

# Morning Brief

Daily | May. 17, 2023

## Today's Outlook:

US stocks market closed lower on Tuesday (16/05/23), after a disappointing forecast from Home Depot, and several economic data such as US Retail Sales (Apr.) pointed to softer consumer spending, while uncertainty about interest rates and debt limit negotiations weighed on the market sentiment. The US Commerce Department reported that retail sales (Apr.) rose only 0.4%, short of the estimate for an increase of 0.8%. On the other hand, Industrial Production (Apr.) bounced back to 0.5% on a monthly basis, a much better result than the -0.1% forecast. It is undeniable that recent data has indicated a slowing in the US economy as a result of a string of rate hikes by the Federal Reserve to fight high inflation. These soft landing signs happened along with recent negotiations over the US debt ceiling, led the market to await when the central bank will pause hiking or cut interest rates. Several comments from Fed officials stated they remain comfortable leaving the US benchmark interest rate at a high level for now.

The slowing economic atmosphere was also sensed in Europe, where the UK reported that the Claimant Count Change (Apr.) increased to 46,700, higher than the forecast of 31,200, thus putting their Unemployment Rate at 3.9%, higher than the forecast & previous 3.8%. The German ZEW Economic Conditions & Sentiment (May) came out with mixed numbers but did not fully imply solid economic conditions; moreover, the ZEW Economic Sentiment (May) even showed a very weak reading of -9.4, much lower than the expectation of -1.0. Eurozone GDP for 1/2023 came out in line at 1.3% YoY, and they were able to post a Trade Balance (Mar.) of EUR 25.6 billion, greater than the previous period's EUR 3.7 billion.

As the largest country in Asia, China has not been able to boost its economy as expected, as shown by the Industrial Production (Apr.) data which was only able to release at 5.6% (lower than the forecast of 10.9%). Their Retail Sales (Apr.) also only managed to rise to 18.4%, not as good as the predicted 21%, but YTD growth expanded to 8.46% YoY from the beginning of the year to the end of April (from 5.76% previously). Also, the Chinese Unemployment Rate fell slightly to 5.2% (vs forecast & previous 5.3%).

## Corporate News

**Pegadaian Issues IDR 2 Trillion Bonds and Sukuk** PT Pegadaian issued bonds and sukuk with a target fund of IDR 2 trillion. The company will later use the funds as working capital financing. Bonds and Sukuk have a book-building period from May 2 to 22, 2023. The bond coupon offered for Series A is between 5.80%-6.25% with a tenor of 370 days, while for Series B, it is 6.20% to 6.70% with a tenor of 370 days. (Berita

## Domestic Issue

**Ministry of Finance Gains IDR 15 Trillion Financing from SUN Auction** The Ministry of Finance (MoF) received IDR 15 trillion in financing from the auction of Government Bonds (SUN) on Tuesday (16/5/2023). This figure is in line with the condition of yields on state securities in the secondary market, planned financing needs in 2023, and the current state budget conditions. Director of SUN Ministry of Finance Deni Ridwan said the bid value entered at the auction reached IDR 65.45 trillion. The high investor bidding occurred because global market conditions tend to be stable, influenced by the release of US inflation data which tends to decline. This increases investor expectations that the Fed will begin to be dovish at the end of the third quarter of 2023. (Berita Satu)

## Recommendation

**US10YT** crawled above all three moving averages (10,20,50), placing the Support yield at 3.492-3.471%. ADVISE : Buy; TARGET: 3.613-3.644%.

**ID10YT** wiped out the potential of technical rebound by re-testing the yield Support from the previous Low level of around 6.40%. ADVISE : Very Speculative Buy; Average Up above MA10 / yield 6.448%. TARGET : 6.50-6.531% / 6.557%.

## 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)	3.94	2.91	Govt. Spending Yoy	3.99%	-4.77%
Exports Yoy	-29.40%	-11.33%	FDI (USD bn)	5.27	5.14
Imports Yoy	-22.32%	-6.26%	Business Confidence	104.82	105.33
Inflation Yoy	4.33%	4.97%	Cons. Confidence*	126.10	123.30

## PRICE OF BENCHMARK SERIES

FR0090	: 97.16 (5.95%)
FR0091	: 99.99 (6.38%)
FR0093	: 101.35 (6.23%)
FR0092	: 104.83 (6.67%)
FR0086	: 98.93 (5.90%)
FR0087	: 100.82 (6.36%)
FR0083	: 107.13 (6.78%)
FR0088	: 97.96 (6.48%)

## CDS of Indonesia Bonds

CDS 2yr	: +1.24% to 41.62
CDS 5yr	: +0.58% to 95.64
CDS 10yr	: +0.94% to 161.76

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.43%	-0.01%
USDIDR	14,820	0.14%
KRWIDR	11.07	-0.09%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,012.14	(336.46)	-1.01%
S&P 500	4,109.90	(26.38)	-0.64%
FTSE 100	7,751.08	(26.62)	-0.34%
DAX	15,897.93	(19.31)	-0.12%
Nikkei	29,842.99	216.65	0.73%
Hang Seng	19,978.25	7.12	0.04%
Shanghai	3,290.99	(19.75)	-0.60%
Kospi	2,480.24	0.89	0.04%
EIDO	23.51	(0.27)	-1.14%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,989.2	(27.3)	-1.35%
Crude Oil (\$/bbl)	70.86	(0.25)	-0.35%
Coal (\$/ton)	163.80	0.05	0.03%
Nickel LME (\$/MT)	21,122	(500.0)	-2.31%
Tin LME (\$/MT)	24,524	(470.0)	-1.88%
CPO (MYR/Ton)	3,457	(55.0)	-1.57%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 15– Mei.	US	19:30	Empire Manufacturing	Apr	-31.8	-4.0	10.8
	ID	11:00	Trade Balance	Apr	\$3,940M	\$3,695M	\$2,910M
	ID	11:00	Export YoY	Apr	-29.40%	-21.25%	-11.33%
	ID	11:00	Import YoY	Apr	-22.32%	-7.30%	-6.26%
<b>Tuesday</b> 16– Mei.	US	19:30	Retail Sales Advance MoM	Apr	0.4%	0.7%	-1.0%
	US	20:15	Industrial Production MoM	Apr	0.5%	0.0%	0.4%
	CH	09:00	Industrial Production YoY	Apr	5.6%	10.8%	3.9%
	CH	09:00	Retail Sales YoY	Apr	18.4%	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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