

Morning Brief

Daily | September 04, 2023

Today's Outlook:

The Dow and Nasdaq rose 1.4% and 3.2% respectively last week, posting their strongest weekly performance since July. The S&P 500 rose 2.5% for its best week since June after an increase in the Unemployment Rate to 3.8% (from 3.5%) in July, strengthened expectations of a pause in Fed Fund Rate hikes this month, while streaming company stocks plummeted due to a rate dispute between Disney and Charter Communications. The Labor Department report also showed; in addition to Wage growth slowing, Nonfarm Payrolls rose by more than forecast, although data for July was revised lower to 157,000 job additions. The data adds to recent macroeconomic evidence that the Federal Reserve is winning its fight against inflation, and reinforces expectations that the central bank is nearing the end of its interest rate hiking cycle. Market participants are pricing in a 93% chance that the Federal Reserve will keep interest rates unchanged at its meeting later this month, according to CME's FedWatch tool. The US stock market will remain closed on Monday for the Labor Day holiday. Alternatively, investors/traders can monitor the German Trade Balance (July) data which is predicted to see the surplus drop slightly to EUR 18bn, from EUR 18.7bn in the previous month; as Exports of Europe's strongest economy are forecast to drop to -1.5% mom from 0.1% micro growth in the previous month. **So far Indonesia's macroeconomic data has been quite supportive** as August Inflation rate was published at 3.27%, below prediction of 3.33%, but indeed higher than the previous month at 3.08%. Meanwhile, the Manufacturing PMI (Aug.) proved to be able to expand further at 53.9 (from 53.0 the previous month).

Corporate News

Government Aims to Collect IDR 21 Trillion from Auction of Seven SUN Series on September 5 On September 5, 2023 tomorrow, the government will conduct an auction of rupiah-denominated Government Bonds (SUN). The indicative target ranges from IDR 14 trillion to IDR 21 trillion. According to information disclosed on the website of the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance, the purpose of the auction of the seven series of SUN is to fulfill part of the targets listed in the 2023 State Budget (APBN). (Warta Ekonomi)

Domestic Issue

Waskita (WSKT) Bondholders and Vendors Asked Not to File PKPU The Ministry of SOEs has appealed to bondholders and vendors not to file a postponement of debt payment obligations (PKPU) lawsuit against PT Waskita Karya (Persero) Tbk (WSKT). Deputy Minister of SOEs I Kartika Wirjoatmodjo stated that his party is committed to improving WSKT's financial condition. This effort will be pursued by injecting state capital participation (PMN) through Hutama Karya. Currently, the ministry is still negotiating with bank creditors, most of whom are said to have approved Waskita's master restructuring agreement (MRA) scheme. Therefore, he appealed to bondholders and vendors not to file a PKPU lawsuit so that the WSKT restructuring process would be completed soon. (Bisnis)

Recommendation

US10YT made an attempt to break MA10 & MA20 Resistance / yield 4.20%; racing against time where both Moving Averages have deadcrossed, indicating that the Uptrend is seriously threatened (although in the medium term US10YT is still moving up in a PARALLEL CHANNEL pattern). ADVISE: BUY ON BREAK; or AVERAGE UP accordingly. Or BUY ON WEAKNESS around MA50 support and lower channel around yield 4.032% - 4.00%.

ID10YT made an attempt to climb back above MA20 / 6.450% Resistance, yet we have to wait for the Closing position to be sure the break out is solid. The next resistance is MA10 at the yield level of 6.484% to make ID10YT undergo a short-term upward swing again. ADVISE: SPECULATIVE BUY; AVERAGE UP accordingly.

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 : 97.02 (0.03%)
FR0091 : 100.01 (0.02%)
FR0094 : 97.98 (0.43%)
FR0092 : 104.73 (0.07%)

FR0086 : 98.45 (-0.06%)
FR0087 : 100.74 (-0.01%)
FR0083 : 108.01 (0.00%)
FR0088 : 99.67 (0.24%)

CDS of Indonesia Bonds

CDS 2yr: -2.55% to 33.88

CDS 5yr: -2.27% to 79.40

CDS 10yr: -2.15% to 131.88

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.39%	0.01%
USDIDR	15,240	0.07%
KRWIDR	11.56	0.40%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,837.71	115.80	0.33%
S&P 500	4,515.77	8.11	0.18%
FTSE 100	7,464.54	25.41	0.34%
DAX	15,840.34	(106.74)	-0.67%
Nikkei	32,710.62	91.28	0.28%
Hang Seng	18,382.06	(100.80)	-0.55%
Shanghai	3,133.25	13.37	0.43%
Kospi	2,563.71	7.44	0.29%
EIDO	23.22	0.20	0.87%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,940.1	(0.1)	-0.01%
Crude Oil (\$/bbl)	85.55	1.92	2.30%
Coal (\$/ton)	156.25	0.25	0.16%
Nickel LME (\$/MT)	21,085	796.0	3.92%
Tin LME (\$/MT)	25,806	410.0	1.61%
CPO (MYR/Ton)	4,040	30.0	0.75%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 4 – Sep	JP	06:50	Monetary Base YoY	Aug	—	—	-1.3%
Tuesday 5 – Sep	US	21:00	Factory Orders	Jul	-2.5%	-2.5%	2.3%
	US	21:00	Durable Goods Orders	Jul F	—	—	-5.2%
	CH	08:45	Caixin China PMI Composite	Aug	—	—	51.9
	CH	08:45	Caixin China PMI Services	Aug	—	—	54.1
	GE	14:55	HCOB Germany Services PMI	Aug F	—	—	47.3
	GE	14:55	HCOB Germany Composite PMI	Aug F	—	—	44.7
	KR	06:00	GDP YoY	2Q P	0.9%	0.9%	0.9%
	KR	06:00	GDP SA QoQ	2Q P	0.6%	0.6%	0.6%
	KR	06:00	CPI YoY	Aug	2.8%	2.8%	2.3%
	JP	07:30	Jibun Bank Japan PMI Composite	Aug F	—	—	52.6
	JP	07:30	Jibun Bank Japan PMI Services	Aug F	—	—	54.3
Wednesday 6 – Sep	US	18:00	MBA Mortgage Applications	Sep 1	—	—	2.3%
	US	19:30	Trade Balance	Jul	-\$67.5b	-\$67.5b	-\$65.5b
	GE	13:00	Factory Orders MoM	Jul	-5.0%	-5.0%	7.0%
Thursday 7 – Sep	US	19:30	Initial Jobless Claims	Sep 2	—	—	228K
	CH		Trade Balance	Aug	\$73.53b	\$73.53b	\$80.60b
	CH		Foreign Reserves	Aug	—	—	\$3204.27b
	ID	10:00	Foreign Reserves	Aug	—	—	\$137.70b
	GE	13:00	Industrial Production SA MoM	Jul	-0.6%	-0.6%	-1.5%
Friday 8 – Sep	US	21:00	Wholesale Inventories MoM	Jul F	—	—	-0.1%
	GE	13:00	CPI MoM	Aug F	—	—	0.3%
	GE	13:00	CPI YoY	Aug F	—	—	6.1%
	KR	06:00	BoP Current Account Balance	Jul	—	—	\$5873.7m
	JP	06:50	GDP Annualized SA QoQ	2Q F	5.7%	5.7%	6.0%
	JP	06:50	GDP SA QoQ	2Q F	1.4%	1.4%	1.5%
	JP	06:50	GDP Deflator YoY	2Q F	3.4%	3.4%	3.4%
	JP	06:50	BoP Current Account Balance	Jul	¥2263.2b	¥2263.2b	¥1508.8b

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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