

Morning Brief

Daily | September 08, 2023

Today's Outlook:

- **The S&P500 and Nasdaq posted declines on Thursday (07/09/23)**, dragged down by weakness in Apple shares and a massive sell-off in chip-based technology stocks, triggered by fears of a ban on iPhone products in China; while falling jobless claims raised concerns about the direction of interest rates and US inflation control. Bloomberg reported that China plans to expand the ban on iPhone products across state enterprises, after imposing a ban on government employees.
- **The US Department of Labor reported that jobless claims fell to 216k (from 234k forecast) for the week ended September 2 (also lower than the previous week's 229k)**, the lowest level since February. On the other hand, investors were concerned that this would lead the Federal Reserve to continue its tight interest rate policy, thereby pressuring the stock market. In addition, Unit Labor Costs in Q2/2023 also grew higher than expected at 2.2% qoq. Reading the economic data, investors are getting jittery waiting for the August US Inflation reading, scheduled for next week. Minutes before the market closed, New York Fed President John Williams commented that the Fed relies heavily on economic data to decide whether the tight monetary policy should continue.
- **European Markets: The UK reported the Halifax Housing Price Index in August** came in at a minus on both a monthly and annual basis, suggesting a weakening trend still looms over the UK housing market. Meanwhile, German Industrial Production (July) was minus 0.8%, which is an above-estimated contraction, signaling that the value of output produced by manufacturers, mines, and utilities from Europe's largest economy has not been able to recover in its third month. Today investors in Germany will focus their attention on Inflation data (Aug.) which is expected to ease slightly to 6.1% yoy, from 6.2% the previous month.
- **Asian Markets: China released data on the negative growth of China's Exports & Imports in August**, although the decline has started to slow down from the previous month. As a result, due to China's Exports falling 8.8% and its Imports also falling 7.3%, China was only able to book a Trade Balance of USD 68.36 billion, unable to meet expectations and also lower than the previous month. This morning, Japan has reported 2Q23 GDP which grew 4.8% yoy, below the forecast of 6.0%, but clearly higher than the previous quarter of 3.2%.
- **Indonesia: August's foreign exchange reserves fell slightly to USD 137.1 billion** (equivalent to 6-month import financing & above international standards), from USD 137.7 billion the previous month; due to government external debt repayments and used in efforts to stabilize the Rupiah exchange rate. Today will be monitored the Consumer Confidence Index (Agus.) where July was released at 123.5.
- **Commodities: Crude Oil prices retreated briefly from 10-month highs** after the publication of weak Chinese economic data above; although US crude oil inventories in the week ending September 1 were released plummeting 6.307 million barrels, higher than the prediction of minus 2.064 million barrels only. World crude oil prices fell for the first time in a 10-day trading rally. Both WTI and Brent fell nearly 1%; however, on a weekly basis WTI is still up 1.5%, extending last week's 7.2% bullishness.

Corporate News

Adhi Properti (ADCP) Holds idBBB Rating Perneringkat Efek Indonesia (Pefindo) affirmed the idBBB rating of Adhi Commuter Properti (ADCP). The rating also applies to bonds still outstanding. The outlook for the company's rating is stable. The rating reflects strong support from Adhi Karya (ADHI) as the parent company, captive market from Light Rail Transit (LRT) service users, and good asset quality. The rating, however, is limited by aggressive capital structure, weak cash flow protection, limited recurring income, and exposure to changes in macroeconomic conditions. (Emiten News)

Domestic Issue

Issuance of Retail Government Securities Targeted at IDR 150 Trillion, Here's the Strategy to Achieve It The Ministry of Finance is targeting the issuance of retail Government Securities (SBN) this year to reach IDR 130 trillion - IDR 150 trillion, an increase compared to last year. Director of Government Securities of the Ministry of Finance Deni Ridwan said that retail SBN and Retail State Sukuk (RS) are investment products issued by the government as an alternative investment for the public. He said that retail SBN investors tend to increase, especially after being marketed through online platforms in 2018. Previously, retail SBN was dominated by main buyers, namely baby boomers, millennials and Gen X. Deni explained, the achievement of retail SBN sales in 2022 for the first time exceeded IDR 107 trillion. Meanwhile, this year has reached more than 50% of the target. (Bisnis)

Recommendation

US10YT seems that it has to test MA20 & MA10 Support for a moment at the yield level of 4.226% - 4.196%; which if still not able to resist then it must rely on the next Support at yield 4.091% up to 4.04%. Conversely, if US10YT turns technical rebound, then after the previous High yield level of 4.308% - 4.366%, the TARGET yield of 4.505% is still relatively intact as in overall US10YT is still moving uptrend in the PARALLEL CHANNEL pattern. ADVISE: HOLD; or AVERAGE UP accordingly.

ID10YT has the potential to move towards Resistance from the previous High level around yield 6.70% - 6.748% in this short-term bullish trend. If the level is able to be broken, it opens the way for ID10YT to continue the yield increase to the psychological level of 7.0% yield; up to the TARGET of the pattern at 7.057% - 7.085%. ADVISE: 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	3.27%	3.08%	Cons. Confidence*	123.50	127.10

PRICE OF BENCHMARK SERIES

FR0090	: 96.84 (-0.13%)
FR0091	: 99.04 (-0.28%)
FR0094	: 97.55 (0.00%)
FR0092	: 104.97 (0.32%)
FR0086	: 98.30 (-0.04%)
FR0087	: 99.72 (-0.19%)
FR0083	: 107.48 (-0.44%)
FR0088	: 99.38 (-0.10%)

CDS of Indonesia Bonds

CDS 2yr	: +1.85% to 34.74
CDS 5yr	: +1.73% to 80.73
CDS 10yr	: +9.22 to 144.13

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.59%	0.05%
USDIDR	15,325	0.21%
KRWIDR	11.48	-0.12%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,500.73	57.54	0.17%
S&P 500	4,451.14	(14.34)	-0.32%
FTSE 100	7,441.72	15.58	0.21%
DAX	15,718.66	(22.71)	-0.14%
Nikkei	32,991.08	(249.94)	-0.75%
Hang Seng	18,202.07	(247.91)	-1.34%
Shanghai	3,122.35	(35.73)	-1.13%
Kospi	2,548.26	(15.08)	-0.59%
EIDO	22.85	(0.24)	-1.04%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,919.7	3.1	0.16%
Crude Oil (\$/bbl)	86.87	(0.67)	-0.77%
Coal (\$/ton)	157.65	(2.35)	-1.47%
Nickel LME (\$/MT)	20,482	(111.0)	-0.54%
Tin LME (\$/MT)	26,085	(185.0)	-0.70%
CPO (MYR/Ton)	3,832	(49.0)	-1.26%

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

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Indonesia 10 Years Treasury

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