

# Morning Brief

Daily | August 14, 2023

## Today's Outlook:

The S&P 500 and the Nasdaq Composite fell on Friday and posted their second straight weekly losses, as hotter-than-expected U.S. producer prices data pushed Treasury yields higher and sank rate-sensitive megacap growth stocks. The U.S. government reported that the producer price index (PPI) climbed 0.8% in the 12 months leading to July, up from a 0.2% rise in the previous month, as costs of services increased. Economists polled by Refinitiv had expected a 0.7% gain. Though traders broadly expect the Federal Reserve to refrain from tightening credit conditions for the rest of the year, bets for no rate hike in September slipped to 88.5% from 90% before the PPI data landed. Yield on the two-year U.S. Treasury note, that moves in line with near-term interest rate expectations, climbed to 4.88%. This move weighed on big tech names, as high interest rates could slow the economy and dent the ability of these firms to achieve the growth projections which have pushed them to premium valuations. Higher rates can also make interest-bearing bonds an attractive alternative to stocks for some risk-averse investors

Speaking of continental Europe, the UK released June GDP data that grew 0.8% yoy and 0.5% mom, higher than expected; and confirmed second quarter GDP at 0.4% yoy & 0.2% mom, both higher than forecast and previous quarter. No wonder June UK Industrial Production managed to crawl to 1.8% mom, even reversing the previous month's negative 2.1% to 0.7% yoy. Similarly, Manufacturing Production turned into positive growth territory of 3.1% yoy in June after posting minus 0.6% in May. From the Asian continent, China reported New Loans (July) fell to 345.9 billion Yuan, much lower than expectations of 800 billion Yuan and the previous month's massive 3.05 trillion Yuan.

Last but not least, last Friday the University of Michigan released the Michigan Consumer Sentiment & Current Conditions outlook in August which gives a more optimistic picture of the US economic situation for the next 6 months.

## Corporate News

**Prone to Liquidity Pressure, Pefindo Affirms idBBB- Rating of PP Properti (PPRO)** Pemeringkat Efek Indonesia (Pefindo) affirmed the idBBB- rating of PT PP Properti (PPRO). The rating also applies to sustainable bonds II/2020 still in circulation. The outlook for the company's rating is stable. The company's rating reflects strong support from Housing Development (PTPP). The portion of recurring income is good, and the location of the property is relatively diversified. The rating is limited by high financial leverage, cash flow protection indicators, weak liquidity, and sensitivity to changes in macroeconomic conditions. (EmitenNews)

## Domestic Issue

**Bonds Maturing in Semester II-2023 Dominated by AAA Rating** PT Pemeringkat Efek Indonesia (Pefindo) noted that the number of corporate bond maturities in semester II reached IDR 74.79 trillion. The majority of maturing bonds have a AAA rating. Head of the Economic Research Division of Pefindo Suhindarto said, for maturities in the remaining second semester of 2023 based on the most dominant ratings are AAA, A, and AA ratings. While other bonds that will mature have a BBB rating of 3%. Furthermore, others that include unrated debt securities amounted to 6%. From the nominal value, the AAA rating reached IDR 30.63 trillion. Then the A rating is IDR 21.68 trillion and the AA rating is IDR 15.68 trillion. The BBB rating bonds amounted to IDR 2.31 trillion and others amounted to IDR 4.47 trillion. Based on this, Suhindarto assessed that the potential for bond defaults in the second semester is relatively low. Moreover, until July 2023 there is only one company, namely PT Waskita Karya (Persero) Tbk (WSKT). (Kontan)

## Recommendation

**US10YT is facing a Resistance from the previous High level at a yield of 4.206%**, amidst the leading indicator of RSI negative divergence, which gives a warning that this time momentum is not as big as before. ADVISE: anticipate trend reversal, Sell on Strength.

