

Morning Brief

Daily | Mar. 16, 2023

Today's Outlook:

US Treasury yields and Eurozone bonds tumbled on Wednesday trading (03/15/23) with the latest concern from the banking sector regarding Credit Suisse's largest investor said that it could not provide the Swiss bank with more financial assistance and increase its stake above 10%. This news sent Credit Suisse shares tumbling 24.2% to their lowest point in history. However, US stock indexes managed to recover from their lows to close down less than 1% (Nasdaq even edged up 0.05%) after the Swiss National Bank announced its full support to Credit Suisse. The recent turmoil in the bank sector has raised 50% of the market expectation that the Fed Reserve will not raise interest rates at all at the upcoming March 21-22 FOMC Meeting. Furthermore, US producer-level inflation (PPI) data (Feb.) contracted unexpectedly to minus 0.1% (from forecast & previous of 0.3%); while Retail Sales (Feb.) also slipped by a larger-than-expected -0.3% to -0.4%. Other important data from the US today will be Building Permits (Feb.), Initial Jobless Claims and the Philadelphia Fed Manufacturing Index (Mar.) to monitor for further signs of recession. From Europe, the ECB will determine the interest rate decision, where the consensus still calls for a 50 bps hike. Investors are again sought for safe-haven investment such as Gold, which is up by 0.84% at USD 1,918.04/ounce and still climb 1.1% on futures at USD 1,931.3. Germany's two-year government bond fell 51 bps to a 2.419% yield, the largest daily decline since 1995. The yield on benchmark 10-year US Treasury also fell to 3.4623%. The two-year yield, which rises with traders' expectations of higher Fed fund rates, touched 3.8916% compared with a previous close of 4.225%.

From the Asia, China's economy began to recover as evidenced by the China's Industrial Output (Jan.-Feb.) rose 2.4% YoY, higher than 1.3% in December. China's Retail Trade (Jan.-Feb.) also expanded 3.5% YoY compared to the -1.8% fall last Dec. Today, Indonesian traders will closely monitor the decision of the BI Board of Governors' Meeting (RDG BI), which will determine the BI7DRR benchmark interest rate that is expected to remain at 5.75%.

Corporate News

PTPP Issues Bonds Worth IDR 955.5 Billion to Refinance Debt PT PP (Persero) Tbk. (PTPP) issued PTPP Phase III Sustainable Bonds III Year 2023 worth IDR 955.5 billion. Funds from the bond issuance will be used to pay off bond debt worth IDR 460 billion. Based on the prospectus, PTPP will issue as much as IDR 955 billion with the provision that the principal amount of bonds guaranteed in full is IDR 192.72 billion. These bonds have a fixed interest rate of 8.8 percent with a period of three years from the date of issuance. (Bisnis)

Domestic Issue

Silicon Valley Bank Bankruptcy Makes Foreign Investors Scramble for Government Securities Investors are said have chosen to 'run' to the bonds of developing countries that have investment grade predicates after the collapse of Silicon Valley Bank (SVB) last weekend. Analysts say this is due to the greater likelihood of the US Federal Reserve to ease monetary policy. As a result, the market expects the Fed's interest rate hike to be no more than 25 bps this March. Investment Specialist Sucor Asset Management Toufan Yamin said investors tend to run to short-term bonds, as reflected by the rally in the price of short-term bonds. Moreover, he said, there is a sentiment of easing monetary policy. Based on data from the Directorate General of Financing and Risk Management of the Ministry of Finance (DJPPR) as of March 13, 2023, there was a net buy of IDR 650 billion in SBN by foreigners since the collapse of SVB. According to him, Indonesian bonds tend to be more attractive than those of comparable countries. This is because Indonesia's inflation rate is relatively lower than peer countries. (Bisnis)

Recommendation

US10YT uses the mid-term Trendline Support around 3.43% yield to survive the falling wave; just as RSI is approaching Oversold territory. Resistance / Gradual targets: 3.60% / 3.70-3.748% / 3.85% . ADVISE: Speculative Buy.

