

Morning Brief

Daily | Apr. 14, 2023

Today's Outlook:

US & European financial markets posted significant gains in Thursday's trading (13/03/23), with Nasdaq leading the way by rising nearly 2% and its biggest daily percentage jump in a month; supported by economic data releases showing cooling inflation at the producer level and a slackening labor market, thereby contributing to optimism that the Federal Reserve may soon be able to end its aggressive interest rate hike cycle. US PPI (Mar.) eased rapidly to 2.7% (lower than forecast & previous period); Initial Jobless Claims also increased to 239k, which was higher than forecast & previous period. Financial markets are now pricing in a 33% chance that the US central bank will press the pause button and let the FFR to remain in the 4.75%-5% range at the upcoming May FOMC Meeting, as reported by CME Fedwatch. Investors' focus now shifts to the year's first quarter earnings season, particularly monitoring regional bank earnings, which will reveal more about the health of the banking sector and the outlook for credit activity.

Bright economic data came from China as a surge in export and import performance (Mar.) resulted in a surplus that was twice as good as expected, where their Trade Balance (Mar.) figure came out at USD 88.19 billion, much higher than the forecast of USD 39.2 billion. The same situation could not be expected from continental Europe, where the UK GDP (Feb.), Industrial & Manufacturing Production (Feb.) growth, as well as their Trade Balance (Feb.) on a monthly basis came out lower than forecast. On the other hand, German CPI (Mar.) was released in line with expectations where Inflation on an annualized basis was able to ease to 7.4% YoY, compared to the previous month's 8.7%. Overall, the Eurozone said that Industrial Production conditions in February started to show a better improvement than the forecasts and the previous month.

Today, global equity investors will await other important economic data from the US namely, Core Retail Sales (Mar.), Industrial & Manufacturing Production (Mar.), as well as the well-regarded insight of Michigan Consumer Expectations & Sentiment (Apr.) to infer the soft landing signs of the US economy. The Rupiah exchange rate is at its strongest position in the last 8 months (having successfully closed the August 2022 Gap at 14744). NHKSI RESEARCH considers that there are actually quite a lot of positive sentiments available for the Indonesian financial market, especially after the IMF estimates Indonesia's economic growth as one of the most solid amid the global economic slowdown. In the April 2023 edition of the World Economic Outlook report, the IMF revised up Indonesia's economic growth for 2023, from 4.8% to 5%, or an increase of 0.2%; and predicts a healthy outlook for 2024 at 5.1%.

Corporate News

PP Properti Releases IDR 800 Billion Bonds, Majorly to Pay Debt PT PP Properti Tbk (PPRO) issued Bonds II Year 2023 with a maximum amount of IDR 800 billion. These bonds consist of series A and B with tenors of three and five years respectively. Based on the prospectus published on Thursday (13/4), funds from the bond public offering, after deducting issuance costs, amounting to IDR 505 billion will be used to pay off the principal debt from the company's loan. The remaining IDR 295 billion will be used for construction costs for the housing project in the

Domestic Issue

Interest Rates Are Already High, Positive Prospects for Bond Investments This Year Investment in debt instruments or bonds, especially government bonds, is predicted to be quite attractive because currently the Bank Indonesia (BI) policy interest rate has reached its peak. Mirae Asset Head of Fixed Income Nita Amalia said that the BI policy rate has reached its peak of 5.75% which is a positive sentiment for Indonesia's bond performance. Nita sees that short-term bonds still tend to fluctuate given the uncertain global economic outlook. (Kontan)

Recommendation

US10YT yield seems to be trying to break MA20 Resistance / yield 3.447%, it will start a bullish move towards MA50 / 3.658% TARGET. ADVISE: Average Up accordingly.

The same break out attempt is also shown by **ID10YT** where the yield is trying to perch above MA10 Resistance / 6.714%. ADVISE: Positioning may begin now with Average Up above MA20 & MA50 or Resistance level of 6.812% yield.

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	: 96.29 (6.19%)
FR0091	: 98.53 (6.59%)
FR0093	: 99.05 (6.48%)
FR0092	: 102.01 (6.93%)
FR0086	: 98.01 (6.24%)
FR0087	: 99.78 (6.53%)
FR0083	: 104.96 (7.00%)
FR0088	: 94.35 (6.91%)

CDS of Indonesia Bonds

CDS 2yr:	-0.68% to 32.18
CDS 5yr:	-1.30% to 88.354
CDS 10yr:	-0.42% to 149.89

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.63%	-0.02%
USDIDR	14,751	-0.87%
KRWIDR	11.25	0.24%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,029.69	383.19	1.14%
S&P 500	4,146.22	54.27	1.33%
FTSE 100	7,843.38	18.54	0.24%
DAX	15,729.46	25.86	0.16%
Nikkei	28,156.97	74.27	0.26%
Hang Seng	20,344.48	34.62	0.17%
Shanghai	3,318.36	(8.82)	-0.27%
Kospi	2,561.66	11.02	0.43%
EIDO	24.24	0.44	1.85%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,040.2	25.3	1.26%
Crude Oil (\$/bbl)	82.16	(1.10)	-1.32%
Coal (\$/ton)	190.75	(3.85)	-1.98%
Nickel LME (\$/MT)	23,698	119.0	0.50%
Tin LME (\$/MT)	24,442	420.0	1.75%
CPO (MYR/Ton)	3,713	(62.0)	-1.64%

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	-\$378.1B	—	-\$192.6B
13– Apr.	US	01:00	FOMC Meeting Minutes	Mar 22	—	—	—
	US	19:30	Initial Jobless Claims	Apr 8	239K	—	—
	US	19:30	Continuing Claims	Apr 1	1,810K	—	—
	US	19:30	PPI Final Demand MoM	Mar	-0.5%	—	—
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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