

Morning Brief

Daily | June. 07, 2023

Today's Outlook:

Investors are in a Wait & See position waiting for Inflation data and the Federal Reserve's move at next week's meeting. Fed fund futures indicate traders have priced in a near 80% chance that the central bank will hold interest rates in the 5%-5.25% range, according to CMEGroup's Fedwatch tool. However, they see 50% odds of another 25 bps rate hike in July.

From Continental Europe, Germany reported Factory Orders (Apr) which turned out to be better than expected; the UK also released Construction PMI (May) which became more expansionary. Eurozone Retail Sales unexpectedly showed better purchasing power.

The World Bank released the latest negative outlook for the global economy, the June 2023 edition of the Global Economic Prospect (GEP), in which global economic growth in 2023 is projected to grow by 2.1%. If this happens, this year's economic growth will slow down from 2022, which was at 3.1%. Meanwhile, in 2024 global economic growth is expected to reach 2.4%.

Today the Trade Balance (May) figures from the two strongest countries in the world, China & US, will be awaited, which will be a benchmark for the health of the global economy in order to ward off a possible recession.

Corporate News

Indah Kiat (INKP) Repays Maturity Bonds of IDR 883 M Indah Kiat Pulp & Paper Tbk (INKP) has paid off the principal of its Sustainable Bonds I Phase I Year 2020 Series B (Bonds) on June 5, 2023. Heri Santoso, Director and Corporate Secretary of INKP on Tuesday (6/6) said that INKP through PT Kustodian Sentral Efek Indonesia (KSEI) had paid off the principal of the bonds amounting to IDR 883.4 billion to bondholders. In his statement, Heri added that the repayment had no impact on INKP's operational activities, legal, financial condition, or business continuity. (Emiten News)

Domestic Issue

Supporting Green Economy, Minister of Finance Sri Mulyani Discloses Green Sukuk Achievements Finance Minister Sri Mulyani Indrawati revealed that in realizing the energy transition, the government has issued green sukuk retail amounting to IDR 20.8 trillion. According to her, the Green Sukuk Retail format also shows the government's commitment and contribution in developing the Sharia financial market and also in addressing climate change. This financial instrument is also considered an innovative and sustainable financing instrument. In 2023, the government through the issuance of the ST010T2 and ST010T4 series Savings Sukuk will be used to finance environmentally friendly projects. This is expected to mitigate the impact of climate change and adaptation to climate change that has occurred. Sri also said that for green sukuk globally, Indonesia has issued USD 5 billion. Meanwhile, the SDG's bond in 2021 amounted to EUR500 million. (Bisnis)

Recommendation

US10YT seems to start breaking the MA10 & MA20 Support defense (as the outlook for the braking of the Fed Fund Rate / FFR rate hike begins to become increasingly visible) making the yield level of 3.673-3.706% the closest Resistance at this time. On the other hand, US10YT yield is still propped up by Neckline Support at 3.613-3.644% yield to keep this Uptrend intact. ADVISE: Average Up accordingly.

ID10YT appears to still struggle to break the downtrend pattern (amidst Indonesia's Inflation trend that continues to flatten, making Bank Indonesia have no reason to raise interest rates which have been held at 5.75% for the past few months); especially since the current yield has fallen back below MA10 & MA20 which also seems to cancel the goldencross. Further upside potential will still be delayed if ID10YT does not break the yield resistance of 6.4-6.44% to make its way to TARGET: 6.584% (MA50) or 6.683%. ADVISE: 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	4.00%	4.33%	Cons. Confidence*	126.10	123.30

PRICE OF BENCHMARK SERIES

FR0090 : 98.09 (5.68%)
FR0091 : 99.96 (6.38%)
FR0093 : 99.80 (6.40%)
FR0092 : 104.22 (6.73%)

FR0086 : 99.82 (5.57%)
FR0087 : 100.72 (6.38%)
FR0083 : 107.90 (6.71%)
FR0088 : 98.90 (6.37%)

CDS of Indonesia Bonds

CDS 2yr: -1.06% to 35.53
CDS 5yr: -1.12% to 85.78
CDS 10yr: -0.70% to 148.23

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.36%	-0.03%
USDIDR	14,860	-0.20%
KRWIDR	11.45	0.60%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,573.28	10.42	0.03%
S&P 500	4,283.85	10.06	0.24%
FTSE 100	7,628.10	28.11	0.37%
DAX	15,992.44	28.55	0.18%
Nikkei	32,506.78	289.35	0.90%
Hang Seng	19,099.28	(9.22)	-0.05%
Shanghai	3,195.34	(37.10)	-1.15%
Kospi	2,615.41	14.05	0.54%
EIDO	23.78	0.03	0.13%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,963.5	1.7	0.08%
Crude Oil (\$/bbl)	71.74	(0.41)	-0.57%
Coal (\$/ton)	134.45	(3.30)	-2.40%
Nickel LME (\$/MT)	20,968	70.0	0.33%
Tin LME (\$/MT)	25,618	53.0	0.21%
CPO (MYR/Ton)	3,316	(65.0)	-1.92%

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	-0.4%	—	-10.7%
6 – June	GE	13:00	Factory Orders WDA YoY	Apr	-9.9%	—	-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	-\$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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