

# Morning Brief

Daily | Apr. 05, 2023

## Today's Outlook:

The release of job openings data dropped to 9.931 million, below the forecast of 10.4 million; indicating a cooling labor market, while Factory Orders (Feb.) also fell 0.7%, lower than the -0.5% forecast. These two data follow the weak US manufacturing activity report released on Monday. This implies that economic growth has slowed, and fears of a recession are looming. On the other hand, the market now bets the US central bank is now tilted toward a pause to raise the interest rates at the upcoming FOMC Meeting in May, with the probability of a 25 bps rate hike falling to only 42% (from 60% previously), as reported by CME Group Fedwatch. With the recession outlook, Gold as a safe-haven asset was again hunted by investors making the price break the psychological level of USD 2000, while the US Dollar retreated regularly over other world currencies. The Rupiah exchange rate itself has reached its strongest level in 2 months at IDR 14898.5/USD.

From Europe, the same economic contraction was also reflected in Germany's Trade Balance figures (Feb.) which could not meet expectations of a surplus of EUR 17 billion but was only able to book EUR 16 billion (the same as the previous month). This afternoon (Western Indonesian Time), German Factory Orders (Feb.) and composite PMI (Mar.) for the Eurozone & UK will be monitored. Later in the evening, market participants will watch US data for the S&P Global Composite PMI, which will shed light on how manufacturing & services business activity fared in March; while private sector job creation (ADP Nonfarm Employment Change) for March is also expected to fall from the previous month to 200k. Both readings will say more about the consequences of the upward trend in US interest rates which tends to depress economic growth, as well as how the Federal Reserve will set its monetary policy going forward.

Meanwhile, optimism over domestic fundamentals seems to be more evident than the outlook for Western countries, especially after the Asian Development Bank predicted that the Indonesian economy could grow 4.8% this year and increase to 5% in 2024 (although this figure is weaker than last year's 5.3%). Director of Sharia Financing at the Ministry of Finance's DJPPR, Dwi Irianti Hadiningdyah, assessed that incoming bids at the state sukuk auction held yesterday went very well. The total incoming bids were monitored at IDR 24.77 trillion, an increase from the sukuk auction two weeks ago which amounted to IDR 23.51 trillion. Of the total incoming bids, the number of awarded bids was IDR 9 trillion. Thus, the bids to cover ratio was 2.75 times or higher than the previous auction of 2.31 times. The Indonesia Stock Exchange (IDX) noted that fundraising in the capital market through debt securities (EBUS), rights issues, and initial public offerings (IPOs) during the first quarter of 2023 reached Rp54.2 trillion.

## Corporate News

**18 Issuers Ready to Issue Bonds in the Capital Market** The Indonesia Stock Exchange (IDX) said that there are 18 issuers and 21 emissions that are included in the pipeline for the issuance of debt securities and / or sukuk (EBUS). IDX Director of Corporate Valuation I Gede Nyoman Yetna said most of the issuers came from the financial sector. Five companies issuing debt securities come from the industrial sector, while the other two are from infrastructure. Meanwhile, 1 company each represents the energy sector, and property-real estate. (Okezone)

## Domestic Issue

**Realization of SBN Issuance Until the First Quarter of 2023 Reached IDR 295.45 Trillion** Directorate General of Financing and Risk Management (DJPPR), Ministry of Finance, reported that the realization of the issuance of Government Securities (SBN) until the first quarter of 2023 reached IDR 295.45 trillion. Director of Government Bonds (SUN) DJPPR, Ministry of Finance, Deni Ridwan, said that the realization consisted of SBN domestic composition worth IDR 247.96 trillion and SBN foreign exchange (forex) amounting to IDR 47.49 trillion. In the second quarter of 2023, the government will issue SBN through auction and non-auction methods, with the amount of issuance to be adjusted to the financing needs of the state budget. Deni also said that in the second quarter of 2023, the government will also issue retail instruments, namely Savings Sukuk (ST010) to support financial inclusion and market deepening. (Kontan)

## Recommendation

**US10YT** is returning to test Support at the previous Low level of 3.368-3.321% yield range. So far, RSI is still showing positive divergence, so expect a technical rebound around Support area. ADVISE: Wait & See or, Buy on Weakness.

**ID10YT** has instead chosen to break the MA50 Support, thereby making the yield range of 6.796-6.872% the closest row of Resistance at the moment. This consolidation could last until the next Support position at 6.717-6.648% yield. ADVISE: Wait & See.

