

Morning Brief

Daily | May. 10, 2023

Today's Outlook:

Most market participants still seem to be holding back as reflected by US stock indexes that are flat again ahead of the release of US Inflation (Apr.) data tonight around 19.30 Western Indonesia Time (WIB), which is predicted to rise 0.4% MoM and 5% YoY; as well as a meeting between US political leaders to discuss the debt ceiling, which currently touches USD 31.4 trillion, before the threat of default becomes a reality as of June 1. The urgency of raising the US government debt ceiling is an important factor to avoid a major blow to the US economy, it also has the potential to greatly weaken the USD as the world's number one currency, Treasury Secretary Janet Yellen stated.

Economists are forecasting that short-term US Treasuries will be heavily sold ahead of maturity as investors prefer to hold longer-dated bonds ahead of the inflation announcement. The yield on 1-month Treasuries jumped 23.8bps to touch a high of 5.689%; while the 2-month yield accelerated to 5.283%. The focus of market participants on the US CPI data has led them to factor in the possibility that the Fed will keep interest rates high for some time, and dashed hopes of a rate cut this year.

The 2-year US Treasury has started to move up 1.2bps to 4.024%. The US Dollar Index also started to advance 0.168% over other major world currencies. On the other hand, the global Gold price is remain still at above the USD2000 psychological level even posting a 0.5% gain at USD2042.9/ounce.

From Asia, Japan reported Household Spending (Mar.) dropped 1.9% YoY; while China managed to grow its Trade Balance (Apr.) surplus to USD 90.21 billion from USD 88.19 billion in the previous month. This above-expected achievement was supported by a higher-than-expected increase in their exports to 8.5%. In the western part of the world, the UK released data on property sector, namely the Halifax House Price Index (Apr.) which turned out to drop far above expectations and even entered negative territory at minus 0.3%, signaling relatively weak housing demand. This afternoon market participants will monitor Germany's Inflation (Apr.) data as Europe's largest economy, which is expected to soften further to 7.2%YoY, from 7.4% in Mar.

An encouraging indication of Indonesia's improving economic condition began to appear, as seen from the Consumer Confidence Index for April 2023; where the reading was 126.1, higher than 123.3 in March.

Corporate News

Failure to Pay, PEFINDO Downgrades Waskita Karya (WSKT) Bond Rating to idD PEFINDO downgraded the rating of PT Waskita Karya (Persero) Tbk (WSKT) Sustainable Bond IV to idD or Default from idCCC. This is due to the company's inability to pay off the bond coupons due on May 6, 2023. PEFINDO also downgraded WSKT's rating to idSD or Selective Default from idCCC. (Emiten News)

Domestic Issue

The Impact of US Default on Indonesian Bonds, Market Wait and See The potential default of US debt at least impacts the Indonesian government bond market or Government Securities (SBN), which is on a wait-and-see. Even though the market is waiting for other US economic data, Mirae Asset Sekuritas economist Rully Arya Wisnubroto said the US default would affect domestic investment instruments, especially SBN. Rully added that in the short term, the market will continue to monitor the development of various US economic data. Regarding the potential US default, Rully said the market would continue to observe the development of negotiations between the government and the US Congress. This greatly impacts short-term USTs, especially those maturing in June and early July, due to fears of a US government debt default if the debt ceiling increase fails to meet an agreement. (Bisnis)

Recommendation

US10YT appears to be holding back from testing MA50 Resistance/yield of 3.543%; before freeing the pace towards the TARGET area of: 3.613-3.644%. ADVISE: Average Up accordingly.

ID10YT managed to break the nearest MA10 Resistance after more than a month; opening up opportunities for strengthening towards MA20 at a yield of 6.605% or upper channel Resistance around a yield of 6.636%. If this PARALLEL CHANNEL Downtrend pattern can be broken, it opens the way for TARGET to rise at the yield level of 6.762% (MA50) OR 6.812%. ADVISE: Buy; 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	5.03%	5.01%
FX Reserve (USD bn)	144.20	145.20	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	4.33%	4.97%	Cons. Confidence*	123.30	122.40

PRICE OF BENCHMARK SERIES

FR0090 : 96.68 (6.09%)
FR0091 : 99.33 (6.48%)
FR0093 : 97.75 (6.62%)
FR0092 : 102.50 (6.91%)

FR0086 : 98.25 (6.16%)
FR0087 : 100.35 (6.44%)
FR0083 : 105.96 (6.90%)
FR0088 : 97.75 (6.51%)

CDS of Indonesia Bonds

CDS 2yr: +2.04% to 42.04
CDS 5yr: +1.61% to 99.09
CDS 10yr: +1.61% to 163.52

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.50%	0.01%
USDIDR	14,730	0.20%
KRWIDR	11.14	-0.00%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,561.81	(56.88)	-0.17%
S&P 500	4,119.17	(18.95)	-0.46%
FTSE 100	7,764.09	(14.29)	-0.18%
DAX	15,955.48	2.65	0.02%
Nikkei	29,242.82	292.94	1.01%
Hang Seng	19,867.58	(429.45)	-2.12%
Shanghai	3,357.67	(37.33)	-1.10%
Kospi	2,510.06	(3.15)	-0.13%
EIDO	24.05	0.03	0.12%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,034.6	13.4	0.66%
Crude Oil (\$/bbl)	73.71	0.55	0.75%
Coal (\$/ton)	169.00	(0.65)	-0.38%
Nickel LME (\$/MT)	23,507	(1024.0)	-4.17%
Tin LME (\$/MT)	25,995	(69.0)	-0.26%
CPO (MYR/Ton)	3,807	45.0	1.20%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 8– Mei.	US	21:00	Wholesale Inventories MoM	Mar F	0.0%	0.1%	0.1%
	ID	10:00	Foreign Reserves	Apr	\$144.20Bn	—	\$145.20Bn
Tuesday 9– Mei.	CH	—	Trade Balance	Apr	\$71.25Bn	\$69.00Bn	\$88.19Bn
	ID	—	Consumer Confidence Index	Apr	126.1	—	123.3
Wednesday 10– Mei.	US	19:30	CPI MoM	Apr		0.4%	0.1%
	US	19:30	CPI YoY	Apr		5.0%	5.0%
Thursday 11– Mei.	US	19:30	PPI Final Demand MoM	Apr		0.3%	-0.5%
	US	19:30	Initial Jobless Claims	May 6		—	242K
	CH	08:30	CPI YoY	Apr		0.3%	0.7%
	CH	08:30	PPI YoY	Apr		-3.2%	-2.5%
Friday 12– Mei.	US	21:00	U. of Mich. Sentiment	May P		63.0	63.5
	FR	13:45	CPI YoY	Apr F		—	5.9%

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

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



PT. NH Korindo Sekuritas Indonesia

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

A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
Jakarta