

Morning Brief

Daily | May. 11, 2023

Today's Outlook:

US Inflation (Apr.) came in at 4.9% YoY, slightly lower than forecast at 5% YoY (0.4% MoM); while Core Inflation (which excludes volatile items such as food & energy) also slipped slightly at 5.5% YoY from 5.6% in the previous month. Market participants responded positively to this inflation rate slowdown with the hope that the Federal Reserve could soon end this era of interest rate hikes; even the market began to calculate at least a 95% probability of a rate pause at the upcoming FOMC Meeting in June (as reported by the Fed Rate Monitor Tool from Investing.com). Meanwhile in Washington, the US government & Parliament continue their discussion on the urgency of raising the US debt ceiling which has touched USD 31.4trillion. So far, the deal seems deadlocked as the Democrats reject the option that requires them to save on spending.

From Europe, Germany released Inflation data (Apr.) which also met expectations at 7.2% YoY & 0.4% MoM. As for oil prices, the price fell by more than 1% after the US released their crude oil inventory data which turned out to be significantly above the forecast, increasing by 2.951 million barrels, vs. the forecast which was predicted to fall below 1 million barrels.

Corporate News

Pefindo Affirms idA+ Rating for Global Mediacom Bonds (BMTR) PT Pemeringkat Efek Indonesia (PEFINDO) affirmed the idA+ rating for Global Mediacom Sustainable Bonds I Phase I Year 2017 Series B amounting to IDR 6.3 billion and Global Mediacom Sustainable Bonds III Phase I Year 2022 Series A amounting to IDR 312.67 billion. Furthermore, idA+ (sy) rating for Sustainable Sukuk Ijarah I Global Mediacom Phase I Year 2017 Series B amounting to IDR 14 billion and Sustainable Sukuk Ijarah III Global Mediacom Phase I Year 2022 Series A amounting to IDR 220.16 billion, which will mature on July 7, 2023 and July 15, 2023. The company plans to pay off the maturing bonds and sukuk using proceeds from corporate actions in the short term, while the consolidated balance of cash and cash equivalents as of March 31, 2023 amounted to IDR 1.47 trillion. (Emiten News)

Domestic Issue

ST010 Savings Sukuk Offers Yield of 6.25% - 6.4% per Year The Ministry of Finance announced the yield of Government Securities (SBN) Retail type of Savings Sukuk (ST) series ST010 for a 2-year tenor or ST010T2 of 6.25% per year and a 4-year tenor ST010 or Green Sukuk Retail ST010T4 of 6.4% per year. The coupon rate is quite attractive amid the current capital market turmoil. The ST010 yield is floating with floor or floating with a minimum limit. This means that it can increase, if the BI benchmark interest rate rises, but cannot fall lower than the minimum limit (floor). In the issuance of ST010, the government offers a different format compared to the previous series of Savings Sukuk. That is, with 2 investment tenor options of 2 and 4 years. ST010 with a 4-year tenor is designated as Greek Retail Sukuk by the Ministry of Finance. (Bareksa)

Recommendation

US10YT seems to set back below the third MA Resistance (10,20,50) blocking the yield upside potential unless it is able to break the barrier in the range of 3.452% - 3.53%. TARGET: 3.613% - 3.644%. ADVISE: Average Up accordingly.

ID10YT is currently facing the MA10 Resistance in its downtrend. A break of 6.5% yield will open up further strengthening opportunities towards yield at MA20 Resistance / 6.589%; or upper channel around 6.623%. ADVISE: 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 : 96.84 (6.04%)
FR0091 : 99.43 (6.46%)
FR0093 : 98.27 (6.56%)
FR0092 : 102.40 (6.90%)

FR0086 : 98.35 (6.12%)
FR0087 : 100.42 (6.43%)
FR0083 : 106.22 (6.87%)
FR0088 : 97.75 (6.51%)

CDS of Indonesia Bonds

CDS 2yr: -0.80% to 41.71
CDS 5yr: -0.91% to 98.18
CDS 10yr: -0.72% to 162.33

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.48%	-0.01%
USDIDR	14,725	-0.03%
KRWIDR	11.12	-0.15%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,531.33	(30.48)	-0.09%
S&P 500	4,137.64	18.47	0.45%
FTSE 100	7,741.33	(22.76)	-0.29%
DAX	15,896.23	(59.25)	-0.37%
Nikkei	29,122.18	(120.64)	-0.41%
Hang Seng	19,762.20	(105.38)	-0.53%
Shanghai	3,319.15	(38.52)	-1.15%
Kospi	2,496.51	(13.55)	-0.54%
EIDO	24.23	0.18	0.75%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,030.1	(4.5)	-0.22%
Crude Oil (\$/bbl)	72.56	(1.15)	-1.56%
Coal (\$/ton)	166.95	(2.05)	-1.21%
Nickel LME (\$/MT)	22,531	(976.0)	-4.15%
Tin LME (\$/MT)	25,846	(149.0)	-0.57%
CPO (MYR/Ton)	3,709	(98.0)	-2.57%

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%	0.4%	0.1%
	US	19:30	CPI YoY	Apr	4.9%	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



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