

# Morning Brief

Daily | June. 21, 2023

## Today's Outlook:

await the Federal Reserve chairman Jerome Powell's testimony before Congress due tonight at 21.00 Western Indonesia Time and will be closely watched for clues on how strongly the head of US Central Bank stresses the need to resume rate hikes following a pause last week. China's central bank cut another 10bps benchmark interest rate to 3.55% to further stimulate their economy, but on the one hand it also confirms that China needs more stimulus to boost their slow economic recovery after the Covid pandemic.

In terms of economic data, the US Housing Starts (May) report rose 21.7% mom, as well as Building Permits (May) which recorded an increase of 5.2% mom; in contrast to the previous month's position in negative numbers; signaling the health of the property sector is still quite good. Germany reported Inflation at the producer level or PPI (May) managed to flatten 1%yoy and -1.4% mom; lower growth than expectations and the previous period. As for today, the UK Inflation rate will get the spotlight as the May figure is expected to tame slightly to 8.5% yoy compared to April at 8.7%, although Core CPI may still be a bit tougher to beat. From the Asian continent, South Korea released PPI (May) data which fell to 0.6%yoy, slightly higher than expected but successfully sloping from April at 1.6%.

Bank Indonesia recorded foreign capital outflow from the domestic financial market in the second week of June 2023. Based on transaction data compiled by Bank Indonesia (BI), non-residents in the domestic financial market sold a net of IDR 2.38 trillion; which is divided into IDR 640 billion in the SBN market and IDR 1.74 trillion net sell in the stock market. Along with the departure of foreign funds from the domestic financial market, Indonesia's investment risk premium also increased slightly. As seen from Indonesia's 5-year credit default swap (CDS) premium as of June 15, 2023 amounting to 80.55 bps, or a slight increase from 80.50 bps on June 9, 2023. Furthermore, during the current year 2023 or from January 2023 to June 15, 2023, foreign capital flows remained net in both the SBN and stock markets. From BI records, non-residents recorded a net purchase of IDR 82.50 trillion in the SBN market and a net purchase of IDR 17.14 trillion in the stock market.

Investors' nervousness on the increasingly gloomy global financial market outlook amidst predictions of a continued upward trend in US benchmark interest rates, sent Rupiah weakening to above IDR15000/USD after almost 3 months comfortably below that psychological level.

## Corporate News

**Indah Kiat Pulp (INKP) Issues Bonds and Sukuk** Sinarmas Group paper issuer, PT Indah Kiat Pulp & Paper Tbk (INKP) issued bonds and sukuk mudharabah worth a total of IDR 4 trillion with the majority of funds being allocated for payment of obligations. Based on the prospectus, INKP will issue sustainable bonds IV phase I 2023 worth IDR 3.25 trillion which is part of the ongoing public offering of Bond IV with a target fund of IDR 12 T. In addition to issuing bonds, INKP will also issue sustainable sukuk mudharabah III phase I 2023 amounting to IDR 750 billion. The target of this sukuk issuance is IDR 3 trillion. (Bisnis)

## Domestic Issue

**Sharia Securities Auction Results Fall** Investor interest in the auction of Government Sharia Securities (SBSN) on Tuesday (20/6) is still considered high. The incoming bid at this week's auction recorded a value of IDR 41.38 trillion. Senior Economist KB Valbury Sekuritas Fikri C. Permana said that the results of the auction this time were quite high because the target indication was only IDR 7 trillion. He assessed that the decline in auction bids was also influenced by expectations of the Fed Rate, which is likely to rise twice by 25 basis points (bps). In addition, since the Fed Rate last week the rupiah has tended to depreciate because it has passed the psychological level of IDR 15,000. "So, maybe this is what also encourages foreigners to refrain from entering the SBN market at this auction," Fikri said. (Kontan)

## Recommendation

**US10YT** finally broke the short-term support & now the yield is moving below MA10 & MA20; making the yield level of 3.74-3.763% as the nearest resistance now. ADVISE: Hold (reduce position); Wait & See. The following yield support: MA50 / around 3.623%

**ID10YT** has successfully perched back above MA10, the yield is attempting to break through the next Resistance which is MA20 at the level of 6.363%. If it can break out then it will also break from the PARALLEL CHANNEL pattern and open up opportunities for strengthening towards the TARGET yield of 6.478% (MA50). ADVISE: Wait for break out confirmation; get ready to Average Up again.

## 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	: 98.09 (0.04%)
FR0091	: 100.14 (-0.31%)
FR0093	: 102.02 (0.00%)
FR0092	: 105.87 (0.00%)
FR0086	: 99.37 (-0.16%)
FR0087	: 100.84 (-0.05%)
FR0083	: 108.40 (-0.28%)
FR0088	: 99.19 (-0.02%)

## CDS of Indonesia Bonds

CDS 2yr	: +1.56% to 35.72
CDS 5yr	: +1.14% to 84.15
CDS 10yr	: +1.31% to 147.96

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.34%	0.01%
USDIDR	15,000	0.03%
KRWIDR	11.72	0.19%

## Global Indices

Index	Last	Chg.	%
Dow Jones	34,053.87	(245.25)	-0.72%
S&P 500	4,388.71	(20.88)	-0.47%
FTSE 100	7,569.31	(19.17)	-0.25%
DAX	16,111.32	(89.88)	-0.55%
Nikkei	33,388.91	18.49	0.06%
Hang Seng	19,607.08	(305.81)	-1.54%
Shanghai	3,240.37	(15.44)	-0.47%
Kospi	2,604.91	(4.59)	-0.18%
EIDO	22.97	(0.24)	-1.03%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,936.4	(14.1)	-0.72%
Crude Oil (\$/bbl)	71.19	(0.74)	-1.03%
Coal (\$/ton)	126.55	(1.80)	-1.40%
Nickel LME (\$/MT)	22,039	(464.0)	-2.06%
Tin LME (\$/MT)	26,847	(53.0)	-0.20%
CPO (MYR/Ton)	3,727	(30.0)	-0.80%

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	1491K	1430K	1416K
	US	19:30	Housing Starts	May	1631K	1400K	1401K
	JP	11:30	Industrial Production MoM	Apr F	0.7%	—	-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

### Analyst

**Cindy Alicia Ramadhania**

Consumer, Healthcare

T +62 21 5088 ext 9129

E cindy.alicia@nhsec.co.id

### Analyst

**Leonardo Lijuwardi**

Banking, Infrastructure

T +62 21 5088 ext 9127

E leonardol.lijuwardi@nhsec.co.id

### Research Support

**Amalia Huda Nurfalah**

Editor & Translator

T +62 21 5088 ext 9132

E 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 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

Telp : +62 411 360 4650

### 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