

# Morning Brief

Daily | June. 20, 2023

## Today's Outlook:

Amidst the national holiday in the US stock market, investors had to use other sentiments available in determining the direction of market movement. With the first visit to China by a US secretary of state in five years. The discussions would likely to have included grievances over trade, the state of the global semiconductor industry as well as the status of self-governed Taiwan and Beijing's human rights record; the constructive talks aimed at smoothing the many differences between the two global economic superpowers. Goldman Sachs joined the growing band of major banks such as Bank of America, JPMorgan, UBS, & Standard Chartered who cut China's economic growth in this post-pandemic recovery period, to 5.4-6% for this year, and also lowered China's 2024 GDP prediction to 4.5-4.6%. European and Asian stock markets ended in negative territory yesterday, as investors digested the global economic outlook that increasingly shows an economic slowdown, where the Euro Zone entered a recession in the first quarter of this year and China has not been able to take control of regional market growth. Additionally, the Federal Reserve has indicated that further rate hikes could be coming in the summer months as it tries to stamp down on inflation, potentially sending the world's largest economy into recession. On the other hand, today will be watched by the Chinese central bank which is expected to cut the benchmark interest rate by at least 10 bps in an effort to stimulate their economic growth. In contrast, the Bank of England is expected to raise its benchmark interest rate by 25 bps on Thursday to combat the highest Inflation rate among G7 countries, still 4x greater than their 2% target. **World oil prices slipped on Monday 19/06/23** triggered by a weak economic revival in China that will hit the demand side of the world's largest oil importer in the second half of this year. Meanwhile, the US Dollar index was little changed against other major world currencies at 102.33, after falling 1.2% in the previous week (the biggest drop in five months); leaving Gold prices unmoved at USD 1,954.39 / ounce. **The yen weakened on Friday's dovish Bank of Japan meeting results**, touching a 7-month low of JPY 141.97/USD; while a hawkish European Central Bank, which just raised rates by 25bps last week, helped the Euro to hang near a 5-week peak at USD 1.092. In the bond market, the 10-Year US Treasury rate is at a yield of 3.822%.

## Corporate News

**Medco Energi (MEDC) Plans to Issue IDR 1 Trillion Bonds** Medco Energi (MEDC) will issue IDR trillion bonds. The sustainable bonds V phase I in 2023 will address the market in three variants. Including Series A with a 3-year term, Series B with a 5-year term, and Series C with a 7-year term. All proceeds from the bonds, after deducting issuance costs to provide loans to Medco Platinum Road Pte.Ltd, a subsidiary of the company, to purchase USD bonds from bondholders through the secondary market issued by Medco Platinum Road Pte. Ltd for the purpose of partial repayment. (Emiten News)

## Domestic Issue

**Bonds Considered Promising Rather than IPO, Leasing Should Pay Attention to Interest Rates** Leasing companies are busy issuing bonds or debt securities for capital increase. This step is said to be more promising than funding through banks and Initial Public Offering (IPO) or stock issuance. "Funding through IPO or stock issuance is now less attractive, because the JCI [Composite Stock Price Index] corrected 5%. So it means that it is less attractive to enter the capital market or increase the number of securities there," said Director of the Center of Economics and Law Studies (Celios) Bhima Yudhistira. Bhima added that the issuance of bonds is more rational even though the challenges ahead are higher interest rates. This is seen from the costs incurred by companies to use money from loan sources to the risk of absorption of financing. According to him, the trend of bond issuance is also increasing because banks need to dispose of excess funding by offering quite attractive interest. On the other hand, according to Bhima, multifinance companies have greater needs. This is because after the pandemic, the business began to move again for the lending sector in various business fields, from multipurpose loans to motor vehicle loans. The trend is experiencing a recovery so that multifinance requires much larger capital. (Bisnis)

## Recommendation

**US10YT tests mid-term Trendline Resistance** which prevents yield from continuing its short-term Uptrend. ADVISE: Wait & See; Average Up if able to break 3.85-3.86% level. **ID10YT is attempting to break MA10 Resistance** as well as MA20; a strengthening that has not happened since last March. ADVISE: Hold for confirmation; get ready to Average Up. TARGET: MA50 / 6.487%.

