

# Morning Brief

Daily | Apr. 18, 2023

## Today's Outlook:

Bullish regional market sentiment was maintained in early week trading (17/04/23) supported by the US financial & industrial sectors. At the same time, investors were somewhat restrained with a Wait & See stance, awaiting the release of issuers' financial reports (especially banks that were eagerly awaited) and several comments from Federal Reserve officials that could give more insight into the path of interest rates. NY Empire State Manufacturing Index (Apr.) looked firmly expansionary, justifying the need for the Fed to keep raising interest rates. US Treasury yields also crept up on expectations that the US central bank will still raise interest rates by 25 bps to the 5%-5.25% range at next month's FOMC Meeting. Today the financial field will monitor a series of important economic data reports from China that will provide insight into the economic recovery process of the world's second-largest country, such as: 1Q23 GDP and Industrial Production (Mar.), where economists expect China's economic growth to rise to 4% YoY (the highest increase for almost a year). Meanwhile, from the UK, Average Earnings Index+Bonus, Claimant Count Change, and Labor Productivity (Q4) data will be the market's concern today. China & the UK will also monitor their Unemployment Rate data. As for Germany and the Eurozone, market participants need to pay attention to the following data, which will be released this afternoon at 16.00 GMT: German ZEW Economic Conditions & Sentiment (Apr.), Euro Zone Trade Balance (Feb.) & ZEW Economic Sentiment (Apr.). Followed later in the evening by readings from the US: Building Permits & Housing Starts (Mar.).

On the other hand, a positive sentiment from Indonesia's Trade Balance (Mar.) reading was less expected as it turned out that the surplus fell to USD 2.91 billion, with Exports shrinking 11.33% YoY (the first decline in 29 months due to weak commodity prices and global demand). The same conditions also plagued Imports, which shrank by 6.26% YoY. Indonesia's external debt position in February fell to USD 400.1 billion, from USD 404.6 billion in January.

On the last day of trading this week, Indonesian investors will still be waiting for BI's RDG decision regarding the benchmark interest rate, which expects BI7DRR to stay at 5.75%. Ahead of the long Eid holiday, NHKSI RESEARCH does not expect much movement in the market today. Slow & quiet trading pattern is predicted to be repeated, just to keep JCI moving between Support - Resistance range: 6760-6830; therefore, it is reasonable if most investors/traders hold back and take a Hold / Wait & See position.

## Corporate News

**Strong Capability, Pefindo Raises Lautan Luas Bond Rating to idA Positive** PT Pemeringkat Efek Indonesia (Pefindo) has upgraded the outlook of PT Lautan Luas Tbk's (LTL) bond rating, namely Sustainable Bonds III Phase I Series A and B in 2020 to 'IdA Positive' from the previous 'IdA Stable'. Investor Relations Manager of Lautan Luas (LTL) Eurike Hadijaya explained, the result illustrates the company's increasingly strong position in the country's manufacturing industry. With the improved credit profile and increased credit rating given by Pefindo, it shows a positive impact on the Company. The Company's interest rate and interest expense will be better. Eunike also said that the Company plans to pay off the Shelf Registration Bond III Phase I Series A which will mature in the amount of IDR 181.5 billion, due on July 21, 2023 using mostly internal cash. (Emiten News)

## Domestic Issue

**Banking Bond Issuance is Still Vibrant this Year** Banking interest in issuing bonds is still quite large this year to support long-term liquidity. Even so, bankers will also still see the direction of the benchmark interest rate movement which will affect bond coupons. PT Bank Pembangunan Daerah Jawa Barat and Banten Tbk (BJB), for example, plans to release bonds again in the second semester of this year. Director of Finance, Planning, & Treasury of PT Bank Tabungan Negara (Persero) Tbk, Nofry Rony Poetra said, in the third quarter of this year BTN plans to issue bonds worth IDR 1 trillion. Meanwhile, CIMB Niaga's Director of Sharia Banking, Pandji P. Djajanegara, admitted that there are plans to issue another mudharabah sukuk. (Kontan)

## Recommendation

**US10YT** can actually still maintain the upside plan towards the TARGET yield of 4.491%, because the upper wedge support test ended successfully and the yield accelerated again near the neckline of the bullish reversal pattern DOUBLE BOTTOM in the yield range: 3.613-3.655%. If this gate is able to be broken (so at the same time break MA50) it will open the way to a closer yield TARGET: 4.0% / 4.243% / 4.338%. ADVISE: Average Up accordingly; Buy on Break.

