

Morning Brief

Daily | September 14, 2023

Today's Outlook:

The US Inflation announcement (for August) came in at 3.7% yoy, slightly higher than expectations of 3.6%; as energy prices soared. US Treasury yields did not budge much when the Inflation data came out, suggesting that the Fed will indeed put the brakes on interest rate hikes at its meeting next week. The 10-year benchmark bond rose 5/32 to yield 4.2455%, from 4.264% at Tuesday's close. Meanwhile, the 30-year bond rose 8/32 putting the yield at 4.3309%, from 4.346%. On the other hand, Core Inflation which excludes prices of volatile goods such as food and fuel, rose 4.3% as expected and is still on track to leap towards the Fed's target of 2%. Continuing today, PPI or Producer Price Index readings, as well as Retail Sales & Initial Jobless Claims will also be the focus of the market; as the Federal Reserve meeting to determine interest rates next week where a 97% chance of the Fed Funds Rate will be held at its current level of 5.25%-5.50%, according to CME FedWatch.

European Markets: A variety of European economic data was released yesterday, including: UK GDP in July plunged to 0% yoy or even entered recession on a monthly basis at -0.5% mom, as well as their Industrial & Manufacturing Production (July) which weakened further from the previous month; coupled with the overall Eurozone Industrial Production (July) actually falling below expectations, leaving a lackluster market sentiment, especially ahead of the ECB meeting later tonight around 7.15pm GMT which will determine interest rates (survey: fixed at 4.25%).

Asian markets: Japan has released Core Machinery Orders (July) this morning, which failed to meet expectations; later in the day Industrial Production (July) may be more in the spotlight for market participants.

The US Dollar Index was flat against a number of other major world currencies, while the Euro deflated 0.16%, and the Japanese Yen weakened 0.22%.

Commodities: Oil prices continued to creep higher on Wednesday (13/09/23) nearing their highest level in November 2022; triggered by growing concerns of inventory shortages plus bullish outlook of global demand based on the latest monthly report from OPEC. However, an unexpected increase in US oil inventories by 3.9 million barrels from the expected minus 1.9 million, caused the movement of Oil prices to be somewhat restrained and slightly weakened both Brent and WTI. On the other hand, Gold prices were slightly lower, moving at a 2-week low after the recent US CPI data release helped boost the US Dollar.

Corporate News

Toyota Astra Financial Offers Sustainable Bonds IV Phase II 2023 Worth IDR 625 Billion PT Toyota Astra Financial Services offers Sustainable bonds IV Phase II Year 2013 amounting to IDR 625 billion. The subsidiary of PT Astra International Tbk (ASII) in the financial sector offers two series of bonds in this issuance. According to KSEI's statement on Tuesday (13/9/2023), these bonds consist of two series, namely series A with a principal amount of IDR 401.435 billion with a fixed interest rate of 6% per annum and a tenor of 370 days due on October 13, 2023. While series B has a principal amount of IDR 223.565 billion with a fixed interest rate of 6.35% per annum with a tenor of 36 months maturing on October 3, 2026. (Bareksa)

Domestic Issue

Government Absorbs IDR 9 Trillion in Funds from the Auction of Six SBSN Series The government absorbed IDR 9 trillion in funds from the auction of six series of Government Sharia Securities (SBSN) or state sukuk on September 12, 2023. The total incoming bid at the auction period was recorded at IDR 31.33 trillion. In an official statement here on Tuesday, the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance (Kemenkeu) explained that the six series were SPNS12032024 (new issuance), PBS036 (reopening), PBS003 (reopening), PBS037 (reopening), PBS034 (reopening) and PBS033 (reopening). SBSN auctions are conducted through the Bank Indonesia (BI) auction system. The largest auction result came from the PBS033 series with a nominal value won of IDR 4.2 trillion. The incoming bid for the series was recorded at IDR 4.51 trillion with a weighted average yield won of 6.74%. (Antara News)

Recommendation

US10YT hesitated to break Resistance from the previous High level at 4.366% yield resulting in a Shooting Star candle (bearish reversal indication), while RSI showed negative divergence. Yield position has also started to break the first Support, MA10 / 4.253%; and is currently hanging a thin hope on MA20 / yield 4.23% before sinking further to the following support: MA50 / yield 4.10%. ADVISE: consider SELL ON STRENGTH (in part).

ID10YT appears to be facing significant obstacles: Resistance from the previous high level of yield 6.748%; or upper channel resistance right at the high point yesterday of 6.759% up to 6.83% yield. Beware: RSI negative divergence. ADVISE: consider SELL ON STRENGTH (partially). Gap has the potential to close and become Support around yield 6.65% / 6.595% (by that time MA10 has also gone higher, both serve as Support in that area).

