

Morning Brief

Daily | August 9, 2023

Today's Outlook:

All three major Wall Street indexes closed in negative territory on Tuesday (08/08/23) with the Nasdaq leading the way down 0.79% after credit rating agency Moody's downgraded 10 small-medium US banks by 1 notch and reviewed 6 giant banks including Bank of New York Mellon, US Bancorp, State Street & Truist Financial for possible rating cuts as well. This has again raised concerns over the health of the US banking sector and the US economy as a whole. Moody's also warned that the strength of the sector will be tested by credit risk and weak profitability. Market confidence in US banks is gradually returning after the failure of three banks in March, including Silicon Valley Bank, which shook the US & global financial system. The S&P 500 Banks Index has slipped 2.5% this year, compared to the S&P 500's 17.2% gain, and this downgrading shows the fragility of investor confidence in financial stocks. After a five-month rally pushed the benchmark S&P 500 and Nasdaq Composite to within 5% of their historic highs, August has now recorded five losing sessions out of six. The S&P is down 2% this month, and the Nasdaq has slumped 3.2%. Reaction to the bank downgrades pushed up the CBOE Market Volatility index, Wall Street's fear gauge, at one point hitting a two-month high.

China's Trade Balance came out disappointing, where it reported a Trade Balance (July) surplus of USD 80.6 billion, indeed exceeding expectations and the previous month's position of around USD 70.6 billion; but recording a larger than expected decline in Exports & Imports. It is known that crude oil Imports into China (which is the world's second largest importer and consumer of oil) plummeted 18.8% below June's figure; although it has risen 17% from the lows of a year ago. Speaking of Trade Balance, the US also released Trade Balance (June) data with a deficit of USD 65.5 billion, more or less in line with expectations and naturally a lower deficit than the previous month as US Exports did not change much while the decline in Imports was larger.

From Europe, Germany reported July Inflation figures which came in at the expected 6.2%, finally lower than June's 6.4%. From the other side of the world, after South Korea and Japan recorded above expected Current Account (June) growth and Japanese household spending in June tripled on a monthly basis, this morning saw Korea's Unemployment Rate rise to 2.8% in July. Soon market participants will monitor the release of China's Inflation data for July, which is haunted by a potential deflation of 0.4% on an annualized basis, although on a monthly basis is expected to rise at least 0.1%.

Indonesia also announced its Consumer Confidence Index (July) at 123.5, (the lowest level in 4 months); down from June at 127.1. This index indicates that consumer confidence in Indonesia's economic conditions in July remained strong, driven by the Current Economic Conditions Index (CECI) and Consumer Expectations Index (CEI) which remained in the optimistic zone (>100) although recorded lower than June. In July 2023, consumer confidence was observed to remain optimistic across all expenditure categories with the highest optimism recorded among respondents with expenditure of more than IDR 5 million. Based on age, consumer confidence in July 2023 was also observed to be optimistic across all age categories of respondents, although the survey showed that the older the respondent, the lower the level of confidence.

Corporate News

Indosat (ISAT) Ready to Repay Maturing Bonds IDR 155 Billion Telecommunications issuer, PT Indosat Tbk (ISAT) is preparing to pay off bonds maturing on September 2, 2023 amounting to IDR 115 billion. As a reminder, Indosat Phase IV 2016 Sustainable Bonds I Series D was officially offered on September 5, 2016. The bonds have a coupon rate (Fixed) of 9 percent per year. (Bisnis)

Domestic Issue

Bond Issuance Reaches IDR 74.10 Trillion The Indonesia Stock Exchange (IDX) noted that the total bond and sukuk emissions that have been recorded throughout 2023 are 65 emissions from 47 issuers worth IDR 74.10 trillion. The information was conveyed by the company in a press release in Jakarta, yesterday. With this record, the total bond and sukuk emissions listed on the IDX amounted to 527 emissions with an outstanding nominal value of IDR 463.57 trillion and USD 47.5 million, issued by 128 issuers. While Government Securities (SBN) listed on the IDX amounted to 191 series worth IDR 5,536.74 trillion and USD 486.11 million. EBA as much as 9 emissions worth IDR 3.15 trillion. (Neraca)

Recommendation

US10YT's uptrend is relatively intact but the yield has broken below the first Support/MA10; making the yield of 4.042% the nearest Resistance at the moment. If there is a possibility that US10YT should test the following Support, it will lead to MA20 at a yield of 3.947%. ADVISE: HOLD; Wait & See.

