

Morning Brief

Daily | July 04, 2023

Today's Outlook:

Wall Street's major indexes closed slightly higher in a shortened trading session ahead of the 4th of July holiday, supported by a surge in Tesla shares and stronger banking stocks as their solid performance passed the Federal Reserve's stress check. The US Treasury yield curve reached its deepest inversion on Monday since 1981, reflecting financial market concerns about the country's overall economy. This was in line with the US reporting ISM Manufacturing PMI (June) at 46.0 only, a real contraction from both the forecast and the previous period. The economic slowdown was also clearly evident in other western countries such as France, Germany, Eurozone, and the UK which reported Manufacturing PMI (June) still struggling in the contraction area (below 50). In contrast from China, they published Caixin Manufacturing PMI (June) managed to expand at 50.5, higher than the forecast of 50.2. As for this morning, South Korea has released Inflation data (June) which came in at 2.7% yoy, lower than consensus 2.9% and May at 3.3%.

Indonesia started the first trading day of the second semester with a strong bull stomp, closing up 0.52% to 6696.72 supported by Foreign Net Buy of IDR 253.1 billion. Indonesia's June inflation came in at 3.52% yoy, lower than expected at 3.6% and certainly slower than May's 4%. Core Inflation also slowed to a 13-month low of 2.66%, from 2.6% in May. On a monthly basis, consumer prices rose 0.14% mom (June), following a 0.09% increase in the previous month and lower than the consensus of 0.24%. Tourism data stated that foreign tourist arrivals in Indonesia in May surged 166.42% yoy as the tourism sector continues to improve after the economy fully opened after the pandemic mobility ban.

On the commodity side, crude oil prices were boosted after Saudi Arabia extended its 1 million barrel/day production cut until August. Gold prices were pressured by a stronger US Dollar as the probability of further interest rate hikes by the Fed increased. While Malaysian Crude Palm Oil prices rose for the third consecutive session to a 2-month high, following the rise in Chicago soybean oil substitutes triggered by concerns over drying up plantings & inventories in the US.

Corporate News

Mandiri Tunas Finance Issues IDR 691 M Bonds, Interest Rates Start at 6% PT Mandiri Tunas Finance will carry out a public offering of Mandiri Tunas Finance VI sustainable bonds with an overall target of IDR 5 trillion in funds raised. Meanwhile, the company issued the first phase VI sustainable bonds 2023 with a principal amount of IDR 691.73 billion. Based on the prospectus published by the company, Monday (3/7), these bonds are offered at a value of 100% of the principal amount of the bonds and consist of two series. First for series A, bonds with a fixed interest rate of 6% per year with a term of three years from the date of issuance. The principal amount of series A bonds offered is IDR 439.6 billion. The second, series B, bonds with a fixed interest rate of 6.25% per annum with a tenor of five years. The principal amount of series B bonds offered is IDR 252.07 billion. (Katadata)

Domestic Issue

Ridwan Kamil Accelerates Regional Bond Issuance, West Java becomes Pilot Project West Java Governor Ridwan Kamil said that the West Java Provincial Government is used as a pilot project by the central government to start issuing regional bonds. Ridwan Kamil said, funding innovation with regional bonds is indeed needed by West Java. The Provincial Government calculates that West Java needs IDR 800 trillion to build all the infrastructure needed. While financing by relying on the regular regional revenue and expenditure budget (APBD) can only finance a maximum of IDR 50 trillion. Ridwan Kamil said, there are at least two infrastructure projects that are being explored with financing through regional bonds. The pilot project is access to West Java International Airport (BIJB). Then, hospitals for the upcoming budget in 2024. (Tempo)

Recommendation

US10YT will be more stable if the benchmark yield can surpass the 3.86% level; it will pave the way to TARGET around 3.97% - 4.0% yield. ADVISE: Gradual Average Up.

ID10YT is still slumped in a downtrend channel pattern but there has been an attempt to break MA10 resistance. If the ID10YT yield manages to break the upper channel resistance at the 6.33% level, it will open up opportunities for strengthening to the following TARGET / Resistance, namely MA50 / 6.421% and then followed by the TARGET of the pattern, namely 6.476% - 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	3.52%	4.00%	Cons. Confidence*	128.30	126.10

PRICE OF BENCHMARK SERIES

FR0090 : 98.24 (0.03%)
FR0091 : 100.62 (0.03%)
FR0093 : 99.90 (0.00%)
FR0092 : 104.79 (0.16%)

FR0086 : 99.46 (0.02%)
FR0087 : 101.23 (0.07%)
FR0083 : 108.61 (0.12%)
FR0088 : 99.24 (0.01%)

CDS of Indonesia Bonds

CDS 2yr: -1.34% to 35.60

CDS 5yr: -2.66% to 83.83

CDS 10yr: -1.31% to 146.38

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.24%	-0.02%
USDIDR	15,025	0.21%
KRWIDR	11.49	0.51%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,418.47	10.87	0.03%
S&P 500	4,455.59	5.21	0.12%
FTSE 100	7,527.26	(4.27)	-0.06%
DAX	16,081.04	(66.86)	-0.41%
Nikkei	33,753.33	564.29	1.70%
Hang Seng	19,306.59	390.16	2.06%
Shanghai	3,243.98	41.91	1.31%
Kospi	2,602.47	38.19	1.49%
EIDO	23.12	0.07	0.30%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,921.6	2.3	0.12%
Crude Oil (\$/bbl)	69.79	(0.85)	-1.20%
Coal (\$/ton)	148.05	20.00	15.62%
Nickel LME (\$/MT)	20,580	64.0	0.31%
Tin LME (\$/MT)	27,377	590.0	2.20%
CPO (MYR/Ton)	3,985	196.0	5.17%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	US	20:45	S&P Global US Manufacturing PMI	Jun F	46.3	—	46.3
3 – July	US	21:00	ISM Manufacturing	Jun	46.0	47.1	46.9
	CH	08:45	Caixin China PMI Mfg	Jun	50.5	50.0	50.9
	ID	07:30	S&P Global Indonesia PMI Mfg	Jun	52.5	—	50.3
	ID	11:00	CPI YoY	Jun	3.52%	3.68%	4.00%
	GE	14:55	HCOB Germany Manufacturing PMI	Jun F	40.6	—	41.0
	KR	07:30	S&P Global South Korea PMI Mfg	Jun	47.8	—	48.4
	JP	06:50	Tankan Large Mfg Index	2Q	5	3	1
	JP	06:50	Tankan Large Non-Mfg Index	2Q	23	22	20
	JP	06:50	Tankan Large Mfg Outlook	2Q	9	4	3
	JP	06:50	Tankan Large All Industry Capex	2Q	13.4	9.9%	3.2%
	JP	07:30	Jibun Bank Japan PMI Mfg	Jun F	49.8	—	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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