

# Morning Brief

## Today's Outlook:

Financial market sentiment is still fragile, considering that last week was filled with turbulence dominated by the US & European banking crises. The MSCI World Equity index, which tracks stocks in 49 countries, fell 0.55% on Friday (17/03/23). US Consumer Sentiment data fell for the first time in 4 months. The preliminary reading from the University of Michigan for March, reporting consumers' views on future economic conditions, fell to 63.4, from 67 the previous month, given the weak economy and inflationary pressures. Eurozone CPI (Feb.) came in as expected at 8.5%, down slightly from the last month at 8.6%. Meanwhile, from the Asian continent, amidst the rising trend of global interest rates, China loosened its monetary policy by lowering its benchmark interest rate by 25bps to support its economic growth target of 5% this year. Amid the threat of a financial sector crisis, Gold prices rallied to the highest level in March 2020. The 10-year US Treasury benchmark yield fell to 3.423% from 3.583%. Meanwhile, the 2-year tenor, which is sensitive to higher FFR expectations, fell to 3.8354% from the previous close at 4.13%

The week began with optimism that markets would respond positively to UBS Group's decision to acquire Credit Suisse in a USD 3.23 billion deal. Global financial markets are also expected to be reassured as the US Federal Reserve stated that along with the central banks of Canada, the UK, Japan, and the Eurozone, as well as the Swiss central bank, they are coordinating to support market liquidity by being ready to extend credit when needed.

## Corporate News

**This Year, PP Presisi (PPRE) Plans to Issue IDR 750 Billion Bonds** PT Merdeka Bonds are still attractive as a source of funding for issuers. One of them, PT PP Presisi Tbk (PPRE), plans to issue bonds this year. PPRE Director of Finance, Manrisk & Legal M. Arif Iswahyudi said that the company plans to issue phase 2 bonds. He also said that the issuance of phase 2 bonds will be carried out in 2023 with a total proceeds targeted at IDR 750 billion. He explained that this corporate action is to support PPRE's performance this year. Understandably, the company plans to increase capital expenditure (capex) in 2023, growing by 50% from last year's IDR 350 billion. The allocation of phase 2 bond funds for capex is 70% and 30% is used for working capital loans. (Kontan)

## Domestic Issue

**Impact BI Records Foreign Capital Inflow of IDR 9.59 Trillion in Mid-March** The Bank Indonesia (BI) reported that foreign capital inflows from the Indonesian financial market reached IDR 9.59 trillion in mid-March 2023. Head of the BI Communication Department Erwin Haryono said the amount consisted of foreign capital inflow from government securities (SBN) up to IDR 10.31 trillion and foreign capital outflow through the stock market amounting to IDR 730 billion. Meanwhile, from the beginning of 2023 to March 16, 2023, the flow of foreign capital entering through SBN reached IDR 39.67 trillion. Then, the flow of foreign capital out through the stock market reached IDR 520 billion. In addition, BI noted that Indonesia's 5-year investment risk premium (credit default swap / CDS) rose from 98.22 basis points (bps) as of March 10, 2023, to 103.48 bps as of March 16, 2023. Then, BI reported that the 10-year government bond yield on Friday (3/17/2023) rose to 6.93%. (Bisnis)

## Recommendation

**US10YT** yield seems to have limited downside potential and even tried to rebound in the Support area from the previous Low Jan-Feb'23 level around 3.368%. The nearest resistance is definitely the MA10 at 3.603% now. A break of this level will determine whether there will be another short-term Uptrend swing. ADVISE: SPECULATIVE BUY; Average Up accordingly.

**ID10YT** rallied robustly through MA10 & MA20 yield Resistance to the level of 6,914-6,886% as the current nearest Support. The nearest Resistance that needs to be broken is: 6.987-7.0% as a psychological level; before returning to the previous High yield level of 7.057% and eventually to TARGET 7.189-7.202%. 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 : 95.38 (6.43%)  
FR0091 : 97.33 (6.77%)  
FR0093 : 97.67 (6.63%)  
FR0092 : 99.77 (7.15%)

FR0086 : 97.37 (6.46%)  
FR0087 : 98.82 (6.69%)  
FR0083 : 103.49 (7.14%)  
FR0088 : 96.50 (6.65%)

## CDS of Indonesia Bonds

CDS 2yr: +0.39% to 47.03  
CDS 5yr: -2.26% to 105.04  
CDS 10yr: +0.00% to 170.91

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.91%	-0.05%
USDIDR	15,345	-0.23%
KRWIDR	11.77	0.42%

## Global Indices

Index	Last	Chg.	%
Dow Jones	31,861.98	(384.57)	-1.19%
S&P 500	3,916.64	(43.64)	-1.10%
FTSE 100	7,335.40	(74.63)	-1.01%
DAX	14,768.20	(198.90)	-1.33%
Nikkei	27,333.79	323.18	1.20%
Hang Seng	19,518.59	314.68	1.64%
Shanghai	3,250.55	23.66	0.73%
Kospi	2,395.69	17.78	0.75%
EIDO	22.00	0.24	1.10%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,989.3	69.7	3.63%
Crude Oil (\$/bbl)	66.74	(1.61)	-2.36%
Coal (\$/ton)	173.00	(1.00)	-0.57%
Nickel LME (\$/MT)	23,364	128.0	0.55%
Tin LME (\$/MT)	22,510	292.0	1.31%
CPO (MYR/Ton)	3,920	(13.0)	-0.33%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	CH	—	5-Year Loan Prime Rate	Mar 20		4.30%	4.30%
20 - Mar.	GE	14:00	PPI YoY	Feb		—	12.7%
<b>Tuesday</b>	US	21:00	Existing Home Sales	Feb		4.15Mn	4.00Mn
21 - Mar.	KR	04:00	PPI YoY	Feb		—	5.1%
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	Mar 17		—	6.5%
22 - Mar.	JP	13:00	Machine Tool Orders YoY	Feb F		—	-10.7%
<b>Thursday</b>	US	01:00	FOMC Rate Decision (Upper Bound)	Mar 22		5.00%	4.75%
23 - Mar.	US	01:00	FOMC Rate Decision (Lower Bound)	Mar 22		4.75%	4.50%
	US	19:30	Initial Jobless Claims	Mar 18		—	192K
	US	21:00	New Home Sales	Feb		650K	670K
<b>Friday</b>	US	19:30	Durable Good Orders	Feb P		1.7%	-4.5%
24 - Mar.	US	20:45	S&P Global US Manufacturing PMI	Feb P		47.3	47.3
	JP	07:30	Jibun Bank Japan PMI Mfg	Mar P		—	47.7

Source: Bloomberg

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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