

# Morning Brief

Daily | May. 12, 2023

## Today's Outlook:

Investors expect the Federal Reserve will soon stop the upward trend of US interest rates as data emerged that Inflation managed to flatten and jobless claims rose. The US PPI (Apr.) rose 0.2% MoM, lower than the 0.3% economists had expected, and slowed to 3.2% YoY from 3.4% in the previous month. Weekly Initial Jobless Claims increased by 22k to 264k for the week ended May 6, the highest claims in 1.5 years. This pattern of jobless claims suggests growth in labor wages and a slowdown in labor demand.

From Asia, China reported Inflation (Apr.) which is still slipping further now at 0.1% YoY (from 0.7% previous month), and even deflation on month basis -0.1% (vs 0.0% forecast). Their producer-level inflation or PPI also dropped more than expected at minus 3.6%, a worse deflation than both forecast and previous period. While from Europe, the Bank of England solidified their interest rate upward trend with another 25bps hike, bringing the UK benchmark interest rate to 4.5%. Later in the day, 1Q23 GDP and Manufacturing Production (Mar.) figures from the UK will be monitored to find out if the threat of recession has come to Europe, as reflected earlier in the US and China's weak economy.

## Corporate News

**MNC Energy Releases IDR 1.5 Trillion Bonds and 2.5 Billion New Shares** Coal issuer owned by tycoon Hary Tanoesoedibjo, PT MNC Energy Investment Tbk, has taken several corporate actions to seek additional working capital. According to IDX information disclosure on Thursday (11/5), the issuer with the IATA code will issue bonds, sukuk or other debt securities from non-bank financial institutions worth IDR 1.5 trillion and issue 2.5 billion new shares. The proceeds from the bonds are planned to strengthen the capital and financial structure, but are not limited to reserves for increasing working capital and subsidiaries. However, the use of funds may change and be adjusted to the needs of the company in a way that the board of directors will propose to the board of commissioners. (Katadata)

## Domestic Issue

**Government Will Offer ST010T2 and ST010T4 Savings Sukuk, Is it Worth Collecting?** The government will sell the ST010T2 Series Savings Sukuk and the ST010T4 Series Retail Sukuk. Analysts consider the instruments offered to be attractive amidst high economic uncertainty. HPAM's Head of Business Development Division Reza Fahmi said that the instruments that will be offered by the government are attractive amid the trend of rising benchmark interest rates. It is because the ST010 has a floating yield with a minimum limit (floating with floor). Similarly, President Commissioner of HFX International Berjangka Sutopo Widodo also believes that among the two sukuk offered, he considers the sukuk with a two-year tenor to be more attractive. Both analysts also assessed that given the volatile market conditions, many investors are interested in ST010.

## Recommendation

**US10YT** is currently in the Support area from the previous Low level around yield 3.368% - 3.321%, while RSI shows a positive divergence. ADVISE: BUY ON WEAKNESS; with gradual Average Up after the breakout of MA Resistance in the range: 3.441% - 3.517%. TARGET: 3.613% - 3.644%.

**ID10YT** seems to be testing the Support again from the previous Low level at 6.402% yield, while currently RSI still shows a positive divergence. ADVISE: BUY ON WEAKNESS, anticipate technical rebound towards the nearest Resistance: MA10 / 6.484%.

## 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*	126.10	123.30

## PRICE OF BENCHMARK SERIES

FR0090 : 96.56 (6.01%)  
FR0091 : 99.83 (6.40%)  
FR0093 : 100.57 (6.31%)  
FR0092 : 103.00 (6.84%)

FR0086 : 98.62 (6.02%)  
FR0087 : 100.59 (6.40%)  
FR0083 : 106.69 (6.83%)  
FR0088 : 98.07 (6.47%)

## CDS of Indonesia Bonds

CDS 2yr: -1.47% to 41.09  
CDS 5yr: -2.94% to 95.30  
CDS 10yr: -1.12% to 160.51

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.40%	-0.08%
USDIDR	14,724	-0.01%
KRWIDR	11.10	-0.15%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,309.51	(221.82)	-0.66%
S&P 500	4,130.62	(7.02)	-0.17%
FTSE 100	7,730.58	(10.75)	-0.14%
DAX	15,834.91	(61.32)	-0.39%
Nikkei	29,126.72	4.54	0.02%
Hang Seng	19,743.79	(18.41)	-0.09%
Shanghai	3,309.55	(9.60)	-0.29%
Kospi	2,491.00	(5.51)	-0.22%
EIDO	23.80	(0.43)	-1.77%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,015.1	(15.0)	-0.74%
Crude Oil (\$/bbl)	70.87	(1.69)	-2.33%
Coal (\$/ton)	163.00	(3.95)	-2.37%
Nickel LME (\$/MT)	21,780	(751.0)	-3.33%
Tin LME (\$/MT)	25,308	(538.0)	-2.08%
CPO (MYR/Ton)	3,603	(106.0)	-2.86%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 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
<b>Tuesday</b> 9– Mei.	CH	—	Trade Balance	Apr	\$71.25Bn	\$69.00Bn	\$88.19Bn
	ID	—	Consumer Confidence Index	Apr	126.1	—	123.3
<b>Wednesday</b> 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%
<b>Thursday</b> 11– Mei.	US	19:30	PPI Final Demand MoM	Apr	0.2%	0.3%	-0.5%
	US	19:30	Initial Jobless Claims	May 6	264K	—	242K
	CH	08:30	CPI YoY	Apr	0.1%	0.3%	0.7%
	CH	08:30	PPI YoY	Apr	-3.6%	-3.2%	-2.5%
<b>Friday</b> 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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