

Morning Brief

Daily | August 29, 2023

Today's Outlook:

Wall Street ended in positive territory on Monday (28/08/23) as the Nasdaq led gains of 0.8%, while the overall market was buoyed by rising 3M and Goldman Sachs stocks ahead of the PCE Inflation and employment data releases this week; that will offer more clues on the Federal Reserve's interest rate path. Markets also digested last Friday's comments from Fed Chair Jerome Powell that the central bank may need to raise interest rates further to ensure inflation is contained. Focus now shifts to a report on the Personal Consumption Expenditures (PCE) Price Index inflation report, the Fed's preferred inflation gauge, to be released on Thursday; followed by Non-farm Payrolls data due on Friday. Shares of Chinese companies listed on Wall Street also rallied over 2% after China halved the stamp duty on stock trading (aside from softening margin necessity) effective Monday to boost its ailing market. **Earlier this morning**, Japan just released its Unemployment Rate of 2.7% in July, up from 2.5% in the previous month. Market participants will monitor the first US employment data to be published today, namely JOLTs Job Openings (July) along with Consumer Confidence (Aug.) which is forecasted to fall slightly to 116 from 117 in July. **Bank Indonesia launched a new financial instrument called Bank Indonesia Rupiah Securities (SRBI)** which will be one of the instruments to attract fund inflows and eventually stabilize the Rupiah exchange rate which continues to be depressed due to the strengthening of the US Dollar. SRBI, which will be auctioned in mid-September 2023, is a short-term debt security of Bank Indonesia with a guarantee of SBN purchased from the government. BI is said to have more than IDR 1000 trillion in government securities. These bonds can be purchased by foreign residents and the general public.

Corporate News

Erajaya (ERAA) Issues SGD 50 Million Bonds for Expansion in Singapore and Malaysia PT Erajaya Swasembada Tbk (ERAA) through its business entity, Erajaya Digital Pte. Ltd. issued global bonds amounting to SGD 50 million for expansion purposes. Head of Legal & Corporate Secretary of Erajaya Swasembada Amelia Allen said that the bonds were listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on August 24, 2023. The plan is that the funds from the bond issuance will be used to support Erajaya's business outside Indonesia. However, he was reluctant to specify how much of the allocation for working capital and investment. The new bonds issued by Erajaya Digital Pte. Ltd. offers a coupon of 4.5% with a semi-annual coupon frequency. The coupon date will expire on August 24, 2026. (Kontan)

Domestic Issue

Selling Bonds, BI Claims Not to Rival the Government Head of the Monetary Management Department of Bank Indonesia (BI) Edi Susianto emphasized that the launch of Bank Indonesia Rupiah Securities (SRBI) as a monetary instrument is not to compete with government securities (SBN) issued by the government. In fact, BI views that its "debt securities" can be a supporter of SBN. In fact, Edi said that SRBI could fill the void when the issuance of SBN by the government experienced a downward trend. This is a support for the investment side if the strategic investment requires money market instruments. He said, this SRBI instrument also provides space for foreigners to become their alternative investment instrument. With such logic, this SRBI should provide matching that Indonesia is still considered optimistic to invest in the financial market portfolio. (Sindonews)

Recommendation

US10YT has not managed to climb back above the first Resistance, which is MA10 around 4.252% yield at the moment. US10YT is in a critical situation relying on the second Support, which is MA20 around 4.185% yield to withstand further yield decline. ADVISE: HOLD; Wait & See.

ID10YT unfortunately MA10 Support is incapable of holding the yield decline, therefore ID10YT will seek for a second Support at MA20 / yield 6.426%. Resistance : MA10 / 6.53%. ADVISE: HOLD.

