

Morning Brief

Daily | July 24, 2023

Today's Outlook:

Asia-Pacific markets fell into negative territory on Friday trading (07/21/23) as investors weighed China's stimulus moves and digested Japan's consumer price index figures for June that were heating up. South Korea's PPI fell 0.2% YoY in June, lower than May's 0.5% increase and the first month since November 2020 in which the index sank into contraction territory. Chinese authorities unveiled plans to help boost car and electronics sales to shore up its sluggish economy. Starting this week a series of PMI data for July will be presented by Japan, France, Germany, Euro Zone, UK and US.

According to JISDOR, the Rupiah exchange rate last Friday stood at IDR15,026/USD; weakening 35 points (0.23%). Foreign Direct Investment (FDI) to Indonesia, excluding investment in the banking and oil and gas sectors, increased 14.2% YoY to IDR186.3 trillion in the second quarter of 2023, the slowest pace of growth in a year and a half.

The US Dollar surged against the Japanese Yen after Reuters reported the Bank of Japan is likely to maintain its dovish monetary policy this week. Meanwhile Gold prices fell as the US Dollar rebounded to its highest level in more than a week as investors braced for major central bank policy meetings this week, including the BOJ, Federal Reserve and European Central Bank. The Japanese Yen weakened 1.16% to JPY 141.74/USD, while the Dollar Index/DXY (a measure of the greenback against other major world currencies) rose 0.29%.

More investors are now factoring in the possibility of a soft landing, with the Fed terminal rate expected to rise to 5.25%-5.5% next week which will not cause a credit crisis as in the past.

On the other hand, Bank of Japan policymakers prefer to scrutinize more data related to wages and inflation that continue to rise, before changing its super-loose monetary policy. As Japan's inflation remains above the BOJ's target, market participants are betting the central bank will soon unwind its yield curve control program, a move that will likely strengthen the JPY.

Japan's 10-year government bond yield fell 5 bps to 0.41%, its lowest level since July 6, just before speculation over hawkish policy changes this month began to mount. Bonds posted the biggest one-day decline since April.

In the US bond market, US Treasury yields braced for further Fed hawkishness in response to an unexpected drop in weekly jobless claims. The two-year US Treasury yield, which typically moves in line with interest rate expectations, rose 0.7 bps to 4.846%, while the benchmark 10-year yield fell 1.7 bps to 3.837%.

Corporate News

Bank Maybank (BNII) Paid Off IDR 400 Billion Maturity Bonds Bank Maybank (BNII) has paid off the principal of bonds worth IDR 400 billion. Not only that, the company also paid in cash the 4th interest amount of IDR 4.22 billion. The repayment was made on July 18, 2023. Following the repayment of the bond principal, since July 18, 2023, the bonds are no longer listed, and can no longer be traded through the Indonesia Stock Exchange (IDX), and/or reported on trading through the facilities provided by the IDX. The bonds with a principal value of IDR 400 billion are labelled BNII04ACN1. The 4th (gross) or last interest amounted to IDR 4.22 billion. The bonds are priced at an interest rate of 3.80% per year. With a duration of 370 days, the bonds orbited on July 8, 2022, and matured on July 18, 2023. (Emiten News)

Domestic Issue

Funds for Issuance of Securities on the IDX Reach IDR 73.5 Trillion The Indonesia Stock Exchange (IDX) noted that the amount of funds raised from the issuance of debt securities or bonds reached IDR 73.5 trillion until the third week of July 2023. IDX Director of Corporate Valuation I Gede Nyoman Yetna said the amount came from 46 issuers. The enthusiasm of the issuer is still not over. The reason is, there are 10 issuers who are ready to offer their bonds as of July 21, 2023. Of these, there are at least 15 emissions. The basic materials sector dominates the bond issuance. Furthermore, there are 2 issuers each from the energy and industrial sectors. Furthermore, 1 company each also comes from the infrastructure, transportation-logistics sectors, while one other sector is still undetermined. (Sindo News)

Recommendation

US10YT seems to continue its Uptrend within the PARALLEL CHANNEL pattern and Preparing to Test Resistance through MA10 around 3.865% yield. If it can be reached, it will bring US10YT to TARGET yield of 4.0-4.091% / 4.20-4.243% (which is equivalent to the previous High level of November 2022). ADVISE: average UP accordingly.

