

Morning Brief

Daily | June. 19, 2023

Today's Outlook:

The US central bank is still staunchly on the hawkish path, as reported by the comments of two Federal Reserve officials who cautioned that US Core Inflation has not budged and rate hikes are still necessary as US Inflation is still far from their target of 2%. Traders are now pricing in the possibility of the Fed cutting rates in December, following an expected 25 bps rate hike at the July FOMC Meeting, as reported by CME Group Fedwatch Tool. A survey from University of Michigan showed that market sentiment and expectations are improved, with expectations of consumer price inflation falling to its lowest point this June and the outlook over the next five months improved significantly. Moreover, the US capital markets will be closed on Monday for a national holiday.

The Bank of Japan maintained its ultra-loose monetary policy, and China's central bank began to cut borrowing costs. Meanwhile, after the ECB voted to raise its benchmark interest rate by 25 basis points last week; ECB President Christine Lagarde emphasized that there are no plans to stop this trend of rising interest rates.

Gold prices found support as the US Dollar Index trended to a 5-week low below 103. However, analysts believe that the US Federal Reserve may still raise the benchmark interest rate two more times this year.

Corporate News

Hary Tanoë's Issuer (BMTR) Releases Bonds Global Mediacom Tbk (BMTR), an issuer owned by Hary Tanoesoedibjo, issued sustainable bonds IV and sustainable sukuk ijarah IV in 2023. The total value of these debt securities reached IDR 1.7 trillion. Global Mediacom held a sustainable public offering (PUB) IV phase I with a maximum bond issuance of IDR 850 billion. The bonds are divided into three tenors, namely 370 calendar days, 3 years, and 5 years. Bond coupons are in the range of 8.75-9.25% for the 370-day tenor, 9.75-10.25% range for 3 years, and 10.75-11.25% for 5 years. Bond interest is paid every quarter, in accordance with the bond interest payment date. (Investor Id)

Domestic Issue

Multifinance Industry Getting More Aggressive in Issuing Bonds Multifinance companies are getting more aggressive in issuing bonds. This step is taken to boost financing, which has increased, as the domestic economy recovers. PT Pemeringkat Efek Indonesia (Pefindo) noted that until May 2023 there will be seven multifinance companies that will issue bonds. The emission value is estimated at IDR 6.6 trillion. "Among them are Mandala Multifinance Tbk and Adira Dinamika Multifinance," said Ahmad Nasrudin, Fixed Income Analyst Pefindo. Meanwhile, until May 2023, the value of debt securities issuance, including bonds in the multifinance industry, has reached IDR 13.51 trillion. Ahmad said that this figure is around 49.87% of the bond issuance carried out by multifinance companies throughout 2022 and the value of bonds issued by multifinance companies is also higher than that realized by issuers in other industries. (Kontan)

Recommendation

US10YT is almost at the end of the pattern, where it has to decide whether YIELD will break Resistance 3.83% or break Support 3.74%. ADVISE: Wait & See; wait for the breakout direction for Average Up decision or even reduce position.

ID10YT is still at rest moving in a downtrend, where MA10 acts as the nearest Resistance in the range of yield: 6.46%. ID10YT almost touched the lowest Yield level in October & August in the range: 6.144% - 6.036% which may be able to become a Support level as RSI has entered Oversold territory. 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)	0.44	3.94	Govt. Spending Yoy	3.99%	-4.77%
Exports Yoy	0.96%	-29.40%	FDI (USD bn)	5.14	5.14
Imports Yoy	14.35%	-22.32%	Business Confidence	104.82	105.33
Inflation Yoy	4.00%	4.33%	Cons. Confidence*	128.30	126.10

PRICE OF BENCHMARK SERIES

FR0090 : 98.18 (0.02%)
FR0091 : 100.72 (-0.02%)
FR0093 : 102.30 (-0.02%)
FR0092 : 105.54 (-0.11%)

FR0086 : 99.74 (-0.04%)
FR0087 : 101.21 (-0.04%)
FR0083 : 108.79 (0.00%)
FR0088 : 99.40 (0.05%)

CDS of Indonesia Bonds

CDS 2yr: +1.01% to 35.06

CDS 5yr: +0.81% to 82.96

CDS 10yr: +0.70% to 145.89

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.30%	0.00%
USDIDR	14,935	-0.07%
KRWIDR	11.74	0.51%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,299.12	(108.94)	-0.32%
S&P 500	4,409.59	(16.25)	-0.37%
FTSE 100	7,642.72	14.46	0.19%
DAX	16,357.63	67.51	0.41%
Nikkei	33,706.08	220.59	0.66%
Hang Seng	20,040.37	211.45	1.07%
Shanghai	3,273.33	20.36	0.63%
Kospi	2,625.79	17.25	0.66%
EIDO	23.21	(0.24)	-1.02%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,958.0	(0.0)	-0.00%
Crude Oil (\$/bbl)	71.78	1.16	1.64%
Coal (\$/ton)	128.45	(7.50)	-5.52%
Nickel LME (\$/MT)	23,034	41.0	0.18%
Tin LME (\$/MT)	26,951	(274.0)	-1.01%
CPO (MYR/Ton)	3,743	235.0	6.70%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 19 – June	US	21:00	NAHB Housing Market Index			51	50
	JP	12:00	Tokyo Condominium for Sales YoY	May		—	-30.3%
Tuesday 20 – June	US	19:30	Building Permits	May		1430K	1416K
	US	19:30	Housing Starts	May		1400K	1401K
	JP	11:30	Industrial Production MoM	Apr F		—	-0.4%
Wednesday 21 – June	US	18:00	MBA Mortgage Applications	Jun 16		—	7.2%
	KR	04:00	PPI YoY	May		—	1.6%
Thursday 22 – June	US	19:30	Initial Jobless Claims	Jun 17		—	262K
	US	21:00	Existing Home Sales	May		4.25 Mn	4.28 Mn
	US	21:00	Leading Index	May		-0.8%	-0.6%
	ID	14:20	Bank Indonesia 7D Reverse Repo	Jun 21		5.75%	5.75%
Friday 23 – June	US	20:45	S&P Global US Manufacturing PMI	Jun P		48.5	48.4
	GE	14:30	HCOB Germany Manufacturing PMI	Jun P		43.0	43.2
	JP	06:30	Natl CPI YoY	May		3.2%	3.5%
	JP	07:30	Jibun Bank Japan PMI Mfg	Jun P		—	50.6

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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