

Morning Brief

Daily | July 31, 2023

Today's Outlook:

Global stock markets posted gains while US Treasury yields fell on Friday (07/28/23) as markets digested the Bank of Japan's decision to alter their extra-loose monetary policy, as well as data showing continued moderation in US annual inflation. The Bank of Japan on Friday adjusted its yield curve control scheme, offering to buy 10-year Japanese government bonds beyond the previous 0.5% target rate while keeping its benchmark short-term interest rate unchanged at -0.1% and long-term bond yields at zero. The move brings the BOJ more in line with other major central banks, which have raised interest rates aggressively to reduce inflation. The US Federal Reserve and the European Central Bank have announced rate hikes last week, with markets expecting they have neared the end of the rate hike cycle.

US inflation has slowed significantly in the 12 months to June, with the Personal Consumption Expenditures index rising by 3%, the smallest annual increase since March 2021, as reported by the Commerce Department.

The MSCI All Country stock index, which tracks stocks in nearly 50 countries, rose 0.72% to 705.13 points. The index has gained nearly 17% year-to-date. US Treasury yields weakened after hitting 2-week highs for most maturities, with the benchmark 10-year Treasury yield recorded down at 3.957% while the 2-year yield fell to 4.8786%. By now, market participants are fully aware that what lies ahead is all about how economic data will guide monetary policy going forward. A significant slowdown in inflationary trends has been seen, but at the same time growth has remained solid; just the scenario the central bank is hoping for a soft landing. The Japanese Yen experienced high volatility in the most volatile trading session in months following the BOJ move; while the US Dollar fell against a basket of major currencies. The yen weakened 1.18% versus the greenback at JPY 141.08/USD. The Dollar Index fell 0.059%, with the Euro up 0.45% to USD 1.1022/Euro.

Corporate News

Commonwealth Bank Prepares IDR 1 Trillion to Pay Off Maturing Bonds PT Bank Commonwealth will have bonds maturing on September 3, 2023. Commonwealth Bank has conveyed its readiness of funds to pay off the bonds. Corporate Secretary, AVP Bank Commonwealth Kartini Putri Rahadhyanie said it had provided IDR 1 trillion in principal repayment funds and interest coupons for the 2020 Commonwealth Bank I Bonds. Furthermore, Kartini said the bond repayment had no impact on the Bank's operational activities, legal and financial conditions or business continuity. For information, Commonwealth Bank's liabilities as of March 2023 for securities issued amounted to IDR 998.9 billion. This figure is unchanged when compared to the end of 2022. (Kontan)

Domestic Issue

Government to Offer SR019 Retail SBN, Here's What Analysts Say The government plans to offer Retail Sukuk SR019 series on September 1 - September 20, 2023 (tentative). Bank Negara Indonesia (BNI) Chief Dealer Fixed Income & Derivatives Fudji Rahardjo assesses that the current retail SBN offering will still be favored by the public. The coupon size factor offered is the main attraction. So far, information on the coupon amount for SR019 is still awaiting confirmation from the Government. However, the coupon amount is believed to be not much different from the coupon offered by ORI023 of 5.90% for a 3-year tenor and 6.10% for a 6-year tenor. According to Fudji, coupons for 3-year tenors or tenors that are not too long are attractive to retail investors. Investors are generally accustomed to tenors that are not too long. Meanwhile, another sweetening factor for SR019 is the minimum purchase that is not burdensome, and can be sold partially after the holding period. (Kontan)

Recommendation

US10YT Uptrend is maintained, on the way to the upper channel TARGET at yield : 4.243%; however, it is better to AVERAGE UP above the previous high level resistance level of 4.094%.

This morning's ID10YT yield appears to have immediately surged to 6.373%, approaching the TARGET pattern of 6.384%; surpassing the MA50 of 6.309% yield. In fact, the close of the previous session did break the downtrend but is still below the MA50; so it is best to wait for further confirmation that this level has actually been exceeded before believing that this break out is solid. ADVISE: Buy gradually.

