

# Morning Brief

Daily | August 10, 2023

## Today's Outlook:

The US stock market closed lower on Wednesday (09/08/23) with the Nasdaq leading the decline by 1.2%, a day after data showed that Americans' credit card transactions last quarter were at an all-time high; as well as a day ahead of the US Inflation announcement which will heavily influence the Federal Reserve's interest rate decision. The Federal Reserve Bank of New York said US credit card debt surpassed USD 1 trillion; on the other hand, Philadelphia Fed President Patrick Harker said the US central bank may be in a position to keep interest rates at current levels, at the September FOMC Meeting. Market participants are pricing in a probability of 86.5%, according to the CME FedWatch Tool. US CPI for July, due later on Thursday night at around 19:30 GMT, is expected to show a slight acceleration from a year ago, at a rate of 3.3% yoy. On a monthly basis, consumer prices are predicted to increase by 0.2%, the same as in June. Core CPI (July) which is also a concern is expected to tame slightly to 4.7% yoy, from 4.8% in June. In addition to Inflation data, Initial Jobless Claims will be highly highlighted by market participants with predictions coming out at 230K, slightly stronger than the previous week at 227K. **Speaking of CPI in Asia**, China experienced deflation in July. The consumer price index fell in the world's second-largest economy, said the National Bureau of Statistics, the first decline since February 2021. China's CPI came in at -0.3% yoy in July, further weakening from June's already zero percent position; although on a monthly basis, there was a slight improvement to 0.2% from minus 0.2% in the previous month (the first positive growth in 6 months). Japan this morning reported July producer-level inflation (PPI) at 3.6% yoy, slightly higher than expected. **Domestically**, Indonesia reported stronger Retail Sales in June at 7.9% compared to the previous month at -4.5%. However, this has not been able to boost motorcycle sales as the latest growth stands at 45.6%, the lowest position in the last 3 months.

## Corporate News

**Low Tenancy Ratio Limits MTEL's Debt Rating** PT Dayamitra Telekomunikasi Tbk (IDX: MTEL) will increase debt worth IDR 1 trillion through the issuance of short-term debt securities or Medium Term Note (MTN). This was revealed from the rating results by Pefindo uploaded on the Indonesia Stock Exchange (IDX) website, Tuesday (8/8/2023). Interestingly, Pefindo pinned an idAAA rating on the company and the MTN issuance plan. MTEL's rating with a period of 2 August 2023 - 1 August 2024 can be limited by a low tower rental or tenancy ratio. The rating can even be downgraded if revenue or EBITDA is significantly lower than targeted, or if the company's debt position increases higher than projected without being compensated by a greater increase in revenue. (Pasar dana)

## Domestic Issue

**Investor Interest in Corporate Bonds is Still Maintained** The potential uptake of corporate bonds is still considered positive despite the emergence of the sentiment of default by several BUMN Karya. Corporate bond ownership in a number of groups was also recorded to have increased. Pefindo Fixed Income Analyst Ahmad Nasrudin said investment interest in the corporate bond market is driven by the need to get higher returns than government bonds but with a tolerable level of risk. This investor interest is also reflected in changes to the bond ownership during January-July 2023. During the period, Pefindo noted that several investors increased their ownership in the corporate bond market. On the other hand, Ahmad believes that the default of BUMN Karya may affect investors' tastes and preferences in investing in corporate bonds. He estimates that investors will be more cautious in allocating investments. Apart from looking at ratings, investors also diversify based on sectors to reduce risk exposure. (Bisnis)

## Recommendation

**US10YT is quite stable in the upward channel pattern even though the yield is still below the MA10;** making the yield of 4.053% the nearest Resistance at the moment. If there is a possibility that US10YT should test the following Support, it will aim for the MA20 at a yield of 3.958%. ADVISE: HOLD; Wait & See.

