

Morning Brief

Daily | September 15, 2023

Today's Outlook:

US Market: US Consumer Price Index increased by the most in 14 months in August as the cost of gasoline rose, but the annual rise in Core CPI was the smallest in nearly two years. The US central bank is still widely projected to keep interest rate at a range of 5.25% to 5.50% at next week's FOMC Meeting, according to Investing.com's Fed Rate Monitor Tool and CME FedWatch Tool surveys. Traders estimate there is a 97% chance for the Federal Reserve to keep rates in place on September 20 and a nearly 67% chance for a further pause in November. Given that Core Inflation has cooled below expectations, creating uncertainty over whether the Federal Reserve will opt to raise rates once more in either November or December. Meanwhile, Inflation data at the producer level has also been released with a rise of 1.6% yoy in August, exceeding the estimate of 1.2%; and on a monthly basis, the PPI rose 0.7% mom, above the estimate of 0.4%. Closing the week, the US economic data will be released later tonight, namely: Industrial & Manufacturing Production (Aug.); and Michigan Consumer Expectations & Sentiment (Sept.) on how the University of Michigan views current consumer expectations and the business climate outlook for the next 6 months.

European Markets: The European Central Bank has raised interest rates for the 10th consecutive time, to the highest level in history after policymakers saw that inflation was still too high for the Eurozone region, amid the fact that the region's economic growth was also weakening. The Frankfurt-based ECB raised its benchmark interest rate by 25 bps to 4.5%, with marginal lending facility and deposit facility rates at 4.75% and 4.0% respectively. The ECB is still focused on lowering inflation to their target level of 2%, given the fact that Eurozone Inflation is currently 2x higher than the target.

Asian Markets: Japan has announced Industrial Production in July which still grew negatively but the decline has started to slow down from before, even smaller than expected. China launched a stimulus move where China's central bank said on Thursday (14/09/23) that it will cut the reserve requirement ratio (RRR) or the amount of cash that banks must hold in reserve; for the second time this year to help maintain adequate liquidity while supporting the economic recovery. The Peoples Bank of China (PBOC) said it will cut the RRR for all banks, except those that have implemented a 5% reserve ratio, by 25 basis points starting September 15. The move comes after the world's second-largest economy struggled with economic recovery after the pandemic. To support the economy, the government has launched a series of policy measures in recent months, including measures to boost housing demand.

Commodities: West Texas Intermediate (WTI) Oil prices have entered the USD90/barrel level and are steadily approaching the 10-month high of USD93.74/barrel in November 2022. Crude Oil prices have surged 30% since the end of June, as demand in the US & China began to increase amid production cuts from Saudi Arabia & Russia.

Corporate News

Merdeka Gold (MDKA) Repays IDR 1.49 Trillion Bonds, Here's the Source of Funding Merdeka Copper Gold (MDKA) paid off bonds worth IDR 1.49 trillion. It consists of bond principal amounting to IDR 1.47 trillion. Then, the 4th interest on debt securities amounted to IDR 21.82 billion. Principal repayment, and the fourth interest payment of Merdeka Copper Gold Phase III Sustainable Bonds Year 2022 series A have been submitted to bondholders. The deposit was made on September 8, 2023 at the Indonesian Central Securities Depository (KSEI) as the paying agent. The repayment was made, in line with the maturity of Merdeka Copper Gold Phase III Year 2022 series A sustainable bonds on September 8, 2023. (Emiten News)

Domestic Issue

The Government Will Auction State Bonds Next Week, Aiming for IDR 21 Trillion The government will conduct an auction of Rupiah-denominated Government Bonds (SUN) to fulfill part of the financing target in the 2023 State Budget. The SUN auction will be held on Tuesday, September 19, 2023 and settlement on Thursday, September 21, 2023 with an indicative target of IDR 14 trillion and a maximum target of IDR 21 trillion. (Suara)

Recommendation

US10YT is trying to form a strong base at MA10 & MA20 Support in the medium term uptrend within the PARALLEL CHANNEL pattern. As long as the yield is still held above 4.281%, the bullish swing can still continue towards the TARGET: 4.53%. ADVISE: AVERAGE UP when the yield resistance of 4.366% has been broken.

ID10YT may indeed have to pullback first after hitting Resistance from the previous High level which is quite powerful at a yield of 6.692% - 6.748%. ADVISE: SELL ON STRENGTH (gradually). Gap has the potential to close and become Support around 6.65% / 6.595% yield (by that time MA10 has also risen 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	: 96.76 (+0.01%)
FR0091	: 98.60 (-0.07%)
FR0094	: 97.54 (-0.06%)
FR0092	: 102.65 (-0.36%)
FR0086	: 98.28 (-0.03%)
FR0087	: 99.24 (-0.21%)
FR0083	: 106.37 (-0.15%)
FR0088	: 99.19 (+0.02%)

CDS of Indonesia Bonds

CDS 2yr	: -1.17% to 33.27
CDS 5yr	: -1.02% to 77.61
CDS 10yr	: -0.81% to 138.84

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.64%	-0.01%
USDIDR	15,355	-0.10%
KRWIDR	11.58	0.21%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,907.11	331.58	0.96%
S&P 500	4,505.10	37.66	0.84%
FTSE 100	7,673.08	147.09	1.95%
DAX	15,805.29	151.26	0.97%
Nikkei	33,168.10	461.58	1.41%
Hang Seng	18,047.92	38.70	0.21%
Shanghai	3,126.55	3.48	0.11%
Kospi	2,572.89	38.19	1.51%
EIDO	22.74	(0.01)	-0.04%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,910.8	2.7	0.14%
Crude Oil (\$/bbl)	90.16	1.64	1.85%
Coal (\$/ton)	160.15	(2.10)	-1.29%
Nickel LME (\$/MT)	20,343	274.0	1.37%
Tin LME (\$/MT)	25,895	207.0	0.81%
CPO (MYR/Ton)	3,761	35.0	0.94%

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	0.6%	0.1%	0.7%
14 – Sep	US	19:30	PPI Final Demand MoM	Aug	0.7%	0.4%	0.3%
	US	19:30	Initial Jobless Claims	Sep 9	220K	—	216K
	JP	06:50	Core Machine Orders MoM	Jul	-1.1%	-0.9%	2.7%
	JP	11:30	Industrial Production MoM	Jul F	-1.8%	—	-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

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Indonesia 10 Years Treasury

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Research Division

Head of Research

Liza Camelia Suryanata

Equity Strategy, Technical

T +62 21 5088 ext 9134

E liza.camelia@nhsec.co.id

Analyst

Cindy Alicia Ramadhania

Consumer, Healthcare

T +62 21 5088 ext 9129

E cindy.alicia@nhsec.co.id

Analyst

Leonardo Lijuwardi

Banking, Infrastructure

T +62 21 5088 ext 9127

E leonardo.lijuwardi@nhsec.co.id

Research Support

Amalia Huda Nurfalah

Editor & Translator

T +62 21 5088 ext 9132

E amalia.huda@nhsec.co.id

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PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51st Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 5088 9102

Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15311

Indonesia

Telp : +62 21 509 20230

Branch Office Medan :

Jl. Asia No. 548 S

Medan – Sumatera Utara 20214

Indonesia

Telp : +62 614 156500

Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 860 22122

Branch Office Bandengan (Jakarta Utara):

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

Branch Office Kamal Muara (Jakarta Utara):

Rukan Exclusive Mediterania

Blok F No.2

Jakarta Utara 14470

Indonesia

Telp : +62 24 844 6878

Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 1330

Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

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