

# Morning Brief

Daily | August 23, 2023

## Today's Outlook:

**DJIA and others struggled to stay around the border of positive territory on Tuesday trading (22/08 / 23) triggered by investors' concerns that the Federal Reserve will keep interest rates higher for longer;** plus the fall in banking stocks as a result of the credit rating downgrade by S&P on several US banks, causing the S&P 500 bank index to fall 2.4%. Investors hope for clarity on the US interest rate trend when Fed Chair Jerome Powell speaks at a meeting of central bankers on Friday in Jackson Hole, Wyoming symposium. The benchmark 10-year US Treasury yield has reacted early by touching a 16-year high amid predictions that the Fed will still maintain the upward trend of the Fed Fund Rate. Meanwhile, the 2-year US Treasury, which is more sensitive to interest rate movements, is currently at 5% yield which is the highest point since early July. Higher borrowing costs will suppress business and consumer spending, and ultimately lead to an economic slowdown. This seems to be evident as the US economic data just reported lower-than-expected Existing Home Sales (July) of 4.07 million units (vs. previous month's 4.16 million units).

**From the other side of the world, Japan released BOJ Core CPI at 3.3% yoy, heating up above estimates & previous period at 3%.** The Eurozone announced the Current Account (June) which managed to record a massive surplus of EUR 35.8 billion, a sharp contrast to the estimated deficit and the previous month's result of EUR 7.9 billion. As for today, the market will be presented with PMI data from several countries, before having more focus on economic data from the US in the evening, such as: Building Permits, S&P Global Composite PMI, New Home Sales, and also Crude Oil Inventories which are predicted to drop again by 2.299 million barrels, adding to the thin US oil reserves after minus 5.96 million barrels in the previous period.

**Indonesia's current account balance in Q2/2023 recorded a deficit of USD 7.4 billion and the position of Foreign Exchange Reserves at the end of June was still high at USD 137.5 billion.** Bank Indonesia explained that the current account deficit is still manageable as the impact of high uncertainty in global financial markets, amidst the conditions of falling commodity prices and global economic slowdown and rising domestic demand.

## Corporate News

**Equal Treatment, Waskita Postpones Interest Payment of Shelf-Registered Bonds III Phase IV Year 2019** PT Waskita Karya (Persero) Tbk (stock code: WSKT) postponed the interest payment of the 15th, 16th, 17th Shelf-Registered Bonds III Phase IV Year 2019 Series B. The postponement is because Waskita is currently in the process of requesting an extension of time for the postponement of all obligations (standstill) for a while to the Banking Creditors to support the MRA review process comprehensively so that the principle of equal treatment applies to Bondholders. (Antara News)

## Domestic Issue

**Government Receives IDR 7.8 T from Auction of 7 Series of Government Securities** The government managed to raise IDR 7.87 trillion from the auction of seven series of Government Securities (SUN), last Tuesday. The total incoming bid reached IDR 34.60 trillion. Based on an official statement from the Directorate General of Financing and Risk Management of the Ministry of Finance (DJPPR Kemenkeu), Tuesday (22/8), there were seven series of SUN auctioned, namely SPN03231122 (new issuance), SPN12240822 (new issuance), FR0095 (reopening), FR0100 (new issuance), FR0098 (reopening), FR0097 (reopening) and FR0089 (reopening) through the Bank Indonesia auction system. Furthermore, Director of SUN at the Ministry of Finance Deni Ridwan revealed, ahead of today's SUN auction, the market moved volatile due to the credit rating downgrade of several banks in the US. (Kumparan)

## Recommendation

**US10YT hold its rise right at the upper channel resistance at around 4.366% yield;** thanks to the clue from the leading indicator RSI negative divergence. ADVISE : anticipate trend reversal; Sell on Strength, or set your Trailing Stop. Nearest Support: MA10 / yield 4.246%.

**ID10YT continues to skyrocket towards the TARGET yield of 7.0%,** the result of the (bullish reversal) INVERTED HEAD & SHOULDERS pattern, after completing the task of closing the GAP in the 6.753% yield region. ADVISE: Average Up accordingly, let your profit run.

## 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 : **96.45 (-0.28%)**  
FR0091 : 98.40 (0.30%)  
FR0094 : 97.68 (0.25%)  
FR0092 : **103.68 (-1.02%)**

FR0086 : **98.36 (-0.09%)**  
FR0087 : 99.43 (0.15%)  
FR0083 : **106.25 (-1.64%)**  
FR0088 : 99.63 (0.12%)

## CDS of Indonesia Bonds

CDS 2yr: **-5.17% to 35.87**

CDS 5yr: **-5.51% to 84.97**

CDS 10yr: **-4.18% to 148.86**

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.67%	0.05%
USDIDR	15,315	-0.07%
KRWIDR	11.47	0.49%

## Global Indices

Index	Last	Chg.	%
Dow Jones	34,288.83	(174.86)	-0.51%
S&P 500	4,387.55	(12.22)	-0.28%
FTSE 100	7,270.76	12.94	0.18%
DAX	15,705.62	102.34	0.66%
Nikkei	31,856.71	291.07	0.92%
Hang Seng	17,791.01	167.72	0.95%
Shanghai	3,120.33	27.36	0.88%
Kospi	2,515.74	6.94	0.28%
EIDO	22.89	0.18	0.79%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,897.5	2.6	0.13%
Crude Oil (\$/bbl)	79.64	(0.48)	-0.60%
Coal (\$/ton)	150.00	0.75	0.50%
Nickel LME (\$/MT)	20,504	385.0	1.91%
Tin LME (\$/MT)	26,112	410.0	1.60%
CPO (MYR/Ton)	3,866	(70.0)	-1.78%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	GE	13:00	PPI MoM	Jul	-1.1%	—	-0.3%
21 – Aug	GE	13:00	PPI YoY	Jul	-6.0%	—	0.1%
<b>Tuesday</b>	US	21:00	Existing Home Sales	Jul	4.07m	4.15m	4.16m
22 – Aug	US	21:00	Richmond Fed Manufact. Index	Aug	-7	—	-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	49.0
	US	21:00	New Home Sales	Jul	707k	697k	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%	4.6%
	ID	14:20	Bank Indonesia 7D Reverse Repo	Aug 23	5.75%	5.75%	5.75%
	KR	04:00	PPI YoY	Jul	—	—	-0.2%
	KR		BOK Base Rate	Aug 24	3.50%	3.50%	3.50%
<b>Friday</b>	US	21:00	U. of Mich. Sentiment	Aug F	71.2	71.2	71.2
25 – Aug	GE	15:00	IFO Business Climate	Aug	86.8	87.3	87.3
	GE	15:00	IFO Expectations	Aug	83.5	83.5	83.5
	JP	06:30	Tokyo CPI Ex-Fresh Food YoY	Aug	2.9%	3.0%	3.0%

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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