

# Morning Brief

Daily | July 21, 2023

## Today's Outlook:

**Wall Street stocks were mixed; as the US Dollar rose over other major world currencies, while US Treasury prices slipped.** Economic data released on Thursday also indicated that the labor market in the US remains fairly tight, while the housing and manufacturing sectors remain sluggish. US jobless claims last week unexpectedly dropped to the lowest level in 2 months. The decline for two consecutive weeks lifts optimism that the US economy can avoid recession this year. As for US Inflation, it was recorded to have slipped further in June, but the strong labor market also supported wage growth, thereby helping people's purchasing power to be maintained. On the other hand, the Philadelphia Fed Manufacturing Index, which is considered quite important in describing business conditions, especially in Philadelphia, was revealed to have worsened in July.

**From another continent, China held their benchmark interest rate at 3.55% to boost their sluggish economic growth post COVID lockdown.** Meanwhile, Germany reported PPI (June) which turned out to be a bit more heated than expected. Similarly, Japan reported National CPI & Core CPI for June where they were also slightly higher than May. As for this morning, South Korea has also released PPI data (June) which turned out to be in deflation both on an annual and monthly basis. Later in the afternoon, market participants will only highlight the UK regarding economic reports, whether the sluggishness in Retail Sales proved to be able to reduce in June.

## Corporate News

**Merdeka Copper (MDKA) Issues IDR 2.55 T Bonds** Mining issuer of the Saratoga Group, PT Merdeka Copper and Gold Tbk (MDKA) will pursue a funding target of IDR 15 trillion from Sustainable Bond IV. One of them, in the near future, will issue Merdeka Copper Gold Phase III Sustainable Bonds IV Year 2023 worth IDR 2.55 trillion. These bonds will be offered scripless with a value of 100% divided into 2 series, including, series A amounting to IDR 1.08 trillion with a fixed interest rate of 6.75% per annum, which has a term of 367 Calendar Days from the date of issuance. Meanwhile, series B amounting to IDR 1.47 trillion with a fixed interest rate of 8% per annum, which has a term of 3 years from the date of issuance. (CNBC Indonesia)

## Domestic Issue

**Offering Officially Closed, ORI023 Records New High of IDR 28.9 Trillion Retail SBN Sales** Government Publishing officially closed the offering period for the ORI023 series of Retail Government Bonds (ORI) on Thursday (20/7/2023), after being offered since June 30 or lasting 21 days of the offering period. The offering period was actually closed on Thursday at 10.00 WIB, but since Wednesday night (19/7) the national quota of IDR 28.9 trillion orders has been sold out. As a result, on Thursday morning, the ORI023 booking quota was no longer left. The government decided not to increase the quota, even though the offering period is still a matter of a few hours. If the reservation value of IDR 28.9 trillion is officially determined by the Ministry of Finance, then the sale of ORI023 which is worth IDR 28.9 trillion will be a new record high in the history of Retail Government Securities (SBN) sales. (Bareksa)

## Recommendation

**US10YT appeared to attempt to correct its position** by climbing back above MA50 Support and into a channel pattern, but was immediately blocked by MA10 & MA20 Resistance right at the 3.855% yield point. ADVISE: AVERAGE UP above 3.855-3.876% yield. TARGET yield: 4.0% / 4.091%.

**ID10YT faces a crucial challenge right at the 6.296-6.30% yield level** before being able to accelerate higher towards TARGET yield: 6.336% (MA50) or 6.407%. ADVISE: 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)	137.50	139.30	Current Acc (USD bn)	3.00	4.54
Trd Balance (USD bn)	3.46	0.44	Govt. Spending Yoy	3.99%	-4.77%
Exports Yoy	-21.18%	0.96%	FDI (USD bn)	5.14	5.14
Imports Yoy	-18.35%	14.35%	Business Confidence	104.82	105.33
Inflation Yoy	3.52%	4.00%	Cons. Confidence*	127.10	128.30

## PRICE OF BENCHMARK SERIES

FRO090	: 97.99 (0.00%)
FRO091	: 100.91 (-0.01%)
FRO093	: 100.05 (-0.08%)
FRO092	: 105.60 (-0.04%)
FRO086	: 99.10 (0.01%)
FRO087	: 101.33 (-0.02%)
FRO083	: 108.60 (-0.12%)
FRO088	: 99.99 (0.03%)

