

Morning Brief

Daily | Apr. 13, 2023

Today's Outlook:

Bullish sentiment in the market deflated at the end of Wednesday's trading (12/04/23) amid the release of Inflation data (Mar.) which was able to cool down to 5% YoY, lower than the estimated 5.2%. Core CPI is still somewhat tough to come out at 5.6% YoY, slightly higher than the previous period of 5.5%, although on a monthly basis it had sloped to 0.4% MoM (from 0.5% previous). The Fed Meeting Minutes, which released a few hours later, showed that the central bank officials were now forecasting a "mild recession" later this year with the emergence of the banking crisis and also showed that although the regulators had the opportunity to hold off on the rate hike at the March meeting, they still agreed that a 25 bps rate hike was still necessary. While the inflation level is still far from the Federal Reserve's 2% target, market participants are pricing in an above 70% probability that the central bank will still maintain its hawkish stance by hiking rates 25bps at the upcoming FOMC Meeting in May; and slowly drop to 4.336% by the end of the year. Another important data from the US today is PPI (Mar.) which is expected to slope to 3% YoY from 4.6% previously; on the other hand PPI on a monthly basis is predicted to strengthen to 0.1% from -0.1% previously. In addition, the reading of Initial Jobless Claims will also be closely watched where market expectations expect jobless claims to increase to 232k, from 228k previously, considering the symptoms of an economic slowdown that began to appear.

The European central bank's view was similar in the sense that they think there should still be a few more rate hikes although no clear statement on the amount to be imposed has been made. US Treasury yields fell, with the most rate-sensitive 2-year tenor dropping 8.8bps to 3.97% and the benchmark 10-year tenor weakening 3bps to 3.404%. The US Dollar index was also seen subdued over the world's 6 major currencies by shedding 0.558%. On the other hand, global Gold prices crawled up 0.3%, comfortable at USD 2024.9/ounce. US WTI oil prices rose USD 1.73 to USD 83.26/barrel, while Brent gained USD 1.72 to USD 87.33.

Today's trading sentiment will be colored by a series of economic data, from the Asian continent: China Trade Balance (Mar.) which is expected to erode quite deeply from the previous month; while from the European continent, GDP & Trade Balance (Feb.), Manufacturing Production (Feb.), and Industrial Production (Feb.) from the UK are awaited; followed by German CPI (Mar.), and Euro Zone Industrial Production (Feb.).

Corporate News

Stable Outlook, Fitch Affirms Perusahaan Gas Negara (PGAS) Rating at 'BBB-' and 'AA+' Fitch Ratings has affirmed the Long-Term Foreign and Local Currency Issuer Default Rating (IDR) of PT Perusahaan Gas Negara Tbk (PGN) at 'BBB-'. The Outlook is Stable. Fitch also affirmed PGN's senior unsecured rating and USD950 million 5.125% bond rating due 2024 at 'BBB-'. At the same time, Fitch Ratings Indonesia has affirmed PGN's Long-Term National Rating at 'AA+(idn)' with a Stable Outlook.

Domestic Issue

IDR 28.29 Trillion Securities Issuance in a Week The Indonesia Stock Exchange (IDX) noted that the total bond and sukuk emissions throughout 2023 were 23 emissions from 22 issuers worth IDR 28.29 trillion. Thus, the total bond and sukuk emissions recorded on the IDX amounted to 519 emissions with an outstanding nominal value of IDR 448.38 T and USD 47.5 million, issued by 128 issuers. The information was conveyed by the IDX in a press release in Jakarta this week. Government Securities (SBN) listed on the IDX amounted to 189 series with a nominal value of IDR 5,495.98 T and USD 486.11 million. Asset-backed securities (EBA) amounted to 8 emissions worth IDR 3.10 trillion. Then the stock exchange market capitalization corrected 0.26% to IDR 9,463.472T from IDR 9,488.182T at the close of the previous week. (Neraca)

Recommendation

US10YT has not been able to end this short term downtrend despite being in a Bottoming position. Today's focus is to break MA20 Resistance / 3.445% yield, which will free the way for yield to continue rising towards the following Resistance at MA50 / 3.659%; up to 3.7%. ADVISE: AVERAGE UP accordingly.

ID10YT also has no sign of breaking out of the Falling Wedge pattern and is still going down along the lower wedge Support. ID10YT needs to break the upper wedge Resistance at a yield of 6.724%, before being blocked by a series of MAs in the yield range: 6.746-6.812%. 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*	123.30	122.40

PRICE OF BENCHMARK SERIES

FR0090	: 96.25 (6.20%)
FR0091	: 98.35 (6.62%)
FR0093	: 98.72 (6.51%)
FR0092	: 101.78 (6.95%)
FR0086	: 98.10 (6.20%)
FR0087	: 99.76 (6.54%)
FR0083	: 104.75 (7.02%)
FR0088	: 94.17 (6.93%)

CDS of Indonesia Bonds

CDS 2yr:	-3.12% to 32.40
CDS 5yr:	-2.74% to 89.52
CDS 10yr:	-2.58% to 150.52

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.65%	-0.01%
USDIDR	14,880	-0.02%
KRWIDR	11.22	-0.33%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,646.50	(38.29)	-0.11%
S&P 500	4,091.95	(16.99)	-0.41%
FTSE 100	7,824.84	39.12	0.50%
DAX	15,703.60	48.43	0.31%
Nikkei	28,082.70	159.33	0.57%
Hang Seng	20,309.86	(175.38)	-0.86%
Shanghai	3,327.18	13.61	0.41%
Kospi	2,550.64	2.78	0.11%
EIDO	23.80	0.10	0.42%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,014.9	11.3	0.56%
Crude Oil (\$/bbl)	83.26	1.73	2.12%
Coal (\$/ton)	194.60	0.45	0.23%
Nickel LME (\$/MT)	23,579	107.0	0.46%
Tin LME (\$/MT)	24,022	289.0	1.22%
CPO (MYR/Ton)	3,775	(113.0)	-2.91%

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	0.7%	1.1%	1.0%
11– Apr.	CH	08:30	PPI YoY	Mar	-2.5%	-2.5%	-1.4%
	ID	11:00	Consumer Confidence Index	Mar	123.3	—	122.4
Wednesday	US	19:30	CPI YoY	Mar	5.0%	5.2%	6.0%
12– Apr.	CH	—	Trade Balance	Mar	\$40.00B	\$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



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