

# Morning Brief

Daily | August 24, 2023

## Today's Outlook:

In yesterday's trading session, the first positive catalyst came from the steady 10-year US Treasury yield from a 16-year high after economic data showed business activity weakening in the US & Euro Zone region as illustrated by the US S&P Global Composite PMI which appeared stagnant in August at 50.4 (weaker than forecast & previous period at 52); the weakest growth since last February, as demand for new business in the rapidly growing service sector is now starting to contract. Similarly, in the Euro Zone, the PMI contraction in August unexpectedly widened by falling to 47 (the lowest since December 2020), unable to meet expectations of 48.5 which was not much different from 48.6 in July; due to weak service sector growth. The contraction in Composite PMI was also experienced by several countries in continental Europe such as France, Germany, UK; however, this was not the case in Japan which reported growth in both the manufacturing and services sectors as Jibun Bank Japan Manufacturing PMI for August recorded closer to the expansionary border at 49.7, while the Services PMI was firmly in expansionary territory at 54.3. Adding to the sentiment from the economic data, later in the evening the US reported Building Permits which came out almost in line with estimates at 1.443 million units; New Home Sales in July also experienced an above-expected increase of 714 thousand units and on a monthly basis rose quite massively by 4.4% mom. **From the Asia**, South Korea this morning released its July producer-level Inflation data which turned out to increase 0.3% on a monthly basis, but slipped -0.2% yoy on an annualized basis. Japan noted that foreign investment in their bond and stock markets experienced a significant decline. Further today, market participants await the central bank decisions from South Korea & Indonesia regarding interest rates which are both expected to hold their benchmark rates at 3.5% and 5.75% respectively. Later in the evening, there will be further economic data from the US, where Durable Goods Orders (July) are expected to drop -4% in July, contrasting with a 4.7% gain in June. Initial Jobless Claims will be an important benchmark on interest rate trends, whether it will be released as predicted at 240k, which should be slightly higher than last week's final reading of 239k

## Corporate News

**Astra Sedaya Finance Conveys Readiness to Pay Bond Coupons** PT Astra Sedaya Finance (ASDF) will pay the interest coupon of the fourth Shelf Registration Bond V Sedaya Finance Phase IV Series B-C. As quoted from the disclosure of information, on Wednesday (23/8/2023), the subsidiary of PT Astra Internasional Tbk (ASII) stated that it had prepared funds of IDR 6.03 billion. ASDF will pay the bond coupon funds to shareholders through PT Kustodian Sentral Efek Indonesia (KSEI) which will be carried out on August 28, 2023. In detail, bonds with security code ASDF058CN5 or series B with an amount of IDR 373 billion have an interest coupon of 6.35% to IDR 5.92 billion. Meanwhile, bonds with securities code ASDF05CCN5 or series C with an amount of IDR 7 billion have an interest coupon of 6.5% to IDR 113.7 million. ( Bisnis )

## Domestic Issue

**The Plan to Issue Government Securities Jumps 83.6% in the 2024 Draft State Budget** In the Draft State Budget (RAPBN) for fiscal year 2024, debt financing sourced from net Government Securities (SBN) is planned at IDR 666.4 trillion. The debt financing through the issuance of SBN increased by 83.6% when compared to the 2023 State Budget outlook of IDR 362.9 trillion. Quoting Book II of the Financial Note of the 2024 Draft State Budget, attempts to achieve the debt financing target through the issuance of SBN in 2024 will be carried out by prioritizing SBN instruments denominated in rupiah. Furthermore, the selection of instruments and tenors of issuance will consider several factors such as debt management policies, SBN issuance costs, domestic and global financial market risks, investor preferences, and market absorption capacity. (Kontan)

## Recommendation

**US10YT seems to start pulling back after holding its rise at the upper channel resistance around 4.366% yield;** it even started to break the first MA10 Support. US10YT yield will look for the second Support at MA20 / 4.148%. ADVISE: Buy on Weakness as the trend pattern is still up.

**ID10YT may have to pullback for a moment after closing the GAP in the 6.753% yield region;** although in order to continue the bullish swing towards the TARGET yield of 7.0%, the result of the (bullish reversal) INVERTED HEAD & SHOULDERS pattern. ADVISE: Buy on Weakness around Support MA10 / 6.522% - 6.561%.

## 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	: 96.48 (0.03%)
FR0091	: 98.88 (0.49%)
FR0094	: <b>97.51 (-0.18%)</b>
FR0092	: <b>103.35 (-0.31%)</b>
FR0086	: 98.42 (0.07%)
FR0087	: 99.69 (0.27%)
FR0083	: 106.40 (0.15%)
FR0088	: 99.63 (0.12%)

## CDS of Indonesia Bonds

CDS 2yr	: <b>-3.88%</b> to <b>34.48</b>
CDS 5yr	: <b>-2.13%</b> to <b>83.15</b>
CDS 10yr	: <b>-3.13%</b> to <b>144.21</b>

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.61%	-0.06%
USDIDR	15,295	-0.13%
KRWIDR	11.42	-0.45%

## Global Indices

Index	Last	Chg.	%
Dow Jones	34,472.98	184.15	0.54%
S&P 500	4,436.01	48.46	1.10%
FTSE 100	7,320.53	49.77	0.68%
DAX	15,728.41	22.79	0.15%
Nikkei	32,010.26	153.55	0.48%
Hang Seng	17,845.92	54.91	0.31%
Shanghai	3,078.40	(41.93)	-1.34%
Kospi	2,505.50	(10.24)	-0.41%
EIDO	23.10	0.21	0.92%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,915.5	18.0	0.95%
Crude Oil (\$/bbl)	78.89	(0.75)	-0.94%
Coal (\$/ton)	150.00	0.00	0.00%
Nickel LME (\$/MT)	20,956	452.0	2.20%
Tin LME (\$/MT)	26,125	13.0	0.05%
CPO (MYR/Ton)	3,830	(36.0)	-0.93%

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	-4.2%	—	-0.8%
23 – Aug	US	20:45	S&P Global US Manufacturing PMI	Aug P	47.0	49.0	49.0
	US	21:00	New Home Sales	Jul	714K	707k	697k
	GE	14:30	HCOB Germany Manufacturing PMI	Aug P	39.1	—	38.8
	JP	07:30	Jibun Bank Japan PMI Mfg	Aug P	49.7	—	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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