

Morning Brief

Daily | Mar. 30, 2023

Today's Outlook:

Global stock exchanges surged on Wednesday (29/03/23) as markets took heart from greater stability in the banking sector, but most Treasury yields edged higher as uncertainty lingered and bond investors gauged the impact of rising interest rates. On the one hand, the easing of financial system stress evoked greater interest in equity investments; as well as lifting cryptocurrencies and commodity prices. The 2-year Treasury Bond, which is most in line with interest rate expectations, rose 3.9bps to a yield of 4.101%. This is quite a quick rise from the recent 7-month intraday low of 3.555% last Friday as investors sought temporary refuge in safe-haven assets. Meanwhile, the benchmark 10-year US Treasury yield stands at 3.568%.

From the macroeconomic, data showed that Pending Home Sales (Feb.) were higher than expected at 2.3%, increased by 0.8% (though considerably down from Jan. at 8.1%). On the other hand, the Gfk German Consumer Climate (Apr.) data fell deeper than expected -29.2 to -29.5 (also lower than previous -30.6), indicating fairly pessimistic consumer confidence over future economic activity. Elsewhere, a survey showed German consumer sentiment is set to improve in April, thanks to a drop in energy prices, although a full recovery isn't likely any time soon. European analysts consider the fundamentals of the economy to be healthier now than 6 months ago, thus generating optimism that the banking sector shock can be safely controlled. Markets are now pricing in a 60.8% chance that the Fed leaves interest rates unchanged at the end of its next meeting on May, according to CME's FedWatch Tool. More important readings from the European continent & the US will be awaited today: German CPI (Mar.), US 4Q22 GDP, as well as Initial Jobless Claims which is predicted to come in at 196k (still growing from previous week's 191k).

Corporate News

Bank Mandiri's USD 300 Million Global Bond Issuance Oversubscribed 10.3 Times Bank Mandiri managed to raise funding of USD 300 million or around IDR 4.5 trillion from the issuance of global bonds which will be used for the company's business development. The global bond has a 3-year tenor with a coupon of 5.5%. In this global bond issuance, Bank Mandiri appointed HSBC, J.P. Morgan, Mandiri Securities, Citigroup, MUFG and Standard Chartered Bank as joint lead managers. This global bond issuance received more than USD 3.1 billion in demand during the orderbook process or oversubscription reaching 10.3 times the amount issued and is the largest oversubscription ever achieved by Bank Mandiri. (Kontan)

Domestic Issue

Bond Market Outlook Ahead of Fed Rate Hike Peak The outlook for the Indonesian bond market ahead of the peak of the Fed's interest rate hike is predicted to remain bright. Director & CIO Fixed Income Manulife Aset Manajemen Indonesia Ezra Nazula said, stable domestic fundamentals and a strengthening exchange rate are fresh air for the bond market. Nevertheless, Ezra predicts that the yield on 10-year medium-term bonds will drop to 6.5 percent by the end of the year. On the other hand, Fixed Income Analyst of PT Manulife Aset Manajemen Indonesia Doni Kuswanto in a release said that after the peak of BI interest rates is reached, commercial interest rates including yields on Indonesian state bonds are expected to decline so that it can encourage companies to issue bonds. This is because the need for expansion and refinancing amidst controlled inflation and improved purchasing power will attract companies to issue bonds. (Bisnis)

Recommendation

US10YT is relatively Sideways, yet to budge from between the Support and Resistance yield ranges: 3.502% - 3.677%. The direction of the breakout will determine the next movement of US10YT. ADVISE: Average Up accordingly.

ID10YT showed improvement in yield, with MA10 Resistance break, making 6.867% level as the closest Support now. Going forward, ID10YT must prove to be able to stabilize above MA20 Resistance / 6.907% yield, then catch up with the psychological level of 7.0% in order to smoothly continue this short-term uptrend; towards the TARGET which is actually still waiting around 7.057% / 7.189-7.202% yield. 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 : 95.90 (6.29%)
FR0091 : 98.04 (6.67%)
FR0093 : 96.90 (6.71%)
FR0092 : 101.39 (6.99%)

FR0086 : 97.82 (6.30%)
FR0087 : 99.49 (6.58%)
FR0083 : 104.56 (7.04%)
FR0088 : 94.60 (6.89%)

CDS of Indonesia Bonds

CDS 2yr: -3.77% to 50.81
CDS 5yr: -4.87% to 104.53
CDS 10yr: -3.22% to 158.39

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.82%	0.02%
USDIDR	15,065	-0.15%
KRWIDR	11.55	-0.54%

Global Indices

Index	Last	Chg.	%
Dow Jones	32,717.60	323.35	1.00%
S&P 500	4,027.81	56.54	1.42%
FTSE 100	7,564.27	80.02	1.07%
DAX	15,328.78	186.76	1.23%
Nikkei	27,883.78	365.53	1.33%
Hang Seng	20,192.40	407.75	2.06%
Shanghai	3,240.06	(5.32)	-0.16%
Kospi	2,443.92	8.98	0.37%
EIDO	23.63	0.43	1.85%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,964.7	(8.8)	-0.45%
Crude Oil (\$/bbl)	72.97	(0.23)	-0.31%
Coal (\$/ton)	176.60	0.10	0.06%
Nickel LME (\$/MT)	23,743	(331.0)	-1.37%
Tin LME (\$/MT)	25,814	44.0	0.17%
CPO (MYR/Ton)	3,707	20.0	0.54%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 27 - Mar.	CH	08:30	Industrial Profits YTD YoY	Feb	-22.9%	—	—
	KR	—	Retail Sales YoY	Feb	—	—	—
Tuesday 28 - Mar.	US	21:00	Conf. Board Consumer Confidence	Mar	104.2	101.5	102.9
	FR	13:45	Business Confidence	Mar	103	—	103
Wednesday 29 - Mar.	US	21:00	Pending Home Sales MoM	Feb	0.8%	-2.3%	8.1%
	KR	04:00	Consumer Confidence	Mar	92.0	—	90.2
Thursday 30 - Mar.	US	19:30	Initial Jobless Claims	Mar 25	—	—	191K
	US	19:30	GDP Annualized QoQ	4Q T	2.7%	2.7%	2.7%
	US	19:30	Continuing Claims	Mar 18	—	—	1,694K
Friday 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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