

Morning Brief

Daily | June 27, 2023

Today's Outlook:

Wall Street moved flat to bearish, with the Nasdaq leading the way down 1.16% in early trading on the last week of June, triggered by investor concerns that the Federal Reserve's aggressive posture on interest rate policy will send the country's economy into recession. Investors also weighed the effects of Russia's political turmoil on financial markets. A number of mercenaries who had been moving towards Moscow with the intention of shaking the leadership of President Vladimir Putin, are alleged to have stopped their actions. World Crude Oil prices, which had heated up slightly or rose 0.3%, stabilized at USD 69.37/barrel. Commodity traders will be closely monitoring European conditions for possible supply disruptions.

In terms of interest rates, investors are focused on the next policy direction. The Federal Reserve is still determined to continue its tight monetary policy while bringing down Inflation to the 2% Target level. More economic data to be released this week such as Consumer Confidence, New Home Sales, Durable Orders, & weekly Jobless Claims; are expected to help determine the future direction of interest rate policy. Market participants are currently pricing in a 76.9% probability of a 25bps hike at the upcoming FOMC Meeting in July, as reported by CME FedWatch. US Treasury yields weakened as investors digested the Federal Reserve's idea to still maintain high interest rates even though the economy is evidently starting to slow down. The price of the benchmark 10-year bond rose 7/32 and sent the yield to 3.7134%. Meanwhile, the price of the 30-year bond rose 4/32 and sent the yield to 3.8142%.

The US Dollar triumphed over the Russian Rouble but fell from 15-year highs, while the Japanese Yen edged higher. The US Dollar index which measures the USD's strength over a number of other major world currencies, slipped 0.14% while the Euro crept up 0.16%. World Gold prices remained steady around a 3-month low as geopolitical developments in Russia offset the Fed's hawkish tone. Gold spot price rose 0.1% to USD 1922.30/ounce.

From Europe, Germany reported the German Ifo Business Climate Index (June) at 88.5, lower than expectations of 90.7 & certainly from the previous period's 91.5; signaling that businesses from the manufacturing, contracting, wholesale & retail sectors expect Germany's business climate to weaken in the next 6 months.

This Tuesday also closes the 1st semester / 2023 trading period, the stock exchange will be closed due to the Eid al-Adha holiday & long leave on 28-30 June.

Corporate News

KB Finansia's Bond Debt Supports Business Expansion Leasing company PT KB Finansia Multi Finance (Kreditplus) has bonds that will mature on August 2. KB Finansia Multi Finance Bond I Year 2022 Series A has an emission value of IDR 686.39 billion. Kreditplus CEO Peter Halim said that in connection with the maturity of the bonds, his party chose to pay them with the issuance of new bonds. The funds obtained from the bond issuance will be partly used to pay off the bonds. In addition, continued Peter, the company also aims to continue to be present to the public to introduce KB Finansia Multi Finance through this Bond II Public Offering. On June 20, Kreditplus issued bonds worth IDR 1T with an interest rate of 6.20% and 7.30%. The bonds are divided into 2 series, namely series A worth IDR 500 billion with a tenor of 1 year and a fixed interest rate of 6.20% per year. Then, Series B is worth IDR 500 billion with a tenor of 3 years and a fixed interest rate of 7.30% per year. (Bisnis)

Domestic Issue

Sri Mulyani Withdraws IDR 150.4 T of New Debt as of May 2023, Up 64.9% Finance Minister Sri Mulyani Indrawati noted that the realization of financing through the issuance of new debt as of May 2023 reached IDR 150.4 trillion. Sri Mulyani said the realization of debt financing increased by 64.9% when compared to the same period last year. According to her, the high debt issuance until May 2023 is in accordance with this year's financing management and timing strategy. However, when compared to the debt financing target in 2023, the realization until May 2023 was only 21.6%. If detailed, debt issuance through Government Securities (SBN) until May 2023 was recorded at IDR 144.5 trillion, an increase of 92.0% on an annual basis. Furthermore, Sri Mulyani said that in May 2023 the government issued Samurai Bonds amounting to 104.8 billion Japanese yen or equivalent to USD 760 million. The issuance of Samurai Bonds includes the issuance of Blue Bonds amounting to 20.7 billion Japanese yen. The transaction, said Sri Mulyani, received appreciation and a positive response from Japanese investors. (Bisnis)