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 : **96.40 (-0.04%)**
FR0091 : 99.79 (0.41%)
FR0094 : 97.51 (0.01%)
FR0092 : 103.62 (0.16%)

FR0086 : **98.24 (-0.05%)**
FR0087 : 100.41 (0.45%)
FR0083 : 107.38 (0.63%)
FR0088 : 98.89 (0.14%)

CDS of Indonesia Bonds

CDS 2yr: **-0.12%** to 36.14

CDS 5yr: **-1.97%** to 85.81

CDS 10yr: **-1.06%** to 149.53

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.46%	-0.06%
USDIDR	15,290	-0.03%
KRWIDR	11.56	0.10%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,559.98	213.08	0.62%
S&P 500	4,433.31	27.60	0.63%
FTSE 100	7,338.58	4.95	0.07%
DAX	15,792.61	160.79	1.03%
Nikkei	32,169.99	545.71	1.73%
Hang Seng	18,130.74	174.36	0.97%
Shanghai	3,098.64	34.56	1.13%
Kospi	2,543.41	24.27	0.96%
EIDO	23.09	0.14	0.61%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,920.2	5.2	0.27%
Crude Oil (\$/bbl)	80.10	0.27	0.34%
Coal (\$/ton)	159.75	10.35	6.93%
Nickel LME (\$/MT)	20,771	(57.5)	-0.28%
Tin LME (\$/MT)	25,497	(373.0)	-1.44%
CPO (MYR/Ton)	3,910	(52.0)	-1.31%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 28 – Aug	US	21:30	Dallas Fed Manf. Activity	Aug	-17.2	-19.0	-20.0
Tuesday 29 – Aug	US	21:00	Conf. Board Consumer Confidence	Aug		116.6	117.0
	GE	13:00	Gfk Consumer Confidence	Sep		-24.4	-24.4
	JP	06:30	Jobless Rate	Jul		2.5%	2.5%
	JP	06:30	Job-To-Applicant Ratio	Jul		1.30	1.30
Wednesday 30 – Aug	US	18:00	MBA Mortgage Applications	Aug 25		—	-4.2%
	US	19:15	ADP Employment Change	Aug		200K	324K
	US	19:30	GDP Annualized QoQ	2Q S		2.4%	2.4%
	GE	19:00	CPI MoM	Aug P		0.2%	0.3%
	GE	19:00	CPI YoY	Aug P		6.0%	6.2%
Thursday 31 – Aug	US	19:30	Initial Jobless Claims	Aug 26		—	230K
	US	19:30	Personal Income	Jul		0.3%	0.3%
	US	19:30	Personal Spending	Jul		0.7%	0.5%
	US	20:45	MNI Chicago PMI	Aug		44.1	42.8
	CH	08:30	Manufacturing PMI	Aug		49.1	49.3
	GE	14:55	Unemployment Change (000's)	Aug		10.0K	-4.0K
	KR	06:00	Industrial Production YoY	Jul		-5.4%	-5.6%
	JP	06:50	Industrial Production MoM	Jul P		-1.2%	2.4%
Friday 1 – Sep	US	19:30	Change in Nonfarm Payrolls	Aug		168K	187K
	US	19:30	Unemployment Rate	Aug		3.5%	3.5%
	US	20:45	S&P Global US Manufacturing PMI	Aug F		—	47.0
	US	21:00	ISM Manufacturing	Aug		46.9	46.4
	CH	08:45	Caixin China PMI Mfg	Aug		49.2	49.2
	ID	07:30	S&P Global Indonesia PMI Mfg	Aug		—	53.3
	ID	09:00	CPI YoY	Aug		3.34%	3.08%
	GE	14:55	HCOB Germany Manufacturing PMI	Aug F		—	39.1
	KR	07:00	Trade Balance	Aug		-\$1200m	\$1630m
	KR	07:30	S&P Global South Korea PMI Mfg	Aug		—	49.4
	JP	06:50	Capital Spending YoY	2Q		8.0%	11.0%
	JP	07:30	Jibun Bank Japan PMI Mfg	Aug F		—	49.7

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury

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Indonesia 10 Years Treasury

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