%

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	47.3	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%
Thursday	US	20:30	Initial Jobless Claims	Feb 24	190K	—	192K
2 - Mar.	US	20:30	Continuing Claims	Feb 18	1,655K	—	1,654K
	JP	06:50	Capital Spending YoY	4Q	7.7%	7.1%	9.8%
	KR	06:00	Industrial Production YoY		-12.7%	-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



Research Division

Head of Research

Liza Camelia Suryanata

Equity Strategy, Technical

T +62 21 5088 ext 9134

E liza.camelia@nhsec.co.id

Analyst

Cindy Alicia

Consumer, Healthcare

T +62 21 5088 ext 9129

E cindy.alicia@nhsec.co.id

Analyst

Leonardo Lijuwardi

Banking

T +62 21 5088 ext 9127

E leonardol.lijuwardi@nhsec.co.id

Research Support

Amalia Huda Nurfalah

Editor & Translator

T +62 21 5088 ext 9132

E amalia.huda@nhsec.co.id

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PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

District 8 Treasury Tower 51st Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 50889100

Fax : +62 21 50889101

Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15322

Indonesia

Telp : +62 21 5316 2049

Fax : +62 21 5316 1687

Branch Office Medan :

Jl. Timor No 147

Medan, Sumatera Utara 20234

Indonesia

Telp : +62 614 156500

Fax : +62 614 568560

Branch Office Semarang:

Jl. MH Thamrin No. 152

Semarang 50314

Indonesia

Telp : +62 24 844 6878

Fax : +62 24 844 6879

Branch Office Jakarta Utara:

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

Fax : +62 21 6667 4960

Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 133

Branch Office Surabaya:

Spazio Tower Lt. 10, Unit S05

Jl. Mayjen Yono Suwoyo

Surabaya 60226

Indonesia

Telp : +62 31 9914 1344

Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Telp : +62 411 361 5255

Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 8606 1012

Branch Office Denpasar:

Ruko Griya Alamanda No.9

Jl. Cok Agung Tresna

Denpasar

Indonesia

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Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
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