

Morning Brief

Daily | July 10, 2023

Today's Outlook:

The US market notched a weekly loss on Friday as traders weighed a weaker monthly jobs report for June (that missed estimates for the first time in 15 months), against expectations that the Federal Reserve still remains likely to resume rate hike later this month. The US economy created 209,000 jobs in June, missing the 225,000 expected and a marked decrease from the 306,000 in the prior month. That marked the weakest pace of job creation since December 2020. But average hourly earnings, or wage growth, rose 4.4% last month, topping estimates of 4.2%. While expectations for a July hike remained baked in, investors are betting that the cooling in the labor market would be enough to keep the Fed from hiking rates again in September. This expectation sent the 2-year US Treasury yield tumbling below 5%, but the yield on the longer tenor (10-year) held onto gains.

World Gold prices were near the USD 1,900 midpoint on Friday after weaker-than-expected US Nonfarm Payrolls for June gave hope of a less hawkish Fed when the central bank's policymakers have to make another interest rate decision at the July FOMC Meeting.

As for today, China's CPI (June) data and Indonesia's Consumer Confidence Index (June) will be monitored.

Corporate News

Pefindo Affirms idAAA Rating for SMF's IDR 4.5 Trillion Bond Plan PEFINDO assigned an "idAAA" rating to the planned Sustainable Bond VII of PT Sarana Multigriya Finansial (Persero) (SMF) Year 2023 with a maximum amount of IDR 1.9 trillion and idAAA(sy). for Sukuk Musyarakah I Year 2023 with a maximum amount of IDR 4.5 trillion. At the same time, PEFINDO affirmed its "idAAA" rating to PT Sarana Multigriya Finansial (Persero) (SMF) and its outstanding bonds and idAAA(sy). to SMF's outstanding Sukuk. The outlook for the Company's rating is "stable". (Emiten News)

Domestic Issue

Corporate Bond Issuance Drops During the First Semester The issuance of corporate bonds was not vibrant enough during the first semester of 2023. PT Pemeringkat Efek Indonesia (Pefindo) assessed that this was due to the pressure of high-interest rates. Based on data from the Indonesian Central Securities Depository (KSEI), the total issuance of corporate debt securities nationwide amounted to IDR 46.31 trillion. This amount decreased by 36% from the issuance of corporate debt securities in the first semester of 2022 which was recorded at IDR 72.73 trillion. President Director of Pefindo Irmawati Amran revealed that the issuance of debt securities and rated by Pefindo also decreased in number. The sluggish issuance in the first semester of this year is partly because companies are still wary of interest rates that are at high levels. Issuers generally expect low interest rates so as not to be burdened by coupon or interest costs during the bond issuance. (Kontan)

Recommendation

US10YT yield has made its way back in the highest area this year, staying above the psychological level of yield above 4% and even the high reached 4.094%. Although a strong Uptrend must be recognized, please consider the RSI Overbought position when the US10YT yield is in the resistance area as it is today. Anticipate a short consolidation to Support: yield 3.968% - 3.928% (MA10). ADVISE: HOLD, SELL ON STRENGTH or set your Trailing Stop.

Meanwhile, ID10YT is still struggling in the Downtrend PARALLEL CHANNEL pattern despite a technical rebound from the lower channel support position. ID10YT yield still has to struggle to break MA10 & MA20 which makes it the nearest Resistance range: 6.257% - 6.286%; up to 6.303% at the upper channel barrier. ADVISE: Average Up accordingly, or Wait & See.

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)	137.50	139.30	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

FRO090	: 97.93 (-0.15%)
FRO091	: 100.33 (-0.34%)
FRO093	: 100.06 (0.01%)
FRO092	: 105.69 (-0.01%)
FRO086	: 99.04 (-0.24%)
FRO087	: 100.89 (-0.25%)
FRO083	: 108.89 (0.03%)
FRO088	: 99.79 (0.15%)

CDS of Indonesia Bonds

CDS 2yr: 1.40% to 38.08
CDS 5yr: 1.56% to 87.12
CDS 10yr: 0.87% to 153.92

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.24%	0.04%
USDIDR	15,135	0.60%
KRWIDR	11.60	0.28%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,734.88	(187.38)	-0.55%
S&P 500	4,398.95	(12.64)	-0.29%
FTSE 100	7,256.94	(23.56)	-0.32%
DAX	15,603.40	74.86	0.48%
Nikkei	32,388.42	(384.60)	-1.17%
Hang Seng	18,365.70	(167.35)	-0.90%
Shanghai	3,196.61	(8.97)	-0.28%
Kospi	2,526.71	(29.58)	-1.16%
EIDO	22.92	0.10	0.44%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,925.1	14.2	0.74%
Crude Oil (\$/bbl)	73.86	2.06	2.87%
Coal (\$/ton)	138.00	(1.65)	-1.18%
Nickel LME (\$/MT)	20,804	(405.0)	-1.91%
Tin LME (\$/MT)	28,342	(188.0)	-0.66%
CPO (MYR/Ton)	3,834	(77.0)	-1.97%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 10 – July	US	21:00	Wholesale Inventories MoM	May F		-0.1%	-0.1%
	CH	08:30	CPI YoY	Jun		0.2%	0.2%
	CH	08:30	PPI YoY	Jun		-5.0%	-4.6%
	JP	06:50	BoP Current Account Balance	May		¥1900.0b	¥1895.1b
Tuesday 11 – July	GE	13:00	CPI MoM	Jun F		—	0.3%
	GE	13:00	CPI YoY	Jun F		—	6.4%
	GE	16:00	ZEW Survey Expectations	Jul		—	-8.5
	GE	16:00	ZEW Survey Current Situation	Jul		—	-56.5
Wednesday 12 – July	US	18:00	MBA Mortgage Applications	Jul 7		—	-4.4%
	US	19:30	CPI MoM	Jun		0.3%	0.1%
	US	19:30	CPI YoY	Jun		3.1%	4.0%
	KR	06:00	Unemployment rate SA	Jun		2.6%	2.5%
	JP	06:50	PPI YoY	Jun		4.4%	5.1%
	JP	06:50	Core Machine Orders MoM	May		1.0%	5.5%
Thursday 13 – July	US	19:30	PPI Final Demand MoM	Jun		0.2%	-0.3%
	US	19:30	PPI Final Demand YoY	Jun		0.4%	1.1%
	US	19:30	Initial Jobless Claims	Jul 8		—	248K
	CH	—	Trade Balance	Jun		\$74.40b	\$65.81b
	KR	—	BoK 7-Day Repo Rate	Jul 13		3.5%	3.5%
Friday 14 – July	US	21:00	U. of Mich. Sentiment	Jul P		65.5	64.4
	JP	11:30	Industrial Production MoM	May F		—	-1.6%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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