

Morning Brief

Daily | August, 7 2023

Today's Outlook:

The Dow Jones and others closed lower on Friday where their average decline was limited to -0.5%, but managed to halt a three week winning streak as investors weighed up the prospect of slumping demand for Apple smartphones and the July labor report which showed new hires were lower than expected, but rising wages threatened to revive inflation. The US economy created 187,000 new jobs in July, missing economists' estimates of 200,000, but average hourly wages increased 0.4% mom and 4.4% yoy; and an unexpected fall in unemployment suggested that the labor market remains tight and the Federal Reserve likely has more work to do to slow economic growth and inflation. US Treasury yields, however, tumbled on bets that the Fed may have delivered its final hike last month as its tightening delivered so far appears to be slowing the economy and labor market.

Later today, Indonesia will report Foreign Reserves (July) and most importantly 2Q23 GDP which is expected to weaken to 4.93% yoy from the previous quarter's 5.03%; however quarterly growth is believed to be stronger at 3.72% qoq, rather than -0.92% in 1Q23. Foreign Reserve (July) reports will also be out from Japan and China. The afternoon will see data from continental Europe, namely the Halifax House Price Index (July) from the UK and German Industrial Production (June).

Finance Minister Sri Mulyani Indrawati said that in 2023, the global economy will be pitch black as its growth is predicted to be only 2.1%, down drastically from the previous year's growth of 6.3%. As for the Manufacturing PMI indicator in June 2023, the majority of 61.9% of the G20 and ASEAN-6 countries experienced contraction, including the US, Europe, Germany, France, UK, Japan, South Korea, Malaysia, Vietnam, Italy, Brazil, South Africa, and Singapore. A total of 23.8% whose expansion slowed down, including China, Thailand, the Philippines, India, and Russia. Then only 14.3% experienced expansion and acceleration.

Corporate News

Chandra Asri Petrochemical (TPIA) Prepares IDR 528.8 Billion Bond Repayment Funds PT Chandra Asri Petrochemical Tbk (TPIA) is preparing to pay off its Shelf Registration Bonds III Chandra Asri Petrochemical Phase I Year 2020 Series A. The chemical producer has prepared funds of IDR 528.8 billion to pay the principal of the Shelf Registration Bonds III Chandra Asri Petrochemical Phase I Year 2020 Series A which will mature on August 26, 2023. "Payment of the bond principal along with the final coupon will be paid to PT Kustodian Sentral Efek Indonesia (KSEI) in accordance with applicable regulations," wrote Chandra Asri Petrochemical Director Suryandi in an information disclosure on the Indonesia Stock Exchange website, last Friday (4/8). (Kontan)

Domestic Issue

Sri Mulyani Auctions SUN Next Tuesday, Bidding Predicted at IDR 40 Trillion The Directorate General of Financing and Risk Management of the Ministry of Finance (DJPPR Kemenkeu) will conduct an auction of 8 series of Government Securities (SUN) on Tuesday, (8/8/2023) to meet part of the 2023 State Budget financing target. Incoming bids are predicted to be up to IDR 40 trillion. The government set a maximum target of IDR 21 trillion while the indicative target is IDR 14 trillion. The auction will open at 09.00 WIB and close at 11.00 WIB, while the settlement date falls on Thursday, (10/8/2023). Based on the announcement on the official DJPPR website quoted on Sunday, (6/8/2023), the SUN to be auctioned are divided into two types, namely State Treasury Notes (SPN) as many as two series and State Bonds (ON) as many as 6 series. The tenor of the state bonds offered also varies from 5 years to 28 years, and the coupon rate is 6.37 percent to 7.37 percent. Meanwhile, in this auction, the FRSDG001 Series was offered again, which is the first Bond (SDGs) series offered through auction in the domestic primary market. (Bisnis)

Recommendation

US10YT uptrend is still relatively intact and currently hangs hopes on the nearest Support which is MA10 / yield 4.026%. TARGET: back to the High point of yield 4.206%. ADVISE: Buy on Weakness.

