

Morning Brief

Today's Outlook:

This week begins the 2nd quarter of 2023. Besides Indonesia's Inflation figures (Mar.), important US economic data will be awaited, including the monthly labor report, Nonfarm Payroll (Mar.) which is expected to be released on Friday with a forecast of 238k versus 311k in Feb. last month. Average hourly wages are predicted to grow 4.3% on an annualized basis, which is the lowest rate since July 2021. Also important are JOLTs Job Openings (Feb.), ADP Nonfarm Employment Change (Mar.), weekly Initial Jobless Claims, and Unemployment Rate (Mar.) which is predicted to be still unlikely to fall from the 3.6% level. A number of the above employment data will play a crucial role at the Fed's FOMC Meeting next May, where the market is split between an expected 25bps Fed Fund Rate hike or none at all. A number of comments from Fed officials this week are also expected to give an insight into the future direction of the US central bank's monetary policy. The trend of business climate improvement will be attempted to be shown by the PMI figures for Germany, France, UK, US, China, and Japan. OPEC+ will hold a meeting to set production cuts, after global oil prices bounced back from a 15-month low thanks to optimism about the end of the global banking crisis, plus tightening supplies from Iraq.

Global stock markets managed to post the biggest weekly gain in 4.5 months, while US Treasury yields dropped for the first time in 9 quarters; as US inflation data reflected in the PCE Price Index (Feb.) managed to tick lower than expected at 5% YoY (vs. 5.3% previous). The monthly Personal Spending rate (Feb.) also fell to 0.2% from the previous month at 2%. This was in line with Michigan Consumer Expectation & Sentiment (Mar.) which appeared to contract both from forecast & previous. Dow Jones et al closed last week solidly in positive territory thanks to gains above 1%. Expansionary economic trend was also shown by Chinese Composite PMI (Mar.) which grew to 57 (vs previous 56.4) and Japan Industrial Production (Feb.) which jumped dramatically to 4.5% mom from minus 5.3% the previous month. UK GDP for 4Q22 also showed growth of 0.6% YoY from 0.2% the previous quarter. The Eurozone can be happy that Inflation (Mar.) finally eased to 6.9% YoY, an achievement as it was lower than the forecast of 7.1% and the previous 8.5% (although on a monthly basis their Core Inflation still rose 1.2% MoM, versus 0.8% the previous month).

The Rupiah exchange rate strengthened sharply throughout last week and was able to close at IDR 14,990/USD, on the spot market or strengthened 0.37% on Friday trading (31/03/23). On a monthly basis, the Rupiah strengthened 1.7% in March this year and 3.8% in the first quarter of 2023. Bank Indonesia (BI) data based on transactions from March 27-30, 2023 shows that foreign investors recorded a net buy of IDR 10.97 trillion. Net buy in the Government Securities (SBN) market reached IDR 8.37 trillion while in the stock market touched IDR 2.6 trillion.

Corporate News

Bank BJB (BJBR) Chooses to Issue Bonds Instead of Rights Issue for Credit Expansion PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk (BJBR) or Bank BJB has canceled its plan to raise capital through a rights issue for credit expansion. Meanwhile, Bank BJB prefers to issue bonds to launch its credit expansion. President Director of Bank BJB Yuddy Renaldi said the company plans to re-issue bonds with an estimated value of Rp 1 trillion. In addition to coupons, the fulfillment of liquidity ratios is also a consideration in issuing bonds this year. (Bisnis)

Domestic Issue

SUN Yield Expected to Remain Stable Amid External Sentiment Pressure The price of government securities (SUN) this week is predicted to keep strengthening as it did last week. However, this time the strengthening is relatively limited with yield movements that tend to stabilize. The strength of domestic liquidity is believed to still be a market support amid global pressure. Anugerah Sekuritas Fixed Income Associate Director Ramdhan Ario Maruto said that the domestic market conditions will still be resilient despite being hit by severe tests from various external sentiments such as the Fed rate hike, geopolitical tensions, and global inflation. (Berita Satu)

Recommendation

US10YT is relatively Sideways, yet to budge from between the yield range Support and Resistance of MA10 & MA20 within the range of : 3.497% - 3.57%. The direction of the breakout will determine the next movement of US10YT. ADVISE: Average Up accordingly.

ID10YT has proven the ability to face MA10 Resistance, making the yield of 6.87% the closest Support at the moment. It takes more stability to break MA20 / yield 6.891% so as to free the way to the psychological level of 7.0% or the next TARGET around yield 7.057% / 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 : 96.05 (6.25%)
FR0091 : 98.10 (6.66%)
FR0093 : 97.05 (6.70%)
FR0092 : 101.40 (6.99%)

FR0086 : 97.87 (6.28%)
FR0087 : 99.57 (6.57%)
FR0083 : 104.58 (7.03%)
FR0088 : 95.20 (6.80%)

CDS of Indonesia Bonds

CDS 2yr: -6.86% to 45.51
CDS 5yr: -2.58% to 96.47
CDS 10yr: +1.08% to 155.24

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.79%	-0.02%
USDIDR	14,995	-0.35%
KRWIDR	11.52	-0.54%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,274.15	415.12	1.26%
S&P 500	4,109.31	58.48	1.44%
FTSE 100	7,631.74	11.31	0.15%
DAX	15,628.84	106.44	0.69%
Nikkei	28,041.48	258.55	0.93%
Hang Seng	20,400.11	90.98	0.45%
Shanghai	3,272.86	11.61	0.36%
Kospi	2,476.86	23.70	0.97%
EIDO	23.53	0.02	0.09%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,969.3	(11.1)	-0.56%
Crude Oil (\$/bbl)	75.67	1.30	1.75%
Coal (\$/ton)	177.25	0.50	0.28%
Nickel LME (\$/MT)	23,838	639.0	2.75%
Tin LME (\$/MT)	25,835	(81.0)	-0.31%
CPO (MYR/Ton)	3,761	(27.0)	-0.71%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 3– Apr.	US	20:45	S&P Global US Manufacturing PMI	Mar F	—	—	49.3
	US	21:00	ISM Manufacturing	Mar	—	47.5	47.7
	CH	08:45	Caixin China PMI Mfg	Mar	—	51.4	51.6
	ID	07:30	S&P Global Indonesia PMI Mfg	Mar	—	—	51.2
	ID	—	CPI YoY	Mar	—	5.07%	5.47%
Tuesday 4– Apr.	US	21:00	Factory Orders	Feb	—	-0.5%	-1.6%
	US	21:00	Durable Goods Orders	Feb F	—	—	-1.0%
	KR	06:00	CPI YoY	Mar	—	4.3%	4.8%
Wednesday 5– Apr.	GE	13:00	Trade Balance SA	Feb	—	16.6B	16.7B
	US	18:00	MBA Mortgage Applications	Mar 31	—	—	2.9%
	US	19:15	ADP Employment Change	Mar	—	205K	242K
	US	19:30	Trade Balance	Feb	—	-\$68.5B	-\$68.3B
Thursday 6– Apr.	KR	04:00	Foreign Reserves	Mar	—	—	\$425.29B
	US	19:30	Initial Jobless Claims	Apr 1	—	—	198K
	US	19:30	Continuing Claims	Mar 25	—	—	1,689K
Friday 7– Apr.	CH	08:45	Caixin China PMI Composite	Mar	—	—	54.2
	US	19:30	Change in Nonfarm Payrolls	Mar	—	240K	311K
	US	19:30	Unemployment Rate	Mar	—	3.6%	3.6%
	CH	—	Foreign Reserves	Mar	—	—	\$3,133.1B

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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