ID10YT reached upper channel Resistance and previous High level around 6.369% yield. The TARGET of the upper channel Resistance is still on wait at 6.425% yield, but there is a slight possibility of a short pullback as RSI is approaching the Overbought region could be a reason to consolidate for a while here. ADVISE: get ready to 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	5.17%	5.03%
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 (0.00%)
FR0091	: 100.17 (0.18%)
FR0093	: 100.33 (0.00%)
FR0092	: 104.96 (0.03%)
FR0086	: 98.78 (0.01%)
FR0087	: 100.63 (0.15%)
FR0083	: 108.26 (0.11%)
FR0088	: 99.94 (0.00%)

CDS of Indonesia Bonds

CDS 2yr	: +1.78% to 33.50
CDS 5yr	: +1.45% to 79.63
CDS 10yr	: +1.30% to 149.05

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.34%	-0.02%
USDIDR	15,218	0.22%
KRWIDR	11.56	-0.58%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,314.49	(158.64)	-0.45%
S&P 500	4,499.38	(19.06)	-0.42%
FTSE 100	7,527.42	(27.07)	-0.36%
DAX	15,774.93	(175.83)	-1.10%
Nikkei	32,377.29	122.73	0.38%
Hang Seng	19,184.17	(353.75)	-1.81%
Shanghai	3,260.62	(8.21)	-0.25%
Kospi	2,573.98	(6.73)	-0.26%
EIDO	22.99	(0.11)	-0.48%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,925.2	(11.3)	-0.58%
Crude Oil (\$/bbl)	82.92	0.98	1.20%
Coal (\$/ton)	142.50	1.40	0.99%
Nickel LME (\$/MT)	20,841	(261.0)	-1.24%
Tin LME (\$/MT)	27,300	(456.0)	-1.64%
CPO (MYR/Ton)	3,693	(79.0)	-2.09%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous	
Monday	CH		Foreign Reserves	Jul	\$3204.20b	\$3201.50b	\$3193.00b	
7 – Aug	ID	10:00	Foreign Reserves	Jul	\$137.50b	—	\$137.50b	
	ID	11:00	GDP YoY	2Q	5.17%	5.00%	5.03%	
	GE	13:00	Industrial Production SA MoM	Jun	-1.5%	-0.4%	-0.2%	
	Tuesday	US	19:30	Trade Balance	Jun	-\$65.5b	-\$65.0b	-\$69.0b
8 – Aug	US	21:00	Wholesale Inventories MoM	Jun F	-0.5%	-0.3%	-0.3%	
	CH		Trade Balance	Jul	\$80.60b	\$66.91b	\$70.62b	
	GE	13:00	CPI MoM	Jul F	0.3%	0.3%	0.3%	
	GE	13:00	CPI YoY	Jul F	6.2%	6.2%	6.2%	
	KR	06:00	BoP Current Account Balance	Jun	\$5873.7m	—	\$1927.2m	
	JP	06:50	BoP Current Account Balance	Jun	¥1508.8b	¥1452.5b	¥1862.4b	
	JP	06:50	Trade Balance BoP Basis	Jun	¥328.7b	¥207.6b	-¥1186.7b	
	Wednesday	US	18:00	MBA Mortgage Applications	Aug 4	—	—	-3.0%
	9 – Aug	CH	08:30	CPI YoY	Jul	-0.5%	-0.5%	0.0%
CH		08:30	PPI YoY	Jul	-4.0%	-4.0%	-5.4%	
CH			Money Supply M2 YoY	Jul	11.0%	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%	0.2%	0.2%
10 – Aug	US	19:30	CPI YoY	Jul	3.3%	3.3%	3.0%	
	US	19:30	Initial Jobless Claims	Aug 5	—	—	227K	
	JP	06:50	PPI YoY	Jul	3.5%	3.5%	4.1%	
	Friday	US	19:30	PPI Final Demand MoM	Jul	0.2%	0.2%	0.1%
11 – Aug	US	21:00	U. of Mich. Sentiment	Aug P	71.0	71.0	71.6	

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

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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

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