ID10YT, is it true that the solid break PARALLEL CHANNEL Downtrend will be at the yield figure of 6.245-6.28%? If yes, it will bring the TARGET towards a yield of 6.326% or 6.391% in pattern. 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

FR0090 : 97.88 (-0.12%)
FR0091 : 100.77 (-0.13%)
FR0093 : 100.05 (-0.01%)
FR0092 : 105.51 (-0.08%)

FR0086 : 99.04 (-0.06%)
FR0087 : 101.15 (-0.18%)
FR0083 : 108.28 (-0.29%)
FR0088 : 100.02 (0.03%)

CDS of Indonesia Bonds

CDS 2yr: -0.72% to 35.24

CDS 5yr: 0.13% to 82.61

CDS 10yr: -0.86% to 144.27

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.25%	0.03%
USDIDR	15,025	0.25%
KRWIDR	11.71	-0.80%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,227.69	2.51	0.01%
S&P 500	4,536.34	1.47	0.03%
FTSE 100	7,663.73	17.68	0.23%
DAX	16,177.22	(27.00)	-0.17%
Nikkei	32,304.25	(186.27)	-0.57%
Hang Seng	19,075.26	147.24	0.78%
Shanghai	3,167.75	(1.78)	-0.06%
Kospi	2,609.76	9.53	0.37%
EIDO	23.53	0.06	0.26%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,961.9	(7.6)	-0.39%
Crude Oil (\$/bbl)	77.07	1.42	1.88%
Coal (\$/ton)	133.00	1.00	0.76%
Nickel LME (\$/MT)	20,769	(511.0)	-2.40%
Tin LME (\$/MT)	28,494	(221.0)	-0.77%
CPO (MYR/Ton)	4,035	(11.0)	-0.27%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	US	20:45	S&P Global US Manufacturing PMI	Jul P	46.1	46.3	
24 – July	GE	14:30	HCOB Germany Manufacturing PMI	Jul P	41.0	40.6	
	JP	07:30	Jibun Bank Japan PMI Mfg	Jul P	—	49.8	
Tuesday	US	21:00	Conf. Board Consumer Confidence	Jul	112.0	109.7	
25 – July	ID	14:20	Bank Indonesia 7D Reverse Repo	Jul 24	5.75%	5.75%	
	GE	15:00	IFO Business Climate	Jul	88.0	88.5	
	GE	15:00	IFO Expectations	Jul	82.6	83.6	
	KR	06:00	GDP YoY	2Q A	0.9%	0.9%	
	KR	06:00	GDP SA QoQ	2Q A	0.6%	0.3%	
	US	18:00	MBA Mortgage Applications	Jul 21	—	1.1%	
26 – July	US	21:00	New Home Sales	Jun	722K	763K	
	US	01:00	FOMC Rate Decision (Upper Bound)	Jul 26	5.50%	5.25%	
27 – July	US	19:30	GDP Annualized QoQ	2Q A	1.8%	2.0%	
	US	19:30	Durable Goods Orders	Jun P	1.0%	1.8%	
	US	19:30	Initial Jobless Claims	Jul 22	—	228K	
	GE	13:00	Gfk Consumer Confidence	Aug	-25.0	-25.4	
	KR	04:00	Business Survey Manufacturing	Aug	—	72	
	US	19:30	Personal Income	Jun	0.5%	0.4%	
28 – July	US	19:30	Personal Spending	Jun	0.4%	0.1%	
	US	21:00	U. of Mich. Sentiment	Jul F	72.6	72.6	
	KR	06:00	Industrial Production YoY	Jun	-5.5%	-7.3%	
	JP	06:30	Tokyo CPI Ex-Fresh Food YoY	Jul	2.9%	3.2%	
	JP		BOJ Policy Balance Rate	Jul 28	-0.1%	-0.1%	

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury

Published on Investing.com, 24 Jul 2023 - 15:18 GMT, Powered by TradingView.
United States 10 Year, United States, NYSE:US10YT-4, D



Indonesia 10 Years Treasury

Published on Investing.com, 24 Jul 2023 - 2:10:57 GMT, Powered by TradingView.
Indonesia 10 Year, Indonesia, Jakarta:ID10YT-R, D



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