

# Morning Brief

Daily | September 27, 2023

## Today's Outlook:

The US Treasury yield is staying at its highest level in over a decade, with the 10-year yield nearing 4.55%, after JPMorgan's Jamie Dimon warned that the Federal Reserve could raise interest rates (as high as) to 7%. The 10-year US Treasury yields continue to remain at its highest level since 2007 (or 16 years); with investors still wrestling with prospects for a long period of high interest rates amid the economic fallout. The Dow posted its biggest one-day percentage drop since March; all three with the S&P 500 and Nasdaq, which closed at 3-month lows. Adding to investor anxiety was the potential of a partial U.S. government shutdown by the weekend, which ratings agency Moody's warned would harm the country's credit.

**US ECONOMIC DATA:** The latest Building Permits were released at 1.541 million units, almost meeting expectations at 1.543 million units and apparently still able to climb from the previous period at 1.443 million units. However, this was not the case for New Home Sales in August, which dropped to 675 thousand, compared to the estimate of 700 thousand and lower than the previous month at 739 thousand. The US also reported the lowest Consumer Confidence Index in 3 months at 103, unable to meet the estimate of 105.5 and clearly slipping from August at 108.7. This index number implies that consumers (who support two-thirds of the economy) are starting to feel the economic pressure from both high inflation and the unending trend of rising interest rates; not to mention the potential US government shutdown. Market participants are now focusing on the Personal Consumption Expenditures (PCE) price index figures due Friday, in search of the latest inflation-related benchmark. Prior to that, however, Core Durable Goods Orders (Agus.) will be monitored today, with growth forecast to drop to 0.1% mom, compared to the previous month at 0.5%.

**ASIA MARKETS:** Japan reported consistent BOJ Core CPI at 3.3% yoy, which came in higher than the 3.2% forecast; in line with the Bank Of Japan's prediction that high inflation will continue to persist and this could threaten the existence of their super-loose monetary policy.

**COMMODITIES:** The American Petroleum Institute (API) has released the data on US Crude Oil inventories, which turned out to rise by an unexpected 1.586 million barrels, compared to forecasts of a 1.65 million barrel reduction following the previous 5.25 million barrel loss. However, this did not stop WTI Oil prices from rebounding 0.8% to USD90.39/barrel after 4 sessions of decline in the last 6 sessions. Unfortunately, the gains were somewhat limited due to the high US Dollar and uncertainty over Crude & fuel demand. The Dollar Index (DXY) continued its upward pace on Tuesday, touching its highest level since last November. A stronger dollar tends to reduce buying interest in dollar-based commodities for non-US countries.

## Corporate News

**BRI Offers IDR 6 T Green Bond, Check the Coupon & Schedule** Bank Rakyat Indonesia (Persero) Tbk. (BBRI) conducted a sustainable public offering of sustainable environmental bonds (green bonds) I phase II in 2023 worth IDR 6 trillion. These securities are part of the public offering of sustainable green bonds I, which aims to raise IDR 15 trillion. Based on the prospectus, the IDR 6 trillion principal amount of bonds consists of series A, series B and series C. In details, series A amounting to IDR 1.34 trillion with a fixed interest rate of 6.10% per year, with a term of 370 calendar days from the date of issuance. Series B amounting to IDR 4.15 trillion with a fixed interest rate of 6.36% per annum, with a term of 2 years from the date of issuance. Meanwhile, series C amounting to IDR 500 billion with a fixed interest rate of 6.30% per annum, with a term of 3 years from the date of issuance. (Bisnis)

## Domestic Issue

**Aiming to Raise Funds for Development, OIKN to Issue Climate Bonds, What is it?** The Nusantara Capital City Authority (Orotita Ibu Kota Negara, IKN) plans to issue climate bonds. The plan is to use the funds from the bond issuance for development funds. Then, what is a climate bond? Head of the IKN Authority Bambang Susantono revealed that the issuance of climate bonds will be carried out in the next five years. He said he had formed an Environmental Social and Governance or ESG committee. Bambang said that one of the requirements for issuance is to follow ESG principles. Some types of climate bonds include green bonds and blue bonds. Bambang continued that the climate bonds will take the form of activities related to climate change, adaptation, and mitigation. According to him, this climate bond is also a form of aligning all programs with biodiversity. The underlying that will be used for these bonds can be related to women's empowerment or programs related to climate change. (Detik Finance)

## Recommendation

**US10YT is precisely facing the Resistance upper channel (uptrend), with a Doji-like candle (indication of a trend reversal in sight). 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 and the yield is still on its upward platform = there is no urgency to sell. MA10 Support: 4.424%.

**ID10YT apparently was able to soar through the upper channel resistance - uptrend. The yield is also maintained steady above the MA10 platform, making the yield of 6.771% the closest support at the moment.** It seems not impossible that ID10YT is heading towards the 7.085% TARGET of the previous PARALLEL CHANNEL pattern. Beware: RSI is still consistently negative divergence. ADVISE: let your profit run; don't forget to set your TRAILING STOP. As long as the yield is still playing above MA10 = there is no urgency to SELL.

## 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 : 96.19 (-0.25%)  
FRO091 : 97.67 (-0.21%)  
FRO093 : 96.31 (-0.69%)  
FRO092 : 101.55 (+0.03%)

FRO086 : 98.09 (-0.15%)  
FRO087 : 98.14 (-0.58%)  
FRO083 : 104.46 (-0.72%)  
FRO088 : 96.35 (-1.46%)

## CDS of Indonesia Bonds

CDS 2yr: +2.33% to 44.52  
CDS 5yr: +3.28% to 92.45  
CDS 10yr: +1.80% to 147.38

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.87%	0.10%
USDIDR	15,490	0.58%
KRWIDR	11.49	-0.34%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,618.88	(388.00)	-1.14%
S&P 500	4,273.53	(63.91)	-1.47%
FTSE 100	7,625.72	1.73	0.02%
DAX	15,255.87	(149.62)	-0.97%
Nikkei	32,315.05	(363.57)	-1.11%
Hang Seng	17,466.90	(262.39)	-1.48%
Shanghai	3,102.27	(13.33)	-0.43%
Kospi	2,462.97	(32.79)	-1.31%
EIDO	22.29	(0.52)	-2.28%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,900.7	(15.3)	-0.80%
Crude Oil (\$/bbl)	90.39	0.71	0.79%
Coal (\$/ton)	160.35	0.35	0.22%
Nickel LME (\$/MT)	18,877	(243.0)	-1.27%
Tin LME (\$/MT)	26,012	124.0	0.48%
CPO (MYR/Ton)	3,692	(24.0)	-0.65%

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	675K	700K	714K
26 – Sep	US	21:00	Conf. Board Consumer Confidence	Sep	103.0	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



## Indonesia 10 Years Treasury



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