

# Morning Brief

Daily | August 1, 2023

## Today's Outlook:

Wall Street and global stock markets edged higher to close July trading while global Crude Oil prices rose and the US Dollar was muted, as traders welcomed key corporate earnings and employment reports due this week. European stocks rose modestly after Euro Zone Inflation eased back to an expected 5.3% yoy (vs. 5.5% in June), but Core CPI remained at 5.5% yoy, unchanged from the previous month. Market participants took this as a comforting sign for the European Central Bank (ECB) to consider ending its brutal interest rate hiking trend. The Euro Zone also reported 2Q23 GDP which was slightly above expectations at 0.6% yoy, but clearly still weaker than the previous quarter. This was matched by German Retail Sales (June) which, although slowing, still showed negative growth on both an annual and monthly basis at -1.6% yoy and -0.8% mom. **Two Asian countries were of interest yesterday morning** as Japan reported Industrial Production which returned to positive territory in June although still below expectations. Japan's factory output increased for the first time in over two months in June, indicating rising confidence among manufacturers on the back of strong demand. Meanwhile, China Manufacturing PMI (July) fell for the 4th consecutive month in July, albeit at a slower pace, emphasizing the need for further policy support (stimulus) to boost domestic demand. **As for this morning, Japan has announced the unemployment rate at 2.5% down slightly from May at 2.6%**, while South Korea released Trade Balance (July) data at KRW1.63 billion, although far below expectations of KRW3.03 billion but this is the second consecutive surplus achievement since April 2022. South Korea's Exports & Imports in July recorded a negative growth that worsened compared to June. Later in the day, market participants will highlight China with the publication of their Caixin Manufacturing PMI (July), while market participants in Indonesia will monitor July Inflation figures where it is predicted that Headline Inflation was able to flatten to 3.11% yoy from 3.52% in June, and Core Inflation was also able to tame to 2.52% yoy, from 2.58% in June. For the rest of the day, traders will also be waiting for a number of PMI data from Germany, Euro Zone, UK, and not to forget the US; as well as the unemployment rate / Unemployment Rate from Germany & Euro Zone; then closed in the evening with an important US employment report, namely JOLTs Job Openings (June) which is expected to contract slightly to 9.620 million from 9.824 million in the previous month. **The Chicago Federal Reserve Bank President Austan Goolsbee on Monday** said the US central bank is working well enough to lower inflation without causing a recession, and will continue to watch economic data ahead of September to weigh whether tight monetary policy will continue to be maintained. The Bank of England is expected to raise interest rates by at least 25 bps. The Pound Sterling has surged 24% from a record low of USD1,033/GBP last September, and reached a 15-month high of USD1,314/GBP in mid-July. The US Dollar moved higher after a survey from the Federal Reserve showed US banks reported tighter credit standards and weaker demand for loans during the second quarter, a sign of rising interest rates impacting the economy. **The Japanese Yen weakened around 0.8% versus the USD.** Investors continue to digest the Bank of Japan's (BOJ) decision last Friday to open their bond yield cap, moving away from its ultra-loose policy. As a result Japan's 10-year yield jumped to a 9-year high of 0.6% on Monday, and is heading towards a new ceiling of 1.0%. US Treasury yields were slightly lower, with investors awaiting employment data to assess the impact of the Fed's monetary tightening campaign on the economy. The 10-year US Treasury yield fell 1 bps to 3.961%. **From the commodity side, Gold prices rose**, putting them on the best bullish path in 4 months, helped by a weaker US Dollar and expectations that major global central banks are nearing the peak of their interest rate uptrends. Spot Gold increased 0.3% to USD1,965/ounce.

## Corporate News

**Arkora Hydro (ARKO) Issues Green Bond IDR 339.89 Billion, Find Out the Interest Rate** PT Arkora Hydro Tbk (ARKO) plans to issue environmentally friendly bonds I (Green Bond) with a principal amount of IDR 339.89 billion. As quoted from additional information in Kontan Daily, Tuesday (1/8), this Green bond will be offered in two series. Series A amounting to IDR 318.06 billion with a fixed interest rate of 9.50% per annum and with a tenor of three years from the date of issuance. While Series B amounted to IDR 21.83 billion with a fixed interest rate of 10.0% per annum and with a tenor of five years from the date of issuance. The public offering period runs from August 2 to August 3, 2023, while the allotment date falls on August 4, 2023. The bonds will be listed on the Indonesia Stock Exchange on August 9, 2023. (Kontan)

