

Morning Brief

Daily | Apr. 06, 2023

Today's Outlook:

Market mostly responded negatively to economic data releases that implied a slowdown in the US economy; as Federal Reserve officials reiterated that the pace of US interest rate hikes will continue. The private sector employment growth figure or ADP Nonfarm Employment Change fell sharply to 145k for March, lower than the forecast of 200k and the previous month at 261k. Meanwhile, the Trade Balance (Feb.) deficit widened to USD 70.5 billion, from Jan. at USD 68.7 billion. The S&P Global Composite PMI (Mar.) recorded that US businesses had to settle for 52.3, failing to meet expectations of 53.3, although it did look more expansionary than the previous month's 50.1. Inflationary pressures are often rooted in wage labor in the service sector, this was reflected in the ISM Non-Manufacturing PMI (Mar.) report which recorded growth clearly more contractionary than before at 51.2, lower than forecast and previous period. Given the increasingly clear signs of recession plus the recent turmoil in the banking sector, the market is pricing in a 61% probability of the Fed cutting rates at the July FOMC Meeting, and a 57% probability that the central bank will keep rates fixed at its current range of 4.75% - 5%. The 10-year US Treasury yield retreated to a 7-month low. The price of the benchmark bond rose 8/32 making the yield at 3.3089% from 3.3337% on Tuesday. Meanwhile, the price of the 30-year bond rose 16/32 putting the yield at 3.567% from 3.594%. The US Dollar index crept up 0.32%, while the Euro slipped 0.47%. The rupiah exchange rate in the spot market ended its strength, closing at IDR 14,932/USD, 0.22% weaker than the previous day's close at IDR 14,899/USD. As a result, the rupiah became the currency with the deepest weakness in Asia. The price of Gold is still not budging above USD2020 / ounce, which is the highest level since March 2022.

Oil prices struggled for direction following the latest data on US weekly oil inventories which dropped more than expected, adding to supply-demand concerns, especially ahead of the new OPEC+ production cuts announced earlier this week. Today will be monitored important data from the Asian continent, namely the Caixin Manufacturing PMI (Mar.) from China, as well as a series of reports from the western world: Halifax House Price Index (Mar.) & Construction PMI (Mar.) from the UK, German Industrial Production (Feb.), and the highlight of the day is the US Initial Jobless Claims figure later tonight (Western Indonesia Time), which is predicted to grow to 200k from the previous reading of 198k.

Corporate News

Steel Pipe (ISSP) Issues Bonds and Sukuk IDR 405 Billion PT Steel Pipe Industry of Indonesia Tbk (ISSP) completed the issuance of debt securities of up to IDR 405 billion. In detail, the debt securities consist of bonds worth IDR 250 billion and sukuk IDR 155 billion. "The proceeds will be used mostly for refinancing because we still have several banks that provide financing to us but have high rates. With this financing diversification, it will further reduce the cost of funds," said Johannes W Edward, Corporate Secretary of ISSP. (Bisnis)

Domestic Issue

Government Issues "Private Placement" SUNs Worth IDR 1.7 Trillion The government has issued Government Bonds (SUN) by way of private placement amounting to IDR 1.7 trillion in transactions on March 31, 2023. The Directorate General of Financing and Risk Management of the Ministry of Finance in an official statement in Jakarta, Wednesday, explained that the SUN issued has a fixed coupon type or Fixed Rate (FR) series FR0065 which can be traded on the secondary market. The SUN coupon issued this time reached 6.625 percent with a yield of 6.8 percent, which will mature on May 15, 2033. Private placement is a method of selling SUNs conducted by the government with parties, with the terms and conditions of the SUNs according to the agreement. (Antara News)

Recommendation

US10YT is still unable to rise from the Support bottom at 3.30% yield. So far, RSI is still consistently showing positive divergence, so expect a technical rebound soon. ADVISE: Wait & See or, Buy on Weakness.

ID10YT is also still battling below the third MA Support, making the yield range of 6.802-6.852% 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	: 96.22 (6.20%)
FR0091	: 98.29 (6.63%)
FR0093	: 97.85 (6.61%)
FR0092	: 101.61 (6.97%)
FR0086	: 98.18 (6.17%)
FR0087	: 99.75 (6.54%)
FR0083	: 104.62 (7.03%)
FR0088	: 95.25 (6.86%)

CDS of Indonesia Bonds

CDS 2yr	: +1.40% to 35.17
CDS 5yr	: +0.71% to 93.73
CDS 10yr	: +1.08% to 160.87

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	33,482.72	80.34	0.24%
S&P 500	4,090.38	(10.22)	-0.25%
FTSE 100	7,662.94	28.42	0.37%
DAX	15,520.17	(83.30)	-0.53%
Nikkei	27,813.26	(474.16)	-1.68%
Hang Seng	20,274.59	(134.59)	-0.66%
Shanghai	3,312.56	16.16	0.49%
Kospi	2,495.21	14.70	0.59%
EIDO	23.44	(0.18)	-0.76%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,020.7	0.3	0.02%
Crude Oil (\$/bbl)	80.61	(0.10)	-0.12%
Coal (\$/ton)	198.00	5.35	2.78%
Nickel LME (\$/MT)	22,706	(418.0)	-1.81%
Tin LME (\$/MT)	24,247	(748.0)	-2.99%
CPO (MYR/Ton)	3,868	(98.0)	-2.47%

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	-0.7%	-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%
Wednesday 5– Apr.	GE	13:00	Trade Balance SA	Feb	16.0B	16.6B	16.7B
	US	18:00	MBA Mortgage Applications	Mar 31	-4.1%	—	2.9%
	US	19:15	ADP Employment Change	Mar	145K	205K	242K
Thursday 6– Apr.	US	19:30	Trade Balance	Feb	-\$70.5B	-\$68.5B	-\$68.3B
	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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