

# Morning Brief

Daily | Mar. 10, 2023

## Today's Outlook:

All three Wall Street indexes closed bearish between 1.7%-2.1%, pulled lower by bank stocks and jitters ahead of Friday's employment report. At the same time, Treasury yields started to pull back in response to Initial Jobless Claims data that rose by 11k to 211K, higher than expected & previous week—the highest level in five months. The latest updates brought some relief that the Federal Reserve's restrictive monetary policy began to pay off; causing the USD to pull back from a three-month high and gold prices to rise by 1%. US Nonfarm Payroll data that is eagerly awaited by the market participants later tonight at around 20:30 GMT is expected to spawn a February US employment figure of 205K, a sharp deceleration from January's report of 517K. At the same time, the unemployment rate held firm at 3.4%.

Benchmark 10-year US Treasury rose 15/32 in price to yield 3.9169%, from 3.976% late on Wednesday; while The 30-year bond rose 3/32 to yield 3.8712%, from 3.877% on Wednesday.

From Asia, the inflation rate in China fell lower than expected to 1% (Feb.), also lower than 2.1% in January. This is the lowest reading since Feb 2022, indicating a sharp decline in the prices of food & non-food items as people remain cautious although the zero-covid policy has been lifted. Meanwhile, economic data from Japan will commence this morning, namely: Household Spending (Jan.), PPI (Feb.), and Bank of Japan's interest rate decision. Additionally, another important data from the Europe will be released as well this afternoon, including UK's monthly GDP (Jan.), Manufacturing Production and Trade Balance (both for Jan.), and followed by the German CPI (Feb.), which is predicted to hover around 8.7% YoY.

## Corporate News

**Bond Maturity, Sinar Mas Agro (SMAR) Ready to Pay IDR 608.5 Billion Bonds** Sinar Mas Agro Resources and Tech (SMAR) prepares IDR 608.5 billion. The funds are intended to pay off the bonds for phase I 2020 series A. The sustainable bonds II will mature on April 3, 2023. The source of funds for the principal bond payment is from operational cash flow, supported by financial performance and a favorable liquidity position as reflected in the company's consolidated financial statements as of September 30, 2022. In addition, Sinar Mas Agro also has unused credit facilities from several banking institutions. (Emitennews)

## Domestic Issue

**Indonesia's Bond Market Is Still Promising, but Investors Should Watch Out for This** The strengthening in the rupiah exchange rate and the control of the inflation rate will be the main keys for investors to look back at the bond market in Indonesia. The yield on 10-year benchmark government securities (SUN) is close to 7 percent. According to Chief Investment Officer of PT UOB Asset Management Indonesia Albert Budiman, Indonesia's bond market already has an attractive yield level. According to him, the Fed's decision to raise interest rates will depend on their success in controlling inflation. Negative sentiment from the Fed to raise interest rates more aggressively will be something that investors need to watch out for at the moment. Similarly, Director & Chief Investment Officer, Fixed Income Manulife AM Ezra Nazula said the market will anticipate US economic data such as inflation and Fed Meetings. In addition, Bank Indonesia's response at the next Board of Governors Meeting (RDG) will also be a moment awaited by market participants. (Bisnis)

## Recommendation

The uptrend in **US10YT** yield seems to begin a break down as the yield moves downwards below the MA10 & MA20 Support; making the range of 3.926-3.96% as the closest Resistance at the moment. ADVISE: Sell on Strength, reduce position. Anticipate pullback towards MA50/3,698 Support.

**ID10YT** closed with a Doji candle on the Resistance of the previous highest yield level: 7.057%, while RSI also entered the Overbought area. ADVISE: Sell on Strength, anticipate pullback to the nearest Support (gradually) as follows: 7.0-6.987 / 6.928 / 6.833

## 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)	140.30	139.40	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	5.47%	5.28%	Cons. Confidence*	122.40	123.00

## PRICE OF BENCHMARK SERIES

FR0090 : 95.03 (6.53%)  
FR0091 : 96.39 (6.92%)  
FR0093 : 96.20 (6.79%)  
FR0092 : 99.82 (7.14%)

FR0086 : 97.10 (6.55%)  
FR0087 : 97.92 (6.84%)  
FR0083 : 103.45 (7.15%)  
FR0088 : 93.70 (6.99%)

## CDS of Indonesia Bonds

CDS 2yr: +0.38% to 39.28  
CDS 5yr: +0.72% to 94.39  
CDS 10yr: +0.24% to 165.68

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.01%	-0.04%
USDIDR	15,425	-0.06%
KRWIDR	11.67	-0.10%