**ID10YT finally reached the mid-term upper channel (downtrend) Resistance,** the Trendline pull from October last year and stopped right at the High yield level of 6.263%; when RSI also entered Overbought territory. 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	5.17%	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*	123.50	127.10

## PRICE OF BENCHMARK SERIES

FR0090 : 97.48 (-0.16%)  
FR0091 : 100.18 (0.01%)  
FR0093 : 100.38 (0.04%)  
FR0092 : 105.10 (0.13%)

FR0086 : 98.78 (-0.01%)  
FR0087 : 100.65 (0.01%)  
FR0083 : 108.39 (0.12%)  
FR0088 : 99.98 (-0.02%)

## CDS of Indonesia Bonds

CDS 2yr: +0.37% to 33.63

CDS 5yr: +0.14% to 79.74

CDS 10yr: +0.27% to 149.45

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.33%	-0.01%
USDIDR	15,191	-0.18%
KRWIDR	11.54	-0.15%

## Global Indices

Index	Last	Chg.	%
Dow Jones	35,123.36	(191.13)	-0.54%
S&P 500	4,467.71	(31.67)	-0.70%
FTSE 100	7,587.30	59.88	0.80%
DAX	15,852.58	77.65	0.49%
Nikkei	32,204.33	(172.96)	-0.53%
Hang Seng	19,246.03	61.86	0.32%
Shanghai	3,244.49	(16.13)	-0.50%
Kospi	2,605.12	31.14	1.21%
EIDO	23.07	0.08	0.35%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,914.5	(10.8)	-0.56%
Crude Oil (\$/bbl)	84.40	1.48	1.78%
Coal (\$/ton)	142.50	0.00	0.00%
Nickel LME (\$/MT)	20,554	(287.0)	-1.38%
Tin LME (\$/MT)	27,259	(41.0)	-0.15%
CPO (MYR/Ton)	3,771	78.0	2.11%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	CH		Foreign Reserves	Jul	\$3204.20b	\$3201.50b	\$3193.00b
<b>7 – Aug</b>	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%
<b>Tuesday</b>	US	19:30	Trade Balance	Jun	-\$65.5b	-\$65.0b	-\$69.0b
<b>8 – Aug</b>	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
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	Aug 4	-3.1%	—	-3.0%
<b>9 – Aug</b>	CH	08:30	CPI YoY	Jul	-0.3%	-0.5%	0.0%
	CH	08:30	PPI YoY	Jul	-4.4%	-4.0%	-5.4%
	CH		Money Supply M2 YoY	Jul	—	11.0%	11.3%
	KR	06:00	Unemployment Rate SA	Jul	2.8%	—	2.6%
	JP	06:50	Money Stock M2 YoY	Jul	2.4%	—	2.6%
	JP	06:50	Money Stock M3 YoY	Jul	1.9%	—	2.1%
	JP	13:00	Machine Tool Orders	Jul P	-19.8%	—	-21.1%
<b>Thursday</b>	US	19:30	CPI MoM	Jul		0.2%	0.2%
<b>10 – Aug</b>	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%
<b>Friday</b>	US	19:30	PPI Final Demand MoM	Jul		0.2%	0.1%
<b>11 – Aug</b>	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



## Research Division

### Head of Research

**Liza Camelia Suryanata**

Equity Strategy, Technical

T +62 21 5088 ext 9134

E [liza.camelia@nhsec.co.id](mailto:liza.camelia@nhsec.co.id)

### Analyst

**Cindy Alicia Ramadhania**

Consumer, Healthcare

T +62 21 5088 ext 9129

E [cindy.alicia@nhsec.co.id](mailto:cindy.alicia@nhsec.co.id)

### Analyst

**Leonardo Lijuwardi**

Banking, Infrastructure

T +62 21 5088 ext 9127

E [leonardo.lijuwardi@nhsec.co.id](mailto:leonardo.lijuwardi@nhsec.co.id)

### Research Support

**Amalia Huda Nurfalah**

Editor & Translator

T +62 21 5088 ext 9132

E [amalia.huda@nhsec.co.id](mailto: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 51<sup>st</sup> 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

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Jakarta