

# Morning Brief

## Today's Outlook:

**US Markets:** The United States 10-year yield rose to highest level since 2007 as investors look ahead to remarks by Federal Reserve speakers and key economic reports this week including inflation and quarterly economic growth data that will play a role in Fed's thinking on monetary policy. The important economic calendar to monitor this week includes: various statements from Federal Reserve officials and the Personal Consumption Expenditure price index data due Friday. Fed Chair Jerome Powell is scheduled to speak on Thursday and New York Fed President Williams on Friday.

**On the US Treasury side, US Treasury yields moved higher with the benchmark 10-year yield climbing for the third consecutive week on expectations that US interest rates will remain elevated for longer than initially expected.** The 10-year yield rose 10.2 bps to 4.542%, from 4.44% at the end of Friday. Meanwhile, the yield on the 30-year bond last jumped 14.3 bps to 4.6646%, from 4.522%. Meanwhile, the 2-year note ended 0.2 bps higher to 5.1249%, from 5.123% at the previous Closing position.

**Concerns about a US government shutdown continue to grow as Congress has yet to pass any spending bills that are needed to fund the government beyond the October 1.** Credit rating agency Moody's said that while a US shutdown would have negative implications for the nation's credit worthiness, the economic impact would be short-lived.

**The dollar hit an 11-month high against the Japanese yen and the highest in almost 10 months against a basket of currencies after the US Federal Reserve last week signaled it could raise interest rates further and was likely to hold them higher for longer than traders had expected.** US economic risks that Powell noted in a press conference last week included the autoworkers' strike, a possible federal government shutdown, resumption of student loan repayments, higher energy prices and higher long-term borrowing costs. The Dollar Index (DXY) rose 0.35% but the Euro fell 0.58% to USD 1.059; while the Pound sterling traded at USD 1.2212, down 0.21%. The Japanese Yen weakened 0.31% against the greenback at JPY 148.84/USD, approaching the JPY 150/USD level which many traders believe could be the threshold for the Bank of Japan to intervene. The BOJ last week kept its ultra-loose monetary policy consistent at the -0.1% benchmark interest rate level. Governor Kazuo Ueda, in a speech on Monday, reiterated the central bank's resolve regarding interest rates and said there is "very high uncertainty" regarding whether companies will continue to raise prices and wages.

**Good news from Germany: The German Ifo Business Climate Index (Sept.) looked rather upbeat with a release above expectations, implying optimism is starting to emerge over the business climate for the next 6 months.**

**COMMODITIES: WTI - New York futures closed lower while Brent - London was flat again after choppy trading, as Russia decided to loosen the ban on diesel & gasoline exports.** Earlier, Crude oil posted gains on the back of global supply shortage outlook, though offset by the thought that high interest rates will also limit demand. WTI missed the USD90 mark as it fell 0.39% to USD89.68/barrel while Brent is still perched at USD93.29/barrel aka up 0.02%.

**Important economic data worth monitoring today:** US Building Permits, US Consumer Confidence (Sept.), US New Home Sales (Aug.). From the Asian continent: South Korea has released Consumer Confidence which declined in September at 99.7, compared to the previous month's reading of 103.1. This afternoon the Bank of Japan will announce Core CPI which is expected to come in at 3.2% yoy (vs previous 3.3%).

## Corporate News

**Summarecon Issues IDR 900 Billion Bonds for Expansion** Issuer of property developer, PT Summarecon Agung Tbk (SMRA) issued bonds worth IDR 900 billion for business expansion. In the company's prospectus quoted by Investor Daily, Monday (25/9/2023), it was stated that the Summarecon Agung bonds phase II in 2023 were included in SMRA IV sustainable bonds with a target fund of IDR 3 trillion. "As much as 85% of the bond proceeds are for business development in the property sector and the remaining 15% is allocated as working capital for the company and its subsidiaries," wrote Summarecon Agung management. The A-rated bonds from PT Pemeringkat Efek Indonesia (Pefindo) are offered in two series, namely series A worth IDR 468 billion with an interest rate of 7.35%, with a term of 3 years. Series B amounted to IDR 432 billion with an interest rate of 8% per annum and a 5-year term. (Berita Satu)

