

# Morning Brief

Daily | July 17, 2023

## Today's Outlook:

**Here are Monday's economic news highlights:** China's GDP (Q2) as well as data on China's investment, retail sales, industrial production, unemployment (June). Secondly, Indonesia's Trade Balance for June.

**The week of macro data and financial markets in Asia kicked off with important data on Monday**, namely a series of top-tier economic indicators from China culminating in second quarter GDP growth data. Economists expect China's growth to slow significantly, with the consensus being only 0.5% during the second quarter; which is much lower than the 2.2% quarterly growth in the January-March period. Annualized growth is expected to reach an impressive 7.3%, which is due to the low-base effect in the same period last year. In essence, market participants now feel that all the optimism at the beginning of the year has evaporated. In fact, activity is slowing down, the economy is sliding towards deflation; making investors avoid financial instruments of Chinese stocks, bonds, and currency. China's economic shock index last week hit a one-year low. This week China's central bank will also set key one and five-year lending rates. The Q2 GDP sub-consensus on Monday will likely tend to drive expectations of further monetary policy easing.

**As for outside China, inflation data from Japan and New Zealand** on Friday and Wednesday respectively, and unemployment figures from Australia on Thursday will be the most important points in the regional calendar for investors this week. The data comes amid a fresh wave of bullish sentiment in local and global markets, largely stemming from surprisingly benign US inflation data. US Treasury yields, the US Dollar, and US bonds have slumped; whereas stocks and risk-on appetite have increased. According to the Goldman Sachs financial conditions index, global financial conditions are the most loose since April last year, and emerging market financial conditions are now also the most loose since February last year. No wonder the MSCI World stock index surged 3.4% last week, its best week since March; and the MSCI Asia ex-Japan index rallied 5.6%, its best week since November and finally showing signs of catching up after underperforming all year.

**The early stages of earnings season will also help maintain positive sentiment.** Bank of America, Morgan Stanley, Goldman Sachs, Tesla, and Netflix are some of the big names scheduled to report 2Q23 results this week.

## Corporate News

**Promoting Environmentally Friendly Energy, ARKO to Issue Green Bonds** The company that owns the Mini Hydro Power Plant (PLMTH) project, PT Arkora Hydro Tbk (ARKO), will raise funds through the issuance of Green Bonds. President Director of ARKO, Aldo Henry Artoko, explained that the Green Bond issuance will be carried out by the company in three series, with tenors of one year, three years and five years respectively. Even so, the size of the Green Bond coupon has not yet been determined. Aldo also emphasized that the bonds to be issued have a relatively maintained risk aspect. This can be seen from the bond rating which is idA (pg) - (single A - partially guaranteed). (Detik Finance)

## Domestic Issue

**Stable Interest Rates, Corporate Bond Issuance Predicted to be Vibrant** The issuance of corporate bonds is expected to be more vibrant in the second semester of 2023 as interest rates continue to rise. Analysts observe that investors will be more comfortable entering corporate bond instruments as interest rates begin to stabilize. Anugerah Sekuritas Fixed Income Associate Director Ramdhan Ario Maruto said fundraising in the bond market should be easier because interest rates are starting to be controlled. He continued, issuers that have routine and good history in issuing bonds, will get a lower cost of funds in issuing these bonds than if they have to make loans to banks. This is provided that the company has a good rating. Moreover, he said, companies that have a rating above double A will usually get cheaper costs. (Bisnis)

## Recommendation

**US10YT is trying to stay in the Support lower channel (Uptrend)**, but needs more struggle to break MA20 & MA10 Resistance in the range: 3.848-3.911%. ADVISE: Gradual Average Up. TARGET: 4.0% / 4.091%.

**ID10YT is still immersed in a downtrend channel**; however at the current yield position of 6.277% there is support from the previous low level, just as the RSI shows a positive divergence. ADVISE: Speculative Buy. The nearest TARGET is MA10 & MA20 in the range of : 6.223-6.261%.

## 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 : 97.91 (0.01%)  
FR0091 : 100.94 (0.01%)  
FR0093 : 100.09 (0.05%)  
FR0092 : 105.58 (0.07%)

FR0086 : 99.13 (0.05%)  
FR0087 : **101.48 (-0.03%)**  
FR0083 : 108.77 (0.05%)  
FR0088 : 100.15 (0.38%)

## CDS of Indonesia Bonds

CDS 2yr: 0.59% to 34.93

CDS 5yr: **-0.14%** to 81.33

CDS 10yr: 0.41% to 143.78

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.18%	-0.00%
USDIDR	14,958	-0.07%
KRWIDR	11.82	0.61%

## Global Indices

Index	Last	Chg.	%
Dow Jones	34,509.03	113.89	0.33%
S&P 500	4,505.42	(4.62)	-0.10%
FTSE 100	7,434.57	(5.64)	-0.08%
DAX	16,105.07	(35.96)	-0.22%
Nikkei	32,391.26	(28.07)	-0.09%
Hang Seng	19,413.78	63.16	0.33%
Shanghai	3,237.70	1.22	0.04%
Kospi	2,628.30	37.07	1.43%
EIDO	23.61	(0.03)	-0.13%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,955.2	(5.3)	-0.27%
Crude Oil (\$/bbl)	75.42	(1.47)	-1.91%
Coal (\$/ton)	131.65	3.65	2.85%
Nickel LME (\$/MT)	21,630	336.0	1.58%
Tin LME (\$/MT)	28,543	(266.0)	-0.92%
CPO (MYR/Ton)	3,881	16.0	0.41%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	US	19:30	Empire Manufacturing	Jul	0.0	6.6	
<i>17 – July</i>	CH	09:00	GDP YoY	2Q	7.1%	4.5%	
	CH	09:00	Industrial Production YoY	Jun	2.5%	3.5%	
	CH	09:00	Retail Sales YoY	Jun	3.2%	12.7%	
	ID	11:00	Trade Balance	Jun	\$1162m	\$440m	
<b>Tuesday</b>	US	19:30	Retail Sales Advance MoM	Jun	0.5%	0.3%	
<i>18 – July</i>	US	20:15	Industrial Production MoM	Jun	0.0%	-0.2%	
	JP	11:30	Tertiary Industry Index MoM	May	0.4%	1.2%	
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	Jul 14	—	0.9%	
<i>19 – July</i>	US	19:30	Housing Starts	Jun	1465K	1631K	
	US	19:30	Building Permits	Jun	1483K	1491K	
<b>Thursday</b>	US	19:30	Initial Jobless Claims	Jul 15	—	237K	
<i>20 – July</i>	US	21:00	Existing Home Sales	Jun	4.25m	4.30m	
	US	21:00	Leading Index	Jun	-0.6%	-0.7%	
	JP	06:50	Trade Balance	Jun	-¥46.7b	-¥1372.5b	
	JP	13:00	Machine Tool Orders YoY	Jun F	—	-21.7%	
<b>Friday</b>	KR	04:00	PPI YoY	Jun	—	0.6%	
<i>21 – July</i>	JP	06:30	NatI CPI YoY	Jun	3.3%	3.2%	
	JP	06:30	NatI CPI Ex Fresh Food YoY	Jun	3.2%	3.2%	

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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