Recommendation

US10YT seems unable to end this Sideways as long as it still moves below MA10 & MA20; and it also has not managed to break the Trendline Resistance which is now at the yield level of 3.802%. ADVISE: HOLD; Average Up accordingly first above 3.75%.

ID10YT is still struggling with the downtrend as it has not yet managed to break MA10 Resistance at the yield level of 6.302%. A break above this level will open up opportunities for strengthening to the following Resistance, namely MA20 at the yield level of 6.34%; and the next TARGET: MA50 / 6.443% followed by the TARGET of the pattern which is 6.470-6.478%. ADVISE: HOLD; 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

FR0090 : 98.20 (0.04%)
FR0091 : 100.36 (0.02%)
FR0093 : 99.98 (0.00%)
FR0092 : 104.62 (0.01%)

FR0086 : 99.39 (-0.01%)
FR0087 : 101.08 (0.01%)
FR0083 : 108.42 (0.03%)
FR0088 : 99.23 (0.01%)

CDS of Indonesia Bonds

CDS 2yr: +2.31% to 38.33

CDS 5yr: +3.14% to 90.56

CDS 10yr: +1.76% to 156.01

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.30%	-0.01%
USDIDR	15,015	0.14%
KRWIDR	11.51	0.08%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,714.71	(12.72)	-0.04%
S&P 500	4,328.82	(19.51)	-0.45%
FTSE 100	7,453.58	(8.29)	-0.11%
DAX	15,813.06	(16.88)	-0.11%
Nikkei	32,698.81	(82.73)	-0.25%
Hang Seng	18,794.13	(95.84)	-0.51%
Shanghai	3,150.62	(47.28)	-1.48%
Kospi	2,582.20	12.10	0.47%
EIDO	23.09	0.17	0.74%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,923.3	2.1	0.11%
Crude Oil (\$/bbl)	69.37	0.21	0.30%
Coal (\$/ton)	125.50	0.00	0.00%
Nickel LME (\$/MT)	20,305	(1006.0)	-4.72%
Tin LME (\$/MT)	25,635	(841.0)	-3.18%
CPO (MYR/Ton)	3,719	99.0	2.73%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 26 – June	US	21:30	Dallas Fed Manf. Activity	Jun	-23.2	—	-29.1
	GE	15:00	IFO Business Climate	Jun	88.5	90.5	91.7
	GE	15:00	IFO Expectations	Jun	83.6	88.5	88.6
Tuesday 27 – June	US	19:30	Durable Goods Orders	May P		-1.0%	1.1%
	US	21:00	New Home Sales	May		663K	683K
	US	21:00	Conf. Board Consumer Confidence	May		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%	1.3%
	US	19:30	Initial Jobless Claims	Jun 24		—	264K
	GE	19:00	CPI MoM	Jun P		0.3%	-0.1%
	GE	19:00	CPI YoY	Jun P		6.3%	6.1%
Friday 30 – June	US	19:30	Personal Income	May		0.4%	0.4%
	US	19:30	Personal Spending	May		0.2%	0.8%
	US	20:45	MNI Chicago PMI	Jun		44.2	40.4
	US	21:00	U. of Mich. Sentiment	Jun F		63.9	63.9
	CH	08:30	Manufacturing PMI	Jun		49.0	48.8
	GE	14:55	Unemployment Change (000's)	Jun		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%	3.2%
	JP	06:30	Jobless Rate	May		2.6%	2.6%
	JP	06:30	Job-To-Applicant Ratio	May		1.32	1.32
JP	06:50	Industrial Production MoM	May P		-0.8%	0.7%	

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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