

# Morning Brief

Daily | May. 2, 2023

## Today's Outlook:

China's economy still seems not strong enough to drive the global economy as their Composite PMI for April still seems to contract to 54.4 (from 57 previously) where the economic slowdown is spread evenly across all sectors. While from the US, the ISM Manufacturing PMI (Apr.) looks increasingly expansionary (although it has not yet reached the normal level of 50) and can even exceed the forecast & previous period at 47.1. On the one hand, market participants are also digesting the story of the rescue of First Republic Bank which was forced to be auctioned by US regulators & finally bought its assets by JPMorgan for USD 10.6trillion. Amidst this mixed market sentiment, the market expects the Fed will need to raise interest rates by 25bps at this Wednesday's FOMC Meeting decision; thereby causing the Dow Jones to move flat at the start of this month.

Today, Indonesian market participants will await the release of Inflation (Apr.) data which is predicted to ease further to 4.39% yoy (from 4.97% previously), along with the Core Inflation which also eased to 2.89% (from 2.94% previously).

## Corporate News

**Bank UOB Indonesia Prepares IDR 56.05 Billion to Pay Off Its Sustainable Bonds I** PT Bank UOB Indonesia conveyed its readiness to pay interest and repay the principal of Bank UOB Indonesia Sustainable Bonds I Phase II 2018 series C. Reporting from the Information Disclosure of the Indonesia Stock Exchange (IDX), the company has prepared funds worth IDR 56.05 billion to pay off the principal of the bonds which will mature on May 23, 2023. For the record, the principal amount of Sustainable Bonds I Bank UOB Indonesia phase II 2018 series C offered is IDR 55 billion with a fixed interest rate of 7.65% per year. (Kontan)

## Domestic Issue

**Financing Companies' Interest in Issuing Debt Securities Remains High** PT Pemeringkat Efek Although the increase in interest rates has been quite sloping, the interest of finance companies to seek funding by issuing debt securities is still high. This condition is reflected in the mandate received by PT Pemeringkat Efek Indonesia (Pefindo) from companies that want to issue debt securities. As of March 31, 2023, Pefindo received 9 multifinance companies that wanted to issue debt securities with a value of IDR 7.9 trillion. Meanwhile, in the first three months of this year, Pefindo noted that the multifinance sector made the largest contribution in issuing debt securities of up to IDR 9.67 trillion. Where, the total value of debt securities issuance in that period was IDR 28.12 trillion. Pefindo analyst Kreshna Dwinanta Armand sees that multifinance companies that issued debt securities this year still do not have a high value. Even if there are, these are companies that already have their own ecosystems. (Kontan)

## Recommendation

**US10YT** should test MA50 Resistance as well as the Neckline of the (bullish reversal) Inverted Head & Shoulders pattern; which if able to break the yield of 3.613-3.644%, may open up opportunities for yield strengthening towards 4.0%. ADVISE: Average UP accordingly.

**ID10YT** more likely to have to test Support in the range of 6.5-6.478% again; but if there is technical rebound chance then the nearest yield target is : MA10 Resistance at 6.63%, before being followed by MA20 at 6.70%. ADVISE: Buy on Weakness.

## Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.75%	Real GDP	5.01%	5.72%
FX Reserve (USD bn)	145.20	140.30	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	4.97%	5.47%	Cons. Confidence*	123.30	122.40

## PRICE OF BENCHMARK SERIES

FR0090 : 96.47 (6.14%)  
FR0091 : 99.05 (6.52%)  
FR0093 : 97.52 (6.65%)  
FR0092 : 102.04 (6.93%)

FR0086 : 98.42 (6.09%)  
FR0087 : 99.91 (6.51%)  
FR0083 : 105.60 (6.93%)  
FR0088 : 95.87 (6.73%)

## CDS of Indonesia Bonds

CDS 2yr: -0.58% to 39.98  
CDS 5yr: -1.46% to 95.91  
CDS 10yr: -0.42% to 157.68

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.53%	-0.01%
USDIDR	14,670	-0.22%
KRWIDR	10.96	-0.29%

## Global Indices

Index	Last	Chg.	%
Dow Jones	34,098.16	272.00	0.80%
S&P 500	4,169.48	34.13	0.83%
FTSE 100	7,870.57	38.99	0.50%
DAX	15,922.38	121.93	0.77%
Nikkei	28,856.44	398.76	1.40%
Hang Seng	19,894.57	54.29	0.27%
Shanghai	3,323.28	37.39	1.14%
Kospi	2,501.53	5.72	0.23%
EIDO	24.75	0.04	0.16%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,990.0	2.2	0.11%
Crude Oil (\$/bbl)	76.78	2.02	2.70%
Coal (\$/ton)	189.70	(0.25)	-0.13%
Nickel LME (\$/MT)	24,219	120.0	0.50%
Tin LME (\$/MT)	26,088	205.0	0.79%
CPO (MYR/Ton)	3,338	(117.0)	-3.39%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	US	20:45	S&P Global US Manufacturing PMI	Apr F	—	—	50.4
1– Mei.	US	21:00	ISM Manufacturing	Apr	46.8	46.3	46.3
<b>Tuesday</b>	US	21:00	Factory Orders	Mar	0.6%	-0.7%	-0.7%
2– Mei.	US	21:00	Durable Goods Orders	Mar F	—	—	3.2%
	ID	—	CPI YoY	Apr	4.51%	4.97%	4.97%
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	Apr 28	—	—	3.7%
3– Mei.	US	19:15	ADP Employment Change	Apr	145K	145K	145K
<b>Thursday</b>	US	01:00	FOMC Rate Decision (Upper Bound)	May 3	5.25%	5.00%	5.00%
4– Mei.	US	01:00	FOMC Rate Decision (Lower Bound)	May 3	5.00%	4.75%	4.75%
	US	19:30	Trade Balance	Mar	-\$69.2Bn	-\$70.5Bn	-\$70.5Bn
	US	19:30	Initial Jobless Claims	Apr 29	—	—	—
	US	19:30	Continuing Claims	Apr 22	—	—	—
<b>Friday</b>	US	19:30	Change in Nonfarm Payrolls	Apr	175K	236K	236K
5– Mei.	US	19:30	Unemployment Rate	Apr	3.6%	3.5%	3.5%
	CH	08:45	Caixin China PMI Composite	Apr	—	—	54.5

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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