

Morning Brief

Daily | September 07, 2023

Today's Outlook:

Wall Street's three major indexes closed in negative territory on Wednesday (06/09/23), with the Nasdaq's 1% loss leading declines after stronger-than-expected services sector data fueled concerns that inflation is still quite heated and will keep interest rates high for some time. The Institute for Supply Management (ISM) Non-Manufacturing PMI came in at 54.5 for August, higher than the 52.5 forecast. Traders were betting on a 93% chance that the Federal Reserve would leave interest rates unchanged after its meeting on September 20, while bets on another flat rates in November were around 57%; as reported by CME Group FedWatch.

The market also showed little reaction to the Fed's "Beige Book" snapshot of the U.S. economy a week ahead of the keenly awaited August inflation data and the Fed's rate decision on September 20. The report showed modest U.S. economic growth in recent weeks while job growth was subdued, and inflation slowed in most parts of the country.

US economic data: Trade Balance in July recorded a deficit of USD 65 billion, below expectations but the deficit widened from the previous month's USD 63.7 billion. US Exports & Imports were seen increasing on both fronts. Later tonight the weekly Initial Jobless Claims data will again grab the attention of investors to show jobless claims should increase to 235k compared to 228k in the previous week.

European Markets: German Factory Orders plunged -11.7% mom in July, in stark contrast to the previous month's positive growth of 7.6%; even worse than the -4.0% forecast. German Construction PMI was still wallowing in contraction territory during August, along with France and the Eurozone as a whole. Only the UK was able to keep its Construction PMI in expansion territory (>50) during August although growth began to slow. Eurozone Retail Sales for July also dropped another -1.0% yoy. Today market participants will monitor UK housing data Halifax House Price Index (Aug.), German Industrial Production (July), Eurozone Employment Change 2Q23 as well as their 2Q23 GDP revision (projection).

Asian Markets: Japan has released data on foreign purchases of Japanese bonds and stocks which fell further compared to the previous period; making Japan's Foreign Exchange Reserves fell slightly to USD 1,251.2 billion in August from USD 1,253.7 billion in the previous month. Indonesia will also release its August FX Reserves where the result will be compared to July's last position at USD 137.7 billion. Today China will get the spotlight ahead of the release of Trade Balance (Aug.) data and their negative Export & Import growth which is predicted to start slowing down.

Corporate News

Bank Mandiri (BMRI) prepares IDR 1.5 trillion to pay off maturing bonds PT Bank Mandiri (Persero) Tbk (BMRI) has prepared funds for the payment of Sustainable Bonds I phase I 2016 series B. Rudi As Aturridha, Corporate Secretary of BMRI, in a written statement last Tuesday said that BMRI has prepared IDR 1.5 trillion for the payment of the bond principal. For information, Sustainable Bonds I phase I 2016 series B will mature on September 30, 2023. (Bareksa)

Domestic Issue

Foreigners Exit Indonesia's Corporate Bonds and SBN Market, Pay Attention to the Triggers The flow of foreign funds is still seen out of the Indonesian bond market. The Financial Services Authority (OJK) noted, in August 2023, the outflow of foreign investors from the corporate bond market was recorded at IDR 211.93 billion month to date (mtd) and IDR 561.98 billion year to date (ytd). In line with global movements, the August 2023 government securities (SBN) market posted an IDR 8.89 trillion mtd outflow of foreign investors, compared to July 2023 which was still an IDR 8.30 trillion mtd inflow. This pushed up the average SBN yield by 11.88 bps mtd across all tenors. Investment Analyst Infovesta Kapital Advisor Fajar Dwi Alfian said that the exit of foreign funds from the SBN market in the past month was due to global financial market turmoil, especially in the United States (US). The US 10-year bond yield, which is the world benchmark, rose to its highest level in the last 15 years. (Kontan)

Recommendation

US10YT is gradually getting stable above MA10 & MA20, putting the yield range of 4.227% - 4.198% as the closest Support at the moment. The bullish swing is expected to continue to re-test the Resistance of the previous high of yield 4.366%, before heading towards the upper channel Resistance around yield 4.490% - 4.50%. ADVISE: Average Up accordingly.

ID10YT immediately shot to a high yield level of 6.606% once it cleared the MA10 & MA20 Resistance, making the yield range: 6.479% - 6.457% as the closest Support at the moment. ADVISE: Average Up accordingly. TARGET yield: 6.70% - 6.748%

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	3.27%	3.08%	Cons. Confidence*	123.50	127.10

PRICE OF BENCHMARK SERIES

FR0090 : 96.97 (-0.01%)
FR0091 : 99.32 (-0.32%)
FR0094 : 97.55 (0.00%)
FR0092 : 104.95 (0.00%)

FR0086 : 98.35 (-0.08%)
FR0087 : 99.91 (-0.51%)
FR0083 : 107.96 (0.14%)
FR0088 : 99.43 (-0.10%)

CDS of Indonesia Bonds

CDS 2yr: +1.94% to 34.11

CDS 5yr: +0.28% to 79.36

CDS 10yr: +0.00 to 131.96

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.54%	0.10%
USDIDR	15,293	0.18%
KRWIDR	11.49	0.16%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,443.19	(198.78)	-0.57%
S&P 500	4,465.48	(31.35)	-0.70%
FTSE 100	7,426.14	(11.79)	-0.16%
DAX	15,741.37	(30.34)	-0.19%
Nikkei	33,241.02	204.26	0.62%
Hang Seng	18,449.98	(6.93)	-0.04%
Shanghai	3,158.08	3.71	0.12%
Kospi	2,563.34	(18.84)	-0.73%
EIDO	23.09	(0.06)	-0.26%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,916.6	(9.6)	-0.50%
Crude Oil (\$/bbl)	87.54	0.85	0.98%
Coal (\$/ton)	160.00	(0.50)	-0.31%
Nickel LME (\$/MT)	20,593	(446.0)	-2.12%
Tin LME (\$/MT)	26,270	(175.0)	-0.66%
CPO (MYR/Ton)	3,881	(20.0)	-0.51%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 4 – Sep	JP	06:50	Monetary Base YoY	Aug	1.2%	—	-1.3%
Tuesday 5 – Sep	US	21:00	Factory Orders	Jul	-2.1%	-2.5%	2.3%
	US	21:00	Durable Goods Orders	Jul F	-5.2%	—	-5.2%
	CH	08:45	Caixin China PMI Composite	Aug	51.7	—	51.9
	CH	08:45	Caixin China PMI Services	Aug	51.8	53.5	54.1
	GE	14:55	HCOB Germany Services PMI	Aug F	47.3	—	47.3
	GE	14:55	HCOB Germany Composite PMI	Aug F	44.6	—	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	3.4%	2.8%	2.3%
	JP	07:30	Jibun Bank Japan PMI Composite	Aug F	52.6	—	52.6
	JP	07:30	Jibun Bank Japan PMI Services	Aug F	54.3	—	54.3
Wednesday 6 – Sep	US	18:00	MBA Mortgage Applications	Sep 1	-2.9%	—	2.3%
	US	19:30	Trade Balance	Jul	-\$65.0b	-\$67.5b	-\$65.5b
	GE	13:00	Factory Orders MoM	Jul	-11.7%	-5.0%	7.0%
Thursday 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%
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%	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, 7/Sep/2023 - 1:07:35 GMT. Powered by TradingView.
United States 10 Year, United States, NYSE:US10YT=X, D



Indonesia 10 Years Treasury

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