

# Morning Brief

Daily | August 21, 2023

## Today's Outlook:

All three major US indexes ended flat on Friday (18/8/23) with gains in the defensive & energy sectors offset by declines in large-cap stocks, as investors awaited clues from Federal Reserve Chairman Jerome Powell's speech. The Nasdaq led the gainers by just 0.2% but actually posted the biggest weekly drop of the three indexes, falling 2.6% last week. Last week's losses came after a spate of strong economic data caused investors to recalculate interest rate cut expectations and pushed up government bond yields. As for this week, investors' attention will be centered on Friday's Jackson Hole economic symposium event which is expected to provide clarity on the direction of US interest rate policy. Market participants see a nearly 91% chance that the Fed Funds Rate will be maintained at current levels at the September meeting, according to CME Group FedWatch.

In terms of commodities, Gold prices rose by a limited 0.5% last week after going through 4 consecutive weeks of losses. As for Gold prices, they were pressured after noticing strong-looking US economic data fueling speculation that high interest rates will remain on hold; likewise boosting the US Dollar Index which is in inverse to the global Gold price trend.

Today investors/traders will be closely monitoring whether China will cut interest rates again to stimulate their economy. Later in the afternoon, Germany will report PPI (July) to see if their Inflation control has been on track with expectations.

## Corporate News

**Safe Liquidity, Bank Maybank (BNII) Maturity Bonds Rated idAAA** PEFINDO affirmed the "idAAA" rating for the 2018 Sustainable Bonds II Phase III Series C issued by PT Bank Maybank Indonesia Tbk (BNII) worth IDR 75 billion and will mature on October 26, 2023. The Bank's readiness to pay off the bonds is supported by liquid assets in the form of placements with Bank Indonesia, which as of the end of June 2023 was recorded at IDR 1.2 trillion. (EmitenNews)

## Domestic Issue

**Government Debt Rises to IDR 7,855.53 Trillion, Dominated by Government Securities** The Ministry of Finance (Kemenkeu) noted that the position of government debt in July 2023 amounted to IDR 7,855.53 trillion, with a ratio of 37.78% of GDP. The debt position increased slightly by 0.64% when compared to the previous month which reached IDR 7,805.19 trillion. Meanwhile, the Ministry of Finance stated that the debt ratio in July 2023 decreased when compared to the previous month which amounted to 37.93%. The composition of government debt is dominated by domestic debt, which is 72.42%. Meanwhile, based on instruments, the composition of government debt is mostly in the form of Government Securities (SBN) which reached 88.92%. The position of SBN reached IDR 6,985.2 trillion, consisting of domestic SBN IDR 5,663.46 trillion and foreign exchange (forex) IDR 1,321.7 trillion. Meanwhile, debt financing through loans reached IDR 870.3 trillion, consisting of domestic loans of IDR 25.2 trillion and foreign loans of IDR 845 trillion. (Kontan)

## Recommendation

**US10YT is around the upper channel resistance at a yield of 4.30% - 4.338%**, amid the leading indicator 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, or set your Trailing Stop. Nearest Support: MA10 / yield 4.204%.

**ID10YT soared towards the TARGET yield of 6.561% according to the INVERTED HEAD & SHOULDERS** (bullish reversal) pattern. ADVISE: Average UP accordingly.

## 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)	137.70	137.50	Current Acc (USD bn)	3.00	4.54
Trd Balance (USD bn)	1.31	3.46	Govt. Spending Yoy	3.99%	-4.77%
Exports Yoy	-18.03%	-21.18%	FDI (USD bn)	5.14	5.14
Imports Yoy	-8.32%	-18.35%	Business Confidence	104.82	105.33
Inflation Yoy	3.08%	3.52%	Cons. Confidence*	123.50	127.10

## PRICE OF BENCHMARK SERIES

FR0090 : 97.07 (-0.11%)  
FR0091 : 99.44 (-0.45%)  
FR0094 : 97.86 (-0.17%)  
FR0092 : 104.75 (0.00%)

FR0086 : 98.68 (-0.07%)  
FR0087 : 99.74 (-0.37%)  
FR0083 : 108.35 (-0.01%)  
FR0088 : 99.75 (0.00%)

## CDS of Indonesia Bonds

CDS 2yr: +3.02% to 38.52

CDS 5yr: +3.59% to 91.85

CDS 10yr: -2.15% to 157.80

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.51%	0.07%
USDIDR	15,285	0.01%
KRWIDR	11.43	0.29%

## Global Indices

Index	Last	Chg.	%
Dow Jones	34,500.66	25.83	0.07%
S&P 500	4,369.71	(0.65)	-0.01%
FTSE 100	7,262.43	(47.78)	-0.65%
DAX	15,574.26	(102.64)	-0.65%
Nikkei	31,450.76	(175.24)	-0.55%
Hang Seng	17,950.85	(375.78)	-2.05%
Shanghai	3,131.95	(31.79)	-1.01%
Kospi	2,504.50	(15.35)	-0.61%
EIDO	22.80	0.06	0.26%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,889.3	(0.1)	-0.01%
Crude Oil (\$/bbl)	81.25	0.86	1.07%
Coal (\$/ton)	149.50	2.50	1.70%
Nickel LME (\$/MT)	20,131	(146.0)	-0.72%
Tin LME (\$/MT)	25,260	(45.0)	-0.18%
CPO (MYR/Ton)	3,871	(52.0)	-1.33%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	GE	13:00	PPI MoM	Jul	—	—	-0.3%
21 – Aug	GE	13:00	PPI YoY	Jul	—	—	0.1%
<b>Tuesday</b>	US	21:00	Existing Home Sales	Jul	4.15m	4.16m	
22 – Aug	US	21:00	Richmond Fed Manufact. Index	Aug	—	—	-9
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	Aug 18	—	—	-0.8%
23 – Aug	US	20:45	S&P Global US Manufacturing PMI	Aug P	49.0	49.0	
	US	21:00	New Home Sales	Jul	707k	697k	
	GE	14:30	HCOB Germany Manufacturing PMI	Aug P	—	—	38.8
	JP	07:30	Jibun Bank Japan PMI Mfg	Aug P	—	—	49.6
<b>Thursday</b>	US	19:30	Initial Jobless Claims	Aug 19	—	—	239k
24 – Aug	US	19:30	Durable Goods Orders	Jul P	-4.0%	4.6%	
	ID	14:20	Bank Indonesia 7D Reverse Repo	Aug 23	5.75%	5.75%	
	KR	04:00	PPI YoY	Jul	—	—	-0.2%
	KR		BOK Base Rate	Aug 24	3.50%	3.50%	
<b>Friday</b>	US	21:00	U. of Mich. Sentiment	Aug F	71.2	71.2	
25 – Aug	GE	15:00	IFO Business Climate	Aug	86.8	87.3	
	GE	15:00	IFO Expectations	Aug	—	—	83.5
	JP	06:30	Tokyo CPI Ex-Fresh Food YoY	Aug	2.9%	3.0%	

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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