

# Morning Brief

Daily | May. 4, 2023

## Today's Outlook:

Investors digested Federal Reserve Chairman Jerome Powell's comments, following the US central bank's decision to raise interest rates 25bps (as expected) to 5%-5.25% which is the 10th consecutive hike since March 2022, and puts the FFR at its highest level since 2007. At last night's FOMC Meeting the Fed also signaled that they could pause the rate hike in June; although incoming data will still determine future decisions. Economic data on new private sector jobs showed significant growth above expectations, with ADP Nonfarm Employment Change (Apr.) coming in at 296k, doubled the previous period's 142k and higher than the forecast of 148k. In addition, the S&P Global Composite PMI (Apr.) showed expansionary signs with a reading of 53.4, higher than the previous period of 52.3; similarly, the ISM Non-Manufacturing PMI also became more expansionary at 51.9, slightly higher than the previous of 51.2. Those data releases made investors dwell on the central bank's comments that the path to the 2% Inflation target is still a long way off, and therefore, it is likely that the natural interest rate will still be perched at around 5% for the rest of the year.

Malaysia's central bank raised their interest rate by 25bps to 3%, the first hike since last November. They also pushed their borrowing costs to the highest level since 2019 as inflation risks loom.

Oil prices continued to slide after plunging 5% the day before despite the fact that US oil inventories fell more than expected; as investors feared that the US economic turmoil would lead to a wave of (global) recession, thereby keeping world gold prices stable above the psychological USD 2000 level.

## Corporate News

**Delta Dunia (DOID) Seeks Approval to Issue USD500 Million Bonds** PT Delta Dunia Makmur Tbk (DOID) will issue debt securities worth USD 500 million on the Singapore stock exchange to cover liabilities recorded at the end of 2022 amounting to USD 947.32 million. DOID management in its official statement said that the internal cash that was initially allocated by the company to pay all or part of the Issuer's debt can be focused on developing the Issuer's business activities directly or through the Company indirectly, acquisitions, and working capital of the Issuer and / or the Company. For this reason, the company is conducting discussions with potential investors regarding the interest rate of the debt securities that will mature in 2029. However, this corporate action can be carried out after obtaining the blessing of investors at the Extraordinary General Meeting of Shareholders (EGMS) on June 8, 2023. (Emiten News)

## Domestic Issue

**Pefindo Predicts Corporate Bond Issuance Will Rise in the Third Quarter of 2023** Despite the increase, PT Pemeringkat Efek Indonesia (Pefindo) maintains its projection that bond issuance this year will be around IDR 145 trillion - IDR 158 trillion. Pefindo sees that the issuance of corporate debt securities will be rampant in the third quarter of 2023. Pefindo Rating Director Hendro Utomo explained that this year's maturing debt securities are still quite large, although not as large as last year. In total, there are IDR 126.9 trillion of maturing debt securities in 2023, while last year's maturing debt securities amounted to IDR 157 trillion. Hendro said that the high interest rates make the cost of funds more expensive. If at the same time, the economy grows weaker than anticipated, issuers may reduce issuance as they cannot generate enough profit to cover the additional cost of new issuance. (Kontan)

## Recommendation

**US10YT** is on its way to test minor time-frame trendline support around 3.368-3.321% yield range. ADVISE: Buy on Weakness. TARGET: 3.474% / 3.613-3.644%.

**ID10YT** is still on the way to potentially test the Support yield from the previous Low level around 6.502-6.478%. ADVISE: Buy on Weakness. TARGET : 6.609% / 6.670%.

## 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	: 96.55 (6.12%)
FR0091	: 99.24 (6.49%)
FR0093	: 97.50 (6.65%)
FR0092	: 102.13 (6.92%)
FR0086	: 98.40 (6.10%)
FR0087	: 100.14 (6.47%)
FR0083	: 105.88 (6.90%)
FR0088	: 96.12 (6.70%)

## CDS of Indonesia Bonds

CDS 2yr	: +2.63% to 42.49
CDS 5yr	: +2.12% to 98.72
CDS 10yr	: +2.15% to 165.32

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.48%	-0.04%
USDIDR	14,685	-0.14%
KRWIDR	10.98	0.10%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,414.24	(270.29)	-0.80%
S&P 500	4,090.75	(28.83)	-0.70%
FTSE 100	7,788.37	15.34	0.20%
DAX	15,815.06	88.12	0.56%
Nikkei	29,157.95	34.77	0.12%
Hang Seng	19,699.16	(234.65)	-1.18%
Shanghai	3,323.28	37.39	1.14%
Kospi	2,501.40	(22.99)	-0.91%
EIDO	24.14	(0.11)	-0.45%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,039.0	22.3	1.11%
Crude Oil (\$/bbl)	68.60	(3.06)	-4.27%
Coal (\$/ton)	180.60	(6.95)	-3.71%
Nickel LME (\$/MT)	24,743	(222.0)	-0.89%
Tin LME (\$/MT)	26,777	286.0	1.08%
CPO (MYR/Ton)	3,425	4.0	0.12%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	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
<b>Tuesday</b>	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%
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	Apr 28	-1.2%	—	3.7%
3– Mei.	US	19:15	ADP Employment Change	Apr	296K	145K	145K
<b>Thursday</b>	US	01:00	FOMC Rate Decision (Upper Bound)	May 3	5.25%	5.25%	5.00%
4– Mei.	US	01:00	FOMC Rate Decision (Lower Bound)	May 3	5.00%	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	—	—	—
<b>Friday</b>	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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