

Morning Brief

Daily | Apr. 11, 2023

Today's Outlook:

The US Dollar index jumped 0.52% and the 2-year US Treasury yield crept up after strong jobs data last week pointed to the Federal Reserve that would still have a reason to keep interest rates high, while the yen eased after Japan's new central bank governor, Kazuo Ueda, vowed to maintain ultra-loose policy; weakening the Yen by 1.08% at an exchange rate of 133.57/USD (had touched Yen 133.87/USD, the lowest level since March 15). The rising US Dollar dragged global Gold prices down below the psychological USD 2000 level, sliding 1.1% at USD 1989.10/ounce; while sovereign bond yields climbed amid expectations of a rate hike at the upcoming FOMC Meeting on May 3rd.

Investors will focus on the release of US Inflation (Mar.) data tomorrow night at around 19.30 GMT, followed by FOMC Meeting Minutes, PPI (Mar.), and Initial Jobless Claims on Thursday. Market participants are starting to factor in a 71.7% likelihood that the Fed will raise the FFR by 25 bps to a range of 5%-5.25% next month, as reported by CME Group Fedwatch. On the other hand, recession worries have risen as commercial lending fell after the sudden collapse of Silicon Valley Bank in March tightened credit conditions among US banks; although the Fed's emergency lending program has eased some of those concerns. It is known that Fed lending to banks over the past four weeks has increased more than USD 400 billion to ensure liquidity. Traders also are betting that the Fed will cut rates in the second half to ward off an economic downturn.

While from the Asia region, the market was colored by the rising geopolitical tension around the issue of China's military training in the Gulf of Taiwan. The Chinese Inflation rate (Mar.) will be awaited by investors today with expectations still flat at 1%. Domestically, Indonesia's foreign exchange reserves in March were recorded to be fattening at USD 145.20 billion, higher than expectations & the previous month. European markets, which will be open today after the Easter holiday, will be awaiting the Eurozone Retail Sales (Feb.) data. NHKSI RESEARCH estimates that sentiment rolling in the market will still tend to be flat as there is a likelihood that traders will hold back and wait for a series of important economic data releases from the US this week.

Corporate News

PT SMI Will Issue Sustainable Bonds III Under the PUB Sustainable Bonds III Sarana Multi Infrastruktur Phase III Year 2023 which is an integral part of the PUB Sustainable Bonds III that has been formed previously with a total facility of IDR 20 trillion, PT SMI opens up as much opportunity as possible to potential investors to participate in the issuance of bonds with an idAAA (Triple A) rating issued by Pefindo with a total issuance target of IDR 2 trillion in this phase III. The tenor and timeline are as follows: 1 Year Range: 5.70-6.30%; 3 Years: 6.50-7.25%; 4 Years: 6.50-7.35%. (Liputan 6)

Domestic Issue

Corporate Bonds Still Attractive Until the End of the Year, Check out the Catalysts The issuance of corporate bonds in the second quarter of 2023 still attracts high interest due to several factors such as the Fed's policy regarding interest rates, the year-end election situation, and Indonesia's macroeconomic indicators. Bank Central Asia Chief Economist David E Sumual explained that investor interest is still quite good in corporate bonds and government bonds. David said that one of the factors affecting investor interest is the macro inflow indicator, which has been more than IDR 50 trillion from the beginning of the year for government bonds. David also said that macro indicators are quite strong, commodity prices are quite good so that it will also apply to bond issuance. Separately, Head of the Corporate Rating Division of Pemeringkat Efek Indonesia (Pefindo) Niken Indriasih said that the issuance of corporate debt securities in the second quarter of 2023 will remain in fairly good conditions and is filled with optimism as in the first quarter of 2023. (Bisnis)

Recommendation

US10YT has attempted to break through MA10 Resistance at a yield of 3.4%, followed by MA20 at a yield of 3.451%, supported by RSI positive divergence which states that buying momentum is picking up at this Support. ADVISE: Speculative Buy; or Average Up accordingly.