## 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 | : 96.18 (6.21%)  |
| FR0091 | : 98.29 (6.63%)  |
| FR0093 | : 96.85 (6.72%)  |
| FR0092 | : 101.62 (6.97%) |
| FR0086 | : 98.13 (6.19%)  |
| FR0087 | : 99.70 (6.55%)  |
| FR0083 | : 104.62 (7.03%) |
| FR0088 | : 94.75 (6.86%)  |

## CDS of Indonesia Bonds

|           |                  |
|-----------|------------------|
| CDS 2yr:  | -24.41% to 34.69 |
| CDS 5yr:  | +0.41% to 93.06  |
| CDS 10yr: | +1.75% to 159.15 |

## Government Bond Yields & FX

|                | Last   | Chg.   |
|----------------|--------|--------|
| Tenor: 10 year | 6.73%  | -0.05% |
| USDIDR         | 14,900 | -0.47% |
| KRWIDR         | 11.32  | -0.43% |

## Global Indices

| Index     | Last      | Chg.     | %      |
|-----------|-----------|----------|--------|
| Dow Jones | 33,402.38 | (198.77) | -0.59% |
| S&P 500   | 4,100.60  | (23.91)  | -0.58% |
| FTSE 100  | 7,634.52  | (38.48)  | -0.50% |
| DAX       | 15,603.47 | 22.55    | 0.14%  |
| Nikkei    | 28,287.42 | 99.27    | 0.35%  |
| Hang Seng | 20,274.59 | (134.59) | -0.66% |
| Shanghai  | 3,312.56  | 16.16    | 0.49%  |
| Kospi     | 2,480.51  | 8.17     | 0.33%  |
| EIDO      | 23.62     | (0.13)   | -0.55% |

## Commodities

| Commodity          | Last    | Chg.     | %      |
|--------------------|---------|----------|--------|
| Gold (\$/troy oz.) | 2,020.4 | 35.8     | 1.80%  |
| Crude Oil (\$/bbl) | 80.71   | 0.29     | 0.36%  |
| Coal (\$/ton)      | 192.65  | (7.35)   | -3.67% |
| Nickel LME (\$/MT) | 23,124  | (248.0)  | -1.06% |
| Tin LME (\$/MT)    | 24,995  | (1045.0) | -4.01% |
| CPO (MYR/Ton)      | 3,966   | 82.0     | 2.11%  |

| Date                        | Country | Hour Jakarta | Event                           | Period | Actual | Consensus | Previous   |
|-----------------------------|---------|--------------|---------------------------------|--------|--------|-----------|------------|
| <b>Monday</b><br>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%      |
| <b>Tuesday</b><br>4– Apr.   | US      | 21:00        | Factory Orders                  | Feb    | -0.7%  | -0.5%     | -1.6%      |
|                             | US      | 21:00        | Durable Goods Orders            | Feb F  | -1.0%  | —         | -1.0%      |
|                             | KR      | 06:00        | CPI YoY                         | Mar    | 4.2%   | 4.3%      | 4.8%       |
| <b>Wednesday</b><br>5– Apr. | GE      | 13:00        | Trade Balance SA                | Feb    | 16.0B  | 16.6B     | 16.7B      |
|                             | US      | 18:00        | MBA Mortgage Applications       | Mar 31 | —      | —         | 2.9%       |
|                             | US      | 19:15        | ADP Employment Change           | Mar    | —      | 205K      | 242K       |
| <b>Thursday</b><br>6– Apr.  | US      | 19:30        | Trade Balance                   | Feb    | —      | -\$68.5B  | -\$68.3B   |
|                             | US      | 19:30        | Initial Jobless Claims          | Mar    | —      | —         | \$425.29B  |
|                             | KR      | 04:00        | Foreign Reserves                | Mar    | —      | —         | —          |
| <b>Friday</b><br>7– Apr.    | US      | 19:30        | Continuing Claims               | Apr 1  | —      | —         | 198K       |
|                             | US      | 19:30        | Change in Nonfarm Payrolls      | Mar 25 | —      | —         | 1,689K     |
|                             | CH      | 08:45        | Unemployment Rate               | Mar    | —      | —         | 54.2       |
| <b>Friday</b><br>7– Apr.    | US      | 19:30        | Caixin China PMI Composite      | Mar    | —      | —         | —          |
|                             | CH      | —            | Foreign Reserves                | Mar    | —      | —         | \$3,133.1B |

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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