## CDS of Indonesia Bonds

CDS 2yr:	1.95% to 35.49
CDS 5yr:	2.25% to 82.50
CDS 10yr:	1.60% to 145.52

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.22%	0.01%
USDIDR	14,988	-0.05%
KRWIDR	11.80	-0.37%

## Global Indices

Index	Last	Chg.	%
Dow Jones	35,225.18	163.97	0.47%
S&P 500	4,534.87	(30.85)	-0.68%
FTSE 100	7,646.05	57.85	0.76%
DAX	16,204.22	95.29	0.59%
Nikkei	32,490.52	(405.51)	-1.23%
Hang Seng	18,928.02	(24.29)	-0.13%
Shanghai	3,169.52	(29.31)	-0.92%
Kospi	2,600.23	(8.01)	-0.31%
EIDO	23.47	(0.06)	-0.26%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,969.5	(7.1)	-0.36%
Crude Oil (\$/bbl)	75.65	0.36	0.48%
Coal (\$/ton)	132.00	0.00	0.00%
Nickel LME (\$/MT)	21,280	373.0	1.78%
Tin LME (\$/MT)	28,715	601.0	2.14%
CPO (MYR/Ton)	4,046	151.0	3.88%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 17 – July	US	19:30	Empire Manufacturing	Jul	1.1	0.0	6.6
	CH	09:00	GDP YoY	2Q	6.3%	7.1%	4.5%
	CH	09:00	Industrial Production YoY	Jun	4.4%	2.5%	3.5%
	CH	09:00	Retail Sales YoY	Jun	3.3%	3.2%	12.7%
	ID	11:00	Trade Balance	Jun	\$3460m	\$1162m	\$440m
<b>Tuesday</b> 18 – July	US	19:30	Retail Sales Advance MoM	Jun	0.2%	0.5%	0.3%
	US	20:15	Industrial Production MoM	Jun	-0.5%	0.0%	-0.2%
	JP	11:30	Tertiary Industry Index MoM	May	1.2%	0.4%	1.2%
<b>Wednesday</b> 19 – July	US	18:00	MBA Mortgage Applications	Jul 14	1.1%	—	0.9%
	US	19:30	Housing Starts	Jun	1434K	1465K	1631K
	US	19:30	Building Permits	Jun	1440K	1483K	1491K
<b>Thursday</b> 20 – July	US	19:30	Initial Jobless Claims	Jul 15	228K	—	237K
	US	21:00	Existing Home Sales	Jun	4.16m	4.25m	4.30m
	US	21:00	Leading Index	Jun	-3.3%	-0.6%	-0.7%
	JP	06:50	Trade Balance	Jun	-¥43.0b	-¥46.7b	-¥1372.5b
	JP	13:00	Machine Tool Orders YoY	Jun F	-21.1%	—	-21.7%
<b>Friday</b> 21 – July	KR	04:00	PPI YoY	Jun	—	—	0.6%
	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



## Research Division

### Head of Research

**Liza Camelia Suryanata**

Equity Strategy, Technical

T +62 21 5088 ext 9134

E [liza.camelia@nhsec.co.id](mailto:liza.camelia@nhsec.co.id)

### Analyst

**Cindy Alicia Ramadhania**

Consumer, Healthcare

T +62 21 5088 ext 9129

E [cindy.alicia@nhsec.co.id](mailto:cindy.alicia@nhsec.co.id)

### Analyst

**Leonardo Lijuwardi**

Banking, Infrastructure

T +62 21 5088 ext 9127

E [leonardo.lijuwardi@nhsec.co.id](mailto:leonardo.lijuwardi@nhsec.co.id)

### Research Support

**Amalia Huda Nurfalah**

Editor & Translator

T +62 21 5088 ext 9132

E [amalia.huda@nhsec.co.id](mailto:amalia.huda@nhsec.co.id)

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## PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

### JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51<sup>st</sup> Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 5088 9102

### Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15311

Indonesia

Telp : +62 21 509 20230

### Branch Office Medan :

Jl. Asia No. 548 S

Medan – Sumatera Utara 20214

Indonesia

Telp : +62 614 156500

### Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 860 22122

### Branch Office Bandengan (Jakarta Utara):

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

### Branch Office Kamal Muara (Jakarta Utara):

Rukan Exclusive Mediterania

Blok F No.2

Jakarta Utara 14470

Indonesia

Telp : +62 24 844 6878

### Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 1330

### Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

### Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

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