

# Morning Brief

Daily | August 31, 2023

## Today's Outlook:

All three major US indexes ended in positive territory, after the recent release of lackluster employment data signaled a cooling US economy, reinforcing expectations the Federal Reserve will pause rate hikes in September. Meanwhile, Nasdaq logged its highest close that surpassed its previous high on August 1, the S&P 500 also closed at a three week high after an ADP National Employment report showed private payrolls increased by 177k jobs in August, which beat the 195k forecast, and clearly lower than July's 371k. The workers enjoyed a rise in wages of 5.9% yoy, the slowest growth since October 2021, which was felt by all 50 states and Washington DC. US 2Q12 GDP data was also revised to 2.1% yoy, slower than a preliminary estimate of a 2.4% growth. The prospect of a soft landing in the US economy supported the rise of growth stocks such as the Technology sector which led the gains up 0.83%, followed by the Energy sector gaining 0.51%. On the other hand, the US Treasury yield had to slip to a 3-week low, with the 10-year Treasury yielding 4.12%. Investors are now shifting focus to the Personal Consumption Expenditures (PCE) Price Index (scheduled for Thursday), which is the Fed's favorite benchmark for inflation; as well as Nonfarm Payrolls due on Friday to provide further insight into interest rate trends. According to Investing.com's Fed Rate Monitor Tool survey, there is a 90% bet on the Fed's next move in September continue to lean heavily toward a pause. **Meanwhile from continental Europe**, German CPI for August was revised up to 6.1% yoy from an initial estimate of 6.0%; although slightly weaker than the previous month at 6.2%. The Eurozone recorded Consumer Confidence (Aug.) at -16.0, exactly in line with economists' predictions and suggesting German consumers view the business world more pessimistically than July's reading of -15.1. European economic observers will also be occupied with a series of data from the continent, such as: German Retail Sales (July), French Consumer Spending (July), French CPI preliminary number (Aug.) French GDP 2Q23, German Unemployment Change & Rate (Aug.); and not forgetting the Euro Zone preliminary CPI estimate for August plus the region's Unemployment Rate (July). **South Korea and Japan have released a number of economic data this morning**; where notable data such as KRW Industrial Production contracted further at minus 8% yoy in July (vs -5.9% previous); as did KRW Retail Sales (July) which weakened by -3.2% mom (vs 0.9% growth in the previous month). At least the Services sector still released positive numbers as reported in Service Sector Output (July) which beat expectations of stagnating at 0% by actually growing by 0.4%. Meanwhile, Japan announced Industrial Production (July) also grew negatively by minus 2.0% mom; clearly plummeting compared to the previous month which still recorded positive growth of 2.4%. Japan's Retail Sales for July looked more vibrant as it rose to 6.8% (above forecast & previous month). More important economic data is awaited from China, as they will publish the Chinese Composite PMI (Aug.), Manufacturing & Non-Manufacturing PMI (Aug.).

## Corporate News

**Pyridam Farma Issues IDR 400 Billion Bonds** PT Pyridam Farma Tbk (PYFA) will issue and offer Sustainable Bonds phase II in 2023, with a principal amount of IDR 400 billion. According to KSEI's statement on Wednesday (30/8), these phase II bonds have a fixed interest rate of 9.5% per year with a quarterly payment frequency and will mature on September 15, 2025. The bond public offering period was held on September 11-12, 2023 with an allotment date of September 13, 2023. While the listing on the IDX on September 18, 2023 with underwriter PT Aldiracitra Sekuritas Indonesia. (Bareksa)

## Domestic Issue

**The Ministry of Finance's Strategy to Reduce New Debt Issuance in 2024** The Ministry of Finance, led by Sri Mulyani Indrawati, has allocated IDR 51.38 trillion of excess budget balance (SAL) funds for budget financing in 2024 with the aim of reducing government debt issuance next year. Head of the Center for State Budget Policy of the Fiscal Policy Agency (BKF), Wahyu Utomo, said that the allocation of the use of SAL amounting to IDR 51.38 is in the hope that state revenues will still be optimal. Thus, the government still has enough budget surplus financing (SILPA) as a buffer from the economic turmoil that is expected to continue next year. Referring to the State Budget Bill for Fiscal Year 2024 in the explanation section, it is stated that the use of additional SAL funds for 2024 includes meeting urgent needs that arise, including to reduce debt, reserve spending for the Capital City of the Archipelago (IKN) / new economic growth centers. (Bisnis)

## Recommendation

**US10YT is still sinking below MA20 & MA10**, causing yield 4.178% - 4.215% as the closest Resistance range at the moment. In overall, Parallel Channel - Uptrend pattern is still intact. ADVISE: HOLD; Wait & See.

**ID10YT has a slight technical rebound reaction and tries to stay above MA20**, attempting to stabilize above the yield of 6.441% as the nearest Resistance at the moment. ADVISE : BUY ON WEAKNESS. Initial target: MA10 / yield 6.528%.

## 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	: 96.66 (0.10%)
FR0091	: 99.93 (0.03%)
FR0094	: 97.79 (0.11%)
FR0092	: 103.81 (0.18%)
FR0086	: 98.39 (0.05%)
FR0087	: 100.66 (0.06%)
FR0083	: 107.87 (0.19%)
FR0088	: 99.53 (0.17%)

## CDS of Indonesia Bonds

CDS 2yr	: -0.93% to 34.78
CDS 5yr	: -2.02% to 82.49
CDS 10yr	: -5.54% to 138.23

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.37%	-0.01%
USDIDR	15,240	-0.13%
KRWIDR	11.52	-0.24%

## Global Indices

Index	Last	Chg.	%
Dow Jones	34,890.24	37.57	0.11%
S&P 500	4,514.87	17.24	0.38%
FTSE 100	7,473.67	8.68	0.12%
DAX	15,891.93	(38.95)	-0.24%
Nikkei	32,333.46	106.49	0.33%
Hang Seng	18,482.86	(1.17)	-0.01%
Shanghai	3,137.14	1.25	0.04%
Kospi	2,561.22	9.06	0.35%
EIDO	23.30	(0.13)	-0.55%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,942.3	4.8	0.25%
Crude Oil (\$/bbl)	81.63	0.47	0.58%
Coal (\$/ton)	156.00	(3.50)	-2.19%
Nickel LME (\$/MT)	20,631	(52.0)	0.00%
Tin LME (\$/MT)	25,475	80.0	0.00%
CPO (MYR/Ton)	4,010	80.0	2.04%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 28 – Aug	US	21:30	Dallas Fed Manf. Activity	Aug	-17.2	-19.0	-20.0
<b>Tuesday</b> 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
<b>Wednesday</b> 30 – Aug	US	18:00	MBA Mortgage Applications	Aug 25	2.3%	—	-4.2%
	US	19:15	ADP Employment Change	Aug	177K	200K	324K
	US	19:30	GDP Annualized QoQ	2Q S	2.1%	2.4%	2.4%
	GE	19:00	CPI MoM	Aug P	0.3%	0.2%	0.3%
	GE	19:00	CPI YoY	Aug P	6.1%	6.0%	6.2%
<b>Thursday</b> 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	42.8	42.8
	CH	08:30	Manufacturing PMI	Aug	49.1	49.3	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%	-5.6%	-5.6%
	JP	06:50	Industrial Production MoM	Jul P	-1.2%	-1.2%	2.4%
<b>Friday</b> 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

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## Indonesia 10 Years Treasury

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## 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

Telp : +62 411 360 4650

### 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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