

Morning Brief

Daily | June. 06, 2023

Today's Outlook:

Market participants calculate an 80% probability of the US Federal Reserve to hold the pace of interest rate hikes at the upcoming FOMC Meeting on June 13-14, as reported by the CME Group Fedwatch Tool. Adding to this, signs of an economic slowdown are reflected in the following economic data: US Services PMI (May) unexpectedly came in lower at 54.9, lower than the forecast of 55.1; thus putting the S&P Global Composite PMI (May) in a slightly contracted position from the estimate although still safely above the 50 cut-off level. Factory Orders (Apr.) and ISM Non-Manufacturing PMI (May) were also both released below the forecast.

On the other side, the Chinese Composite PMI managed to expand to 55.6, higher than the previous period's 52.9, supported by their services sector. Germany also managed to increase their Trade Balance (Apr.) surplus to EUR 18.4 billion, EUR 3.5 billion higher than the previous period. In terms of PMI (May), Germany, the UK and the Eurozone are all still struggling to stay on the path of expansion.

Domestically, Indonesia released a number of interesting economic data related to economic turnover & Inflation figures. Starting from foreign tourists arriving in Indonesia increased by 276.31% yoy in April 2023, supported by recovery in the tourism sector as the pandemic ban was lifted. Meanwhile, Indonesia reported its Inflation Rate (May) fell to a 12-month low of 4%, from 4.33% in April and was a success lower than consensus of 4.22%. Core Inflation also moved further away from BI's safe limit of 3%, landing at an 11-month low of 2.66%, sloping from forecast & previous at around 2.8%.

Corporate News

Due July 2023, Dharma Satya (DSNG) Bond Rating idA PEFINDO affirmed its .idA. rating on the IDR 275 billion Sustainable Bonds I/2022 Series A issued by PT Dharma Satya Nusantara (DSNG) which will mature on July 29, 2023. The company will pay off the maturing debt instruments using bank loan facilities that are expected to be obtained in the near future. In addition, DSNG also has unused banking facilities of IDR 832 billion and cash and cash equivalents of IDR 256.2 billion as of March 31, 2023. (Emiten News)

Domestic Issue

IDX Will Have 117 Corporate Actions The Financial Services Authority (OJK) reports that fundraising in the capital market until the May 2023 period is still high, reaching IDR 101.35 trillion with 35 new issuers recorded. Issuers' corporate actions to raise funds are expected to get busier in the second semester of 2023. Chairman of the OJK Board of Commissioners Mahendra Siregar explained that until now in the pipeline there are 117 public offering plans through stock IPOs, bond issuances to rights issues. In more detail, there are 63 companies that plan to hold initial public offering (IPO) actions with a total value of IDR 74.4 trillion. Then, there are 13 companies that plan to hold rights issue corporate actions with a total value of IDR 8.51 trillion and plans to issue corporate bonds or sukuk by 41 companies with a total value of IDR 54.66 trillion. (Bisnis)

Recommendation

US10YT is still intact in its Uptrend, although it looks like it will soon test MA10 Resistance in the range of 3.712% yield; on the way to bullish Targets at the following yield points: 3.83-3.86% / 3.97-4.0%. ADVISE: Buy; Average Up accordingly.

ID10YT finally managed to break the channel pattern (downtrend) and rose above MA10 & MA20, opening up opportunities for strengthening towards the TARGET level: MA50 / 6.60%, and then 6.72-6.75%. ADVISE: Buy; 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 : 97.96 (5.72%)
FR0091 : 99.91 (6.39%)
FR0093 : 99.77 (6.40%)
FR0092 : 104.04 (6.74%)

FR0086 : 99.74 (5.60%)
FR0087 : 100.71 (6.38%)
FR0083 : 107.80 (6.72%)
FR0088 : 98.85 (6.38%)

