

# Morning Brief

Daily | September 05, 2023

## Today's Outlook:

With the US stock markets closed due to the Labor Day holiday, investors around the world are looking for direction by taking note of what's happening in Asia & Europe. China's stock markets rose as investors digested the current US Unemployment Rate figure which is expected to keep the Fed Funds Rate in place at this month's FOMC Meeting decision, while market participants also await further stimulus from the Chinese government. Elsewhere, international leaders are set to attend the G20 summit in India later this week, although the meeting is unlikely to be attended by Chinese President Xi Jin Ping.

Rallying stocks in China brought their main stock exchanges up over 1%. Meanwhile, Hong Kong's Hang Seng index rose more than 2%, supported by news that Country Garden Holdings had received approval from its bondholders to extend its debt maturity.

Oil prices rose to near 3-week highs in choppy trade on optimism that the world's major oil producers will agree to continue production cuts to keep supplies tight. OPEC+ continues production cuts of 1 million barrels/day into October. In addition, the chance that the Fed will not raise interest rates this month also helped to lift Oil prices.

World leaders will gather in New Delhi for the G20 summit this weekend. They will discuss matters ranging from the war in Ukraine to climate change, despite the possible absence of China and Russia.

European Central Bank (ECB) President Christine Lagarde is scheduled to give some statements regarding what monetary policy the central bank will take at their meeting this month. Today's statement comes after German economic data showed that their exports fell 0.9% in July as global demand weakened. In addition, Spain's unemployment rate increased by 0.9% mom in August, putting 2.7 million people unemployed.

South Korea released 2Q23 GDP data earlier this morning, which came in at the same level as the previous quarter at 0.9% yoy. While Japan announced Household Spending in July plunged to -5.0% yoy and -2.7% on a monthly basis, against expectations of a positive growth of 0.7%. Fortunately, the au Jibun Bank Japan Services PMI (Aug.) was just announced as forecast at 54.3, further expanding from 53.8 in July. Later today, the Caixin Services PMI & Chinese Composite PMI (Aug.) will be the focus of attention for the market.

The Dollar Index, which compares the USD's position against 6 other major world currencies, traded 0.1% lower at 104.075; still remaining around its 2-month high of 104.44. This managed to drag EUR/USD slightly up 0.2% to 1.0794; despite German exports falling in July. While USD/CNY edged up 0.1% to 7.2677; the Chinese Yuan is still sluggish given that China's economic data has yet to improve. Most notable was AUD/USD which rose 0.4% to 0.6473; ahead of Tuesday's meeting of the Reserve Bank of Australia, which is widely tipped to hold its benchmark interest rate at a 10-year high, as there are signs that inflation is easing and the labor market is easing.

## Corporate News

Chandra Asri (TPIA) Will Issue IDR 1 Trillion Bonds, Check out the Coupon Amounts. PT Chandra Asri Petrochemical Tbk (TPIA) will issue Sustainable Bonds IV Phase III in 2023 with a principal amount of IDR 1 trillion. The bond issuance is a series of continuous public offerings (PUB) of Chandra Asri Petrochemical Sustainable Bond IV with a total target fund of IDR 8 trillion. Launching the prospectus on the Indonesia Stock Exchange website, Monday (4/9), this third phase of sustainable bonds consists of three series. Series A with an emission value of IDR 361.48 billion and a fixed interest rate of 7.00% per year, with a term of 3 years from the date of issuance. Series B with an emission value of IDR 534.760 billion with a fixed interest rate of 7.50% per annum and has a tenor of 5 years. Finally, Series C with a tenor of IDR 103.76 billion with a fixed interest rate of 8.00% and a term of 7 years. (Kontan)

## Domestic Issue

The Government will Auction 7 Series of SUN on Tuesday (5/9), Check out the Complete List. The government will hold an auction of rupiah-denominated Government Securities (SUN) on Tuesday (5/9). At the SUN auction this time, the government set an indicative target of IDR 14 trillion - IDR 21 trillion. Based on information from the Directorate General of Financing and Risk Management (DJPPR) page of the Ministry of Finance, there are seven (7) SUN series that will be auctioned starting at 09.00 WIB until 11.00 WIB. The details of the seven SUN series that will be offered at the auction this time include SPN1231207, SPN12240529, FR0095, FR0100, FR0098, FR0097 and FR0089. (Bisnis)

## Recommendation

US10YT is trying to be stable above the MA10 & MA20 Resistance, or yield range of 4.207% - 4.18%. A gradual buying strategy is most appropriate for now as in the medium term US10YT is still moving up within the PARALLEL CHANNEL pattern. ADVISE: SPECULATIVE BUY; or AVERAGE UP accordingly.

ID10YT is stuck between MA10 & MA20, with a tight Support-Resistance range as follows: yield 6.456% - 6.463%. Which breakout direction the yield chooses will determine the next action. ADVISE: HOLD; Wait & See.

## 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 : 97.03 (0.02%)  
FR0091 : 100.02 (0.01%)  
FR0094 : 97.55 (-0.44%)  
FR0092 : 104.73 (0.07%)

FR0086 : 98.48 (0.03%)  
FR0087 : 100.74 (0.00%)  
FR0083 : 107.96 (-0.03%)  
FR0088 : 99.67 (0.00%)

## CDS of Indonesia Bonds

CDS 2yr: -0.58% to 33.68  
CDS 5yr: -0.77% to 78.79  
CDS 10yr: +10.17% to 145.29

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.38%	-0.01%
USDIDR	15,240	0.00%
KRWIDR	11.55	-0.05%

## 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.)	1,942.7	2.6	0.14%
Crude Oil (\$/bbl)	85.55	1.92	2.30%
Coal (\$/ton)	156.55	0.30	0.19%
Nickel LME (\$/MT)	21,014	0.50	0.00%
Tin LME (\$/MT)	25,806	410.0	1.61%
CPO (MYR/Ton)	3,986	(54.0)	-1.34%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 4 – Sep	JP	06:50	Monetary Base YoY	Aug	1.2%	—	-1.3%
<b>Tuesday</b> 5 – Sep	US	21:00	Factory Orders	Jul		-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		53.5	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%
	KR	06:00	GDP SA QoQ	2Q P		0.6%	0.6%
	KR	06:00	CPI YoY	Aug		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
<b>Wednesday</b> 6 – Sep	US	18:00	MBA Mortgage Applications	Sep 1		—	2.3%
	US	19:30	Trade Balance	Jul		-\$67.5b	-\$65.5b
	GE	13:00	Factory Orders MoM	Jul		-5.0%	7.0%
<b>Thursday</b> 7 – Sep	US	19:30	Initial Jobless Claims	Sep 2		—	228K
	CH		Trade Balance	Aug		\$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%	-1.5%
<b>Friday</b> 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%	6.0%
	JP	06:50	GDP SA QoQ	2Q F		1.4%	1.5%
	JP	06:50	GDP Deflator YoY	2Q F		3.4%	3.4%
	JP	06:50	BoP Current Account Balance	Jul		¥2263.2b	¥1508.8b

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury

Published on Investing.com, 5/Sep/2023 - 1:36:09 GMT. Powered by TradingView.  
United States 10 Year, United States, NYSE:UST10YR=X, D



## Indonesia 10 Years Treasury

Published on Investing.com, 5/Sep/2023 - 1:49:28 GMT. Powered by TradingView.  
Indonesia 10 Year, Indonesia, Jakarta:ID10YT=RR, D



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