

Morning Brief

Daily | Mar. 21, 2023

Today's Outlook:

US stocks jumped on Monday (20/03/23) with Dow Jones leading a 1.2% gain on the back of investor relief after a deal to rescue Credit Suisse and central bank efforts to bolster confidence in the financial system. As is known, UBS has agreed to buy Credit Suisse for USD 3.23 billion in a merger engineered by Swiss authorities to avoid more turmoil in the banking group. Investors will focus on the Federal Reserve's decision regarding interest rate hike on Thursday, with the market now pricing in a 71.6% chance of a 25 bps hike and a 28.4% probability of the Fed will hold its pace; as reported by CME Fed Watch. From Europe, German PPI (Feb.) explained that producer level inflation is still heating up above expectations of 14.5% YoY to 15.8% (although lower than the previous month: 17.6%). Eurozone Trade Balance (Jan.) posted a minus USD30.6 billion, a much higher deficit than forecast and previous. Meanwhile, this Germany ZEW Economic Sentiment (Mar.) data will be awaited, as it sheds light on the 6-month economic outlook, which is predicted to fall to 17.1 from 28.1 in the previous period. Later in the evening, the US Existing Home Sales (Feb.) report will be monitored to see if there is any significant growth to 5% MoM from -0.7% in the previous month.

Additionally, it is predicted that not much domestic sentiment will affect the market as this trading week is relatively short due to Nyepi's two-day holiday on 22-23 March and the first day of fasting.

Corporate News

Very Low Risk of Default, Fitch Ratings Affirms SANF Bonds as Stable Fitch Ratings Indonesia has issued an 'AA (idn)' rating for the second tranche of bonds issued under the fourth bond program of PT Surya Artha Nusantara Finance (SANF, AA(idn)/Stable). The tranche consists of Series A with a nominal amount of IDR 350 billion, 6.00% bonds with a tenor of 370 days, due March 2024, Series B with a nominal amount of IDR 900 billion, 7.00% bonds with a tenor of three years, due March 2026 and for Series C with a nominal amount of IDR 250 billion, 7.25% bonds with a tenor of five years, due March 2028. The 'AA' National Rating indicates an expectation of a very low level of default risk compared to other issuers or debt securities in the same country or monetary union. The inherent default risk differs slightly from the highest rated issuers or bonds in the country. SANF's National Long-Term Rating is driven by Fitch's expectation of a moderate possibility for extraordinary support from its parent company, PT Astra International Tbk (AI), in times of need. (Emiten News)

Domestic Issue

To Help the State Budget, BI Buys Government Securities for IDR 1,104.8 Trillion Bank Indonesia (BI) contributed significantly when Indonesia faced a crisis due to the COVID-19 pandemic, especially in financing the state budget (APBN). BI purchased government securities (SBN) amounting to IDR 1,104.85 trillion for the 2020-2022 period. This purchase was carried out in several stages. Some interest from the SBN purchase was even borne by BI. According to Perry Warijiyo, Governor of BI, this is one of the reasons why Indonesia can get out of the crisis faster. Perry added, apart from that, there are several things that have been done in the last 5 years, such as directing monetary policy, macroprudential, financial market deepening and inclusive economics to encourage economic growth. (CNBC Indonesia)

Recommendation

US10YT held at the Support area from the previous Low level around 3.368-3.321% yield; creating a long-leg Hammer-like candle, as the RSI started to approach the Support area. ADVISE: Anticipate a technical rebound, testing the nearest Resistance/MA10 around 3.60% yield.

ID10YT yield fell below MA10 Support, making the 6.91% level the closest yield Resistance at the moment, before being able to Uptrend back to the 6.987-7.0% area as a psychological level. ADVISE: Average Up accordingly, while paying attention to MA20 Support around 6.895%. If this level gets broken, then the next Support to aim for is MA50 at 6.78% yield area.

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 : 95.48 (6.41%)
FR0091 : 97.49 (6.75%)
FR0093 : 96.68 (6.74%)
FR0092 : 99.78 (7.15%)

FR0086 : 97.36 (6.45%)
FR0087 : 98.89 (6.68%)
FR0083 : 103.44 (7.15%)
FR0088 : 93.23 (7.04%)

CDS of Indonesia Bonds

CDS 2yr: +23.21% to 57.95
CDS 5yr: +14.42% to 120.19
CDS 10yr: +3.36% to 176.65

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	32,244.58	382.60	1.20%
S&P 500	3,951.57	34.93	0.89%
FTSE 100	7,403.85	68.45	0.93%
DAX	14,933.38	165.18	1.12%
Nikkei	26,945.67	(388.12)	-1.42%
Hang Seng	19,000.71	(517.88)	-2.65%
Shanghai	3,234.91	(15.64)	-0.48%
Kospi	2,379.20	(16.49)	-0.69%
EIDO	22.05	0.05	0.23%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,978.8	(10.4)	-0.52%
Crude Oil (\$/bbl)	67.64	0.90	1.35%
Coal (\$/ton)	172.25	(0.75)	-0.43%
Nickel LME (\$/MT)	23,364	128.0	0.55%
Tin LME (\$/MT)	22,510	292.0	1.31%
CPO (MYR/Ton)	3,785	(135.0)	-3.44%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	CH	—	5-Year Loan Prime Rate	Mar 20	4.30%	4.30%	4.30%
20 - Mar.	GE	14:00	PPI YoY	Feb	15.8%	—	12.7%
Tuesday	US	21:00	Existing Home Sales	Feb		4.15Mn	4.00Mn
21 - Mar.	KR	04:00	PPI YoY	Feb		—	5.1%
Wednesday	US	18:00	MBA Mortgage Applications	Mar 17		—	6.5%
22 - Mar.	JP	13:00	Machine Tool Orders YoY	Feb F		—	-10.7%
Thursday	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
Friday	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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