

Morning Brief

Daily | Mar. 17, 2023

Today's Outlook:

US financial stocks rose in unison, bringing Wall Street's three indexes to post solid gains of over 1% on Thursday (16/03/23), with the Nasdaq leading the way at 2.48%. Several US financial institutions came together to bail out First Republic Bank by USD 30 billion to save the bank from the downfall that occurred to SVB & Signature Bank. US Treasury Secretary Janet Yellen also tried to calm depositors by stating that the US banking system remains sound and people can feel confident that their deposits will be there when needed. Credit Suisse also experienced the same banking assistance after the Swiss National Bank pledged up to USD 54 billion in credit support to shore up liquidity and investor confidence. Meanwhile, yesterday's US economic data stated that Initial Jobless Claims came out lower than expected at 192k claims (vs. 205k forecast, vs. 212k previous), signaling that the US labor market is still tight. On the other hand, Building Permits (Feb.) rose higher than expected and the previous month, at 1.524 million. In response to this data, money markets estimate the Federal Reserve will raise interest rates by 25 bps at next week's FOMC Meeting, rising to 80% from below 50% previously. Meanwhile, as expected, the ECB has preceded by raising their benchmark interest rate by 50 bps at yesterday's central bank meeting. This afternoon (GMT), the Eurozone CPI figure (Feb.) will be monitored; the figure is expected to remain firm at 8.5%.

Bank Indonesia has also set BI7DRR to remain at 5.75% (since January) as the previous rate hike is believed to be sufficient to control Indonesia's inflation rate to its target this year.

Corporate News

Merdeka Copper (MDKA) Repays Bond Debt of IDR 971 Billion PT Merdeka Copper Gold Tbk (MDKA) has paid off bonds worth IDR 971 billion which matured on March 15, 2023. Based on information disclosure on the Indonesia Stock Exchange yesterday (16/3), MDKA paid off the principal debt as well as the fourth interest payment from the Merdeka Copper Gold Phase I 2022 Sustainable Bonds III Series A. MDKA Corporate Secretary Adi Adriansyah Sjoekri said, the value of bonds maturing on March 15, 2022 consisted of IDR 959 billion in principal and IDR 12.92 billion in fourth interest. Meanwhile, the source of funding used to pay off the principal and pay interest on the four bonds comes from funds obtained through the issuance of Merdeka Copper Gold IV Sustainable Bonds Phase I Year 2022. With the repayment of the principal and payment of interest on the bonds, all of Merdeka Copper's obligations on the bonds have ended. (Kontan)

Domestic Issue

The Impact of Silicon Valley Bank Collapse on Indonesian Bonds is Small The bankruptcy of Silicon Valley Bank (SVB) has become a negative sentiment in the global stock market and even in Indonesia. However, analysts assess that the collapse of SVB will not have an impact on bonds. Director of Panin Asset Management Rudiyanto said that the crisis experienced by Silicon Valley Bank has a positive impact on the bond market. Because it makes the market speculate, the Fed's interest rate hike will be more limited and the decline can be faster. Meanwhile, Research Analyst Infovesta Kapital Advisor Arjun Ajwani said, the impact of Silicon Valley Bank is very small for Indonesian bonds, namely government bonds or corporate bonds. Because Indonesian issuers have no debt related to SVB. Previously, Finance Minister Sri Mulyani warned that it was necessary to be aware of the condition of global financial markets after the fall of the bank from the United States. Sri Mulyani said that after the news of the SVB collapse, volatility in the financial markets increased again. This is reflected in the stock market volatility index (VIX) and bond market index (MOVE) which jumped as a spillover effect of the increased negative sentiment due to the fall of SVB. (Katadata)

Recommendation

US10YT rebounded from the previous lowest yield Support area in the range of 3.368-3.321%. The next focus is to go through the Resistance of 3.6%, then heading towards the MA50 & MA10 in the range of 3.702-3.716%; followed by MA20 at 3.836% (for now). ADVISE: Average Up accordingly.

ID10YT rebounded from short-term Support and managed to perch back above MA50 (as the current closest Support at 6.777% yield). The next focus is attempting to continue going upside towards the MA20 / 6.863%, and MA10 at 6.917% up to Gap 6.962%. ADVISE: 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)	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	: 95.30 (6.46%)
FR0091	: 97.37 (6.77%)
FR0093	: 97.15 (6.69%)
FR0092	: 101.00 (7.03%)
FR0086	: 97.34 (6.47%)
FR0087	: 99.13 (6.64%)
FR0083	: 103.41 (7.15%)
FR0088	: 97.25 (6.56%)

CDS of Indonesia Bonds

CDS 2yr:	-8.23% to 46.85
CDS 5yr:	-2.87% to 107.47
CDS 10yr:	-6.18% to 170.92

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.96%	0.19%
USDIDR	15,380	0.10%
KRWIDR	11.72	-0.63%

Global Indices

Index	Last	Chg.	%
Dow Jones	32,246.55	371.98	1.17%
S&P 500	3,960.28	68.35	1.76%
FTSE 100	7,410.03	65.58	0.89%
DAX	14,967.10	231.84	1.57%
Nikkei	27,010.61	(218.87)	-0.80%
Hang Seng	19,203.91	(335.96)	-1.72%
Shanghai	3,226.89	(36.42)	-1.12%
Kospi	2,377.91	(1.81)	-0.08%
EIDO	21.76	0.16	0.74%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,919.5	0.9	0.05%
Crude Oil (\$/bbl)	68.35	0.74	1.09%
Coal (\$/ton)	174.00	(1.00)	-0.57%
Nickel LME (\$/MT)	23,236	233.0	1.01%
Tin LME (\$/MT)	22,218	(246.0)	-1.10%
CPO (MYR/Ton)	3,933	(34.0)	-0.86%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 13 - Mar.	CH	—	Money Supply M2 YoY	Feb	—	12.5%	12.6%
	CH	—	FDI YTD YoY	Feb	—	—	14.5%
Tuesday 14 - Mar.	US	19:30	CPI MoM	Feb	0.4%	0.4%	0.5%
	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 15 - Mar.	US	19:30	PPI Final Demand MoM	Feb	-0.1%	0.3%	0.7%
	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 16 - Mar.	US	19:30	Initial Jobless Claims	Mar 11	192K	—	211K
	US	19:30	Continuing Claims	Mar 4	1,684K	—	1,718K
	US	19:30	Housing Starts	Feb	1,450K	1,310K	1,309K
	ID	14:20	Bank Indonesia 7D Reverse Repo	Mar 15	5.75%	5.75%	5.75%
Friday 17 - Mar.	US	20:15	Industrial Production MoM	Feb	—	0.5%	0.0%
	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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