

# Morning Brief

Daily | Mar. 28, 2023

## Today's Outlook:

All three of Wall Street's major indexes managed to post gains on Monday (27/03/23), in line with markets' relief sentiment after First Citizens BancShares agreed to purchase the remaining assets, deposits, and loans from the collapsed Silicon Valley Bank, for USD 72 billion. Another breeze of fresh air came from the US government, which might begin to explore the Federal Reserve expanding its lending facility to regional banks. On the other hand, a stutter in tech kept the sector to stay in positive territory after Treasury yields surged after Federal Reserve Bank of St. Louis President comments the prospect of higher rates at 5.75% this year when many in the market bet on cuts later this year. The Treasury Department saw a slight increase in 2-year bond sales. The pressure on the banking sector is optimistically under control; the probability that the Fed will raise interest rates at the next FOMC Meeting in May has risen again. From the Europe, the German Ifo Business Climate Index (Mar.) data release showed confidence in economic conditions by rising to 93.3 (higher than forecast & previous at around 91). Later tonight at 21.00 Western Indonesian Time (WIB), US Consumer Confidence (Mar.) will be monitored, as it is expected to weaken slightly to 101 (from previous position 102.9).

The US Dollar rose to a 5-day high over the Japanese Yen as policymakers' efforts to tackle shocks to the banking system proved successful in calming investors. However, the USD traded in a narrow price range over a number of other major world currencies, as investors were still digesting the aftermath of the two US bank collapses & the Credit Suisse rescue by UBS last week. It is known that US depositors are simultaneously moving their funds from smaller banks to larger financial institutions, or to money market mutual funds. Gold prices slipped as market participants no longer felt the need to bet more on safe-haven assets, and instead started eyeing riskier assets such as stocks. As such gold spot prices fell 1% to USD 1957.22/ounce amid Futures prices still sliding down.

## Corporate News

**Fitch Affirms Lippo Karawaci's (LPKR) Long-Term Rating with Stable Outlook** Fitch Ratings has affirmed PT Lippo Karawaci Tbk's (LPKR) Long-Term Foreign and Local Currency Issuer Default Rating (IDR) at 'B-' with a Stable Outlook. Fitch has also affirmed Lippo's US dollar notes due 2025 and 2026 at 'B-' and Recovery Rating at 'RR4'. At the same time, Fitch Ratings Indonesia has affirmed Lippo's National Long-Term Rating at 'BBB-(idn)' with a Stable Outlook. (Emiten News)

## Domestic Issue

**Pressure Eases, SUN Prices This Week Predicted to Strengthen** After being pressured by the sentiment of the US central bank's interest hike, the Fed, the price of SUN or Government Securities this week is projected to strengthen. Thus, the yield on 10-year SUN will decline in the range of 6.73% to 7.25%. Fixed Income Analyst Ahmad Nasrudin said, SUN prices this week tend to ease after the previous week was pressured by rising interest rates in several developed countries such as the United States, Britain and the European Union. However, bond market volatility going forward is projected to remain high considering the financial turmoil in Europe and the US is feared to have a domino effect and add to uncertainty. The main reason is that the recent banking turmoil in the US and Europe is still the beginning, because the long-term impact on the financial system and other large banks is still not felt. On the other hand, Indonesia is entering the inflation season, which usually occurs during Ramadan and Eid. (Berita Satu)

## Recommendation

**US10YT** managed to break the first MA10 Resistance, making the yield level of 3.481% the closest Support at the moment. Then follows the Resistance which seems to be more difficult to break around 3.653-3.67% due to a stack of Resistance from the previous High level as well as MA20 & MA50. ADVISE: Average Up accordingly.

**ID10YT** began to break MA10 and MA20, but the selling pressure will only be relieved if the yield can crawl up to 6.909%; so that there will be an opportunity to return to the psychological level of 7% or return to the previous High level at a yield of 7.057%. 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 : 95.89 (6.29%)  
FR0091 : 98.12 (6.65%)  
FR0093 : 98.00 (6.59%)  
FR0092 : 101.31 (7.00%)

FR0086 : 97.86 (6.28%)  
FR0087 : 99.58 (6.57%)  
FR0083 : 104.47 (7.05%)  
FR0088 : 93.75 (6.98%)

## CDS of Indonesia Bonds

CDS 2yr: -1.47% to 54.11  
CDS 5yr: +0.71% to 111.76  
CDS 10yr: -1.21% to 167.13

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.78%	-0.03%
USDIDR	15,160	0.03%
KRWIDR	11.65	-0.56%

## Global Indices

Index	Last	Chg.	%
Dow Jones	32,432.08	194.55	0.60%
S&P 500	3,977.53	6.54	0.16%
FTSE 100	7,471.77	66.32	0.90%
DAX	15,127.68	170.45	1.14%
Nikkei	27,476.87	91.62	0.33%
Hang Seng	19,567.69	(347.99)	-1.75%
Shanghai	3,251.40	(14.26)	-0.44%
Kospi	2,409.22	(5.74)	-0.24%
EIDO	22.96	0.07	0.31%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,956.7	(21.5)	-1.09%
Crude Oil (\$/bbl)	72.81	3.55	5.13%
Coal (\$/ton)	176.25	0.90	0.51%
Nickel LME (\$/MT)	23,843	375.0	1.60%
Tin LME (\$/MT)	25,421	591.0	2.38%
CPO (MYR/Ton)	3,576	64.0	1.82%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 27 - Mar.	CH	08:30	Industrial Profits YTD YoY	Feb	-22.9%	—	—
	KR	—	Retail Sales YoY	Feb	—	—	—
<b>Tuesday</b> 28 - Mar.	US	21:00	Conf. Board Consumer Confidence	Mar		101.5	102.9
	FR	13:45	Business Confidence	Mar		—	103
<b>Wednesday</b> 29 - Mar.	US	21:00	Pending Home Sales MoM	Feb		-2.3%	8.1%
	KR	04:00	Consumer Confidence	Mar		—	90.2
<b>Thursday</b> 30 - Mar.	US	19:30	Initial Jobless Claims	Mar 25		—	191K
	US	19:30	GDP Annualized QoQ	4Q T		2.7%	2.7%
	US	19:30	Continuing Claims	Mar 18		—	1,694K
<b>Friday</b> 31 - Mar.	US	19:30	Personal Income	Feb		0.3%	0.6%
	US	19:30	Personal Spending	Feb		0.3%	1.8%
	US	21:00	U. of Mich. Sentiment	Mar F		63.4	63.4
	CH	08:30	Manufacturing PMI	Mar		52.0	52.6
	KR	06:00	Industrial Production YoY	Feb		—	-12.7%

Source: Bloomberg

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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