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)	-1.90	3.00
Trd Balance (USD bn)	1.31	3.46	Govt. Spending Yoy	10.62%	3.99%
Exports Yoy	-18.03%	-21.18%	FDI (USD bn)	4.86	5.14
Imports Yoy	-8.32%	-18.35%	Business Confidence	104.82	105.33
Inflation Yoy	3.27%	3.08%	Cons. Confidence*	125.20	125.20

PRICE OF BENCHMARK SERIES

FR0090 : 96.75 (-0.03%)
FR0091 : 98.67 (-0.07%)
FR0094 : 97.60 (+0.06%)
FR0092 : 103.02 (-0.05%)

FR0086 : 98.31 (+0.02%)
FR0087 : 99.44 (-0.04%)
FR0083 : 106.53 (-0.29%)
FR0088 : 99.16 (-0.04%)

CDS of Indonesia Bonds

CDS 2yr: -0.24% to 33.66

CDS 5yr: -0.86% to 78.41

CDS 10yr: -0.37% to 139.97

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.65%	0.01%
USDIDR	15,370	0.20%
KRWIDR	11.56	0.01%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,575.53	(70.46)	-0.20%
S&P 500	4,467.44	5.54	0.12%
FTSE 100	7,525.99	(1.54)	-0.02%
DAX	15,654.03	(61.50)	-0.39%
Nikkei	32,706.52	(69.85)	-0.21%
Hang Seng	18,009.22	(16.67)	-0.09%
Shanghai	3,123.07	(13.99)	-0.45%
Kospi	2,534.70	(1.88)	-0.07%
EIDO	22.75	(0.06)	-0.26%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,908.1	(5.6)	-0.29%
Crude Oil (\$/bbl)	88.52	(0.32)	-0.36%
Coal (\$/ton)	162.25	3.25	2.04%
Nickel LME (\$/MT)	20,069	146.0	0.73%
Tin LME (\$/MT)	25,688	164.0	0.64%
CPO (MYR/Ton)	3,726	43.0	1.17%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	CH		Money Supply M2 YoY	Aug	10.6%	10.7%	10.7%
11 – Sep	JP	06:50	Money Stock M2 YoY	Aug	2.5%	—	2.4%
	JP	06:50	Money Stock M3 YoY	Aug	1.9%	—	1.9%
	JP	13:00	Machine Tool Orders YoY	Aug P	-17.6%	—	-19.7%
Tuesday	GE	16:00	ZEW Survey Expectations	Sep	-11.4	-15.1	-12.3
12 – Sep	GE	16:00	ZEW Survey Current Situation	Sep	-75.5	-76.9	-71.3
Wednesday	US	18:00	MBA Mortgage Applications	Sep 8	-0.8%	—	-2.9%
13 – Sep	US	19:30	CPI MoM	Aug	0.6%	0.5%	0.2%
	US	19:30	CPI YoY	Aug	3.7%	3.6%	3.2%
	KR	06:00	Unemployment rate SA	Aug	2.4%	2.9%	2.8%
	JP	06:00	PPI YoY	Aug	3.2%	3.3%	3.6%
Thursday	US	19:30	Retail Sales Advance MoM	Aug		0.1%	0.7%
14 – Sep	US	19:30	PPI Final Demand MoM	Aug		0.4%	0.3%
	US	19:30	Initial Jobless Claims	Sep 9		—	216K
	JP	06:50	Core Machine Orders MoM	Jul		-0.9%	2.7%
	JP	11:30	Industrial Production MoM	Jul F		—	-2.0%
Friday	US	19:30	Empire Manufacturing	Sep		-10.7	-19.0
15 – Sep	US	20:15	Industrial Production MoM	Aug		0.1%	1.0%
	US	21:00	U. of Mich. Sentiment	Sep P		69.4	69.5
	CH	09:00	Industrial Production YoY	Aug		3.8%	3.7%
	CH	09:00	Retail Sales YoY	Aug		3.0%	2.5%
	ID	09:00	Trade Balance	Aug		\$1640m	\$1310m
	JP	11:30	Tertiary Industry Index MoM	Jul		0.4%	-0.4%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury

Published on Investing.com, 14/Sep/2023 - 12:39 GMT. Powered by TradingView.
United States 10-Year, United States, NYSE:US10YT-R, D



Indonesia 10 Years Treasury

Published on Investing.com, 14/Sep/2023 - 12:09 GMT. Powered by TradingView.
Indonesia 10-Year, Indonesia, Jakarta:ID10YT-R, D



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