

# Morning Brief

Daily | June. 16, 2023

## Today's Outlook:

All three major US indexes recorded a surge above 1% at their highest in 14 months, as investors cheered economic data that fueled bets that the US Federal Reserve is nearing the end of its aggressive interest-rate hike trend. Treasury bond yields slid after a slew of economic data pointed to easing inflation, helping offset worries about future rate hikes and boosting tech giants like Apple and Microsoft to record highs. As an information, so far in 2023, the S&P 500 is up about 15% and the Nasdaq has climbed about 32%, fueled by signs of economic resilience, a better-than-expected earnings reports, and bets that interest rates are near their peak.

From Europe, the European Central Bank raised interest rates for the eighth consecutive time, as expected by 25 bps to bring the deposit rate at 3.5% and borrowing cost at 4%. The ECB also signaled that there is still potential for further increases to combat Eurozone inflation which is still perched at 7%, to drop to the ECB's target level of 2%. The Eurozone Inflation (May) report will be the market's concern this afternoon at 4:00 PM GMT with consensus sloping to 6.1%.

The Central Statistics Agency (BPS) noted that Indonesia's trade balance returned to a surplus in May 2023 amounting to USD 440 million. It was the 37th consecutive month of surplus, but the lowest amount since May 2020. The surplus fell from USD 2.90 billion in the same month of 2022, far below the market consensus of USD 3.02 billion. Nevertheless, Export & Import made a positive report card by rising significantly above expectation, by 1% and 14.35% yoy respectively. The increase in exports mostly came from non-oil & gas exports by +1.9% yoy (vs -30% yoy in Apr23), while the increase in imports came from all types of goods especially capital goods and consumer goods imports by +60% and +36.5% yoy (vs -7% and -18% yoy in Apr 23). This fact indicates an increase in domestic economic activity and optimism for a higher business climate going forward.

## Corporate News

**Strengthen Business Expansion Funding Structure, BRI Finance Issues IDR 500 Billion Bonds** PT BRI Multifinance Indonesia (BRI Finance), a subsidiary of PT Bank Rakyat Indonesia (Persero) Tbk (BBRI), or BRI strengthens its funding structure through the issuance of bonds to optimize performance, especially the expansion of the financing business in the consumer segment. BRI Finance is ready to hold a public offering of BRI Finance Bond II Year 2023 on June 30 - July 4, 2023 with a maximum fundraising of IDR 500 billion. The company plans to issue bonds in two series, namely Series A with a tenor of 370 calendar days with an offering coupon range of 5.75% - 6.35% and Series B with a tenor of three years with an offering coupon range of 6.35% - 7.00% from the date of issuance. (Emiten News)

## Domestic Issue

**Touching the Lowest Level, the Declining Yield Trend is Expected to Continue** Based on data from the Indonesian Central Securities Depository (KSEI), the yield on 10-year benchmark Government Bonds (SUN) touched its lowest level. The downward trend in yields is expected to continue, although the movement is quite limited. Henan Putihrai Asset Management (HPAM) Head of Business Development Division Reza Fahmi projects that low yields in the Rupiah-denominated bond market will continue, amid strong investor interest in the domestic market. However, global uncertainty and volatility remain high. Quoting the Indonesian Securities Price Appraiser (PHEI), the yield on 10-year SUN is currently in the range of 6.2%. Reza observed that SUN yields moved in the range of 1-4 bps along the curve. The yield on the 10-year SUN fell 2 bps to 6.24%. (Kontan)

## Recommendation

**US10YT** is still trying to maintain the Uptrend short term yield in the MA10 & MA20 Support range, as well as above the short term Trendline Support, precisely at a yield of 3.72%. ADVISE: BUY ON WEAKNESS; Average Up >3.743%. TARGET: 3.83-3.85% / 3.968-4.0%.

