

Morning Brief

Daily | July 26, 2023

Today's Outlook:

Over the next few days, investors will be closely monitoring what Fed Chairman Jerome Powell delivers at tomorrow's press conference for clues on the Fed's next monetary policy direction. Market participants are factoring in two possibilities: either the Fed will end the trend of rising interest rates soon after this month (the much-awaited 25bps hike will be decided tomorrow morning around 01:00 GMT); or there will be another 25bps hike at the FOMC Meeting in the fall.

In terms of economic data, US Consumer Confidence (July) jumped to 117 (a 2-year high), higher than the 111.8 forecast and above June's 110.1; as optimism about the labor market overcame fears of an impending recession. While from continental Europe, Germany drew a business climate and economic outlook for the next 6 months with a still cheap German Ifo Business Climate Index (July) released lower than expected & unable to exceed the level of June's reading. Later in the afternoon, France will announce their July Consumer Confidence reading; followed in the evening by the US releasing a series of data from the property sector such as Building Permits & New Homes Sales (June) which will give an idea of the health of the property sector there.

While from the Europe, Germany portrayed the business climate and economic outlook for the next 6 months still gloomy as the German IFO Business Climate Index (July) was released lower than expected & unable to exceed the level of June's reading. As for this afternoon, it will be France's turn to announce their July Consumer Confidence level; followed in the evening the US will release a series of data from the property sector such as Building Permits & New Homes Sales (June) which will provide an overview of the health of the property sector there.

Corporate News

Multifinance Bond Issuance Reaches IDR 15.11 Trillion in the First Semester of 2023 Multifinance bond issuance has not been busy in the first semester of 2023. PT Perneringkat Efek Indonesia (Pefindo) noted that the issuance of multifinance debt securities until the first semester of 2023 reached IDR 15.11 trillion. Pefindo Fixed Income Analyst Ahmad Nasrudin said the figure was slightly below the realization of the same period last year of IDR 15.65 trillion. As for 2022, the value of debt securities issuance by multifinance amounted to IDR 27.08 trillion. Ahmad explained that for the average coupon for the issuance of corporate debt securities offered, most of them had increased and said that the yield on multifinance corporate bonds was quite attractive when compared to Indonesian retail bonds (ORI). (Kontan)

Domestic Issue

Total Bid at SUN Auction IDR 30.99 Trillion, Lower than Previous Auctions The government recorded a total bid of IDR 30.99 trillion in the auction of Government Securities (SUN) which took place on Tuesday (25/7). This amount was lower than the total bid in the previous auction of IDR 47.79 trillion, but reached 2.2 times the indicative target that had been announced. However, the government ultimately decided to win only IDR 13 trillion in demand. This decision was made after considering the reasonable yield of government securities (SBN) in the secondary market, the planned financing needs in 2023, and the current condition of the State Budget (APBN). Director of Government Securities at the Ministry of Finance's DJPPR Deni Ridwan said that the number of bids at the SUN auction this time was lower because investors tended to wait and see. Market players are waiting for the Federal Open Market Committee (FOMC) Meeting this week which is predicted to raise the Fed Fund Rate. From a domestic perspective, the state budget performance is very good until the first semester of 2023 by recording a surplus of IDR 152.3 trillion (0.71% of GDP). (Kontan)

Recommendation

US10YT is moving comfortably inside the Uptrend channel and has crossed MA20 (making yield 3.87% as the closest Support). With the FOMC Meeting decision coming forward, US10YT yield seems to be steadily heading towards TARGET 4.0-4.091% / 4.20-4.243% (which is equivalent to the previous high of November 2022). ADVISE: AVERAGE UP accordingly.

ID10YT plunged back into the Downtrend channel and below MA20 Support. It is now hanging on to the last hope MA10 at the Support level of 6.22% yield before it has to give up again towards the Support of the previous lowest yield level of 6.187-6.18%. ADVISE: HOLD; be ready to reduce position further. TARGET: 6.295% / 6.32% / 6.39%.

