

Morning Brief

Daily | September 19, 2023

Today's Outlook:

- **US MARKETS:** Later tonight, the US will release important property sector data, namely Building Permits & Housing Starts (Agus.).

- **The 10-Year Treasury yield** briefly tested recent highs of around 4.4% before giving up gains, ahead the Federal Reserve's two-day meeting, that many expected will end in a decision to hold rates steady at the current level. the Fed will also deliver fresh projections on economic outlook including inflation and unemployment as well as guidance on the US economic outlook. The Fed has previously projected that interest rates will likely peak at a 5.50% to 5.75% range, suggesting one more hike still to be delivered; but recent signs of slowing inflation have raised hopes that the central bank may choose to hold rates higher for longer rather than deliver an additional hike.

- **EUROPEAN MARKETS:** Eurozone will announce CPI (Aug) which is expected to be flat at 5.3% yoy, the same as the previous month, although on a monthly basis it detected a 0.6% mom increase from deflation of minus 0.1% in July.

Corporate News

Indah Kiat (INKP) Offers IDR 2.30 Trillion Bonds to Build New Factories Sinarmas Group paper issuer, PT Indah Kiat Pulp & Paper Tbk (INKP) will issue sustainable bonds phase I in 2023 amounting to USD 150 million or equivalent to IDR 2.30 trillion (Jisdor exchange rate IDR 15,367). The proceeds from the bond issuance will be used for the construction of a new factory. Based on the prospectus, the issuance of INKP bonds is part of an ongoing public offering of USD bonds, with a target fund raised of USD 300 million. These sustainable bonds will be divided into two series, namely A with a period of 3 years and series B with a period of 5 years. However, INKP has not yet detailed the amount of each principal and interest offered. (Bisnis)

Domestic Issue

IKN Authority Can Issue Bonds and Sukuk Next Year The Nusantara Capital City Authority (Otorita IKN) will be able to issue bonds and asset ownership certificates (sukuk) next year. What is the reason? Head of the IKN Authority Bambang Susantono did not deny when asked about the authority to issue bonds and sukuk in the revision of the IKN Law. One of the points in the revision is the discretion of the IKN Authority to manage the budget. Of course, he continued, by taking into account the fiscal capacity of the IKN Authority and the rules of the Ministry of Finance. With these considerations, the IKN Authority can issue bonds or sukuk. "Later we will issue bonds. Green bonds or bonds on climate change, perhaps climate bonds. It can be done later," Bambang Susantono explained. He explained that the IKN Authority will have two functions. First as a ministry / agency, and as a special regional government. "The special regional government will start next year, if we are already designated as the national capital, the status as a special regional government will apply," said Bambang Susantono. (Tempo)

Recommendation

US10YT was unable to break Resistance from the previous High yield level of 4.366%. Watch the nearest Support which is MA10 at the yield level of 4.291% to keep this trend Sideways rather than slowly turning into a downtrend, especially if MA20 / 4.241% Support is broken; then it leaves the last hope around 4.127% yield. ADVISE: HOLD; SELL ON STRENGTH.

ID10YT is still moving forward to the upper channel Resistance area in the range: yield 6.789% - 6.85% while RSI is still showing negative divergence. ADVISE: anticipate trend reversal (pullback). Support yield: 6.748% / 6.692% / 6.617% / 6.547%.

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)	137.09	137.70	Current Acc (USD bn)	-1.90	3.00
Trd Balance (USD bn)	3.12	1.31	Govt. Spending Yoy	10.62%	3.99%
Exports Yoy	-21.21%	-18.03%	FDI (USD bn)	4.86	5.14
Imports Yoy	-14.77%	-8.32%	Business Confidence	104.82	105.33
Inflation Yoy	3.27%	3.08%	Cons. Confidence*	125.20	125.20

PRICE OF BENCHMARK SERIES

FR0090 : 96.51 (-0.21%)
FR0091 : 98.23 (-0.19%)
FR0094 : 97.54 (0.00%)
FR0092 : 102.39 (-0.14%)

FR0086 : 98.19 (-0.07%)
FR0087 : 98.95 (-0.12%)
FR0083 : 105.66 (-0.28%)
FR0088 : 98.90 (-0.14%)

CDS of Indonesia Bonds

CDS 2yr: +1.99% to 34.64
CDS 5yr: +1.88% to 79.84
CDS 10yr: +1.30% to 142.70

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.72%	0.04%
USDIDR	15,370	0.11%
KRWIDR	11.61	0.23%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,624.30	6.06	0.02%
S&P 500	4,453.53	3.21	0.07%
FTSE 100	7,652.94	(58.44)	-0.76%
DAX	15,727.12	(166.41)	-1.05%
Nikkei	33,533.09	364.99	1.10%
Hang Seng	17,930.55	(252.34)	-1.39%
Shanghai	3,125.93	8.19	0.26%
Kospi	2,574.72	(26.56)	-1.02%
EIDO	22.70	(0.07)	-0.31%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,933.8	9.9	0.52%
Crude Oil (\$/bbl)	91.48	0.71	0.78%
Coal (\$/ton)	160.75	0.25	0.16%
Nickel LME (\$/MT)	19,877	(47.0)	-0.24%
Tin LME (\$/MT)	26,183	480.0	1.87%
CPO (MYR/Ton)	3,749	(81.0)	-2.11%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	—	—	—	—	—	—	—
18 – Sep	—	—	—	—	—	—	—
Tuesday	US	19:30	Housing Starts	Aug		1,440K	1,452K
19 – Sep	EC	16:00	CPI YoY	Aug F		5.3%	5.3%
Wednesday	US	18:00	MBA Mortgage Applications	Sep 15		—	-0.8%
20 – Sep	JP	06:50	Trade Balance	Aug		-¥ 643.1B	-¥ 66.3B
Thursday	US	01:00	FOMC Rate Decision (Upper Bound)	Sep 20		5.50%	5.50%
21 – Sep	US	01:00	FOMC Rate Decision (Lower Bound)	Sep 20		5.25%	5.25%
	US	19:30	Initial Jobless Claims	Sep 16		—	220K
	US	21:00	Existing Home Sales	Aug		4.10M	4.07M
	US	21:00	Leading Index	Aug		-0.4%	-0.4%
	ID	14:20	Bank Indonesia 7D Reverse Repo	Sep 21		5.75%	5.75%
Friday	US	20:45	S&P Global US Manufacturing PMI	Sep P		47.9	47.9
22 – Sep	JP	06:30	Natl CPI YoY	Aug		3.0%	3.3%
	JP	07:30	Jibun Bank Japan PMI Mfg	Sep P		—	49.6
	JP	—	BOJ Policy Balance Rate	Sep 22		—	-0.100%
	FR	14:15	HCOB France Manufacturing PMI	Sep P		—	46.0
	GE	14:30	HCOB Germany Manufacturing PMI	Sep P		39.2	39.1
	EC	15:00	HCOB Eurozone Manufacturing PMI	Sep P		43.7	43.5

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury

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Indonesia 10 Years Treasury

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