## 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

FRO090	: 98.05 (-0.12%)
FRO091	: 100.45 (-0.27%)
FRO093	: 100.33 (-0.05%)
FRO092	: 105.54 (-0.11%)
FRO086	: 99.53 (-0.21%)
FRO087	: 100.89 (-0.31%)
FRO083	: 108.70 (-0.08%)
FRO088	: 99.21 (-0.20%)

## CDS of Indonesia Bonds

CDS 2yr	: +0.34% to 35.17
CDS 5yr	: +0.28% to 83.20
CDS 10yr	: +0.11% to 146.04

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.33%	0.03%
USDIDR	14,995	0.40%
KRWIDR	11.70	-0.35%

## 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	7,588.48	(54.24)	-0.71%
DAX	16,201.20	(156.43)	-0.96%
Nikkei	33,370.42	(335.66)	-1.00%
Hang Seng	19,912.89	(127.48)	-0.64%
Shanghai	3,255.81	(17.53)	-0.54%
Kospi	2,609.50	(16.29)	-0.62%
EIDO	23.21	(0.24)	-1.02%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,950.5	(7.5)	-0.38%
Crude Oil (\$/bbl)	71.78	1.16	1.64%
Coal (\$/ton)	128.35	(0.10)	-0.08%
Nickel LME (\$/MT)	22,503	(531.0)	-2.31%
Tin LME (\$/MT)	26,900	(51.0)	-0.19%
CPO (MYR/Ton)	3,757	14.0	0.37%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 19 – June	US	21:00	NAHB Housing Market Index	June	55	51	50
	JP	12:00	Tokyo Condominium for Sales YoY	May	-21.5%	—	-30.3%
<b>Tuesday</b> 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%
<b>Wednesday</b> 21 – June	US	18:00	MBA Mortgage Applications	Jun 16		—	7.2%
	KR	04:00	PPI YoY	May		—	1.6%
<b>Thursday</b> 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%
<b>Friday</b> 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



## Research Division

### Head of Research

**Liza Camelia Suryanata**

Equity Strategy, Technical

T +62 21 5088 ext 9134

E [liza.camelia@nhsec.co.id](mailto:liza.camelia@nhsec.co.id)

### Analyst

**Cindy Alicia Ramadhania**

Consumer, Healthcare

T +62 21 5088 ext 9129

E [cindy.alicia@nhsec.co.id](mailto:cindy.alicia@nhsec.co.id)

### Analyst

**Leonardo Lijuwardi**

Banking, Infrastructure

T +62 21 5088 ext 9127

E [leonardol.lijuwardi@nhsec.co.id](mailto:leonardol.lijuwardi@nhsec.co.id)

### Research Support

**Amalia Huda Nurfalih**

Editor & Translator

T +62 21 5088 ext 9132

E [amalia.huda@nhsec.co.id](mailto:amalia.huda@nhsec.co.id)

#### DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



## PT. NH Korindo Sekuritas Indonesia

### JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51<sup>st</sup> Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 5088 9102

### Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15311

Indonesia

Telp : +62 21 509 20230

### Branch Office Medan :

Jl. Asia No. 548 S

Medan – Sumatera Utara 20214

Indonesia

Telp : +62 614 156500

### Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 860 22122

### Branch Office Bandengan (Jakarta Utara):

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

### Branch Office Kamal Muara (Jakarta Utara):

Rukan Exclusive Mediterania

Blok F No.2

Jakarta Utara 14470

Indonesia

Telp : +62 24 844 6878

### Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 1330

### Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

### Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

### A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |  
Jakarta