

Morning Brief

Daily | September 20, 2023

Today's Outlook:

Treasury yields rose to their highest point in a decade on fresh inflation concerns as investors awaited the Federal Reserve monetary policy update due Thursday at 01.00 Western Indonesian Time. The 2-year and 10-year US Treasury yields closed at their highest levels since 2006 and 2007, respectively, amid ongoing signs of economic growth and fresh inflationary fears following the recent spike in Crude Oil prices. Despite Fed chairman Jerome Powell's comments, the updated economic outlook will dominate investor attention amid expectations that the Fed is unlikely to hike rates again this year. There is a slight possibility that the Fed may have to raise rates again in the first quarter of next year, if inflation proves to be picking up again, due to rising health costs, softening rent deflation, and rising energy prices. Interest rate decisions are scheduled for release this week not only for the US central bank, but also from China, UK, Japan, Sweden, Switzerland, and Norway. The US also released Building Permits data last night which showed an increase in August of 1.543 million units (vs forecast of 1.44 million units), but recorded a decline in Housing Starts which came in at 1.283 million units compared to the forecast of 1.44 million.

United Auto Workers union threatened to call on more of its union members to walkout at car making factories across Detroit's big three automakers including Ford, General Motors and Stellantis (maker of Jeep) if "significant progress" isn't made toward an agreement by Friday at noon. The strike at the three major US automobile brands has entered its fifth day.

COMMODITIES: Energy stocks fell 0.7% as oil prices pared gains to settle lower, though remained above USD 90 a barrel and is expected to resume its advance amid a crude supply shortfall. Tonight the US will release their Crude Oil Inventories data which is expected to fall again by 2.667 million barrels compared to the previous addition of 3.9 million barrels.

EUROPEAN MARKETS: Eurozone reported CPI (Aug.) at 5.2% yoy, slightly lower than the estimate of 5.3%. Core CPI also managed to ease as expected to 5.3% yoy. Later in the day, it will be the UK's turn to release CPI (Aug.) data which is predicted to be at 7.0% yoy (back up from the previous month's level of 6.8%).

ASIA MARKETS: South Korea has reported its PPI (Aug.) this morning, rising to 1.0% yoy, from -0.3% deflation in the previous month. Japan released Trade Balance deficit data of JPY930.5 billion, a larger deficit than predicted at JPY659.1 billion and higher than the previous month at JPY66.3 billion. China will soon announce the People's Bank of China benchmark interest rate decision where it is expected not to budge from the current level of 3.45% (5-year rate: 4.20%).

Corporate News

Samator Indo Gas (AGII) Offers Sustainable Bonds and Sukuk PT Samator Indo Gas Tbk (AGII) will offer Sustainable Bonds III Phase I Year 2023 with a principal amount of IDR 70 billion, where these bonds consist of three series. According to the company's statement on Tuesday (19/9), series A bonds have a 3-year term, while series B has a 5-year tenor and series C has a 7-year term. In addition, the company also offers Sustainable Sukuk Ijarah III Phase I Year 2023 with a maximum remaining ijarah reward of IDR 70 billion, which also consists of 3 series with a period of 3, 5 and 7 years. Fitch Rating rated the bonds and sukuk at Aa1 level. (Bareksa)

Domestic Issue

Driven by External Factors, Incoming Bids for SUN Auction Reach IDR 28.79 Trillion The government through the Directorate General of Financing and Risk Management (DJPPR) won the auction of Government Securities (SUN) worth IDR 15.8 trillion on Tuesday (19/9). The results won were higher than the auction two weeks earlier of IDR 13.2 trillion. Director of SBN DJPPR Ministry of Finance Deni Ridwan said, amid the wait-and-see attitude of investors over the Fed's interest rate policy decision at this week's FOMC meeting, the SUN auction succeeded in attracting a total incoming bid of IDR 28.79 trillion. Just so you know, this value is higher than the auction two weeks earlier of IDR 20.02 trillion. "The release of quite positive Chinese economic data and indications of an ECB interest rate hike that has reached or is nearing the end are positive sentiments at today's SUN auction," he said in an official statement, Tuesday (19/9). (Tribun News)

Recommendation

US10YT was detected to be somewhat stalled at the Resistance area of the previous High yield level of 4.366%. Watch the nearest Support which is MA10 at the 4.30% yield level to keep this trend Sideways rather than slowly turning into a downtrend, especially if MA20 / 4.245% Support is broken; then it leaves the last hope around 4.128% 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 consistently showing negative divergence. ADVISE: SELL ON STRENGTH around the resistance area. Support yield: 6.692% / 6.637% / 6.545%.

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

| | |
|--------|-------------------|
| FRO090 | : 96.44 (-0.07%) |
| FRO091 | : 97.97 (-0.26%) |
| FRO093 | : 96.50 (-0.22%) |
| FRO092 | : 102.39 (-0.14%) |
| FRO086 | : 98.14 (-0.05%) |
| FRO087 | : 98.80 (-0.15%) |
| FRO083 | : 105.60 (-0.05%) |
| FRO088 | : 98.68 (-0.23%) |

CDS of Indonesia Bonds

| | |
|----------|--------------------|
| CDS 2yr | : -0.23% to 34.56 |
| CDS 5yr | : -0.02% to 79.83 |
| CDS 10yr | : -0.02% to 142.67 |

Government Bond Yields & FX

| | Last | Chg. |
|----------------|--------|--------|
| Tenor: 10 year | 6.77% | 0.04% |
| USDIDR | 15,380 | 0.07% |
| KRWIDR | 11.58 | -0.24% |

Global Indices

| Index | Last | Chg. | % |
|-----------|-----------|----------|--------|
| Dow Jones | 34,517.73 | (106.57) | -0.31% |
| S&P 500 | 4,443.95 | (9.58) | -0.22% |
| FTSE 100 | 7,660.20 | 7.26 | 0.09% |
| DAX | 15,664.48 | (62.64) | -0.40% |
| Nikkei | 33,242.59 | (290.50) | -0.87% |
| Hang Seng | 17,997.17 | 66.62 | 0.37% |
| Shanghai | 3,124.96 | (0.98) | -0.03% |
| Kospi | 2,559.21 | (15.51) | -0.60% |
| EIDO | 22.85 | 0.15 | 0.66% |

Commodities

| Commodity | Last | Chg. | % |
|--------------------|---------|--------|--------|
| Gold (\$/troy oz.) | 1,931.4 | (2.5) | -0.13% |
| Crude Oil (\$/bbl) | 91.20 | (0.28) | -0.31% |
| Coal (\$/ton) | 160.75 | 0.00 | 0.00% |
| Nickel LME (\$/MT) | 19,919 | 42.0 | 0.21% |
| Tin LME (\$/MT) | 26,106 | (77.0) | -0.29% |
| CPO (MYR/Ton) | 3,749 | 0.0 | 0.00% |

| Date | Country | Hour Jakarta | Event | Period | Actual | Consensus | Previous |
|------------------|---------|--------------|----------------------------------|--------|--------|-----------|----------|
| Monday | — | — | — | — | — | — | — |
| 18 – Sep | — | — | — | — | — | — | — |
| Tuesday | US | 19:30 | Housing Starts | Aug | 1,283K | 1,440K | 1,452K |
| 19 – Sep | EC | 16:00 | CPI YoY | Aug F | 5.3% | 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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United States 10-Year, United States, NYSE:US10YT-X, D



Indonesia 10 Years Treasury

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