

Morning Brief

Daily | May. 30, 2023

Today's Outlook:

US stock markets are closed due to Memorial Day holiday, as well as the UK; causing Asian and Indonesian markets to move without guidance from regional markets today. Few clues from the US debt ceiling crisis that has touched USD 31.4trillion; it still seems to have a long way to go in order to get Parliamentary approval (especially from the Republicans). However, market participants seem quite optimistic that an agreement which relieves many parties will be reached before the US default due date on June 1. Meanwhile, there is still a debate whether the Federal Reserve will still raise interest rates for the 11th time at next month's FOMC Meeting; or start to step on the brakes of this upward trend. Fed officials will still monitor important data from the labor sector such as Nonfarm Payrolls (May) which is scheduled to be released next Friday; where it is expected that there will be an increase in employment of 180 thousand in May, lower than 253 thousand in the previous month. This morning Japan has reported its Unemployment Rate (Apr.) which came out at 2.6% lower than forecast and previous period. Later today we will await Consumer Confidence (May) from the US & Euro Zone; a leading indicator to predict public spending which plays an important role in overall economic activity.

Corporate News

WOM Finance (WOMF) Repays Bonds Worth IDR 32.8 Billion PT Wahana Ottomitra Multiartha Tbk (WOMF) announced the repayment of bonds worth IDR 32.8 billion. In an announcement released by the company, the bonds repaid were the WOM Finance Phase III Sustainable Public Offering III Series B 2020. It is known that the bonds have an interest rate of 9.60% per year and mature on May 28, 2023. For information, the bond interest is paid every 3 months and the first is on August 28, 2020. Meanwhile, WOM Finance throughout this year is targeting a profit of IDR 231 billion. (Bisnis)

Domestic Issue

Strong Interest in SUN auction Amidst Global Conditions Which Begin to Stable The Ministry of Finance (Kemenkeu) reported that investor interest in today's auction of Government Bonds (SUN) was quite large amid global financial market conditions that seemed to be stabilizing. Director of Government Bonds at the Directorate General of Financing and Risk Management of the Ministry of Finance Deni Ridwan said the considerable investor interest was reflected in incoming bids reaching IDR 58.44 trillion or 3.44 times the indicative target that had been announced earlier. Deni revealed that the majority of investor demand for this auction was for SUN series with tenors of 5 years, 7 years (Sustainable Development Goals / SDGs series), and 10 years, which had a total bid of IDR 36.38 trillion (62.25 percent of the total incoming bid) and won IDR 7.85 trillion (52 percent of the total bid won). Foreign investors' incoming bids at today's SUN auction were recorded at IDR 5.05 trillion. The majority of this amount is in the 5-year, 10-year, and 15-year SUN series, amounting to IDR 3.9 trillion or 77.23 percent of the total incoming bid of foreign investors, which was won by IDR 840 billion or 16.63 percent of the total incoming investor bid. (Antara News)

Recommendation

US10YT is more likely need to test MA10 Support in the range of 3.748% yield again; since several bearish reversal candle patterns have appeared, there is a possibility of a pullback that breaks MA10 Support and has the potential to continue sliding towards MA20 at 3.611% yield. ADVISE: Sell on Strength; or set your Trailing Stop.

ID10YT is slowly trying to break the upper channel Resistance (downtrend) at the yield level of 6.488%, which will potentially release it from this downtrend. ADVISE: Average Up accordingly. TARGET: MA50 / 6.63%, and then 6.753-6.771%.

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 : 97.54 (5.84%)
FR0091 : 99.76 (6.41%)
FR0093 : 98.75 (6.51%)
FR0092 : 103.79 (6.77%)

FR0086 : 99.43 (5.71%)
FR0087 : 100.65 (6.39%)
FR0083 : 106.88 (6.81%)
FR0088 : 98.25 (6.45%)

CDS of Indonesia Bonds

CDS 2yr: -1.41% to 38.59
CDS 5yr: -1.87% to 90.30
CDS 10yr: -1.18% to 150.88

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	15,952.73	(31.24)	-0.20%
Nikkei	31,233.54	317.23	1.03%
Hang Seng	18,551.11	(195.81)	-1.04%
Shanghai	3,221.45	8.94	0.28%
Kospi	2,558.81	4.12	0.16%
EIDO	23.79	0.13	0.55%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,943.2	(3.3)	-0.17%
Crude Oil (\$/bbl)	72.67	0.84	1.17%
Coal (\$/ton)	140.65	(19.35)	-12.09%
Nickel LME (\$/MT)	21,162	(66.0)	-0.31%
Tin LME (\$/MT)	24,846	239.0	0.97%
CPO (MYR/Ton)	3,546	(13.0)	-0.37%

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	69 Mn	—	65 Mn
Tuesday	US	21:00	Conf. Board Consumer Confidence	May		99.9	101.3
30– May	JP	06:30	Jobless Rate	Apr		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	48.6
	CH	08:30	Manufacturing PMI	May		49.6	49.2
Thursday	US	19:15	ADP Employment Change	May		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	47.1
	CH	08:45	Caixin China PMI Mfg	May		49.5	49.5
Friday	US	19:30	Change in Nonfarm Payrolls	May		180K	253K
2– June	US	19:30	Unemployment Rate	May		3.5%	3.4%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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