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 : 97.70 (-0.14%)
FR0091 : 100.23 (-0.31%)
FR0093 : 100.02 (-0.08%)
FR0092 : 105.66 (0.02%)

FR0086 : 98.90 (0.00%)
FR0087 : 100.72 (-0.31%)
FR0083 : 108.01 (-0.22%)
FR0088 : 99.71 (-0.29%)

CDS of Indonesia Bonds

CDS 2yr: -2.87% to 32.12

CDS 5yr: -2.09% to 75.66

CDS 10yr: -2.48% to 133.56

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.29%	0.04%
USDIDR	15,095	0.63%
KRWIDR	11.83	0.74%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,459.29	176.57	0.50%
S&P 500	4,582.23	44.82	0.99%
FTSE 100	7,694.27	1.51	0.02%
DAX	16,469.75	63.72	0.39%
Nikkei	32,759.23	(131.93)	-0.40%
Hang Seng	19,916.56	277.45	1.41%
Shanghai	3,275.93	59.26	1.84%
Kospi	2,608.32	4.51	0.17%
EIDO	23.37	0.04	0.17%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,959.5	13.5	0.69%
Crude Oil (\$/bbl)	80.58	0.49	0.61%
Coal (\$/ton)	134.45	0.45	0.34%
Nickel LME (\$/MT)	22,307	618.0	2.85%
Tin LME (\$/MT)	28,740	60.0	0.21%
CPO (MYR/Ton)	4,006	(20.0)	-0.50%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 31 – July	US	20:45	MNI Chicago PMI	Jul	43.5	41.5	
	CH	08:30	Manufacturing PMI	Jul	48.9	49.0	
	GE	15:00	GDP SA QoQ	2Q P	0.1%	-0.3%	
	JP	06:50	Industrial Production MoM	Jun P	2.4%	-2.2%	
Tuesday 1 – Aug	US	20:45	S&P Global US Manufacturing PMI	Jul F	49.0	49.0	
	US	21:00	ISM Manufacturing	Jul	46.9	46.0	
	CH	08:45	Caixin China PMI Mfg	Jul	49.8	50.5	
	GE	14:55	Unemployment Change (000's)	Jul	25.0K	28.0K	
	GE	14:55	HCOB Germany Manufacturing PMI	Jul F	38.8	38.8	
	KR	07:00	Trade Balance	Jul	—	—	\$1130m
	KR	07:30	S&P Global South Korea PMI Mfg	Jul	—	—	47.8
	JP	06:30	Jobless Rate	Jun	2.6%	2.6%	
	JP	06:30	Job-To-Applicant Ratio	Jun	1.32	1.31	
	JP	07:30	Jibun Bank Japan PMI Mfg	Jul F	—	—	49.4
	ID	07:30	S&P Global Indonesia PMI Mfg	Jul	—	—	52.5
	ID	11:00	CPI YoY	Jul	3.21%	3.52%	
Wednesday 2 – Aug	US	18:00	MBA Mortgage Applications	Jul 28	—	—	-1.8%
	US	19:15	ADP Employment Change	Jul	185K	497K	
	KR	06:00	CPI YoY	Jul	2.4%	2.7%	
	JP	06:50	Monetary Base YoY	Jul	—	—	-1.0%
Thursday 3 – Aug	US	19:30	Initial Jobless Claims	Jul 29	—	—	221K
	US	21:00	Factory Orders	Jun	0.1%	0.3%	
	US	21:00	Durable Goods Orders	Jun F	—	—	4.7%
	JP	07:30	Jibun Bank Japan PMI Composite	Jul F	—	—	52.1
	JP	07:30	Jibun Bank Japan PMI Services	Jul F	—	—	53.9
Friday 4 – Aug	US	19:30	Change in Nonfarm Payrolls	Jul	190K	209K	
	US	19:30	Unemployment Rate	Jul	3.6%	3.6%	
	GE	13:00	Factory Orders MoM	Jun	-2.4%	6.4%	

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

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