

# Morning Brief

Daily | Apr. 28, 2023

## Today's Outlook:

All three major Wall Street indexes reveled in significant positive territory, buoyed by a strong quarterly performance reports from technology megacaps, where the sentiment seemed to overshadow concerns over slowing US economic growth in the first 3 months of this year. US GDP grew by a smaller-than-expected 1.1% YoY, failing to meet economists' survey expectations of 2%, and clearly lower than 4Q22's 2.6% rate; triggered by rising interest rates and inflation being a burden on businesses that forced them to cut inventory investment. Pending Home Sales (Mar.) data also showed significant weakness with a 5.2% drop on a monthly basis, much worse than forecast & previous which were still positive 0.5% & 0.8% respectively. The Initial Jobless Claims was reported slightly below the expectation of 248k with the figure coming out at 230k. On the other hand, the signs of economic slowdown that emerged above were welcomed by market participants in the hope that the US central bank could soon ease interest rate policy by raising interest rates only once at next week's FOMC Meeting, before they could start to see pauses & pivots as the soft landing is expected to start running in the second half of this year.

It is understandable that US market participants should not be too optimistic about the end of the high interest rate trend because economic data showing the average price paid by household spending / consumption still shows significant growth above forecasts & previous. The issue about the increase in the US government debt ceiling is also a critical factor that is highly emphasized by the Biden administration to be immediately approved by the parliament. Thus, Inflationary pressure will still be there for some time to come.

The 2-year US Treasury yield, which is sensitive to interest rate movements, rose 0.12 bps to 4.0476%. Meanwhile, the 10-year US Treasury, which is a measure of consumer confidence and a proxy for global borrowing costs, also declined by 0.07 bps to a yield of 3,509%.

Foreign buying interest, which was flowing smoothly, stabilized the position of the Rupiah exchange rate to the level of IDR 14700 / USD. Today Indonesia will wait for the 1Q23 Foreign Direct Investment report.

## Corporate News

**Fitch Affirms Bank Danamon's (BDMN) Rating at BBB or AAA** Fitch Ratings has affirmed PT Bank Danamon Indonesia's Long-Term Issuer Default Rating (IDR) at 'BBB'. At the same time, Fitch Ratings Indonesia has affirmed Danamon's National Long-Term Rating at 'AAA(idn)' and National Short-Term Rating at 'F1+(idn)'. In addition, the outlook for the long-term ratings is Stable. (Emiten News)

## Domestic Issue

**Ahead of Election, Pefindo Predicts Declining Bond Issuance** PT Pemeringkat Efek Indonesia or Pefindo until March 2023 holds a bond rating mandate of IDR 60.22 trillion. The issuance of debt securities, which is dominated by the private sector, is mostly aimed at refinancing. Head of Pefindo's Non-Financial Services Rating Division Niken Indriarsih said, from the number of mandates received, companies from the private sector became the largest contributor, followed by State-Owned Enterprises (BUMN) companies. The amount of mandates received by these two segments reached IDR 32.17 trillion and IDR 28.05 trillion, respectively. Pefindo specified, there are four pulp and paper industry companies that will issue debt securities with emissions reaching IDR 11.6 trillion, then as many as 9 companies in the multifinance sector with emissions reaching IDR 7.9 trillion. However, the 2024 election year and the global economy are considered to cause company owners to wait and see. (Berita Satu)

## Recommendation

**US10YT** is facing the MA10 Resistance / at a yield of 3.527%. If this level can be passed, it will free the way for strengthening towards the TARGET yield: 3.619-3.644%. ADVISE: Wait & See; Average Up accordingly.

Meanwhile, **ID10YT** still has to fight its way out of this Falling Wedge downtrend pattern and break the first Resistance / MA10 in the yield range of 6.647%; before paving the way for strengthening towards TARGET yields at MA20 & MA50 levels: 6.706% - 6.794%. 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 : 96.46 (6.14%)  
FR0091 : 98.96 (6.53%)  
FR0093 : 96.47 (6.76%)  
FR0092 : 102.04 (6.93%)

FR0086 : 98.39 (6.10%)  
FR0087 : 99.99 (6.50%)  
FR0083 : 105.36 (6.96%)  
FR0088 : 96.50 (6.65%)

## CDS of Indonesia Bonds

CDS 2yr: -3.74% to 35.54  
CDS 5yr: -1.14% to 97.33  
CDS 10yr: -3.01% to 161.19

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.54%	0.02%
USDIDR	14,703	-0.88%
KRWIDR	10.99	-0.98%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,826.16	524.29	1.57%
S&P 500	4,135.35	79.36	1.96%
FTSE 100	7,831.58	(21.06)	-0.27%
DAX	15,800.45	4.72	0.03%
Nikkei	28,457.68	41.21	0.15%
Hang Seng	19,840.28	83.01	0.42%
Shanghai	3,285.88	21.78	0.67%
Kospi	2,495.81	10.98	0.44%
EIDO	24.71	0.45	1.85%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,987.8	(1.3)	-0.06%
Crude Oil (\$/bbl)	74.76	0.46	0.62%
Coal (\$/ton)	189.95	(0.20)	-0.11%
Nickel LME (\$/MT)	24,131	485.5	2.05%
Tin LME (\$/MT)	25,754	170.0	0.66%
CPO (MYR/Ton)	3,455	(115.0)	-3.22%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	KR	—	Department Store Sales YoY	Mar	—	—	8.6%
24– Apr.	KR	—	Retail Sales YoY	Mar	—	—	7.9%
<b>Tuesday</b>	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
<b>Wednesday</b>	US	19:30	Durable Goods Orders	Mar P	3.2%	0.7%	-1.0%
26– Apr.	FR	13:45	Consumer Confidence	Apr	83	—	81
<b>Thursday</b>	US	19:30	Initial Jobless Claims	Apr 22	230K	—	—
27– Apr.	US	19:30	Continuing Claims	Apr 15	1,858K	—	—
	US	19:30	GDP Annualized QoQ	1Q A	1.1%	2.0%	2.6%
	CH	08:30	Industrial Profits YTD YoY	Mar	-21.4%	—	-22.9%
<b>Friday</b>	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



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