

Morning Brief

Daily | August 30, 2023

Today's Outlook:

Wall Street ended sharply higher on Tuesday (29/08/23) lifted by Tesla, Nvidia, and other megacap growth stocks after a drop in monthly job openings that fell below expectations cemented expectations of a pause in interest rate hikes by the Federal Reserve. The market euphoria was a result of the Labor Department's Job Openings and Labor Turnover Survey (JOLTS) showed the number of job openings stood at 8.8 million in July, below expectations of 9.46 million. The JOLTS figure has fallen for the third straight month, signaling easing labor market pressures. The Conference Board (CB) showing US Consumer Confidence fell to 106.1 in August, compared with expectations of 116. Treasury yields continued to slide along with the weak economic data releases above, also fueling expectations that the Fed will hold interest rates in place at the September FOMC Meeting; where the market began to calculate a 90% chance that this might happen (up from 80% probability last week), as reported by Investing.com's Fed Rate Monitor Tool.

Germany also released the GfK German Consumer Climate: a survey measuring consumer confidence in business activity, which seems to be still quite pessimistic in assessing the current business situation and in September. On the other hand, French Consumer Confidence for August managed to meet expectations at 85, also the same figure as the previous month. This morning it is Japan's turn to publish Japan Household Confidence, an index that measures the consumers' attitude. The data is taken from a survey of 5000 households to determine household spending patterns and their relationship with personal income, purchasing power, employment and business climate conditions in Japan. Later in the evening, Germany will release Inflation figures for August which are predicted to ease further to 6.0% yoy from 6.2% in July. Another employment data from the US that will be in the public spotlight tonight is the ADP Nonfarm Employment Change which estimates the addition of labor in the private sector for August also fell to 195 thousand from 324 thousand in July. The US is also expected to solidify the quarterly 2Q23 GDP figure at 2.4% qoq (vs previous 2.0%); while market participants anticipate a sluggish home sales market as Pending Home Sales (July) data is forecast to drop 0.1% compared to 0.3% growth in the previous month.

The Indonesian government conducted an Islamic SBN auction yesterday, with a total bid of IDR 21.28 trillion for six series, where the Ministry of Finance absorbed IDR 6 trillion of all series offered.

Corporate News

Bank BTPN (BTPN) Pays IDR 3.89 M Maturity Bond Interest PT Bank BTPN Tbk (BTPN) said that the company has made an interest payment on Sustainable Bond IV phase I 2019 series B on August 28, 2023. Eneng Yulie Andriani, Corporate Secretary of BTPN, in an official statement on Tuesday (29/8) said that the company had made the 15th bond interest payment of IDR 3.89 billion. For information, this bond has a principal amount of IDR 201 billion with an interest rate of 7.75% and matures on November 26, 2024 and PT Bank Mega Tbk (MEGA) as trustee. (Emiten News)

Domestic Issue

ADB Advises Government Before Issuing Regional Bonds Asian Development Bank (ADB) Senior Financial Sector Specialist (Capital Markets) Benita Ainabe explained several things that need to be done by the government in issuing the first regional bonds in Indonesia. According to Ainabe, there is a need to enact or amend laws to allow local government autonomy to issue bonds. This is generally in line with the decentralization agenda. Then, he said, there needs to be capacity building of local government officials and local councils' understanding of the purpose and use of such instruments. Continued support from the central government is also needed. In the medium and long term, Ainabe argues that the government can provide credit guarantees to leverage bonds issued by weaker local governments. (Bisnis)

Recommendation

US10YT broke the second Support, which is MA20, causing a yield of 4.182% as the nearest Resistance now. Next Support: 4.091% / 4.0%. ADVISE: Sell, reduce position.

ID10YT has not managed to get back above MA10, causing the yield of 6.536% as the nearest Resistance at the moment. ADVISE : Sell, reduce position.

