

Morning Brief

Daily | August 22, 2023

Today's Outlook:

The yield on 10-year Treasury notes hit highs last seen during the Great Financial Crisis in 2007 as investors looked warily toward a meeting of central bankers who convene on Thursday at Jackson Hole in Wyoming. Federal Reserve Chairman Jerome Powell is scheduled to deliver a speech on Friday, which will be closely monitored by market participants on whether the Fed will continue to keep interest rates high, which has led to high interest costs that weigh heavily on business and personal credit.

China once again cut its benchmark interest rate for the second time in 3 months as the world's second largest economy struggles to recover from the post-COVID pandemic slump. The Peoples Bank of China (PBOC) lowered the 1-year (short-term) lending rate to 3.45% from 3.55%. As is known, so far China's economic recovery has been slow due to the property crisis, falling exports, and weak public spending power. Meanwhile, the PBOC kept the 5-year lending rate in place at 4.2%.

From Europe, Germany reported PPI (July) at a deflationary rate of minus 6% yoy, exceeding expectations of a 5.1% deflation, and this producer-level inflation clearly dropped considerably from June's position at 0.1%. Later today, Japan will announce the BOJ Core CPI which is predicted to flatten from its previous position at 3%. South Korea has released Consumer Confidence (August) at 103.1 which was above expectations but slightly down from the previous month. In the afternoon, Indonesia is scheduled to announce the Balance of Payments for Q2/2023, almost at the same time as the Eurozone will also announce the Current Account (June). Later in the evening, important data from the US such as Existing Home Sales will prove whether it is true that home sales in the US in July have started to stagnate around the 4.15 million.

Corporate News

Maturing in September, Global Mediacom (BMTR) prepares funds to pay off bonds PT Global Mediacom Tbk (BMTR) said that the company has prepared funds to pay off its sustainable bonds II phase I 2020 series B and sustainable bonds III phase II 2022 series A. Christophorus Taufik, Corporate Secretary of BMTR, in an official statement on Monday (21/8) said that the company prepared funds of IDR 367.5 billion to pay off the 2020 bonds and IDR 424.14 billion for the 2022 bonds. Furthermore, BMTR is also preparing funds to pay off Sukuk Ijarah II phase I in 2020 series B amounting to IDR 1.6 billion and IDR 301.15 for Sukuk Ijarah III phase II in 2022 series A which will mature on September 11, 2023 and September 26, 2023. (Emiten News)

Domestic Issue

IDX: Bond Issuance Value Reaches IDR 80 Trillion The Indonesia Stock Exchange (IDX) raised IDR 80 trillion in funds from the issuance of debt securities. This amount was calculated as of the end of last week. IDX Director of Corporate Valuation I Gede Nyoman Yetna said the funds came from 50 issuers. The activities of capital disbursement through debt securities are still ongoing. Nyoman said that currently the stock exchange still has 7 issuers who are ready to release these investment instruments. Of these, there are at least 15 debt securities emissions. By sector, there are three that dominate, namely the basic materials, finance, and industrial sectors. (Okezone)

Recommendation

US10YT is right at the upper channel resistance at yield 4.51% - 4.365%, amid the leading indicator RSI negative divergence which warns 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 4.243%.

ID10YT continued its rocket launch beyond the 6.561% yield TARGET of the INVERTED HEAD & SHOULDERS (bullish reversal) pattern, and is now aiming to close the GAP in the 6.753% yield region. ADVISE: Average UP accordingly. Mid to long-term TARGET: yield 7.057-7.085% as per PARALLEL CHANNEL pattern - broken downtrend (blue).

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 : 96.63 (-0.09%)
FR0091 : 98.10 (-1.35%)
FR0094 : 97.44 (-0.44%)
FR0092 : 104.75 (0.00%)

FR0086 : 98.44 (-0.24%)
FR0087 : 99.27 (-0.47%)
FR0083 : 108.02 (-0.30%)
FR0088 : 99.50 (-0.27%)

CDS of Indonesia Bonds

CDS 2yr: -1.80% to 37.82

CDS 5yr: -2.10% to 89.82

CDS 10yr: -1.55% to 155.36

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.62%	0.11%
USDIDR	15,325	0.26%
KRWIDR	11.41	-0.10%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,463.69	(36.97)	-0.11%
S&P 500	4,399.77	30.06	0.69%
FTSE 100	7,257.82	(4.61)	-0.06%
DAX	15,603.28	29.02	0.19%
Nikkei	31,565.64	114.88	0.37%
Hang Seng	17,623.29	(327.56)	-1.82%
Shanghai	3,092.98	(38.98)	-1.24%
Kospi	2,508.80	4.30	0.17%
EIDO	22.71	(0.09)	-0.39%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,894.9	5.6	0.30%
Crude Oil (\$/bbl)	80.72	(0.53)	-0.65%
Coal (\$/ton)	149.25	(0.25)	-0.17%
Nickel LME (\$/MT)	20,119	(12.0)	-0.06%
Tin LME (\$/MT)	25,702	442.0	1.75%
CPO (MYR/Ton)	3,936	65.0	1.68%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	GE	13:00	PPI MoM	Jul	-1.1%	—	-0.3%
21 – Aug	GE	13:00	PPI YoY	Jul	-6.0%	—	0.1%
Tuesday	US	21:00	Existing Home Sales	Jul		4.15m	4.16m
22 – Aug	US	21:00	Richmond Fed Manufact. Index	Aug		—	-9
Wednesday	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
Thursday	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%
Friday	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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