

# Morning Brief

Daily | June. 09, 2023

## Today's Outlook:

US Treasury yields tumbled after data showing jobless claims jumped to 20-month highs stoked expectations for a Federal Reserve to pause the interest rates next week. Initial Jobless claims unexpectedly rose 28k to 261k, the largest jump since October 2021, pointing to signs of cooling in the labor market. Traders have priced in a 73% chance of the US central bank holding interest rates at the current 5%-5.25% range at the FOMC Meeting next week, as reported by CME Group FedWatch Tool. However, they see a 50% chance of a rate hike in July. Investors are also on a Wait-and-See, waiting for the Inflation data release later on 13 June at the FOMC Meeting. Market expectations expect to see consumer prices slipping again in May, although Core Inflation will not shift much. The CBOE Volatility Index, which measures the concerns of stock market investors, fell to its latest post-pandemic low.

China will announce Inflation data first today, where it is expected that CPI (May) will rise to 0.4%, compared to 0.1% the previous month. The day before, Japan had released 1Q23 GDP figures at a rate of 2.7% YoY. Japan's economic growth seems to be getting more vibrant on both an annual and quarterly basis. However, this was not the case for the Eurozone, which instead revised 4Q22 and 1Q23 GDP lower, at 1% YoY & -0.1% qoq respectively.

Domestically, Indonesia will release its Foreign Exchange Reserves (May) report today, comparing to April's position at USD 144.2 billion.

## Corporate News

**PGN Buyback Bonds Worth IDR 7.43 Trillion** PT Perusahaan Gas Negara Tbk (PGN) successfully repurchased debt securities worth USD 499.85 million or equivalent to around IDR 7.43 trillion (exchange rate IDR 14,875). This action is part of the company's strategic step to manage debt in a more measured, prudent and efficient manner, which will further strengthen the execution of each business plan going forward. The debt securities repaid this time are the remaining principal of Senior Notes due 2024 amounting to USD950 million or equivalent to IDR 14.2 trillion (exchange rate IDR 14,940) for which the tender offer period has expired. After this buyback, the value of PGN's unabsorbed debt securities remains USD450.14 million. (CNBC Indonesia)

## Domestic Issue

**ORI023 to be Issued on June 28** The latest series of Retail Government Securities (SBN), the ORI023 series, will soon be issued by the government on June 28, 2023, or 19 days away. Unlike the previous ORI series, for ORI023, the government plans to issue two investment tenor options, namely ORI023T3 or ORI with a 3-year tenor and ORI023T6 or ORI with a 6-year tenor. However, the certainty regarding the two tenors of ORI023 will be conveyed further by the Ministry of Finance. (Bareksa)

## Recommendation

**US10YT** needs to test the MA10 & MA20 Support again, which is now hanging around the 3.70% yield point. A break of this Support will bring the US10YT yield to the next Support in the range of: 3.644-3.613%. On the other hand, if US10YT is able to maintain the yield at this Support then the opportunity towards TARGET 3.848-3.86% or towards 3.96-4.0% will still be wide open. ADVISE: Wait & See; Average Up accordingly.

**ID10YT** appears to remain comfortable undergoing a Downtrend in the PARALLEL CHANNEL pattern. The yield did not break MA10 & MA20 Resistance in the range of 6.396-6.408%. ADVISE: If the upper channel resistance is able to be broken above the yield of 6.41%, then there is potential for an increase towards TARGET: 6.562% (MA50) or 6.673%. ADVISE: Average Up above yield 6.478%.

## 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 : 98.12 (5.68%)  
FR0091 : 100.09 (6.36%)  
FR0093 : 99.68 (6.41%)  
FR0092 : 104.42 (6.71%)

FR0086 : 99.75 (5.59%)  
FR0087 : 100.67 (6.39%)  
FR0083 : 108.04 (6.69%)  
FR0088 : 98.82 (6.38%)

## CDS of Indonesia Bonds

CDS 2yr: -2.72% to 35.26

CDS 5yr: -0.63% to 85.60

CDS 10yr: -2.49% to 146.94

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.36%	0.02%
USDIDR	14,895	0.11%
KRWIDR	11.42	0.10%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,833.61	168.59	0.50%
S&P 500	4,293.93	26.41	0.62%
FTSE 100	7,599.74	(24.60)	-0.32%
DAX	15,989.96	29.40	0.18%
Nikkei	31,641.27	(272.47)	-0.85%
Hang Seng	19,299.18	47.18	0.25%
Shanghai	3,213.59	15.83	0.50%
Kospi	2,610.85	(4.75)	-0.18%
EIDO	23.45	0.23	0.99%

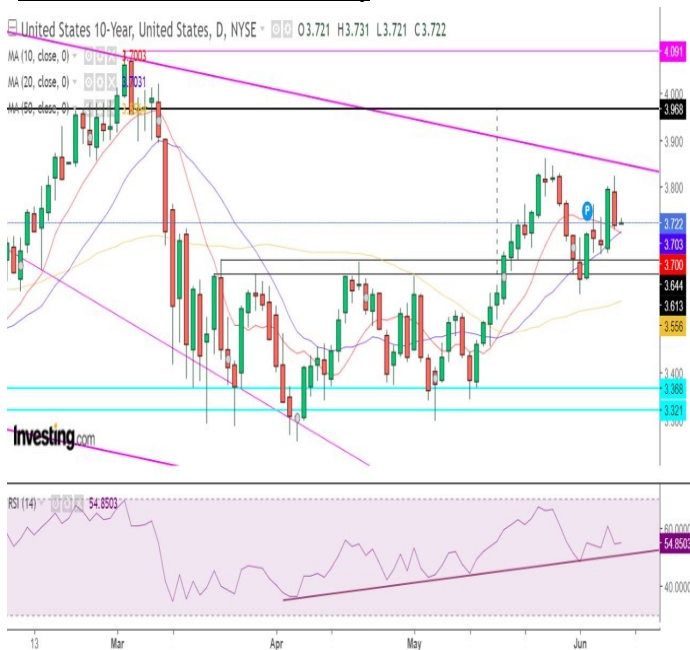
## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,965.5	25.4	1.31%
Crude Oil (\$/bbl)	71.29	(1.24)	-1.71%
Coal (\$/ton)	136.25	0.25	0.18%
Nickel LME (\$/MT)	21,132	(285.0)	-1.33%
Tin LME (\$/MT)	25,817	167.0	0.65%
CPO (MYR/Ton)	3,264	(56.0)	-1.69%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	US	21:00	Factory Orders	Apr	0.4%	0.8%	0.9%
<i>5 – June</i>	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%
<b>Tuesday</b>	GE	13:00	Factory Orders MoM	Apr	-0.4%	—	-10.7%
<i>6 – June</i>	GE	13:00	Factory Orders WDA YoY	Apr	-9.9%	—	-11.0%
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	June 2	-1.4%	—	—
<i>7 – June</i>	US	19:30	Trade Balance	Apr	-\$74.6 Bn	-\$75.1 Bn	-\$64.2 Bn
	CH	—	Trade Balance	May	\$65.81 Bn	—	\$90.21 Bn
<b>Thursday</b>	US	19:30	Initial Jobless Claims	June 3	261K	—	—
<i>8 – June</i>	IR	17:00	CPI YoY	May	6.6%	—	7.2%
<b>Friday</b>	ID	10:00	Foreign Reserves	May	—	—	\$144.20 Bn
<i>9 – June</i>	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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