## Global Indices

Index	Last	Chg.	%
Dow Jones	32,254.86	(543.54)	-1.66%
S&P 500	3,918.32	(73.69)	-1.85%
FTSE 100	7,879.98	(49.94)	-0.63%
DAX	15,633.21	1.34	0.01%
Nikkei	28,623.15	178.96	0.63%
Hang Seng	19,925.74	(125.51)	-0.63%
Shanghai	3,276.09	(7.15)	-0.22%
Kospi	2,419.09	(12.82)	-0.53%
EIDO	22.20	(0.03)	-0.13%

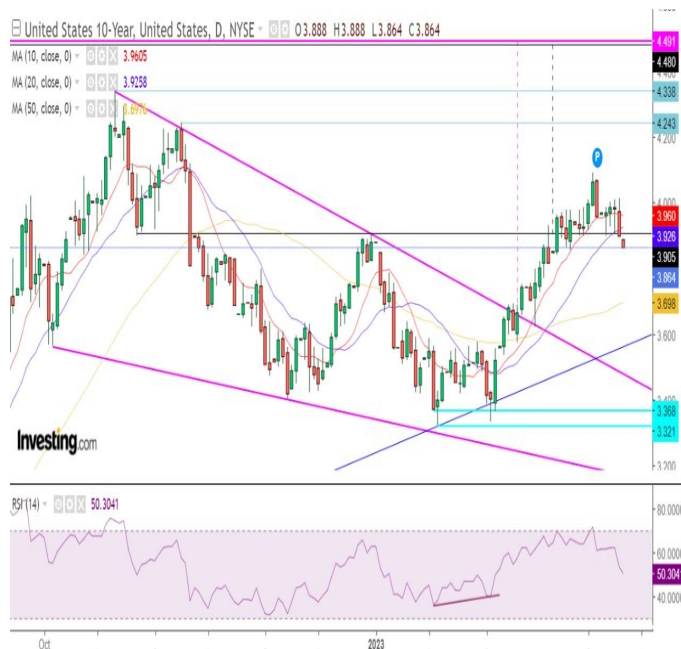
## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,831.0	17.2	0.95%
Crude Oil (\$/bbl)	75.72	(0.94)	-1.23%
Coal (\$/ton)	180.00	0.50	0.28%
Nickel LME (\$/MT)	23,269	(705.0)	-2.94%
Tin LME (\$/MT)	23,351	(391.0)	-1.65%
CPO (MYR/Ton)	4,205	25.0	0.60%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 6 - Mar.	US	22:00	Factory Orders	Jan	-1.6%	-1.5%	1.8%
	US	22:00	Durable Good Orders	Jan F	-4.5%	—	-4.5%
	KR	06:00	CPI YoY	Feb	4.8%	5.0%	5.2%
<b>Tuesday</b> 7 - Mar.	CH	—	Exports YTD YoY	Feb	-6.8%	-9.3%	16.1%
	CH	—	Imports YTD YoY	Feb	-10.2%	-5.3%	—
	CH	—	Trade Balance YTD	Feb	\$116.88B	\$80.85B	\$109.54B
	CH	—	Foreign Reserves	Feb	\$3,133.1B	\$3,160.0B	\$3,184.4B
	ID	10:00	Foreign Reserves	Feb	\$140.30B	—	\$139.40B
	KR	06:00	GDP YoY	4Q P	1.3%	1.4%	1.4%
<b>Wednesday</b> 8 - Mar.	US	20:30	Trade Balance	Jan	-\$68.3B	-\$69.0B	-\$67.4B
	ID	—	Consumer Confidence Index	Feb	122.4	—	123.0
	JP	06:50	BoP Current Account Balance	Jan	-¥1,976.6B	-¥742.9B	¥33.4B
	JP	06:50	Trade Balance BoP Basis	Jan	-¥3,181.8B	-¥2,918.0B	¥
	GE	14:00	Retail Sales MoM	Jan	-0.3%	2.5%	-5.3%
<b>Thursday</b> 9 - Mar.	US	20:30	Initial Jobless Claims	Mar 4	211K	—	190K
	US	20:30	Continuing Claims	Feb 25	1,718K	—	1,655K
	CH	08:30	CPI YoY	Feb	1.0%	2.0%	2.1%
	CH	08:30	PPI YoY	Feb	-1.4%	-1.4%	-0.8%
	CH	—	Money Supply M2 YoY	Feb	—	12.5%	12.6%
	JP	06:50	GDP Annualized SA QoQ	4Q F	0.1%	0.8%	0.6%
<b>Friday</b> 10 - Mar.	US	20:30	Change in Nonfarm Payrolls	Feb	—	215K	517K
	US	20:30	Unemployment Rate	Feb	—	3.4%	3.4%

Source: Bloomberg

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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