

Morning Brief

Daily | July 03, 2023

Today's Outlook:

Wall Street's three major indexes advanced solidly on Friday, (30/06/23), with the Nasdaq technology index leading a 1.45% gain while bagging a semi-annual gain of more than 31% (the largest in 40 years) as US Inflation data proved tame; prompting Apple stock breached the USD 3 trillion mark for the first time in history. Even the Nasdaq 100 index of top technology stocks boasted its biggest first half gain on record, adding around 39%. However, this was not the case for Indonesia which only had two trading days last week, during the first half of 2023 it posted a -2.75% decline. For the past 6 months, JCI has been moving sideways between the Support-Resistance range: 6550-6950.

Regional market investors were seen in excitement on the last trading day of the second quarter of the year amid signs of cooling US inflation due to the Federal Reserve's tight monetary policy measures. The Commerce Department report showed the May Personal Consumption Expenditures (PCE) index rose just 3.8% compared to 4.3% in April. While the core PCE index (excluding volatile food and energy) rose 0.3%; down from 0.4% in the previous month. The data fueled hopes that the Fed could be nearing the end of its rate hike cycle, which immediately resulted in lower Treasury yields as a market response to taming inflation. Traders were pricing in an 84.3% chance (down slightly from the previous probability at 89.3%) that the Fed will hike rates by 25 bps to 5.25%-5.50% range in its July meeting, according to CMEGroup's Fedwatch tool. Although hawkish remarks from Fed Chair Jerome Powell and strong economic data earlier this week boosted bets the Fed would keep hiking rates, but stock markets took comfort in signs of strength in the U.S. economy as inflation cooled.

The S&P500 is currently at a P/E ratio of 19.1x, above the historical average P/E of 15.6x, as quoted by Refinitiv Datastream. The stock market has so far been able to thrive amidst the high interest rate policy trend that could change if bond yields continue to rise. Benchmark bond yields recently hit a 3-month high, with the 10-year US Treasury yield hovering around 3.8%, more than the recorded figure at the end of 2021. Rising yields usually dilute the attractiveness of stocks relative to bonds, but in recent months, equity valuations have been steadily rising. UBS Global Wealth Management analysts recently said that the likelihood of a recession depends most on monetary policy tightening, allowing stocks to become less valued. As stock prices approach the ideal conditions of a soft landing scenario, fund managers see more attractive risk-reward ratios in high-quality bond investments than equity.

Corporate News

MNC Kapital (BCAP) Owned by Hary Tanoesoedibjo Officially Recorded IDR 300 Billion Bonds MNC Kapital Indonesia Phase II 2023 Sustainable Bonds III issued by PT MNC Kapital Indonesia Tbk. (BCAP) owned by entrepreneur Hary Tanoesoedibjo is officially listed on the Indonesia Stock Exchange (IDX) starting today, Monday (3/7/2023). The bonds with a nominal value of IDR 300 billion consist of two series. The first series is Series A (BCAP03ACN2) with a nominal value of IDR 216.44 billion with an interest rate of 10.75% and a period of 370 days from issuance. Furthermore, Series B (BCAP03BCN2) with a nominal value of IDR 83.55 billion and an interest rate of 11.25% with a period of 3 years from issuance. Based on information disclosure, the bonds issued by BCAP this time received a rating of idBBB+ (Triple B plus) from PT Pemeringkat Efek Indonesia (Pefindo). (Bisnis)

Domestic Issue

Just a Day of Being Offered, ORI023 Has Sold IDR 983.96 Billion Retail Government Securities (SBN) type ORI023 has just been offered for the first time on Friday (30/6/2023) yesterday. In the initial offering, ORI023 has sold a total of IDR 983.96 billion. Based on information from one of the distribution partners, the 3-year tenor ORI023 (ORI023-T3) has sold as much as IDR 619.46 billion of the government's target of IDR 10 trillion. Thus ORI023T3 has absorbed 6.19% of the target. As a result, the quota that can still be purchased is IDR 9.38 trillion. Meanwhile, the 6-year tenor ORI023 (ORI023T6) has sold 3.64% of the target. ORI023T6 sold as much as IDR 364.50 billion, so the available quota is IDR 9.63 trillion. Overall, the ORI023 series sold 5% or IDR 983.96 billion of the overall target of both tenors of IDR 20 trillion in one day of bidding. (Bisnis)

Recommendation

US10YT is slowly breaking the Resistance from the previous High level in the Sideways pattern this past month, it will be more stable if the benchmark yield can exceed the 3.86% level; it will open the way to the TARGET around the 3.97% - 4.0% yield. ADVISE: Gradual Average Up.