ID10YT immediately slid to the TARGET yield of 6.384% after escaping the MA50 Resistance, placing the yield of 6.30% as the closest Support at the moment. One step away from reaching the long-term upper channel Resistance (Downtrend) at a yield of 6.435%. ADVISE: Sell on Strength, or set your Trailing Stop.

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	3.08%	3.52%	Cons. Confidence*	127.10	128.30

PRICE OF BENCHMARK SERIES

FR0090	: 97.63 (-0.09%)
FR0091	: 100.05 (-0.22%)
FR0093	: 100.33 (0.08%)
FR0092	: 105.42 (-0.11%)
FR0086	: 98.79 (-0.04%)
FR0087	: 100.44 (-0.22%)
FR0083	: 108.02 (-0.21%)
FR0088	: 99.97 (-0.11%)

CDS of Indonesia Bonds

CDS 2yr	: -2.48% to 32.65
CDS 5yr	: -2.05% to 78.00
CDS 10yr	: -2.19% to 146.04

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.35%	0.05%
USDIDR	15,170	-0.10%
KRWIDR	11.58	-0.90%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,065.62	(150.27)	-0.43%
S&P 500	4,478.03	(23.86)	-0.53%
FTSE 100	7,564.37	35.21	0.47%
DAX	15,951.86	58.48	0.37%
Nikkei	32,192.75	33.47	0.10%
Hang Seng	19,539.46	118.59	0.61%
Shanghai	3,288.08	7.62	0.23%
Kospi	2,602.80	(2.59)	-0.10%
EIDO	23.07	(0.14)	-0.60%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,942.9	8.9	0.46%
Crude Oil (\$/bbl)	82.82	1.27	1.56%
Coal (\$/ton)	137.00	0.15	0.11%
Nickel LME (\$/MT)	21,310	(297.0)	-1.37%
Tin LME (\$/MT)	27,700	(323.0)	-1.15%
CPO (MYR/Ton)	3,859	35.0	0.92%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	CH		Foreign Reserves	Jul		\$3201.50b	\$3193.00b
7 – Aug	ID	10:00	Foreign Reserves	Jul		—	\$137.50b
	ID	11:00	GDP YoY	2Q		5.00%	5.03%
	GE	13:00	Industrial Production SA MoM	Jun		-0.4%	-0.2%
	Tuesday	US	19:30	Trade Balance	Jun		-\$65.0b
8 – Aug	US	21:00	Wholesale Inventories MoM	Jun F		-0.3%	-0.3%
	CH		Trade Balance	Jul		\$66.91b	\$70.62b
	GE	13:00	CPI MoM	Jul F		0.3%	0.3%
	GE	13:00	CPI YoY	Jul F		6.2%	6.2%
	KR	06:00	BoP Current Account Balance	Jun		—	\$1927.2m
	JP	06:50	BoP Current Account Balance	Jun		¥1452.5b	¥1862.4b
	JP	06:50	Trade Balance BoP Basis	Jun		¥207.6b	-¥1186.7b
	Wednesday	US	18:00	MBA Mortgage Applications	Aug 4		—
9 – Aug	CH	08:30	CPI YoY	Jul		-0.5%	0.0%
	CH	08:30	PPI YoY	Jul		-4.0%	-5.4%
	CH		Money Supply M2 YoY	Jul		11.0%	11.3%
	KR	06:00	Unemployment Rate SA	Jul		—	2.6%
	JP	06:50	Money Stock M2 YoY	Jul		—	2.6%
	JP	06:50	Money Stock M3 YoY	Jul		—	2.1%
	JP	13:00	Machine Tool Orders	Jul P		—	-21.1%
	Thursday	US	19:30	CPI MoM	Jul		0.2%
10 – Aug	US	19:30	CPI YoY	Jul		3.3%	3.0%
	US	19:30	Initial Jobless Claims	Aug 5		—	227K
	JP	06:50	PPI YoY	Jul		3.5%	4.1%
	Friday	US	19:30	PPI Final Demand MoM	Jul		0.2%
11 – Aug	US	21:00	U. of Mich. Sentiment	Aug P		71.0	71.6

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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