## Domestic Issue

**Foreign Investors Show More Interest in Indonesian Bonds** Foreign investors are starting to come to the country's financial markets. The easing global uncertainty and the projected loosening of interest rate policy in the future have made foreign investors dare to enter the Emerging Market, including Indonesia. The high flow of foreign funds into Indonesia can be seen from the capital inflow that entered until July this year. Foreign funds entering the Indonesian financial market also flowed more into the bond market instead of stocks. Bank Indonesia data until July 27, 2023 shows that foreign investors recorded a net buy of IDR 112.92 trillion. Net buy into the Government Securities (SBN) market reached IDR 94.52 trillion while the stock market recorded a net buy of IDR 18.40 trillion. Reporting from CNBC Indonesia, UOB Indonesia Head of Economic and Research Enrico Tanuwidjaja explained, the market is currently starting to look for which countries have fundamentally good economies and Indonesia is one of them. Indonesia's interest rate spread is quite competitive compared to other countries. (CNBC Indonesia)

## Recommendation

**US10YT uptrend is relatively intact and on the way to the upper channel TARGET at yield : 4.243%**; however, it is better to AVERAGE UP above the Resistance of the previous High level of 4.094%. ADVISE: Wait & See; Average Up accordingly.

**ID10YT yield has indeed been steadily leaving its downtrend.** The yield is moving up away from the MA10 & MA20 Support which seems to have goldencrossed; a milestone that has not happened since last March. ID10YT yield target lies at 6.384%. ADVISE: Average Up accordingly above MASO / yield 6.309%.

## 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 : 97.80 (0.10%)  
FR0091 : 100.31 (0.07%)  
FR0093 : 100.34 (0.32%)  
FR0092 : 105.66 (0.02%)

FR0086 : 98.89 (-0.01%)  
FR0087 : 100.78 (0.06%)  
FR0083 : 108.20 (0.17%)  
FR0088 : 99.90 (0.19%)

## CDS of Indonesia Bonds

CDS 2yr: -4.16% to 30.78

CDS 5yr: -3.15% to 73.28

CDS 10yr: +5.02% to 140.26

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.25%	-0.04%
USDIDR	15,080	-0.10%
KRWIDR	11.83	0.04%

## Global Indices

Index	Last	Chg.	%
Dow Jones	35,559.53	100.24	0.28%
S&P 500	4,588.96	6.73	0.15%
FTSE 100	7,699.41	5.14	0.07%
DAX	16,446.83	(22.92)	-0.14%
Nikkei	33,172.22	412.99	1.26%
Hang Seng	20,078.94	162.38	0.82%
Shanghai	3,291.04	15.11	0.46%
Kospi	2,632.58	24.26	0.93%
EIDO	23.46	0.09	0.39%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,965.1	5.6	0.29%
Crude Oil (\$/bbl)	81.80	1.22	1.51%
Coal (\$/ton)	137.30	2.85	2.12%
Nickel LME (\$/MT)	22,293	(14.0)	-0.06%
Tin LME (\$/MT)	28,637	(103.0)	-0.36%
CPO (MYR/Ton)	3,878	(128.0)	-3.20%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	US	20:45	MNI Chicago PMI	Jul	42.8	43.5	41.5
<b>31 – July</b>	CH	08:30	Manufacturing PMI	Jul	49.3	48.9	49.0
	GE	15:00	GDP SA QoQ	2Q P	—	0.1%	-0.3%
	JP	06:50	Industrial Production MoM	Jun P	2.0%	2.4%	-2.2%
<b>Tuesday</b>	US	20:45	S&P Global US Manufacturing PMI	Jul F		49.0	49.0
<b>1 – Aug</b>	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%
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	Jul 28		—	-1.8%
<b>2 – Aug</b>	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%
<b>Thursday</b>	US	19:30	Initial Jobless Claims	Jul 29		—	221K
<b>3 – Aug</b>	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
<b>Friday</b>	US	19:30	Change in Nonfarm Payrolls	Jul		190K	209K
<b>4 – Aug</b>	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

Published on Investing.com, 18 Aug 2023 - 13:40 GMT. Powered by TradingView.  
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## Indonesia 10 Years Treasury

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