**ID10YT yield uptrend within the PARALLEL CHANNEL pattern is still intact**, as long as the yield does not break the lower channel support as well as MA10, below 6.327%. Conversely, the nearest resistance that needs to be faced is yield: 6.369% - 6.40%. ADVISE: HOLD; Buy on Weakness.

## 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 : 97.45 (-0.01%)  
FR0091 : 100.33 (0.06%)  
FR0093 : 100.39 (0.01%)  
FR0092 : 105.14 (-0.01%)

FR0086 : 98.81 (0.04%)  
FR0087 : 100.61 (-0.04%)  
FR0083 : 108.58 (-0.06%)  
FR0088 : 99.92 (-0.03%)

## CDS of Indonesia Bonds

CDS 2yr: +0.33% to 33.74

CDS 5yr: +0.13% to 80.35

CDS 10yr: -0.03% to 149.49

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.33%	0.00%
USDIDR	15,215	0.20%
KRWIDR	11.50	-0.39%

## Global Indices

Index	Last	Chg.	%
Dow Jones	35,281.40	105.25	0.30%
S&P 500	4,464.05	(4.78)	-0.11%
FTSE 100	7,524.16	(94.44)	-1.24%
DAX	15,832.17	(164.35)	-1.03%
Nikkei	32,473.65	269.32	0.84%
Hang Seng	19,075.19	(173.07)	-0.90%
Shanghai	3,189.25	(65.31)	-2.01%
Kospi	2,591.26	(10.30)	-0.40%
EIDO	22.92	(0.18)	-0.78%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,913.8	1.3	0.07%
Crude Oil (\$/bbl)	83.19	0.37	0.45%
Coal (\$/ton)	144.00	1.00	0.70%
Nickel LME (\$/MT)	20,241	(200.0)	-0.98%
Tin LME (\$/MT)	26,457	(428.0)	-1.59%
CPO (MYR/Ton)	3,717	(11.0)	-0.30%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>							
<i>14 – Aug</i>							
<b>Tuesday</b>	US	19:30	Retail Sales Advance MoM	Jul	0.4%	0.2%	
<i>15 – Aug</i>							
	US	19:30	Empire Manufacturing	Aug	-0.7	1.1	
	CH	09:00	Industrial Production YoY	Jul	4.3%	4.4%	
	CH	09:00	Retail Sales YoY	Jul	4.2%	3.1%	
	ID	11:00	Trade Balance	Jul	\$2516m	\$3460m	
	GE	16:00	ZEW Survey Expectations	Aug	-12.0	-14.7	
	GE	16:00	ZEW Survey Current Situation	Aug	-62.1	-59.5	
	JP	06:50	GDP Annualized SA QoQ	2Q P	2.9%	2.7%	
	JP	06:50	GDP SA QoQ	2Q P	0.7%	0.7%	
	JP	06:50	GDP Deflator YoY	2Q P	3.8%	2.0%	
	JP	11:30	Industrial Production MoM	Jun F	—	2.0%	
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	Aug 11	—	-3.1%	
<i>16 – Aug</i>							
	US	19:30	Housing Starts	Jul	1440k	1434k	
	US	20:15	Industrial Production MoM	Jul	0.4%	-0.5%	
<b>Thursday</b>	US	19:30	Initial Jobless Claims	Aug 12	—	248k	
<i>17 – Aug</i>							
	US	21:00	Leading Index	Jul	-0.4%	-0.7%	
	JP	06:50	Trade Balance	Jul	¥43.7b	¥43.0b	
	JP	06:50	Core Machine Orders MoM	Jun	3.5%	-7.6%	
	JP	06:50	Tertiary Industry Index MoM	Jun	-0.2%	1.2%	
<b>Friday</b>	JP	06:30	Natl CPI YoY	Jul	3.3%	3.3%	
<i>18 – Aug</i>							
	JP	06:30	Natl CPI Ex Fresh Food YoY	Jul	3.1%	3.3%	

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 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

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

### A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |  
Jakarta