

# Morning Brief

Daily | July 25, 2023

## Today's Outlook:

The Dow posted its longest winning streak since February 2017, supported by Chevron shares which rose nearly 2% as the oil giant reported an upbeat quarterly earnings forecast over the weekend. Energy stocks were also buoyed by a rise in oil prices to April highs amid speculation that OPEC+ supply cuts will tighten market conditions. Overall, 2Q/2023 earnings are expected to decline by 7.9%, cited from Refinitiv data. Meanwhile, traders ignored the S&P Global Composite PMI (July) survey that showed US business activity in July was still at a five-month low contraction (although it had started to pick up compared to the previous month), dragged down by slowing growth in the services sector.

Meanwhile from the US interest rate, the Federal Reserve is holding its FOMC Meeting on Tuesday-Wednesday July 25-26, where a planned 0.25% rate hike is now almost fully anticipated by market participants, according to Investing.com's Fed Rate Monitor Tool. The majority of economists expect this month's 25 bps hike could be the last hike of the current monetary tightening cycle, after data shows signs of disinflation; thus putting the Fed Funds Rate peaking at 5.375% for the year. In anticipation of another rate hike, Treasury yields rose on Monday, with the 2-year Treasury yield, which is more sensitive to Fed rate hikes, rising to 4.9%.

**Update on yesterday's PMI data releases:** from Japan, as well as Germany, France, Euro Zone, and the UK; none of them showed expansionary business activity in July, both from the manufacturing and services sectors, all of which showed weakness from the previous month which had already entered contractionary territory.

**From the Asia,** South Korea has reported its Q2/2023 GDP this morning, where growth managed to beat expectations, to 0.6% qoq and 0.9% yoy. Indonesia will today await the outcome of the Bank Indonesia Board of Governors Meeting (RDG BI) on the BI7DRR benchmark interest rate where it is expected to remain at 5.75%. In the afternoon, Germany will release the German IFO Business Climate Index (July) which will describe current business conditions and expectations for the next 6 months. Later in the evening, market participants will monitor the US Consumer Confidence (July) data where it is expected to strengthen to 111.5 from June's 109.7.

## Corporate News

**Kreditplus Bonds Matures Next Week, Here's How to Repay It.** PT KB Finansia Multi Finance (Kreditplus) has bonds that will mature on Wednesday, August 2, 2022. The KB Finansia Multi Finance Bond I Year 2022 Series A has an emission value of IDR 686.39 billion. Director of Kreditplus Peter Halim said the repayment will be made with funds from the issuance of KB Finansia Multi Finance Bond II Year 2023 amounting to IDR 1 trillion. (Bisnis)

## Domestic Issue

**Sri Mulyani Auctions 7 Series of SUN Today, Maximum Target IDR 21 Trillion.** The Ministry of Finance through the Directorate General of Financing and Risk Management (DJPPR) will conduct an auction of 7 series of Government Securities with a maximum target of IDR 21 trillion. Based on the DJPPR announcement, quoted last Monday (24/7/2023), the SUN auctioned is divided into two types, namely SPN (State Treasury Notes) as many as two series and State Bonds (ON) as many as 5 series. In more detail, the SPN auctioned today, Tuesday (25/7/2023) are the SPN03231025 series and the SPN12240725 series which both have discount coupon rates and mature on October 25, 2023 and July 25, 2024, respectively. (Bisnis)

## Recommendation

**US10YT is moving comfortably inside the Uptrend channel** and a little bit away from crossing MA20 steadily to the top of 3.874% yield as the nearest Resistance. If broken, it will free US10YT yield towards TARGET 4.0-4.091% / 4.20-4.243% (which is equivalent to the previous High level of November 2022). ADVISE: AVERAGE UP accordingly.

**ID10YT seems to have broken the upper channel resistance (Downtrend) at a yield of 6.258-6.28%.** If it is able to stay above the support level, it opens the way to the MA50 TARGET at a yield of 6.326% or 6.391% in the 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 : 97.89 (0.01%)  
FR0091 : **100.68 (-0.01%)**  
FR0093 : 100.13 (0.09%)  
FR0092 : 105.57 (0.05%)

FR0086 : **98.99 (-0.04%)**  
FR0087 : 101.15 (0.01%)  
FR0083 : 108.28 (0.00%)  
FR0088 : 100.02 (0.03%)

## CDS of Indonesia Bonds

CDS 2yr: **-0.52%** to 35.05

CDS 5yr: **-0.54%** to 81.62

CDS 10yr: **-0.50%** to 143.55

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.24%	-0.01%
USDIDR	15,023	-0.01%
KRWIDR	11.74	0.27%

## Global Indices

Index	Last	Chg.	%
Dow Jones	35,411.24	183.55	0.52%
S&P 500	4,554.64	18.30	0.40%
FTSE 100	7,678.59	14.86	0.19%
DAX	16,190.95	13.73	0.08%
Nikkei	32,700.94	396.69	1.23%
Hang Seng	18,668.15	<b>(407.11)</b>	<b>-2.13%</b>
Shanghai	3,164.16	<b>(3.58)</b>	<b>-0.11%</b>
Kospi	2,628.53	18.77	0.72%
EIDO	23.65	0.12	0.51%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,954.7	<b>(7.2)</b>	<b>-0.37%</b>
Crude Oil (\$/bbl)	78.74	1.67	2.17%
Coal (\$/ton)	133.10	0.10	0.08%
Nickel LME (\$/MT)	21,428	659.0	3.17%
Tin LME (\$/MT)	28,601	107.0	0.38%
CPO (MYR/Ton)	4,164	129.0	3.20%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 24 – July	US	20:45	S&P Global US Manufacturing PMI	Jul P	49.0	46.1	46.3
	GE	14:30	HCOB Germany Manufacturing PMI	Jul P	38.8	41.0	40.6
	JP	07:30	Jibun Bank Japan PMI Mfg	Jul P	49.4	—	49.8
<b>Tuesday</b> 25 – July	US	21:00	Conf. Board Consumer Confidence	Jul		112.0	109.7
	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%
<b>Wednesday</b> 26 – July	US	18:00	MBA Mortgage Applications	Jul 21		—	1.1%
	US	21:00	New Home Sales	Jun		722K	763K
<b>Thursday</b> 27 – July	US	01:00	FOMC Rate Decision (Upper Bound)	Jul 26		5.50%	5.25%
	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
	<b>Friday</b> 28 – July	US	19:30	Personal Income	Jun		0.5%
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



## Indonesia 10 Years Treasury



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