**ID10YT** weekly chart shows strong downtrend inside PARALLEL CHANNEL pattern (blue). Support from previous low is detected around yield: 6.144-6.036%. Nearest Resistance: MA10 / yield 6.456%. ADVISE: HOLD; Wait & See.

## 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)	139.30	144.20	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)	5.14	5.14
Imports Yoy	-22.32%	-6.26%	Business Confidence	104.82	105.33
Inflation Yoy	4.00%	4.33%	Cons. Confidence*	128.30	126.10

## PRICE OF BENCHMARK SERIES

FR0090 : 98.16 (5.66%)  
FR0091 : 100.74 (6.26%)  
FR0093 : 102.32 (6.12%)  
FR0092 : 105.66 (6.60%)

FR0086 : 99.78 (5.58%)  
FR0087 : 101.25 (6.29%)  
FR0083 : 108.79 (6.62%)  
FR0088 : 99.35 (6.32%)

## CDS of Indonesia Bonds

CDS 2yr: -0.27% to 34.70  
CDS 5yr: +0.40% to 82.30  
CDS 10yr: -0.14% to 144.87

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.30%	0.04%
USDIDR	14,945	0.30%
KRWIDR	11.68	0.15%

## Global Indices

Index	Last	Chg.	%
Dow Jones	34,408.06	428.73	1.26%
S&P 500	4,425.84	53.25	1.22%
FTSE 100	7,628.26	25.52	0.34%
DAX	16,290.12	(20.67)	-0.13%
Nikkei	33,485.49	(16.93)	-0.05%
Hang Seng	19,828.92	420.50	2.17%
Shanghai	3,252.98	23.99	0.74%
Kospi	2,608.54	(10.54)	-0.40%
EIDO	23.45	(0.01)	-0.04%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,958.0	15.5	0.80%
Crude Oil (\$/bbl)	70.62	2.35	3.44%
Coal (\$/ton)	135.95	3.95	2.99%
Nickel LME (\$/MT)	22,993	273.0	1.20%
Tin LME (\$/MT)	27,225	463.0	1.73%
CPO (MYR/Ton)	3,521	69.0	2.00%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	ID	—	Consumer Confidence Index	May	128.3	—	126.1
<b>12 – June</b>	GE	—	Wholesale Price Index YoY	May	—	—	-0.5%
<b>Tuesday</b>	US	19:30	CPI YoY	May	4.0%	4.1%	4.9%
<b>13 – June</b>	GE	13:00	CPI YoY	May F	6.1%	6.1%	6.1%
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	Jun 9	7.2%	—	-1.4%
<b>14 – June</b>	US	19:30	PPI Final Demand MoM	May	-0.3%	-0.1%	0.2%
<b>Thursday</b>	US	01:00	FOMC Rate Decision (Upper Bound)	Jun 14	5.25%	5.25%	5.25%
<b>15 – June</b>	US	01:00	FOMC Rate Decision (Lower Bound)	Jun 14	5.00%	5.00%	5.00%
	US	19:30	Retail Sales Advance MoM	May	0.3%	0.0%	0.4%
	US	19:30	Initial Jobless Claims	Jun 10	262K	—	261K
	US	19:30	Empire Manufacturing	Jun	6.6	-15.6	-31.8
	US	20:15	Industrial Production MoM	May	0.2%	0.1%	0.5%
	CH	09:00	Industrial Production YoY	May	3.5%	3.5%	5.6%
	CH	09:00	Retail Sales YoY	May	12.7%	13.9%	18.4%
	ID	11:00	Trade Balance	May	\$440 Mn	\$2,573 Mn	\$3,940 Mn
	ID	11:00	Exports YoY	May	14.35%	-12.0%	-29.4%
	ID	11:00	Import YoY	May	0.96%	-12.1%	-22.3%
<b>Friday</b>	US	21:00	U. of Mich. Sentiment	Jun P		60.0	59.2
<b>16 – June</b>	JP	—	BoJ Policy Balance Rate	Jun 16		—	-0.1%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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