ID10YT also appears to be about to end the short-term downtrend in this Falling Wedge pattern by breaking the Resistance of a series of MAs in the yield range: 6.801-6.819%. If the break out is possible, then ID10YT yield will continue its Uptrend to the 7.0% / 7.057% level; and finally reach the pending TARGET in the range of 7.189-7.202%. ADVISE: Buy on Break; or 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)	145.20	140.30	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 : 96.20 (6.21%)
FR0091 : 98.28 (6.63%)
FR0093 : 97.80 (6.61%)
FR0092 : 101.59 (6.97%)

FR0086 : 98.19 (6.17%)
FR0087 : 99.70 (6.55%)
FR0083 : 104.68 (7.02%)
FR0088 : 95.50 (6.77%)

CDS of Indonesia Bonds

CDS 2yr: -1.33% to 34.80

CDS 5yr: -0.46% to 94.18

CDS 10yr: -1.19% to 159.42

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.69%	0.02%
USDIDR	14,902	-0.07%
KRWIDR	11.29	-0.29%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,586.52	101.23	0.30%
S&P 500	4,109.11	4.09	0.10%
FTSE 100	7,741.56	78.62	1.03%
DAX	15,597.89	77.72	0.50%
Nikkei	27,633.66	115.35	0.42%
Hang Seng	20,331.20	56.61	0.28%
Shanghai	3,315.36	(12.29)	-0.37%
Kospi	2,512.08	21.67	0.87%
EIDO	23.49	(0.13)	-0.55%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,991.5	(16.4)	-0.82%
Crude Oil (\$/bbl)	79.74	(0.96)	-1.19%
Coal (\$/ton)	193.75	0.00	0.00%
Nickel LME (\$/MT)	22,800	94.0	0.41%
Tin LME (\$/MT)	24,308	61.0	0.25%
CPO (MYR/Ton)	3,837	43.0	1.13%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	ID	10:00	Foreign Reserves	Mar	\$145.20B	—	\$140.30B
10– Apr.	JP	06:50	BoP Current Account Balance	Feb	¥ 2,197.2B	¥ 2,378.2B	-¥1,976.6B
Tuesday	CH	08:30	CPI YoY	Mar		1.1%	1.0%
11– Apr.	CH	08:30	PPI YoY	Mar		-2.5%	-1.4%
	ID	11:00	Consumer Confidence Index	Mar		—	122.4
Wednesday	US	19:30	CPI YoY	Mar		5.2%	6.0%
12– Apr.	CH	—	Trade Balance	Mar		\$42.00B	\$78.01B
Thursday	US	01:00	Monthly Budget Statement	Mar		—	-\$192.6B
13– Apr.	US	01:00	FOMC Meeting Minutes	Mar 22		—	—
	US	19:30	Initial Jobless Claims	Apr 8		—	—
	US	19:30	Continuing Claims	Apr 1		—	—
	US	19:30	PPI Final Demand MoM	Mar		—	—
Friday	US	19:30	Retail Sales Advance MoM	Mar		-0.4%	-0.4%
14– Apr.	US	19:30	Industrial Production MoM	Mar		0.3%	0.0%
	US	21:00	U. of Mich. Sentiment	Apr P		64.0	62.0

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



Research Division

Head of Research

Liza Camelia Suryanata

Equity Strategy, Technical

T +62 21 5088 ext 9134

E liza.camelia@nhsec.co.id

Analyst

Cindy Alicia Ramadhania

Consumer, Healthcare

T +62 21 5088 ext 9129

E cindy.alicia@nhsec.co.id

Analyst

Leonardo Lijuwardi

Banking, Infrastructure

T +62 21 5088 ext 9127

E leonardol.lijuwardi@nhsec.co.id

Research Support

Amalia Huda Nurfalah

Editor & Translator

T +62 21 5088 ext 9132

E amalia.huda@nhsec.co.id

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51st Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 5088 9102

Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15311

Indonesia

Telp : +62 21 509 20230

Branch Office Medan :

Jl. Asia No. 548 S

Medan – Sumatera Utara 20214

Indonesia

Telp : +62 614 156500

Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 860 22122

Branch Office Bandengan (Jakarta Utara):

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

Branch Office Kamal Muara (Jakarta Utara):

Rukan Exclusive Mediterania

Blok F No.2

Jakarta Utara 14470

Indonesia

Telp : +62 24 844 6878

Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 1330

Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
Jakarta