ID10YT bounced back and tried to break MA20 Resistance even though the closing still ended at a yield level of 6.863%. ADVISE: Average Up if at least able to stay above 6.863%, because it will have the opportunity to continue this Uptrend towards 6.937% / 6.987%, then enter the 7.0% area again.

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)	3.88	3.87	Govt. Spending Yoy	-4.77%	-2.88%
Exports Yoy	4.51%	16.37%	FDI (USD bn)	5.27	5.14
Imports Yoy	-4.32%	1.27%	Business Confidence	104.82	105.33
Inflation Yoy	5.47%	5.28%	Cons. Confidence*	122.40	123.00

PRICE OF BENCHMARK SERIES

FR0090 : 95.43 (6.41%)
FR0091 : 97.89 (6.69%)
FR0093 : 97.53 (6.64%)
FR0092 : 101.00 (7.03%)

FR0086 : 97.38 (6.45%)
FR0087 : 99.24 (6.62%)
FR0083 : 103.64 (7.13%)
FR0088 : 93.57 (7.00%)

CDS of Indonesia Bonds

CDS 2yr: +6.80% to 51.05
CDS 5yr: +1.75% to 110.65
CDS 10yr: +4.47% to 182.18

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.77%	0.04%
USDIDR	15,365	-0.13%
KRWIDR	11.80	0.45%

Global Indices

Index	Last	Chg.	%
Dow Jones	31,874.57	(280.83)	-0.87%
S&P 500	3,891.93	(27.36)	-0.70%
FTSE 100	7,344.45	(292.66)	-3.83%
DAX	14,735.26	(497.57)	-3.27%
Nikkei	27,229.48	7.44	0.03%
Hang Seng	19,539.87	291.91	1.52%
Shanghai	3,263.32	18.00	0.56%
Kospi	2,379.72	30.75	1.31%
EIDO	21.60	(0.36)	-1.64%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,918.6	14.6	0.77%
Crude Oil (\$/bbl)	67.61	(3.72)	-5.22%
Coal (\$/ton)	175.00	(5.00)	-2.78%
Nickel LME (\$/MT)	23,003	(37.0)	-0.16%
Tin LME (\$/MT)	22,464	(486.0)	-2.12%
CPO (MYR/Ton)	4,017	35.0	0.88%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	CH	—	Money Supply M2 YoY	Feb	—	12.5%	12.6%
13 - Mar.	CH	—	FDI YTD YoY	Feb	—	—	14.5%
Tuesday	US	19:30	CPI MoM	Feb	0.4%	0.4%	0.5%
14 - Mar.	US	19:30	CPI YoY	Feb	6.0%	6.0%	6.4%
	KR	04:00	Import Price Index YoY	Feb	-0.5%	—	1.7%
	KR	04:00	Export Price Index YoY	Feb	-2.7%	—	-1.3%
Wednesday	US	19:30	PPI Final Demand MoM	Feb	-0.1%	0.3%	0.7%
15 - Mar.	US	19:30	Retail Sales Advance MoM	Feb	-0.4%	0.2%	3.0%
	ID	—	Trade Balance	Feb	\$5,480Mn	\$2,999Mn	\$3,870Mn
	ID	—	Exports YoY	Feb	4.51%	4.50%	16.37%
	ID	—	Imports YoY	Feb	-4.32%	9.74%	1.27%
	CH	09:00	Industrial Production YTD YoY	Feb	2.4%	2.6%	3.6%
	CH	09:00	Retail Sales YTD YoY	Feb	3.5%	3.5%	-0.2%
Thursday	US	19:30	Initial Jobless Claims	Mar 11	—	—	211K
16 - Mar.	US	19:30	Continuing Claims	Mar 4	—	—	1,718K
	US	19:30	Housing Starts	Feb	—	1,310K	1,309K
	ID	14:20	Bank Indonesia 7D Reverse Repo	Mar 15	—	5.75%	5.75%
Friday	US	20:15	Industrial Production MoM	Feb	—	0.5%	0.0%
17 - Mar.	US	21:00	Leading Index	Feb	—	-0.2%	-0.3%
	US	21:00	U. of Mich. Sentiment	Mar P	—	67.0	67.0

Source: Bloomberg

United States 10 Years Treasury



Indonesia 10 Years Treasury



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