

# Morning Brief

Daily | September 01, 2023

## Today's Outlook:

The Personal Consumption Expenditures (PCE) price index, considered the Federal Reserve's preferred inflation gauge, climbed 3.3% yoy in July, in line with expectations. Meanwhile, the Core PCE price index (which excludes volatile food & energy prices) also rose as expected at 4.2% yoy in the same month. On the other hand, Consumer Spending rose 0.8% mom in July, the fastest pace in more than six months, perpetuating the notion of a resilient consumer spending power. Traders' expectations for a pause in rate hikes at the Fed's September policy meet remained at an 88.5% chance, while they also bet a 51% chance on the Fed keeping rates unchanged in November, according to the CME Group's FedWatch tool. While the data that has been released is quite in line with market expectations, thereby aligning with the purpose of the interest rate hike trend that has been carried out since 2022. Market participants will now focus on the following data that will appear this Friday, namely Nonfarm Payrolls. Please note, weekly jobless claims for the week ending August 26 only came out at 228 thousand, below the estimate of 235 thousand. The data follows slower growth in ADP Nonfarm Payrolls which was released earlier on Wednesday, signaling a softening labor market and a positive catalyst for the market. The 10-year US Treasury yield also reacted by dropping to 4.09%, giving an upward push to large Tech stocks.

From Asia, China released Manufacturing PMI (Aug.) data which looks increasingly vibrant at 49.7, although not yet crossing into expansionary territory but the reading has exceeded expectations & last month's position at 49.3. Unfortunately China's Non-Manufacturing PMI retreated to 51.0 (missing expectations and lower than the previous month); bringing the Chinese Composite PMI up just 0.2 points to 51.3 in August. While from continental Europe, Germany reported Retail Sales in July plunged on a monthly and annual basis, unable to meet expectations and clearly showing a downward trend compared to the previous month. Meanwhile, the unemployment rate of Europe's largest economy was recorded at 5.7% in August, in line with expectations that the level had increased from the previous month at 5.6%. 18,000 new unemployed people appeared in August, much higher than only 1,000 in the previous month. The Eurozone gave a preliminary estimate of the August Inflation rate at 5.3% yoy, above expectations of 5.1%; they also released the July Unemployment Rate which was unchanged at 6.4%.

Here are some important data that investors should be monitoring today: Japan has reported 2Q23 Capital Spending which fell to 4.5%yoy, from 11% in the previous quarter. While South Korea has announced a Trade Balance (Aug.) surplus of KRW 870 million, unfortunately missing expectations at KRW 1.65 billion, triggered by Exports & Imports which are still immersed in negative growth although it has slowed somewhat from the previous month. Both countries mentioned above will soon report their August Manufacturing PMI, almost at the same time as Indonesia and China release the same data. Indonesian investors will also be looking forward to August Inflation data which is estimated to come in at 3.33% yoy, up from July at 3.08%. Later in the evening, the US stock market will react to the release of Average Hourly Earnings (Aug.), Nonfarm Payrolls (Aug.), Unemployment Rate (Aug.), and Manufacturing PMI data for August.

## Corporate News

**Bank Mandiri (BMRI) Ready to Pay Matured Bonds IDR 3 Trillion** PT Bank Mandiri (Persero) Tbk (BMRI) has prepared funds for the payment of Sustainable Bonds I phase III 2018. Rudi As Aturridha, Corporate Secretary of BMRI, in a written statement on Wednesday (30/8) said that BMRI has prepared IDR 3 trillion for the payment of the principal of Sustainable Bonds I phase III Year 2018. For information, the 2018 Sustainable Bonds I phase III will mature on September 21, 2023. (Bareksa)

## Domestic Issue

**Government Sets SR019 Coupon at 5.95 Percent and 6.10 Percent** The government will open the Retail Sukuk or SR019 offering period on Friday, September 1, 2023. The issuance of SR019 will be an investment alternative for individual investors who are interested in retail SBN starting from IDR 1 million. The DJPPR of the Ministry of Finance announced that SR019 consists of two series, namely SR019T3 (3-year tenor) with a coupon of 5.95%, and SR019T5 (5-year tenor) with a coupon of 6.10%. The offering was conducted on September 1-20, 2023. (Bisnis)

## Recommendation

**US10YT is still immersed below MA20 & MA10, causing yield 4.181% - 4.20% as the closest Resistance range at the moment.** In the medium term, the yield is still relatively Uptrend in the Parallel Channel pattern. ADVISE: HOLD; Wait & See.

**ID10YT plummeted further and now yield is below MA20, which puts 6.443% yield as the closest Resistance at the moment.** Technical rebound reaction began to appear in the Neckline Support area around 6.371% yield. ADVISE: BUY ON WEAKNESS.

## 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 : 96.99 (0.35%)  
FR0091 : 100.00 (0.07%)  
FR0094 : **97.55 (-0.24%)**  
FR0092 : 104.66 (0.82%)

FR0086 : 98.51 (0.12%)  
FR0087 : 100.75 (0.09%)  
FR0083 : 108.01 (0.12%)  
FR0088 : **99.44 (-0.09%)**

## CDS of Indonesia Bonds

CDS 2yr: **-0.06%** to 34.78

CDS 5yr: **-1.52%** to 81.24

CDS 10yr: **-2.50%** to 138.23

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.38%	0.01%
USDIDR	15,230	-0.07%
KRWIDR	11.51	-0.03%

## Global Indices

Index	Last	Chg.	%
Dow Jones	34,721.91	(168.33)	-0.48%
S&P 500	4,507.66	(7.21)	-0.16%
FTSE 100	7,439.13	(34.54)	-0.46%
DAX	15,947.08	55.15	0.35%
Nikkei	32,619.34	285.88	0.88%
Hang Seng	18,382.06	(100.80)	-0.55%
Shanghai	3,119.88	(17.26)	-0.55%
Kospi	2,556.27	(4.95)	-0.19%
EIDO	23.02	(0.28)	-1.20%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,940.2	(2.1)	-0.11%
Crude Oil (\$/bbl)	83.63	2.00	2.45%
Coal (\$/ton)	156.00	0.00	0.00%
Nickel LME (\$/MT)	20,289	(342.0)	-2.00%
Tin LME (\$/MT)	25,396	(79.0)	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	228K	—	230K
	US	19:30	Personal Income	Jul	0.2%	0.3%	0.3%
	US	19:30	Personal Spending	Jul	0.8%	0.7%	0.5%
	US	20:45	MNI Chicago PMI	Aug	48.7	44.1	42.8
	CH	08:30	Manufacturing PMI	Aug	49.7	49.1	49.3
	GE	14:55	Unemployment Change (000's)	Aug	18.0K	10.0K	-4.0K
	KR	06:00	Industrial Production YoY	Jul	-8.0%	-5.4%	-5.6%
	JP	06:50	Industrial Production MoM	Jul P	-2.0%	-1.2%	2.4%
<b>Friday</b> 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

Published on Investing.com, 1/Sep/2023 - 0:56:35 GMT, Powered by TradingView.  
United States 10-Year, United States, NYSE:US10YF=X, D



## Indonesia 10 Years Treasury

Published on Investing.com, 1/Sep/2023 - 0:58:43 GMT, Powered by TradingView.  
Indonesia 10-Year, Indonesia, Jakarta:D10YT=RR, D



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