

Morning Brief

Daily | July 14, 2023

Today's Outlook:

US stock markets made another surge on Thursday (13/07/23), with the Nasdaq leading a gain of more than 1% for the second consecutive day, as data showed that US producer-level inflation has reached its lowest point in almost 3 years. US PPI (Jun) was released at 0.1% on both an annual and monthly basis, even on a year-on-year basis much lower than the forecast of 0.4% and 0.9% from the previous month. On the other hand, weekly jobless claims actually fell more than expected for last week where the figure came out at 237k, lower than the 250k increase expected and also from 249k in the previous week. This suggests that the labor market is still too heated for the Fed to stop raising interest rates. Nevertheless, the focus of market participants turns to monitoring the US earnings season which is about to begin, with the performance announcements of a number of major US banks due on Friday.

From the East, South Korea announced their benchmark interest rate decision to be held at 3.5%. While China is still struggling with lower-than-expected Export & Import growth, making their Trade Balance (June) grow less than expected, only able to produce a surplus of USD70.62 billion, lower than the estimate of USD74.8 billion; although already higher than May at USD65.81 billion. Indonesia also reported weak Auto Sales (June) at 4.7%, a huge drop from May's 65.2% growth.

The West also reported that their economies were not faring any better, with the UK reporting a decline in economic growth (May) to negative 0.4%, compared to the previous month's positive 0.5%. Industrial Production (May) also fell to -2.3% yoy (vs -1.6% in April) and Manufacturing Production (May) further increased negative growth to -1.2% yoy compared to -0.6% in April. The UK Trade Balance widened the deficit to GBP18.72 billion, instead of narrowing the deficit to GBP14.7 billion as expected. Good news emerging from another European country, France reported Inflation rate (June) eased to 4.5% yoy, compared to May at 5.1%. But overall, Industrial Production for all Euro Zone countries did record a weakening in May at -2.2% yoy compared to the previous month's slight positive 0.2%. Closing this week, the Euro zone will report Trade Balance (May) which is expected to narrow the deficit to EUR7.6 billion from EUR11.7 billion in the previous month. Meanwhile, the US will announce Consumer Expectation & Sentiment as well as views on the future economic situation & Inflation from the Univ. of Michigan tonight at around 21:00 WIB.

Corporate News

Agung Podomoro Land (APLN) Offers US\$ 300 Million Bond Buyback PT Agung Podomoro Land Tbk (APLN) continues its attempts to manage its financial condition through bond buybacks. The buyback offer was made through APL Reality Holdings Pte. Ltd. for its 5.95% fixed-rate Senior Bonds that will mature on June 2, 2024. The USD 300 million bond buyback has been agreed upon in the Dealer Manager Agreement on July 11, 2023. APLN's management said that the bond buyback is APLN's step to manage debt in order to maintain a healthier and more sustainable cash flow. With a jumbo debt burden and limited capital, the buyback plan is

Domestic Issue

Sliding US Inflation and its Impact on Indonesia's Stock and Bond Markets Inflation in the United States (US) in June 2023 sloped to a level of 3 percent or close to the Federal Reserve's target of 2 percent. This became a breeze of fresh air for the Indonesian stock and bond markets. Meanwhile, from the bond market, the 10-year Government Securities (SUN) yield stabilized at 6.26 percent. Pilarmas Investindo Sekuritas Associate Director of Research and Investment Maximilianus Nico Demus said the decline in US inflation is a new hope that the Fed's interest rate hikes are more limited, and a positive impact for Indonesia. (Bisnis)

Recommendation

US10YT reached the mid-term & short-term Trendline Support area at the yield level of 3.777%. Most likely will test support until MA50 / yield 3.741%. ADVISE: Buy on Weakness. Resistance/Target: yield 3.84% / 3.911% / 4.0-4.091%.

ID10YT is still undergoing a downtrend within the PARALLEL CHANNEL pattern. The yield position is also below MA10 & MA20 showing a strong downtrend. It is near the support area from the previous low level of 6.187%. ADVISE: Speculative Buy. Resistance / Target yield: 6.233-6.265% / 6.281%.

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*	127.10	128.30

PRICE OF BENCHMARK SERIES

FR0090 : 97.90 (0.04%)
FR0091 : 100.93 (0.21%)
FR0093 : 100.04 (0.07%)
FR0092 : 105.51 (0.14%)

FR0086 : 99.08 (0.03%)
FR0087 : 101.51 (0.23%)
FR0083 : **108.71 (-0.02%)**
FR0088 : **99.77 (-0.02%)**

CDS of Indonesia Bonds

CDS 2yr: **-1.31%** to 35.18

CDS 5yr: **-2.02%** to 81.44

CDS 10yr: **-0.85%** to 143.20

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.18%	-0.01%
USDIDR	14,968	-0.73%
KRWIDR	11.74	0.39%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,395.14	47.71	0.14%
S&P 500	4,510.04	37.88	0.85%
FTSE 100	7,440.21	24.10	0.32%
DAX	16,141.03	118.03	0.74%
Nikkei	32,419.33	475.40	1.49%
Hang Seng	19,350.62	489.67	2.60%
Shanghai	3,236.48	40.35	1.26%
Kospi	2,591.23	16.51	0.64%
EIDO	23.64	(0.03)	-0.13%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,960.5	3.2	0.16%
Crude Oil (\$/bbl)	76.89	1.14	1.50%
Coal (\$/ton)	128.00	(1.05)	-0.81%
Nickel LME (\$/MT)	21,294	(391.0)	-1.80%
Tin LME (\$/MT)	28,809	(260.0)	-0.89%
CPO (MYR/Ton)	3,865	(61.0)	-1.55%

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