

Morning Brief

Daily | May. 22, 2023

Today's Outlook:

The bearish sentiment on Friday trading (19/05/23) due to the deadlock in talks over the US debt ceiling solution, has become more optimistic after President Joe Biden and Republican Kevin McCarthy promised to meet as soon as Biden returns from the G7 Summit.

Japan's Core Machinery Orders for March unexpectedly fell below expectations, -3.5% YoY, a quite poor result compared to the forecast of 1.4% and the previous month's positive high of 9.8%. Later in the week, China's central bank will announce their benchmark interest rate which is likely to remain unchanged at 3.65%. Then, later today, data from the Eurozone will be released: Construction Output (Mar.) and Consumer Confidence (May); and market participants will monitor comments from top Federal Reserve officials on the future direction of monetary policy.

Corporate News

Protelindo to Issue IDR 1.09 Trillion Bonds PT Profesional Telekomunikasi Indonesia or Protelindo will issue bonds with a value of IDR 1.09 trillion. The bond issuance of this subsidiary of PT Sarana Menara Nusantara Tbk (TOWR) is part of Protelindo's Sustainable Bonds III with a principal amount of IDR 5 trillion. Protelindo has issued bonds totaling IDR 3.91 trillion in the first and second stages. With the issuance of this third phase, the total planned issuance of Protelindo Sustainable Bonds III is IDR 5 trillion. In this third phase, Protelindo offers bonds in two series. Series I bonds have a principal value of IDR 797.5 billion, this 370 days bond with a tenor of 370 days offers a yield of 6.15% per year. Series B bonds have a principal value of IDR 296 billion, this three-year tenor bonds offer a fixed interest rate of 6.5% per year. (Kontan)

Domestic Issue

The Ministry of Finance recorded a total Sri Mulyani Issues IDR 11.3 T Notes, the First Blue Bond in the World The Indonesian government through the Ministry of Finance led by Sri Mulyani announced the issuance of Japanese yen-denominated Government Bonds (SUN) or Samurai Bonds. The value of the SUN issued is 104.8 billion yen or equivalent to IDR 11.34 trillion on Friday (5/19). Director General of Financing and Risk Management of the Ministry of Finance Suminto revealed that the issuance of Samurai Bonds was intended to finance the deficit of the 2023 State Budget (APBN). Suminto said the Blue Bonds issuance shows the Government of Indonesia's commitment to sustainable financing, especially in the context of achieving the Sustainable Development Goals (SDGs). Moreover, this issuance also shows significant progress for blue financing. Indonesia is currently the first country in the world to issue Blue Bonds. (Katadata)

Recommendation

US10YT has the opportunity to continue towards the TARGET yield around the 3.861% / 3.965-4.0% level. If there is a pullback, it is hoped that it will be just a Support Test around the yield of 3.644-3.613%. ADVISE: Buy, or Average Up accordingly.

ID10YT appears to be trying to rebound from the lower channel support area (downtrend). Will encounter the nearest Resistance: MA10 / yield 6.431%; which if successfully broken will open the way to the next Resistance / TARGET: 6.497% / 6.547%. 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)	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 : 97.18 (5.95%)
FR0091 : 99.75 (6.41%)
FR0093 : 100.85 (6.28%)
FR0092 : 104.30 (6.72%)

FR0086 : 99.05 (5.86%)
FR0087 : 100.79 (6.37%)
FR0083 : 107.12 (6.78%)
FR0088 : 98.35 (6.44%)

CDS of Indonesia Bonds

CDS 2yr: -1.14% to 39.56
CDS 5yr: -2.33% to 91.51
CDS 10yr: -1.07% to 154.91

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.44%	0.05%
USDIDR	14,925	0.40%
KRWIDR	11.26	0.97%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,426.63	(109.28)	-0.33%
S&P 500	4,191.98	(6.07)	-0.14%
FTSE 100	7,756.87	14.57	0.19%
DAX	16,275.38	112.02	0.69%
Nikkei	30,808.35	234.42	0.77%
Hang Seng	19,450.57	(276.68)	-1.40%
Shanghai	3,283.54	(13.78)	-0.42%
Kospi	2,537.79	22.39	0.89%
EIDO	23.59	0.14	0.60%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,977.8	20.3	1.04%
Crude Oil (\$/bbl)	71.55	(0.31)	-0.43%
Coal (\$/ton)	162.25	2.90	1.82%
Nickel LME (\$/MT)	21,278	344.0	1.64%
Tin LME (\$/MT)	25,451	437.0	1.75%
CPO (MYR/Ton)	3,481	89.0	2.62%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	KR	07:00	Exports 20 Days YoY	May	—	—	-11.8%
22– May.	JP	06:50	Core Machine Orders MoM	Mar	0.5%	—	-4.5%
Tuesday	US	20:45	S&P Global US Manufacturing PMI	May P	50.0	50.0	50.2
23– May.	US	21:00	New Home Sales	Apr	660K	—	683K
	ID	10:00	BoP Current Account Balance	1Q	\$2,450Mn	—	\$4,300Mn
	ID	14:20	Bank Indonesia 7D Reverse Repo	May 24	5.75%	—	5.75%
Wednesday	US	18:00	MBA Mortgage Applications	May 19	—	—	-5.7%
24– May.	GE	15:00	IFO Business Climate	May	93.0	—	93.6
Thursday	US	19:30	Initial Jobless Claims	May 20	—	—	242K
25– May.	US	19:30	Continuing Claims	May 13	—	—	1,799K
	US	19:30	GDP Annualized QoQ	1Q S	1.1%	—	1.1%
Friday	US	19:30	Personal Income	Apr	0.4%	—	0.3%
26– May.	US	19:30	Personal Spending	Apr	0.4%	—	0.0%
	US	19:30	Durable Goods Orders	Apr P	-1.0%	—	3.2%
	US	21:00	U. of Mich. Sentiment	Apr P	57.7	—	57.7

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



Research Division

Head of Research

Liza Camelia Suryanata

Equity Strategy, Technical

T +62 21 5088 ext 9134

E liza.camelia@nhsec.co.id

Analyst

Cindy Alicia Ramadhania

Consumer, Healthcare

T +62 21 5088 ext 9129

E cindy.alicia@nhsec.co.id

Analyst

Leonardo Lijuwardi

Banking, Infrastructure

T +62 21 5088 ext 9127

E leonardol.lijuwardi@nhsec.co.id

Research Support

Amalia Huda Nurfalah

Editor & Translator

T +62 21 5088 ext 9132

E amalia.huda@nhsec.co.id

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PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51st Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 5088 9102

Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15311

Indonesia

Telp : +62 21 509 20230

Branch Office Medan :

Jl. Asia No. 548 S

Medan – Sumatera Utara 20214

Indonesia

Telp : +62 614 156500

Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 860 22122

Branch Office Bandengan (Jakarta Utara):

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

Branch Office Kamal Muara (Jakarta Utara):

Rukan Exclusive Mediterania

Blok F No.2

Jakarta Utara 14470

Indonesia

Telp : +62 24 844 6878

Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 1330

Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Telp : +62 411 360 4650

Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

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