**ID10YT** is still sinking along the Support trendline, but has not moved to rebound. Trend improvement can only be confirmed by a break of the nearest Resistance: MA10 / yield 6.692%; which might pave ID10YT's way to the next Resistance: yield 6.771-6.80% so that ID10YT can be freed from this short-term downtrend. ADVISE: Hold.

## 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)	2.91	5.48	Govt. Spending Yoy	-4.77%	-2.88%
Exports Yoy	-11.33%	4.51%	FDI (USD bn)	5.27	5.14
Imports Yoy	-6.26%	-4.32%	Business Confidence	104.82	105.33
Inflation Yoy	4.97%	5.47%	Cons. Confidence*	123.30	122.40

## PRICE OF BENCHMARK SERIES

FR0090 : 96.24 (6.21%)  
FR0091 : 98.35 (6.62%)  
FR0093 : 98.92 (6.49%)  
FR0092 : 102.03 (6.93%)

FR0086 : 97.94 (6.27%)  
FR0087 : 99.55 (6.57%)  
FR0083 : 104.96 (6.99%)  
FR0088 : 94.25 (6.92%)

## CDS of Indonesia Bonds

CDS 2yr: +1.70% to 33.27  
CDS 5yr: +0.67% to 89.27  
CDS 10yr: +1.14% to 153.22

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.66%	0.01%
USDIDR	14,790	0.61%
KRWIDR	11.22	-0.92%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,987.18	100.71	0.30%
S&P 500	4,151.32	13.68	0.33%
FTSE 100	7,879.51	7.60	0.10%
DAX	15,789.53	(17.97)	-0.11%
Nikkei	28,514.78	21.31	0.07%
Hang Seng	20,782.45	343.64	1.68%
Shanghai	3,385.61	47.46	1.42%
Kospi	2,575.91	4.42	0.17%
EIDO	23.86	(0.33)	-1.36%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,995.2	(9.0)	-0.45%
Crude Oil (\$/bbl)	80.83	(1.69)	-2.05%
Coal (\$/ton)	187.00	(1.00)	-0.53%
Nickel LME (\$/MT)	24,701	569.0	2.36%
Tin LME (\$/MT)	27,367	2514.0	10.12%
CPO (MYR/Ton)	3,638	72.0	2.02%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	ID	—	Trade Balance	Mar	\$2,910M	\$4,573M	\$5,480M
17– Apr.	ID	—	Exports YoY	Mar	-11.33%	-6.40%	4.51%
	ID	—	Imports YoY	Mar	-6.26%	-13.50%	-4.32%
<b>Tuesday</b>	US	19:30	Housing Starts	Mar		1,455K	1,524K
18– Apr.	CH	09:00	GDP YoY	1Q		3.8%	2.9%
<b>Wednesday</b>	JP	11:30	Capacity Utilization MoM	Feb		—	-5.5%
19– Apr.	JP	11:30	Industrial Production MoM	Feb F		—	-0.6%
<b>Thursday</b>	US	19:30	Initial Jobless Claims	Apr 15		—	239K
20– Apr.	US	19:30	Continuing Claims	Apr 8		—	1,810K
	US	21:00	Existing Home Sales	Mar		4.50M	4.58M
	US	21:00	Leading Index	Mar		-0.4%	-0.3%
<b>Friday</b>	US	20:45	S&P Global US Manufacturing PMI	Apr P		49.2	49.2
21– Apr.	GE	14:30	S&P Global Germany Composite PMI	Apr P		52.9	52.6

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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