ID10YT is still slumped in a downtrend channel pattern while still below MA10 & MA20, making the yield level of 6.303% - 6.328% the closest Resistance at the moment. A break above this level will open up opportunities for strengthening to the following TARGET / Resistance, namely MA50 / 6.428% and then followed by the TARGET of the pattern, namely 6.471% - 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

FRO090	: 98.21 (0.02%)
FRO091	: 100.59 (0.23%)
FRO093	: 99.90 (-0.08%)
FRO092	: 104.79 (0.16%)
FRO086	: 99.45 (0.06%)
FRO087	: 101.16 (0.07%)
FRO083	: 108.48 (0.05%)
FRO088	: 99.24 (0.01%)

CDS of Indonesia Bonds

CDS 2yr	: -2.66% to 36.09
CDS 5yr	: -1.95% to 86.12
CDS 10yr	: -2.43% to 148.32

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.26%	-0.03%
USDIDR	14,993	-0.15%
KRWIDR	11.55	0.33%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,407.60	285.18	0.84%
S&P 500	4,450.38	53.94	1.23%
FTSE 100	7,531.53	59.84	0.80%
DAX	16,147.90	201.18	1.26%
Nikkei	33,189.04	(45.10)	-0.14%
Hang Seng	18,916.43	(17.93)	-0.09%
Shanghai	3,202.06	19.68	0.62%
Kospi	2,564.28	14.26	0.56%
EIDO	23.05	0.11	0.48%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,919.4	11.2	0.58%
Crude Oil (\$/bbl)	70.64	0.78	1.12%
Coal (\$/ton)	128.05	0.15	0.12%
Nickel LME (\$/MT)	20,516	(118.0)	-0.57%
Tin LME (\$/MT)	26,787	689.0	2.64%
CPO (MYR/Ton)	3,789	34.0	0.91%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	US	20:45	S&P Global US Manufacturing PMI	Jun F	—	—	46.3
3 – July	US	21:00	ISM Manufacturing	Jun	—	47.1	46.9
	CH	08:45	Caixin China PMI Mfg	Jun	—	50.0	50.9
	ID	07:30	S&P Global Indonesia PMI Mfg	Jun	—	—	50.3
	ID	11:00	CPI YoY	Jun	—	3.68%	4.00%
	GE	14:55	HCOB Germany Manufacturing PMI	Jun F	—	—	41.0
	KR	07:30	S&P Global South Korea PMI Mfg	Jun	—	—	48.4
	JP	06:50	Tankan Large Mfg Index	2Q	—	3	1
	JP	06:50	Tankan Large Non-Mfg Index	2Q	—	22	20
	JP	06:50	Tankan Large Mfg Outlook	2Q	—	4	3
	JP	06:50	Tankan Large All Industry Capex	2Q	—	9.9%	3.2%
	JP	07:30	Jibun Bank Japan PMI Mfg	Jun F	—	—	49.8
Tuesday	KR	06:00	CPI YoY	Jun	—	—	3.3%
4 – July	JP	06:50	Monetary Base YoY	Jun	—	—	-1.1%
Wednesday	US	21:00	Factory Orders	May	—	—	0.4%
5 – July	US	21:00	Durable Goods Orders	May F	—	—	—
Thursday	US	18:00	MBA Mortgage Applications	Jun 30	—	—	—
6 – July	US	19:15	ADP Employment Change	Jun	—	—	278K
	US	19:30	Trade Balance	May	—	-70.5bn	-74.6bn
	US	19:30	Initial Jobless Claims	Jul 1	—	—	—
	GE	13:00	Factory Orders MoM	May	—	—	-0.4%
Friday	US	19:30	Change in Nonfarm Payrolls	Jun	—	213K	339K
7 – July	US	19:30	Unemployment Rate	Jun	—	3.7%	3.7%
	ID	10:00	Foreign Reserves	Jun	—	—	\$139.3
	GE	13:00	Industrial Production SA MoM	May	—	—	0.3%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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