

Morning Brief

Daily | May. 29, 2023

Today's Outlook:

Optimism and relief are expected to be the dominant sentiments for investors on Monday, as Washington reaches a tentative agreement on the US debt ceiling, removing the risk of a default that could potentially rock the global financial world. Trading and market liquidity in Asia is expected to be lighter than usual, but with US and UK markets closed for the holidays, there is potential for great volatility. This positive sentiment is expected to persist in the market for the short term, before investors return to monitoring Inflation data and the possibility of a rate hike at the upcoming June FOMC Meeting.

The latest economic data release from the US on Friday reported that Core Durable Goods Orders (Apr.) growth on a monthly basis fell to minus 0.2% mom, while the Core PCE Price index (Apr.) which is the Federal Reserve's favorite inflation indication rose 0.4% mom. Personal Spending (Apr.) also increased twice as much as projected to 0.8% mom. Michigan Consumer Expectations & Sentiment (May) moved further towards expansionary at 55.4 & 59.2 respectively. The Dollar Index, which measures the strength of the USD against other major world currencies, was solid at 104.26, a 2-month high.

Corporate News

Due July 2023, Pefindo Rates Adi Sarana (ASSA) Bonds idA- PEFINDO affirms the "idA-" rating for PT Adi Sarana Armada Tbk's (ASSA) Convertible Bonds I/2021 worth IDR 517.3 billion which will mature on July 27, 2023. If not converted into shares, ASSA will fully pay off the maturing convertible bonds using internal cash of IDR 200 billion and funds from bank loans of IDR 317.3 billion, wrote Pefindo in a release on Friday (26/5). (Emiten News)

Domestic Issue

Ministry of Finance Reveals Development of Regional Bonds, Hampered by Pandemic The Ministry of Finance revealed that the issuance of regional bonds has not been successful due to substitute loans from the state treasury. Director of Government Bonds at the Directorate General of Financing and Risk Management of the Ministry of Finance (DJPPR Kemenkeu) Deni Ridwan said that a number of regions have prepared sufficiently for the issuance of regional bonds. At the same time, regulatory tools to support are also addressed. However, the issuance has been delayed due to the Covid-19 pandemic. According to Deni, initially the obstacle to the issuance of regional bonds was the different auditors used on the Indonesia Stock Exchange, which was later later resolved. As the pandemic subsides, Deni said that the Ministry of Finance is again encouraging the issuance of regional bonds as one of the financial instruments provided for development. (Bisnis)

Recommendation

US10YT has shown three Doji approaching the Resistance area, but so far it has not been confirmed by a red candle. So the course still looks quite stable towards the TARGET yield around the 3.877% / 3.97-4.0% level. Pay attention to MA10 / 3.733% Support as Trailing Stop of this yield uptrend. ADVISE: Buy, or Average Up accordingly.

ID10YT is slowly trying to break MA10 & MA20 Resistance, making 6.446% yield the closest Resistance at the moment. A break of that level will bring ID10YT to attempt the next Resistance which is the upper channel (downtrend) at 6.5% which will potentially free it from this downtrend. ADVISE: Hold; or 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)	3.00	4.54
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 : 97.48 (5.86%)
FR0091 : 99.59 (6.43%)
FR0093 : 99.12 (6.47%)
FR0092 : 103.60 (6.79%)

FR0086 : 99.38 (5.73%)
FR0087 : 100.57 (6.40%)
FR0083 : 106.75 (6.82%)
FR0088 : 98.25 (6.45%)

CDS of Indonesia Bonds

CDS 2yr: -0.79% to 39.14
CDS 5yr: -0.39% to 92.02
CDS 10yr: -0.84% to 152.68

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.43%	0.00%
USDIDR	14,955	0.03%
KRWIDR	11.29	0.16%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,093.34	328.69	1.00%
S&P 500	4,205.45	54.17	1.30%
FTSE 100	7,627.20	56.33	0.74%
DAX	15,983.97	190.17	1.20%
Nikkei	30,916.31	115.18	0.37%
Hang Seng	18,746.92	(369.01)	-1.93%
Shanghai	3,212.50	11.24	0.35%
Kospi	2,558.81	4.12	0.16%
EIDO	23.79	0.13	0.55%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,946.5	5.1	0.26%
Crude Oil (\$/bbl)	72.67	0.84	1.17%
Coal (\$/ton)	160.00	0.00	0.00%
Nickel LME (\$/MT)	21,162	(66.0)	-0.31%
Tin LME (\$/MT)	24,846	239.0	0.97%
CPO (MYR/Ton)	3,559	66.0	1.89%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	JP	12:00	Leading index CI	Mar F	—	—	97.5
29– May	FI	13:00	Trade Balance	Mar F	—	—	65 Mn
Tuesday	US	21:00	Conf. Board Consumer Confidence	May	99.9	99.9	101.3
30– May	JP	06:30	Jobless Rate	Apr	2.7%	2.7%	2.8%
Wednesday	US	18:00	MBA Mortgage Applications	May 26	—	—	-4.6%
31– May.	US	20:45	MNI Chicago PMI	May	47.5	47.5	48.6
	CH	08:30	Manufacturing PMI	May	49.6	49.6	49.2
Thursday	US	19:15	ADP Employment Change	May	160K	160K	296K
1– June	US	19:30	Initial Jobless Claims	May 27	—	—	229K
	US	20:45	S&P Global US Manufacturing PMI	May F	—	—	48.5
	US	21:00	ISM Manufacturing	May	47.0	47.0	47.1
	CH	08:45	Caixin China PMI Mfg	May	49.5	49.5	49.5
Friday	US	19:30	Change in Nonfarm Payrolls	May	180K	180K	253K
2– June	US	19:30	Unemployment Rate	May	3.5%	3.5%	3.4%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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