CDS of Indonesia Bonds

CDS 2yr: +1.34% to 35.91

CDS 5yr: -0.30% to 86.75

CDS 10yr: +0.76% to 149.28

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.39%	0.02%
USDIDR	14,890	-0.69%
KRWIDR	11.38	-0.85%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,562.86	(199.90)	-0.59%
S&P 500	4,273.79	(8.58)	-0.20%
FTSE 100	7,599.99	(7.29)	-0.10%
DAX	15,963.89	(87.34)	-0.54%
Nikkei	32,217.43	693.21	2.20%
Hang Seng	19,108.50	158.56	0.84%
Shanghai	3,232.44	2.37	0.07%
Kospi	2,615.41	14.05	0.54%
EIDO	23.75	(0.03)	-0.13%

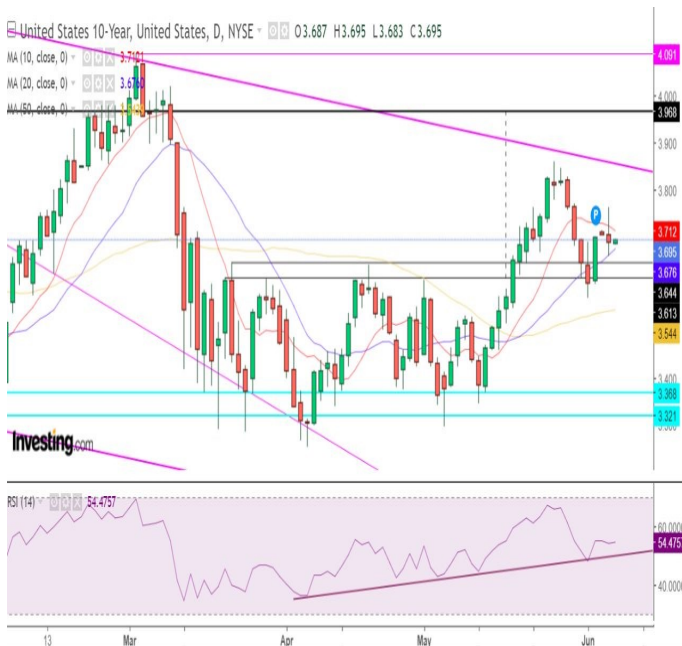
Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,961.9	13.9	0.71%
Crude Oil (\$/bbl)	72.15	0.41	0.57%
Coal (\$/ton)	137.75	6.75	5.15%
Nickel LME (\$/MT)	20,898	(313.0)	-1.48%
Tin LME (\$/MT)	25,565	(86.0)	-0.34%
CPO (MYR/Ton)	3,381	102.0	3.11%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	US	21:00	Factory Orders	Apr	0.4%	0.8%	0.9%
5 – June	US	21:00	Durable Goods Orders	Apr F	1.1%	—	1.1%
	ID	07:30	S&P Global Indonesia PMI Mfg	May	50.3	—	52.7
	ID	11:00	CPI Core YoY	May	2.66%	2.82%	2.83%
	ID	11:00	CPI YoY	May	4.00%	4.24%	4.33%
	Tuesday	GE	13:00	Factory Orders MoM	Apr	—	—
6 – June	GE	13:00	Factory Orders WDA YoY	Apr	—	—	-11.0%
Wednesday	US	18:00	MBA Mortgage Applications	June 2	—	—	—
7 – June	US	19:30	Trade Balance	Apr	-\$75.1 Bn	—	-\$64.2 Bn
	CH	—	Trade Balance	May	—	—	\$90.21 Bn
Thursday	US	19:30	Initial Jobless Claims	June 3	—	—	—
8 – June	IR	17:00	CPI YoY	May	—	—	7.2%
Friday	ID	10:00	Foreign Reserves	May	—	—	\$144.20 Bn
9 – June	CH	08:30	CPI YoY	May	—	—	0.1%
	CH	08:30	PPI YoY	May	—	—	-3.6%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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