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 (0.00%)
FR0091 : 100.59 (-0.08%)
FR0093 : 100.09 (-0.04%)
FR0092 : 105.59 (0.02%)

FR0086 : 98.98 (-0.01%)
FR0087 : 101.16 (0.00%)
FR0083 : 108.26 (-0.02%)
FR0088 : 99.98 (-0.04%)

CDS of Indonesia Bonds

CDS 2yr: -3.18% to 33.94

CDS 5yr: -2.23% to 80.24

CDS 10yr: -2.54% to 139.90

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.24%	-0.00%
USDIDR	14,993	-0.20%
KRWIDR	11.76	0.17%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,438.07	26.83	0.08%
S&P 500	4,567.46	12.82	0.28%
FTSE 100	7,691.80	13.21	0.17%
DAX	16,211.59	20.64	0.13%
Nikkei	32,682.51	(18.43)	-0.06%
Hang Seng	19,434.40	766.25	4.10%
Shanghai	3,231.52	67.36	2.13%
Kospi	2,636.46	7.93	0.30%
EIDO	23.63	(0.02)	-0.08%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,965.0	10.2	0.52%
Crude Oil (\$/bbl)	79.63	0.89	1.13%
Coal (\$/ton)	134.00	0.90	0.68%
Nickel LME (\$/MT)	22,450	1022.0	4.77%
Tin LME (\$/MT)	28,899	298.0	1.04%
CPO (MYR/Ton)	4,066	(98.0)	-2.35%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 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
Tuesday 25 – July	US	21:00	Conf. Board Consumer Confidence	Jul	117.0	112.0	109.7
	ID	14:20	Bank Indonesia 7D Reverse Repo	Jul 24	5.75%	5.75%	5.75%
	GE	15:00	IFO Business Climate	Jul	87.3	88.0	88.5
	GE	15:00	IFO Expectations	Jul	83.5	82.6	83.6
	KR	06:00	GDP YoY	2Q A	0.9%	0.9%	0.9%
	KR	06:00	GDP SA QoQ	2Q A	0.6%	0.6%	0.3%
Wednesday 26 – July	US	18:00	MBA Mortgage Applications	Jul 21	—	—	1.1%
	US	21:00	New Home Sales	Jun	722K	722K	763K
Thursday 27 – July	US	01:00	FOMC Rate Decision (Upper Bound)	Jul 26	5.50%	5.50%	5.25%
	US	19:30	GDP Annualized QoQ	2Q A	1.8%	1.8%	2.0%
	US	19:30	Durable Goods Orders	Jun P	1.0%	1.0%	1.8%
	US	19:30	Initial Jobless Claims	Jul 22	—	—	228K
	GE	13:00	Gfk Consumer Confidence	Aug	-25.0	-25.0	-25.4
	KR	04:00	Business Survey Manufacturing	Aug	—	—	72
	Friday 28 – July	US	19:30	Personal Income	Jun	0.5%	0.5%
US		19:30	Personal Spending	Jun	0.4%	0.4%	0.1%
US		21:00	U. of Mich. Sentiment	Jul F	72.6	72.6	72.6
KR		06:00	Industrial Production YoY	Jun	-5.5%	-5.5%	-7.3%
JP		06:30	Tokyo CPI Ex-Fresh Food YoY	Jul	2.9%	2.9%	3.2%
JP			BOJ Policy Balance Rate	Jul 28	-0.1%	-0.1%	-0.1%

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

Analyst

Cindy Alicia Ramadhania

Consumer, Healthcare

T +62 21 5088 ext 9129

E cindy.alicia@nhsec.co.id

Analyst

Leonardo Lijuwardi

Banking, Infrastructure

T +62 21 5088 ext 9127

E leonardo.lijuwardi@nhsec.co.id

Research Support

Amalia Huda Nurfalah

Editor & Translator

T +62 21 5088 ext 9132

E amalia.huda@nhsec.co.id

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51st 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

Telp : +62 411 360 4650

Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
Jakarta