

Morning Brief

Daily | May. 3, 2023

Today's Outlook:

All three major US indexes fell more than 1% on Tuesday (02/05/23) as regional bank shares tumbled on renewed fears over the financial system, following the news regarding JPMorgan's purchase on First Republic Bank assets; as investors tried to gauge how much raise the Federal Reserve may need for the interest rates at the FOMC Meeting decision, which can be seen early Thursday morning at 01.00 WIB. The Fed is expected to raise the Fed Fund Rate by 25 bps, and investors are anxious for any signals from the central bank on whether it will be the last hike for now, or there are still plans for further hikes considering their inflation rate is still far from the 2% target. Global crude oil prices plunged more than 5% on investors' concerns over a possible US debt default as well as expected US & European interest rate hikes this week. Global gold prices rose sharply making it back above the psychological USD2000/troy ounce level on the back of Treasury Secretary Janet Yellen's comments that the US government could shut down on June 1 if the debt ceiling increase is not approved by the parliament soon.

Negative sentiment in the US market brought an impact to the Indonesian investors regarding the ongoing banking crisis in the US, as if overshadowing the positive sentiment in Indonesia, that recently released its Inflation rate (Apr.) data. Indonesia's inflation rate data managed to ease back to 4.33% YoY (vs. 4.97% in Mar.) despite the festive season of Ramadhan. Core Inflation also managed to ease to a 10-month low of 2.83% YoY (vs. 2.94% Mar.), which was also lower than expected. Meanwhile, the S&P Global Indonesia Manufacturing PMI (Apr.) expanded to 52.7 (vs. 51.9 previous month), signaling 20 consecutive months of growth in manufacturing activity. The Central Banks of South Korea and Indonesia signed a Memorandum of Understanding to work together to promote both parties' currencies through bilateral transactions, such as in current account transactions and direct investment. This cooperation is expected to help businesses from both countries by reducing transaction costs and minimizing exposure to currency volatility risks. Elsewhere on the continent, the Reserve Bank of Australia decided to raise interest rates by 25bps to 3.85%, dashing market participants' hopes of a rate cut on the 11th hike of the year.

Corporate News

BBB- Rating, PGEO Bond Coupon Reaches 5.15% The issuance of PT Pertamina Geothermal Energy Tbk's (PGEO) foreign bonds will be offered at a high interest rate, because PGEO has been rated BBB- by Fitch Ratings. Assistant Vice President Fixed Income RHB Sekuritas Adra Wijasena said the company must offer a higher coupon due to the BBB- bond rating from Fitch Ratings, which is the lowest investment grade. As is known, PGEO plans to issue green bonds outside Indonesia amounting to US\$ 400 million or around IDR 6 T with a coupon of 5.15 percent per year

Domestic Issue

Pefindo Records IDR 60.2 Trillion Debt Securities Rating Mandate Although the interest rate hike has eased considerably, PT Pemeringkat Efek Indonesia (Pefindo) pocketed IDR 60.22T worth of corporate bond rating mandates in the first quarter of 2023. By institution, private companies dominate the mandates received by Pefindo compared to state-owned enterprises. Head of Pefindo's Corporate Rating Division Niken Indriarsih said that the number of mandates received for the private sector reached IDR 32.17T, while for SOEs reached IDR 28.05 T. Furthermore, she said that the pulp and tissue (pulp & paper) industry sector, as well as multifinance tend to issue debt securities for working capital and expansion needs. In addition, the issuance of debt securities is also done to refinance maturing debt. (Okezone)

Recommendation

US10YT malah Kembali turun menembus rangkaian Support MA10 & MA20, menjadikan level yield 3.477-3.484% sebagai Resistance terdekat saat ini. US10YT jadi harus berbalik Uji Support trendline minor time-frame di sekitar 3.413%. ADVISE : Buy on Weakness ; Average UP accordingly. TARGET : 3.590% / 3.613-3.644%.

Similar to **ID10YT** which has the potential to yield testing the Support from the previous Low level around 6.502-6.478%. ADVISE: Buy on Weakness. TARGET: 6.611% / 6.672%.

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	4.33%	4.97%	Cons. Confidence*	123.30	122.40

PRICE OF BENCHMARK SERIES

FR0090 : 96.39 (6.17%)
FR0091 : 98.95 (6.53%)
FR0093 : 97.25 (6.68%)
FR0092 : 102.30 (6.90%)

FR0086 : 98.45 (6.08%)
FR0087 : 99.94 (6.51%)
FR0083 : 105.65 (6.93%)
FR0088 : 96.40 (6.66%)

CDS of Indonesia Bonds

CDS 2yr: +3.55% to 41.40
CDS 5yr: +0.79% to 96.66
CDS 10yr: +2.63% to 161.83

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.52%	-0.01%
USDIDR	14,705	0.24%
KRWIDR	10.97	0.13%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,684.53	(367.17)	-1.08%
S&P 500	4,119.58	(48.29)	-1.16%
FTSE 100	7,773.03	(97.54)	-1.24%
DAX	15,726.94	(195.44)	-1.23%
Nikkei	29,157.95	34.77	0.12%
Hang Seng	19,933.81	39.24	0.20%
Shanghai	3,323.28	37.39	1.14%
Kospi	2,524.39	22.86	0.91%
EIDO	24.25	(0.43)	-1.74%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,016.7	34.1	1.72%
Crude Oil (\$/bbl)	71.66	(4.00)	-5.29%
Coal (\$/ton)	187.55	2.40	1.30%
Nickel LME (\$/MT)	24,965	746.0	3.08%
Tin LME (\$/MT)	26,491	403.0	1.54%
CPO (MYR/Ton)	3,421	83.0	2.49%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	US	20:45	S&P Global US Manufacturing PMI	Apr F	50.2	—	50.4
1– Mei.	US	21:00	ISM Manufacturing	Apr	47.1	46.8	46.3
Tuesday	US	21:00	Factory Orders	Mar	0.9%	0.6%	-0.7%
2– Mei.	US	21:00	Durable Goods Orders	Mar F	3.2%	—	3.2%
	ID	—	CPI YoY	Apr	4.33%	4.51%	4.97%
Wednesday	US	18:00	MBA Mortgage Applications	Apr 28	—	—	3.7%
3– Mei.	US	19:15	ADP Employment Change	Apr	—	145K	145K
Thursday	US	01:00	FOMC Rate Decision (Upper Bound)	May 3	—	5.25%	5.00%
4– Mei.	US	01:00	FOMC Rate Decision (Lower Bound)	May 3	—	5.00%	4.75%
	US	19:30	Trade Balance	Mar	—	-\$69.2Bn	-\$70.5Bn
	US	19:30	Initial Jobless Claims	Apr 29	—	—	—
	US	19:30	Continuing Claims	Apr 22	—	—	—
Friday	US	19:30	Change in Nonfarm Payrolls	Apr	—	175K	236K
5– Mei.	US	19:30	Unemployment Rate	Apr	—	3.6%	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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