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

| | |
|--------|------------------|
| FRO090 | : 96.56 (0.17%) |
| FRO091 | : 99.90 (0.12%) |
| FRO094 | : 97.68 (0.18%) |
| FRO092 | : 103.81 (0.18%) |
| FRO086 | : 98.34 (0.10%) |
| FRO087 | : 100.60 (0.19%) |
| FRO083 | : 107.66 (0.27%) |
| FRO088 | : 99.36 (0.47%) |

CDS of Indonesia Bonds

| | |
|-----------|------------------|
| CDS 2yr: | -2.85% to 35.11 |
| CDS 5yr: | -1.87% to 84.20 |
| CDS 10yr: | -2.13% to 146.34 |

Government Bond Yields & FX

| | Last | Chg. |
|----------------|--------|--------|
| Tenor: 10 year | 6.38% | -0.08% |
| USDIDR | 15,260 | -0.20% |
| KRWIDR | 11.54 | -0.12% |

Global Indices

| Index | Last | Chg. | % |
|-----------|-----------|--------|-------|
| Dow Jones | 34,852.67 | 292.69 | 0.85% |
| S&P 500 | 4,497.63 | 64.32 | 1.45% |
| FTSE 100 | 7,464.99 | 126.41 | 1.72% |
| DAX | 15,930.88 | 138.27 | 0.88% |
| Nikkei | 32,226.97 | 56.98 | 0.18% |
| Hang Seng | 18,484.03 | 353.29 | 1.95% |
| Shanghai | 3,135.89 | 37.25 | 1.20% |
| Kospi | 2,552.16 | 8.75 | 0.34% |
| EIDO | 23.43 | 0.34 | 1.47% |

Commodities

| Commodity | Last | Chg. | % |
|--------------------|---------|---------|--------|
| Gold (\$/troy oz.) | 1,937.5 | 17.4 | 0.90% |
| Crude Oil (\$/bbl) | 81.16 | 1.06 | 1.32% |
| Coal (\$/ton) | 159.50 | (0.25) | -0.16% |
| Nickel LME (\$/MT) | 20,683 | (112.0) | -0.54% |
| Tin LME (\$/MT) | 25,395 | (102.0) | -0.40% |
| CPO (MYR/Ton) | 3,930 | 20.0 | 0.51% |

| 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 | 106.1 | 116.6 | 117.0 |
| | GE | 13:00 | Gfk Consumer Confidence | Sep | -25.5 | -24.4 | -24.4 |
| | JP | 06:30 | Jobless Rate | Jul | 2.7% | 2.5% | 2.5% |
| | JP | 06:30 | Job-To-Applicant Ratio | Jul | 1.29 | 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 | 200K | 324K |
| | US | 19:30 | GDP Annualized QoQ | 2Q S | 2.4% | 2.4% | 2.4% |
| | GE | 19:00 | CPI MoM | Aug P | 0.2% | 0.2% | 0.3% |
| | GE | 19:00 | CPI YoY | Aug P | 6.0% | 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% | 0.3% |
| | US | 19:30 | Personal Spending | Jul | 0.7% | 0.7% | 0.5% |
| | US | 20:45 | MNI Chicago PMI | Aug | 44.1 | 44.1 | 42.8 |
| | CH | 08:30 | Manufacturing PMI | Aug | 49.1 | 49.1 | 49.3 |
| | GE | 14:55 | Unemployment Change (000's) | Aug | 10.0K | 10.0K | -4.0K |
| | KR | 06:00 | Industrial Production YoY | Jul | -5.4% | -5.4% | -5.6% |
| | JP | 06:50 | Industrial Production MoM | Jul P | -1.2% | -1.2% | 2.4% |
| Friday 1 – Sep | US | 19:30 | Change in Nonfarm Payrolls | Aug | 168K | 168K | 187K |
| | US | 19:30 | Unemployment Rate | Aug | 3.5% | 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 | 46.9 | 46.4 |
| | CH | 08:45 | Caixin China PMI Mfg | Aug | 49.2 | 49.2 | 49.2 |
| | ID | 07:30 | S&P Global Indonesia PMI Mfg | Aug | — | — | 53.3 |
| | ID | 09:00 | CPI YoY | Aug | 3.34% | 3.34% | 3.08% |
| | GE | 14:55 | HCOB Germany Manufacturing PMI | Aug F | — | — | 39.1 |
| | KR | 07:00 | Trade Balance | Aug | -\$1200m | -\$1200m | \$1630m |
| | KR | 07:30 | S&P Global South Korea PMI Mfg | Aug | — | — | 49.4 |
| | JP | 06:50 | Capital Spending YoY | 2Q | 8.0% | 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

Published on Investing.com, 30 Aug 2023 - 13:14 GMT, Powered by TradingView.
United States 10-Year, United States, WYSE:US10Y=X, D



Indonesia 10 Years Treasury

Published on Investing.com, 30 Aug 2023 - 13:20 GMT, Powered by TradingView.
Indonesia 10-Year, Indonesia, JakartaIDWY=RR, D



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