

Morning Brief

Daily | May. 24, 2023

Today's Outlook:

Wall Street stocks closed in the red on Tuesday (23/05/23); short-term US Treasury yields soared on the back of deadlocked talks over the US debt ceiling. The lack of progress comes just days ahead of June 1, as feared by US Treasury Secretary Janet Yellen, although both US President Joe Biden and Republican McCarthy have touted optimism about reaching a deal soon to avoid a default. Concerns about this sent the 1-month US Treasury yield to a record high of 5.888%. Investors are awaiting the release of the minutes from the Federal Reserve's May 2-3 meeting, to give an indication of where interest rate policy is headed next. Allegedly 88% of the trading population increasingly believes that the Fed will pause the rate hike at the next FOMC Meeting in June, as reported by the Fed Rate Monitor Tool.

From Asia, Japan reported PMI moving in an expansionary direction for the first time in 7 months, indicating the first improvement in business conditions since October 2022; coupled with BoJ Core CPI creeping up 3% YoY. South Korea's Consumer Sentiment (May) has also climbed to its highest point this year, advancing to 98 (compared to 95.1 a month ago). Similarly, the US & Germany announced Composite PMI (May) which both became more expansionary at readings of 54.5 & 54.3 respectively; in contrast to the Euro Zone & UK which showed contracting manufacturing & services activity with readings of 53.3 & 53.9 respectively. The US also reported a declining Building Permits number at 1.147 million (-1.4% MoM); on the other hand, there were more New Home Sales (Apr) than expected & the previous period at 683 thousand, a sign that demand for housing for small families is still high. As for today, market participants will pay attention to UK Inflation data which is expected to move from the double-digit level of 10.1% to 8.3%. The German Ifo Business Climate Index (May) will shed more light on the business climate picture & business expectations for the next 6 months, from surveys spread across the manufacturers, builders, wholesalers & retailer sectors.

Indonesia released 1Q23 Balance of Payments data at USD 6.5 billion, higher than USD 4.7 billion in the previous quarter. Meanwhile, the Current Account managed to post an increase in surplus to USD 2.97 billion in the first 3 months of this year from USD 550 million in the same period last year, maintaining 7 consecutive quarters of gains and equivalent to 0.9% of GDP.

Corporate News

Seeing the Market Situation, Adira Finance (ADMF) Will Issue Bonds Financing issuer PT Adira Dinamika Multi Finance Tbk (ADMF) or Adira Finance plans to issue bonds and sukuk in 2023, but while still looking at the market situation and developments. Adira Finance Head of Sales & Distribution Services Director Niko Kurniawan said that Adira Finance continues to observe the latest business conditions and future funding needs before issuing bonds and sukuk. Nevertheless, Niko said that in previous years, the issuer coded ADMF shares usually issued bonds 1-2 times a year. Adira Finance noted that, as of March 2023, the composition of co-financing represented 45 percent of managed receivables. While the rest is obtained from bank loans, bonds, and equity. (Bisnis)

Domestic Issue

Results of the 6 Series Sukuk Auction Today, the Government Received Offers of IDR 54.75 Trillion The Directorate General of Financing and Risk Management of the Ministry of Finance (DJPPR Kemenkeu) has conducted an auction of six series of State Sharia Securities (SBSN) or State Sukuk with a total incoming bid of IDR 54.75 trillion on Tuesday yesterday (23/5/2023). Based on information on the Ministry of Finance's DJPPR page, the auction results increased significantly compared to the SBSN auction results two weeks earlier, for IDR 40.72 trillion on May 9, 2023. SBSN series PBS036 with a 2-year tenor received the highest bid from investors of IDR 15.53 trillion. Meanwhile, SBSN PBS037 series with a maturity of March 15, 2036 became SBSN with the second highest number of interested investors at today's auction with an offer of IDR 11.89 trillion. (Bisnis)

Recommendation

US10YT has the opportunity to continue towards the yield TARGET around the 3.86% / 3.965-4.0% level. If a pullback occurs, it is estimated that the Support Test will lead to around 3.644-3.613% yield. ADVISE: Buy (on Weakness), or Average Up accordingly.

