

Morning Brief

Daily | August 15, 2023

Today's Outlook:

Asian & European markets yesterday showed mixed trading direction: between responding to optimistic sentiments related to hopes that US interest rates have approached their peak; and concerns about the re-emergence of unsettling signs in the Chinese property market. Market participants will be waiting for important economic data from the US, namely Retail Sales (July) which will be released later tonight at around 19:30 GMT, which will explain expectations for the direction of US interest rate policy going forward. Traders have calculated an 89% chance that the Fed will keep interest rates at their current position at the upcoming September FOMC Meeting, as quoted from the CME Group FedWatch tool. The latest Goldman Sachs report predicts that the Federal Reserve will start cutting interest rates in the second quarter of 2024.

From the Europe, UK will announce a series of employment data, such as the unemployment rate report in July aka Claimant Count Change, Employment Change (June), Labor Productivity, and Unemployment Rate (June). Germany will also reveal the latest business conditions and economic sentiment for the next 6 months through the important assessment of the German ZEW Current Conditions & Economic Sentiment (August); followed by the Eurozone which will also publish a similar report, the ZEW Economic Sentiment (August), before releasing the EU economic forecast in the late afternoon.

From the Asian continent, this morning Japan has reported their economic growth in the second quarter of 2023 which soared to 6% yoy, compared to 3.7% last quarter; supported by increased external demand, overcoming weak domestic private consumption. Shortly afterwards, South Korea will announce its Trade Balance (July) and the performance of supporting factors such as Exports & Imports. Later today, investors/traders will monitor China's Industrial Production for July as well as Retail Sales (July) and Chinese Unemployment Rate which are all expected to improve from the previous month. Indonesia will also show up today with a number of economic data such as Retail Sales, Trade Balance (July) which is estimated at around USD 2.53 billion (lower than previous month's USD 3.46 billion), while examining Export & Import growth in July. The Rupiah exchange rate against the USD is weakening to the level of IDR 15,343 / USD, one step away from reaching the Resistance area of IDR 15,400; up to the previous High level in March at IDR 15,480.

Corporate News

Having AAA Rating - Sarana Menara Nusantara Reviewing Bond Issuance To strengthen its capital structure to fund its business expansion, PT Sarana Menara Nusantara Tbk (TOWR), a telecommunications tower company owned by the Djarum Group, is reviewing debt refinancing and bond issuance plans. Moreover, the company has AAA rating and a positive track record in banking. Deputy President Director of Sarana Menara Nusantara, Adam Gifari, said that the company is still considering these plans. Because the company has a good position in the bond and banking markets. Even Fitch Ratings has pinned a BBB rating to the company. (Neraca)

Domestic Issue

Prospects for Corporate Bond Issuance in Semester II-2023 Corporate bond issuance is projected to improve in 2023. Head of PEFINDO's Economic Research Division Suhindarto said that the issuance of corporate bonds will be maintained in the second semester of 2023. One of the driving factors is the higher maturity rate, where the maturity in the second semester of 2023 was IDR 75.49 trillion while in the first semester of 2023 it was IDR 51.40 trillion. Other factors include Indonesia's solid economic growth that drives demand for goods and services, competitive coupon rates compared to bank loans, especially for ratings at A (single-A) and above compared to working capital and investment bank loans. In addition, maintained business has encouraged multifinance to increase access to the corporate debt securities market. (Kontan)

Recommendation

US10YT is in an attempt to break the Resistance from the previous High level at a yield of 4.206%, amid the leading indicator of RSI negative divergence which gives a warning that the momentum this time is not as big as before. ADVISE: anticipate trend reversal, Sell on Strength. But on the contrary, if the yield is able to break Resistance, then TARGET: yield 4.338%.

ID10YT yield uptrend has broken the medium-term upper channel (downtrend) Resistance, which is the highest Closing position in 2 months; opens the potential for further strengthening towards TARGET: yield 6.478% or 6.561%. Nearest support: yield 6.40% - 6.372%. ADVISE : Buy.

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 : 97.42 (-0.04%)
FR0091 : 100.26 (-0.07%)
FR0093 : 100.40 (0.01%)
FR0092 : 105.18 (0.04%)

FR0086 : 98.81 (0.00%)
FR0087 : 100.40 (-0.21%)
FR0083 : 108.47 (-0.10%)
FR0088 : 99.91 (-0.01%)

CDS of Indonesia Bonds

CDS 2yr: +4.40% to 35.23

CDS 5yr: +3.85% to 83.44

CDS 10yr: +3.23% to 154.32

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.39%	0.05%
USDIDR	15,315	0.66%
KRWIDR	11.51	0.08%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,307.63	26.23	0.07%
S&P 500	4,489.72	25.67	0.58%
FTSE 100	7,507.15	(17.01)	-0.23%
DAX	15,904.25	72.08	0.46%
Nikkei	32,059.91	(413.74)	-1.27%
Hang Seng	18,773.55	(301.64)	-1.58%
Shanghai	3,178.43	(10.82)	-0.34%
Kospi	2,570.87	(20.39)	-0.79%
EIDO	23.02	0.10	0.44%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,907.1	(6.7)	-0.35%
Crude Oil (\$/bbl)	82.51	(0.68)	-0.82%
Coal (\$/ton)	146.50	2.50	1.74%
Nickel LME (\$/MT)	20,093	(148.0)	-0.73%
Tin LME (\$/MT)	25,325	(1132.0)	-4.28%
CPO (MYR/Ton)	3,694	(23.0)	-0.62%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday							
14 – Aug							
Tuesday	US	19:30	Retail Sales Advance MoM	Jul	0.4%	0.2%	
15 – Aug							
	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%	
Wednesday	US	18:00	MBA Mortgage Applications	Aug 11	—	-3.1%	
16 – Aug							
	US	19:30	Housing Starts	Jul	1440k	1434k	
	US	20:15	Industrial Production MoM	Jul	0.4%	-0.5%	
Thursday	US	19:30	Initial Jobless Claims	Aug 12	—	248k	
17 – Aug							
	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%	
Friday	JP	06:30	Natl CPI YoY	Jul	3.3%	3.3%	
18 – Aug							
	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



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