

Morning Brief

Daily | June 26, 2023

Today's Outlook:

Global stock indexes fell and the U.S. dollar rose on Friday (23/06/23) as investors digested comments from Federal Reserve officials that signaled further interest rate hikes ahead. The S&P500 and Nasdaq even closed last week by ending their weekly gains which had bagged 5-week and 8-week straight gains, respectively. San Francisco Fed Bank President Mary Daly said that two more rate hikes this year is a "very reasonable" projection. The statement follows comments by Fed Chairman Jerome Powell who had mentioned earlier that the US central bank will not end its tight monetary policy yet, while he provided reassurance that the Fed would proceed with caution. Financial markets have baked in a 74.4% likelihood that the Fed will resume hiking the Fed funds target rate by another 25 basis points at the July meeting, according to CME's FedWatch tool. The economic data released last Friday explained that US business activity in June fell to a 3-month low as the service sector slowed for the first time this year, and the contraction in the manufacturing sector deepened. Similarly, business activity in continental Europe, at least reflected in June PMI data from Germany, the Euro Zone, and the UK which all moved towards contraction.

Treasury yields also slipped as markets expect at least one more rate hike in the near future, and factor in the impact on economic growth that is already slowing lower than expected in the Euro Zone region. The yield on the benchmark 10-year US Treasury fell 6.2bps to 3.737% at the close of trading last Friday. Similarly, Euro Zone government bond yields also contracted following reports of slower PMIs in June; while business activity in France also contracted this month for the first time in 5 months.

US Dollar Index rose 0.469%; oil prices closed lower and posted a weekly decline as traders worried about weak demand.

Considering the market sentiment, plus this week will be a short trading week for JCI due to the Eid al-Adha holiday (and joint leave) from 28-30 June, investors will usually choose to be cautious and refrain from positioning too much, considering the unpredictability of the market during the holiday.

Corporate News

Bank Mandiri (BMRI) Green Bond Oversubscribed 3.74 Times PT Bank Mandiri (Persero) Tbk. (BMRI) noted that the initial offer (bookbuilding) for Sustainable Environmental Bonds I (Green Bond) was oversubscribed 3.74 times. Meanwhile, incoming bids during this period are known to have reached IDR 18.7 trillion from the fundraising target set at IDR 5 trillion. Bank Mandiri Deputy President Director Alexandra Askandar said that the oversubscription was in line with increased investor interest in a number of sustainable financial products. For information, this bond will be issued in two series, namely Series A which has a period of 3 years with a coupon of 5.80 percent per year and Series B which has a period of 5 years with a coupon of 6.10 percent per year. (Bisnis)

Domestic Issue

Government to Open ORI023 Offering Starting June 30, 2023 The government through the Directorate General of Financing and Risk Management (DJPPR) will again offer the ORI023 series of Government Securities. The offering will begin on June 30, backward from the previous schedule of June 28, 2023. Director of Government Securities of DJPPR Deni Ridwan said that the determination of the SBN Retail marketing schedule will always consider the right time such as public holidays, payday dates, and maturing retail SBN. So that there is a re-investment opportunity for investors. Regarding the coupon, he said that it is still tentative because it is still being finalized. It is planned that the coupon from ORI023 will be announced on Monday (26/6). (Kontan)

Recommendation

US10YT seems unable to end this Sideways as long as it still moves below MA10 & MA20; and also has not managed to break the Trendline Resistance of 3.810%. ADVISE: HOLD; Average Up accordingly.

ID10YT is attempting to test MA10 Resistance at the yield level of 6.304%. A break above this level will open up opportunities for strengthening to the following Resistance, namely MA20 at the yield level of 6.347-6.369%; and the next TARGET: 6.453% / 6.479%. ADVISE: Average Up accordingly.

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	: 98.16 (-0.02%)
FRO091	: 100.34 (-0.05%)
FRO093	: 99.99 (0.07%)
FRO092	: 104.61 (0.14%)
FRO086	: 99.40 (0.00%)
FRO087	: 100.98 (-0.09%)
FRO083	: 108.39 (-0.03%)
FRO088	: 99.22 (-0.01%)

CDS of Indonesia Bonds

CDS 2yr	: +2.83% to 37.47
CDS 5yr	: +2.97% to 87.81
CDS 10yr	: +2.09% to 153.32

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.30%	0.01%
USDIDR	14,994	0.36%
KRWIDR	11.50	-0.34%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,727.43	(219.28)	-0.65%
S&P 500	4,348.33	(33.56)	-0.77%
FTSE 100	7,461.87	(40.16)	-0.54%
DAX	15,829.94	(158.22)	-0.99%
Nikkei	32,781.54	(483.34)	-1.45%
Hang Seng	18,889.97	(328.38)	-1.71%
Shanghai	3,197.90	(42.46)	-1.31%
Kospi	2,570.10	(23.60)	-0.91%
EIDO	22.92	(0.17)	-0.74%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,921.2	7.2	0.38%
Crude Oil (\$/bbl)	69.16	(0.35)	-0.50%
Coal (\$/ton)	125.50	(0.25)	-0.20%
Nickel LME (\$/MT)	21,311	129.0	0.61%
Tin LME (\$/MT)	26,476	(603.0)	-2.23%
CPO (MYR/Ton)	3,620	58.0	1.63%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 26 – June	US	21:30	Dallas Fed Manf. Activity	Jun	—	—	-29.1
	GE	15:00	IFO Business Climate	Jun	90.5	90.5	91.7
	GE	15:00	IFO Expectations	Jun	88.5	88.5	88.6
Tuesday 27 – June	US	19:30	Durable Goods Orders	May P	-1.0%	-1.0%	1.1%
	US	21:00	New Home Sales	May	663K	663K	683K
	US	21:00	Conf. Board Consumer Confidence	May	103.5	103.5	102.3
Wednesday 28 – June	US	18:00	MBA Mortgage Applications	Jun 23	—	—	0.5%
	US	19:30	Wholesale Inventories MoM	May P	—	—	-0.1%
Thursday 29 – June	US	19:30	GDP Annualized QoQ	1Q T	1.4%	1.4%	1.3%
	US	19:30	Initial Jobless Claims	Jun 24	—	—	264K
	GE	19:00	CPI MoM	Jun P	0.3%	0.3%	-0.1%
	GE	19:00	CPI YoY	Jun P	6.3%	6.3%	6.1%
Friday 30 – June	US	19:30	Personal Income	May	0.4%	0.4%	0.4%
	US	19:30	Personal Spending	May	0.2%	0.2%	0.8%
	US	20:45	MNI Chicago PMI	Jun	44.2	44.2	40.4
	US	21:00	U. of Mich. Sentiment	Jun F	63.9	63.9	63.9
	CH	08:30	Manufacturing PMI	Jun	49.0	49.0	48.8
	GE	14:55	Unemployment Change (000's)	Jun	15.0K	15.0K	9.0K
	KR	06:00	Industrial Production YoY	May	—	—	-8.9%
	JP	06:30	Tokyo CPI Ex-Fresh Food YoY	Jun	3.5%	3.5%	3.2%
	JP	06:30	Jobless Rate	May	2.6%	2.6%	2.6%
	JP	06:30	Job-To-Applicant Ratio	May	1.32	1.32	1.32
JP	06:50	Industrial Production MoM	May P	-0.8%	-0.8%	0.7%	

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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