

Morning Brief

Daily | Apr. 27, 2023

Today's Outlook:

The market sentiment was mixed between the emergence of another potential banking crisis around the First Republic Bank issue, where investors feared that the US government would not continue its efforts, after the bank reported that its deposit position had fallen sharply earlier this week. This negative sentiment dragged the S&P500 banking index down 1.4%, also US bank regulators were weighing the prospect of downgrading their private assessments of First Republic, which could curb its borrowing from the Fed. Another important index, the Dow Jones Transportation, sank 3.6%, leading to its biggest two-day decline since May 2022. The index was hurt by economy jitters after Capital Goods (Mar.) data, which explained that new demand for US manufactured capital goods fell below expectations; as did shipments; thus indicating that corporate spending on raw materials is unlikely to bounce back during the first quarter of this year. These above issues are dark clouds that overshadow the positive sentiment of issuers' performance reports that turned out to be quite bullish, where analysts can now reduce the contraction in average profit of S&P500 companies for 1Q23 to 3.2% only, from the initial estimate of 3.9% (163 out of 500 companies that have reported 1Q23 financial statements, 79.8% of them managed to post performance above expectations, as reported by Refinitiv).

Important macroeconomic data from Europe released yesterday: GfK German Consumer Climate (May) was still predicted to be more bearish than expected; although Labour Productivity from the UK was detected to have started increasing since 4Q22. On the other hand, US Durable Goods Orders (Mar.) data in fact experienced a significant increase above forecast & previous period, indicating that new demand for durable manufactured goods is actually quite high. This became a contribution that brought the US Trade Balance (Mar.) to reduce the deficit to USD84.6 billion.

The US energy sector dropped by 1% as global oil prices continued to slip as ongoing fears about a potential global recession; amidst the fact that weekly US oil inventories came in at minus 5 million barrels, significantly below estimates of minus 1.486 million barrels. Considering the current market sentiment Indonesian financial market is expected to remain quite focused on the bullish break out of JCI yesterday which was supported by Foreign Net Buy of IDR 1.81trillion. This might be a ballast for sovereign bond yields as reflected in the ID10YT yield which returned home and failed to break its nearest resistance. On the other hand, there are some important data that market participants are waiting for this week, namely US GDP 1Q23 and similar Inflation data such as PCE Price Index (which measures the average increase in domestic personal consumption prices = a reference for interest rate trends).

Corporate News

PGEO and TGRA Hunt for Jumbo Capital, Corporations Look for Green Bonds PT Pertamina Geothermal Energy Tbk (PGEO) will issue green bonds worth USD 400 million or around IDR 5.97 trillion with a coupon of 5.15% per year. Meanwhile, PGEO has signed a purchase agreement with several parties as initial purchasers, joint global coordinators, and joint bookrunners (JBR) on April 20, 2023. Previously, PT Terregra Asia Energy Tbk (TGRA) had also announced its plan to release green bonds in the local capital market to fund EBT projects in 2023. Based on Asian Bonds Online data, green bond issuance in Indonesia throughout 2022 was valued at USD 2.45 billion led by the government and corporations only contributed USD 663.96 million. (Bisnis)

Domestic Issue

Boosting Green Bond Interest, Investment Managers Need Time The issuance of green bonds began to attract corporate attention as a source of funding with government support to shift to new renewable energy. Director of Panin Asset Management Rudiyanto said that the interest of market players in green bonds currently still has to be further analyzed because not many have issued them because they are classified as new instruments. According to him, what will make green bonds attractive is their high ability to pay. (Bisnis)

Recommendation

The **US10YT** yield Support Test in the previous Low area of 3.368-3.321% seems to end quite successfully, with a long-leg Hammer-like candle, but still needs more motivation to break the nearest Resistance / MA20 at 3.456%; which can then free the way for yield strengthening towards the following Resistance / TARGET at : MA10 / 3.517%, followed by MA50 as well as the Neckline range of 3.623-3.644%. ADVISE: Average Up accordingly.

ID10YT opened Gap Up but gradually dropped and unfortunately closed below MA10 & MA20 Resistance again, making the yield level of 6.676-6.731% the closest barrier area at this time. ADVISE: Wait & See; 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)	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 : 96.28 (6.19%)
FR0091 : 98.77 (6.56%)
FR0093 : 96.42 (6.77%)
FR0092 : 101.92 (6.94%)

FR0086 : 98.33 (6.12%)
FR0087 : 100.07 (6.49%)
FR0083 : 105.23 (6.97%)
FR0088 : 96.00 (6.71%)

CDS of Indonesia Bonds

CDS 2yr: +1.01% to 36.92
CDS 5yr: +1.02% to 98.45
CDS 10yr: +0.58% to 166.18

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.52%	-0.15%
USDIDR	14,833	-0.08%
KRWIDR	11.10	-1.00%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,301.87	(228.96)	-0.68%
S&P 500	4,055.99	(15.64)	-0.38%
FTSE 100	7,852.64	(38.49)	-0.49%
DAX	15,795.73	(76.40)	-0.48%
Nikkei	28,416.47	(203.60)	-0.71%
Hang Seng	19,757.27	139.39	0.71%
Shanghai	3,264.10	(0.77)	-0.02%
Kospi	2,484.83	(4.19)	-0.17%
EIDO	24.26	0.54	2.28%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,989.0	(8.4)	-0.42%
Crude Oil (\$/bbl)	74.30	(2.77)	-3.59%
Coal (\$/ton)	190.15	1.10	0.58%
Nickel LME (\$/MT)	23,646	305.0	1.31%
Tin LME (\$/MT)	25,754	170.0	0.66%
CPO (MYR/Ton)	3,570	(65.0)	-1.79%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	KR	—	Department Store Sales YoY	Mar	—	—	8.6%
24– Apr.	KR	—	Retail Sales YoY	Mar	—	—	7.9%
Tuesday	US	21:00	New Home Sales	Mar	683K	632K	640K
25– Apr.	US	21:00	Conf. Board Consumer Confidence	Apr	101.3	104.0	104.2
Wednesday	US	19:30	Durable Goods Orders	Mar P	3.2%	0.7%	-1.0%
26– Apr.	FR	13:45	Consumer Confidence	Apr	83	—	81
Thursday	US	19:30	Initial Jobless Claims	Apr 22	—	—	—
27– Apr.	US	19:30	Continuing Claims	Apr 15	—	—	—
	US	19:30	GDP Annualized QoQ	1Q A	2.0%	2.0%	2.6%
	CH	08:30	Industrial Profits YTD YoY	Mar	—	—	-22.9%
Friday	US	19:30	Personal Income	Mar	—	0.2%	0.3%
28– Apr.	US	19:30	Personal Spending	Mar	—	-0.1%	0.2%
	US	21:00	U. of Mich. Sentiment	Apr F	—	—	63.5

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

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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

Telp : +62 411 360 4650

Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

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Jakarta