ID10YT is still trapped in a downtrend channel and will test MA20 Resistance / yield 6.476% this time; which if broken, it will open up opportunities towards upper channel Resistance at yield 6.523%. If this downtrend PARALLEL CHANNEL can be broken, the ideal upward TARGET is at the following yield levels: 6.674% / 6.753-6.763%.

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 : 97.26 (5.92%)
FR0091 : 99.62 (6.43%)
FR0093 : 98.00 (6.59%)
FR0092 : 103.13 (6.83%)

FR0086 : 99.20 (5.80%)
FR0087 : 100.65 (6.39%)
FR0083 : 106.82 (6.81%)
FR0088 : 98.01 (6.48%)

CDS of Indonesia Bonds

CDS 2yr: -0.04% to 38.73
CDS 5yr: -1.11% to 90.08
CDS 10yr: -0.13% to 151.96

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.44%	0.01%
USDIDR	14,880	-0.07%
KRWIDR	11.33	0.35%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,055.51	(231.07)	-0.69%
S&P 500	4,145.58	(47.05)	-1.12%
FTSE 100	7,762.95	(8.04)	-0.10%
DAX	16,152.86	(71.13)	-0.44%
Nikkei	30,957.77	(129.05)	-0.42%
Hang Seng	19,431.25	(246.92)	-1.25%
Shanghai	3,246.24	(50.23)	-1.52%
Kospi	2,567.55	10.47	0.41%
EIDO	23.79	(0.07)	-0.29%

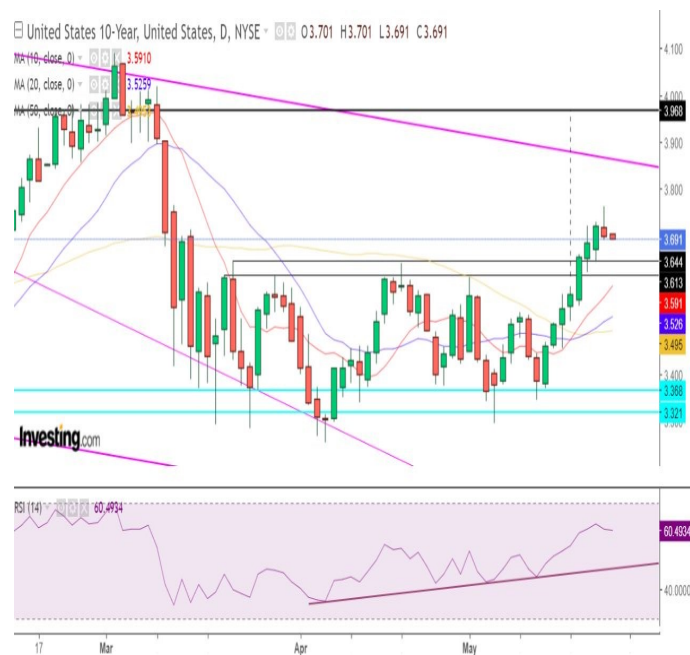
Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,975.2	3.4	0.17%
Crude Oil (\$/bbl)	72.91	0.86	1.19%
Coal (\$/ton)	160.00	(0.35)	-0.22%
Nickel LME (\$/MT)	21,047	(366.0)	-1.71%
Tin LME (\$/MT)	24,320	(630.0)	-2.53%
CPO (MYR/Ton)	3,378	(50.0)	-1.46%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	KR	07:00	Exports 20 Days YoY	May	-16.1%	—	-11.8%
22– May.	JP	06:50	Core Machine Orders MoM	Mar	-3.9%	0.4%	-4.5%
Tuesday	US	20:45	S&P Global US Manufacturing PMI	May P	48.5	50.0	50.2
23– May.	US	21:00	New Home Sales	Apr	683K	665K	683K
	ID	10:00	BoP Current Account Balance	1Q	\$3,000Mn	\$2,500Mn	\$4,300Mn
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%
	ID	14:20	Bank Indonesia 7D Reverse Repo	May 24	—	5.75%	5.75%
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



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