

Morning Brief

Daily | Apr. 04, 2023

Today's Outlook:

The dollar stumbled on Monday, surrendering earlier gains following unexpected oil output cuts from OPEC+, as data showed the U.S. economy continued to slow with declines in manufacturing and construction spending. The dollar index, which measures the currency against a basket of six currencies including the euro, was down 0.9% at 102.01. On the other hand, the prospect of higher oil costs added to inflation worries on Wall Street just days after evidence of cooling prices on goods and services raised expectations that the U.S. Federal Reserve might soon end its aggressive monetary tightening campaign. Market participants are equally divided into two camps that count on a 25bps rate hike at the upcoming FOMC Meeting in May; or no hike at all, as reported by CME Fedwatch. As for today, we will look forward to reports on German Trade Balance (Feb.), Factory Orders (Feb.), and the highlights of the day, which are: US JOLTS Job Openings (Feb.) that could shed light on how the economy has reacted to the rate hike so far, as well as how the Fed should continue this policy.

Domestically, Inflation rate (Mar.) eased to 4.97% YoY from 5.47% on the previous month; Core Inflation also eased to below 3% (on track with central bank expectation) at 2.94% YoY, successfully lower than both forecast and previous period. Rupiah exchange rate still managed to stay below 15k, at IDR 14970/USD.

Corporate News

The Issuer Hartadinata Abadi Has IDR 400 M Bonds Maturing in June 2023 Pemeringkat Efek Indonesia (Pefindo) affirmed the "idA-" rating for the 2020 sustainable bonds I phase II issued by PT Hartadinata Abadi Tbk (HRTA) worth IDR 400 billion which will mature on June 5, 2023. Pefindo in its release explained, HRTA plans to pay off the maturing debt instruments using unused bank credit facilities or withdraw precious metal inventories recorded at IDR 1.02 trillion as of September 30, 2022. (Emiten News)

Domestic Issue

SBSN Auction Held Today Tuesday, April 4, 2023, With a Target of IDR 9 Trillion The government will conduct an auction of Government Sharia Securities (SBSN) or Government Sukuk today, Tuesday (4/4/2023). The SBSN series to be auctioned are the Sharia State Treasury Securities (SPN-S) and Project Based Sukuk (PBS), which aim to fulfill part of the financing target in the 2023 State Budget. There are six SBSN series that will be auctioned, including SPN-S 03102023 (new issuance), PBS036 (reopening), PBS003 (reopening), PBS037 (reopening), PBS034 (reopening), and PBS033 (reopening). Based on the official website of the Ministry of Finance's DJPPR, the yields vary from 5.37 percent to 6.75 percent with tenors of three to 24 years. Please note the government set an indicative target for the SBSN auction of IDR 9 trillion. (Bisnis)

Recommendation

US10YT decided to break the MA10 Support, making the yield of 3.485% the closest resistance at the moment, followed by MA20 at 3.535%. The 10-year US Treasury yield benchmark is expected to return to test Support in the range of 3.368-3.321% yield. So far, RSI is still showing positive divergence, so expect a technical rebound around Support area. ADVISE: BUY ON WEAKNESS.

ID10YT needs to prove its ability to face MA20 Resistance, making the yield of 6.887% the closest Resistance at the moment. If broken, it will free the way to the psychological level of 7.0% or the next TARGET around 7.057% / 7.189-7.202% yield. Meanwhile, monitoring the nearest Support MA10 / 6.859% yield is needed as well. 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	4.97%	5.47%	Cons. Confidence*	122.40	123.00

PRICE OF BENCHMARK SERIES

FR0090	: 96.05 (6.25%)
FR0091	: 98.08 (6.66%)
FR0093	: 96.60 (6.75%)
FR0092	: 101.67 (6.96%)
FR0086	: 97.91 (6.27%)
FR0087	: 99.60 (6.56%)
FR0083	: 104.48 (7.04%)
FR0088	: 95.00 (6.83%)

CDS of Indonesia Bonds

CDS 2yr:	+0.83% to 45.89
CDS 5yr:	-3.92% to 92.69
CDS 10yr:	+0.75% to 156.41

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.78%	-0.01%
USDIDR	14,970	-0.17%
KRWIDR	11.37	-1.30%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,601.15	327.00	0.98%
S&P 500	4,124.51	15.20	0.37%
FTSE 100	7,673.00	41.26	0.54%
DAX	15,580.92	(47.92)	-0.31%
Nikkei	28,188.15	146.67	0.52%
Hang Seng	20,409.18	9.07	0.04%
Shanghai	3,296.40	23.54	0.72%
Kospi	2,472.34	(4.52)	-0.18%
EIDO	23.75	0.22	0.94%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,984.7	15.4	0.78%
Crude Oil (\$/bbl)	80.42	4.75	6.28%
Coal (\$/ton)	200.00	22.75	12.83%
Nickel LME (\$/MT)	23,372	(466.0)	-1.95%
Tin LME (\$/MT)	26,040	205.0	0.79%
CPO (MYR/Ton)	3,884	123.0	3.27%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 3– Apr.	US	20:45	S&P Global US Manufacturing PMI	Mar F	49.2	—	49.3
	US	21:00	ISM Manufacturing	Mar	46.3	47.5	47.7
	CH	08:45	Caixin China PMI Mfg	Mar	50.0	51.4	51.6
	ID	07:30	S&P Global Indonesia PMI Mfg	Mar	51.9	—	51.2
	ID	—	CPI YoY	Mar	4.97%	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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