

# Morning Brief

Daily | May. 15, 2023

## Today's Outlook:

The US Dollar gained 1.4% over the Euro, Yen and other currencies (the biggest gain since September); however, a number of world stock markets closed down on Friday (12/05/23), as US Consumer Sentiment (May) data fell to a 6-month low. The Dollar Index strengthened over the world's six major currencies by 0.59%, along with the global crude oil prices that slipped for a fourth week. On the other hand, the US Congressional Budget Office warned that the US will face a "significant risk" if it defaults on several obligations by the first week of June, without securing a deal to raise its debt ceiling.

The upward trend in interest rates set by the US central bank is starting to show its effect on the economic outlook that is moving towards a recession; but as long as inflation remains persistent, Fed officials will not hesitate to keep raising the interest rate. The benchmark of 10-year treasury yield closed up 6.7bps to 3.464%, as the market considers the Fed will stop the pace of interest rate hikes at the upcoming FOMC Meeting in June. Meanwhile, the 2-year Treasury yield, which often goes hand-in-hand with interest rate expectations, rose 8.3bps to 3.989%.

The UK economy remains weak as 1Q23 GDP data showed growth slowed to 0.2% YoY (vs. 0.6% in the previous quarter); although Industrial Production (Mar.) and Manufacturing Production (Mar.) both managed to grow at 0.7% MoM.

Today, Indonesian investors will closely monitor the Trade Balance (Apr) data where surplus is expected to grow to USD 3.38 billion (vs USD 2.91 billion in the previous month).

## Corporate News

**Pefindo Assigns idAA-Stable Rating on Chandra Asri (TPIA) Bonds** PEFINDO assigned "idAA-" rating to PT Chandra Asri Petrochemical Tbk (TPIA) and its bonds. The outlook of the company's rating is stable. TPIA plans to pay off the Sustainable Bonds III Chandra Asri Petrochemical Phase I Year 2020 Series A amounting to IDR 528.8 billion which will mature on August 26, 2023 using internal funds. As of December 31, 2022, the Company's cash and cash equivalents were recorded at USD 1.4 billion. (Emiten News)

## Domestic Issue

**Government to Auction SUN with Indicative Target of IDR 25.5 Trillion** The government will hold an auction of Rupiah-denominated Government Securities (SUN) on Tuesday (16/5). In this auction, the government set an indicative target of IDR 17 trillion - IDR 25.5 trillion. Referring to the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance webpage, there are seven series of SUN that will be auctioned starting at 09.00 WIB until 11.00 WIB. The auction aims to fulfill part of the financing target in the 2023 State Budget. The SUN sales will be carried out through an auction system organized by Bank Indonesia (BI). (Kontan)

## Recommendation

**US10YT** is currently in a Sideways trend, trying to get out of the MA10, 20, 50 Resistance in the yield range: 3.442%-3.50%, in order to move forward towards the TARGET yield (short term): 3.613%-3.644%. ADVISE: Average Up accordingly.

By this far, **ID10YT** has successfully rebounded from the previous Support Low at a yield of 6.40%. If the position is steady above MA10 Resistance / 6.467%, the yield has the potential to advance towards the following Resistance at TARGET: MA20 / 6.548%, followed by the upper channel (Downtrend) at the level of 6.588%. 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*	126.10	123.30

## PRICE OF BENCHMARK SERIES

FR0090 : 97.04 (5.98%)  
FR0091 : 99.88 (6.39%)  
FR0093 : 98.25 (6.56%)  
FR0092 : 103.15 (6.83%)

FR0086 : 98.74 (5.97%)  
FR0087 : 100.73 (6.38%)  
FR0083 : 106.81 (6.81%)  
FR0088 : 98.35 (6.44%)

## CDS of Indonesia Bonds

CDS 2yr: +0.47% to 41.29  
CDS 5yr: +0.08% to 95.38  
CDS 10yr: +0.41% to 161.17

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.40%	-0.00%
USDIDR	14,750	0.18%
KRWIDR	11.05	-0.42%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,300.62	(8.89)	-0.03%
S&P 500	4,124.08	(6.54)	-0.16%
FTSE 100	7,754.62	24.04	0.31%
DAX	15,913.82	78.91	0.50%
Nikkei	29,388.30	261.58	0.90%
Hang Seng	19,627.24	(116.55)	-0.59%
Shanghai	3,272.36	(37.19)	-1.12%
Kospi	2,475.42	(15.58)	-0.63%
EIDO	23.56	(0.24)	-1.01%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,010.8	(4.3)	-0.21%
Crude Oil (\$/bbl)	70.04	(0.83)	-1.17%
Coal (\$/ton)	164.90	1.90	1.17%
Nickel LME (\$/MT)	22,217	437.0	2.01%
Tin LME (\$/MT)	24,836	(472.0)	-1.87%
CPO (MYR/Ton)	3,648	45.0	1.25%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 15– Mei.	US	19:30	Empire Manufacturing	Apr	-4.0		10.8
	ID	11:00	Trade Balance	Apr	\$3,695M		\$2,910M
	ID	11:00	Export YoY	Apr	-21.25%		-11.33%
	ID	11:00	Import YoY	Apr	-7.30%		-6.26%
<b>Tuesday</b> 16– Mei.	US	19:30	Retail Sales Advance MoM	Apr	0.7%		-1.0%
	US	20:15	Industrial Production MoM	Apr	0.0%		0.4%
	CH	09:00	Industrial Production YoY	Apr	10.8%		3.9%
	CH	09:00	Retail Sales YoY	Apr	22.0%		10.6%
<b>Wednesday</b> 17– Mei.	US	18:00	MBA Mortgage Applications	May 12	—		6.3%
	US	19:30	Housing Starts	Apr	1,396K		1,420K
<b>Thursday</b> 18– Mei.	US	19:30	Initial Jobless Claims	May 13	—		264K
	US	21:00	Existing Home Sales	Apr	4.28M		4.44M
	US	21:00	Leading Index	Apr	-0.5%		-1.2%
<b>Friday</b> 19– Mei.	GE	13:00	PPI MoM	Apr	—		13.4%
	GE	13:00	PPI YoY	Apr	—		0.0%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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