## Domestic Issue

**IDR 25.33 Trillion Sold, SR019 Hunted in Times of Uncertainty** Retail Sukuk SR019 series is being pursued in the midst of uncertainty. Stock and bond market volatility encourages investors to look at low-risk investment instruments. SR019 sales achievement is higher than the SR series issued in the early period of 2023, namely SR018 with sales achievements at that time amounting to IDR 21.49 trillion. The number of investors is also the highest for tradable retail SBN products this year. Investor interest can be seen from the sales achievement of SR019 with total sales of IDR 25.33 trillion which managed to gather 62,083 investors. Where the total sales of SR019 3-year tenor (SR019T3) amounted to IDR 17.54 trillion and SR019 5-year tenor (SR019T5) amounted to IDR 7.79 trillion. Investment Analyst Infovesta Kapital Advisory Fajar Dwi Alfian assessed that people are still hunting for retail sukuk mainly because the yield offered is still higher than deposit rates at any bank. (Kontan)

## Recommendation

**US10YT is precisely facing the upper channel resistance (uptrend). Beware: RSI negative divergence.** ADVISE: SELL ON STRENGTH; or set your Trailing Stop if you still want to let your profit run as long as the yield is still above MA10, the yield is still above the upward platform = there is no urgency to sell. MA10 Support: 4.416%.

**ID10YT formed a Doji-like candle following yesterday's Bearish Engulfing, in the upper channel Resistance area, while RSI consistently negative divergence.** ADVISE: SELL ON STRENGTH around yield resistance area 6.815% - 6.875%. The nearest yield uptrend support = MA10 / 6.726%, immediately sell more if closing below that level. Next Support yield = MA20 / 6.593%

## 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	: 96.43 (0.00%)
FRO091	: 97.95 (+0.07%)
FRO093	: 96.97 (-0.11%)
FRO092	: 101.52 (+0.09%)
FRO086	: 98.24 (+0.01%)
FRO087	: 98.71 (-0.20%)
FRO083	: 105.21 (-0.10%)
FRO088	: 97.81 (+0.16%)

## CDS of Indonesia Bonds

CDS 2yr:	+0.95% to 43.50
CDS 5yr:	-0.35% to 89.52
CDS 10yr:	+0.73% to 144.77

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.77%	0.01%
USDIDR	15,400	0.16%
KRWIDR	11.53	0.20%

## Global Indices

Index	Last	Chg.	%
Dow Jones	34,006.88	43.04	0.13%
S&P 500	4,337.44	17.38	0.40%
FTSE 100	7,623.99	(59.92)	-0.78%
DAX	15,405.49	(151.80)	-0.98%
Nikkei	32,678.62	276.21	0.85%
Hang Seng	17,729.29	(328.16)	-1.82%
Shanghai	3,115.61	(16.83)	-0.54%
Kospi	2,495.76	(12.37)	-0.49%
EIDO	22.81	(0.12)	-0.52%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,915.9	(9.3)	-0.48%
Crude Oil (\$/bbl)	89.68	(0.35)	-0.39%
Coal (\$/ton)	160.00	0.00	0.00%
Nickel LME (\$/MT)	19,120	(298.0)	-1.53%
Tin LME (\$/MT)	25,888	(363.0)	-1.38%
CPO (MYR/Ton)	3,716	35.0	0.95%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	US	21:30	Dallas Fed Manf. Activity	Sep	-18.1	-15.7	-17.2
25 – Sep	GE	15:00	IFO Business Climate	Sep	85.7	—	85.7
<b>Tuesday</b>	US	21:00	New Home Sales	Aug		700K	714K
26 – Sep	US	21:00	Conf. Board Consumer Confidence	Sep		105.9	106.1
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	Sep 22		—	5.4%
27 – Sep	US	19:30	Durable Goods Orders	Aug P		-0.4%	-5.2%
	GE	13:00	Gfk Consumer Confidence	Oct		—	-25.5
<b>Thursday</b>	US	19:30	GDP Annualized QoQ	2Q T		2.3%	2.1%
28 – Sep	US	19:30	Initial Jobless Claims	Sep 23		—	201K
	GE	19:00	CPI MoM	Sep P		0.3%	0.3%
	GE	19:00	CPI YoY	Sep P		—	6.1%
<b>Friday</b>	US	19:30	Personal Income	Aug		0.5%	0.5%
29 – Sep	US	19:30	Personal Spending	Aug		0.4%	0.8%
	US	20:45	MNI Chicago PMI	Sep		47.6	48.7
	US	21:00	U. of Mich. Sentiment	Sep F		67.7	67.7
	CH	08:45	Caixin China PMI Mfg	Sep		—	51.0
	JP	06:30	Jobless Rate	Aug		2.6%	2.7%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury

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## Indonesia 10 Years Treasury

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