

Morning Brief

Daily | October 2, 2023

Today's Outlook:

US MARKETS: The fears of a continued Fed rate hike and US government shutdown still haunted market sentiment. However, recent update says that the US Congress passed a stopgap funding bill late on Saturday with overwhelming Democratic support after Republican House Speaker Kevin McCarthy backed down from an earlier demand by his party's hardliners for a partisan bill; thereby averting a last-minute shutdown of the US government.

The Core Personal Consumption Expenditures (PCE) price index, the Fed's favorite gauge of Inflation, managed to flatten to 0.1% from 0.2%; fostering investor optimism that the wave of Inflationary pressures is under control, and thus the Fed could be nearing the end of their interest rate hike trend. Eventually, this will bring down US Treasury yields which have skyrocketed 20% in the third quarter, after dropping around 4% in early July.

ASIA MARKETS: Indonesia will look forward to Nikkei Manufacturing PMI (Sept.) and Inflation (Sept.) data today. While a series of important data will also emerge from South Korea (Export & Import, Trade Balance for September), China (PMI for September), Japan (Tankan Manufacturing Outlook Index for 3rd quarter yesterday).

Corporate News

Grup Sinarmas (SMAR) Siap Lunasi Obligasi Jatuh Tempo IDR 280 Miliar Emiten perkebunan sawit milik Grup Sinarmas, PT Sinar Mas Agro Resources and Technology Tbk. (SMAR) menyampaikan kesiapan perseroan untuk melunasi obligasi yang akan segera jatuh tempo pada Oktober 2023. Wakil Direktur Utama SMAR Jimmy Pramono mengatakan perseroan telah mempersiapkan dana pembayaran pokok Obligasi berkelanjutan II SMART Tahap II Tahun 2020 Seri B yang akan jatuh tempo pada 22 Oktober 2023 sebesar IDR 280 miliar. Selain itu, dia mengatakan salah satu sumber dana perseroan untuk melunasi obligasi yang akan segera jatuh tempo tersebut karena SMAR memiliki fasilitas kredit dari beberapa bank yang belum dipergunakan. (Bisnis)

Domestic Issue

The Results of Private Placement Transaction of SUN during PPS, Friday (29/9) The Ministry of Finance carried out transactions in the issuance of Government Bonds (SUN) through Private Placement in the context of Placement of Funds for the Taxpayer Voluntary Disclosure Program. The Directorate of Government Debt Securities, Directorate General of Financing and Risk Management, Ministry of Finance, in its statement said that the amount of SUN transacted was IDR 677,809,000,000 and USD 3,017,000, whose transactions were carried out on September 25, 2023. The FR0099 series, which is a SUN denominated in rupiah, provides a coupon of 6.40% with a yield of 6.45% and has a maturity date of January 15, 2029. Meanwhile, the USDFR0003 series which is denominated in US dollars provides a coupon of 3.00% and a yield of 5.30%, has a maturity date of January 15, 2032. (Emiten News)

Recommendation

US10YT is still stuck at 16-year highs, although approaching the upper channel resistance area 4.69% - 4.70% but still orderly moving above MA10 (= signaling the Uptrend is still strong). ADVISE: let your profit run, but don't forget to set your Trailing Stop. Support: MA10 / 4.541%

ID10YT continues to climb after successfully breaking the upper channel resistance - uptrend, even now it has broken the psychological level of 7.0% yield. It seems not impossible that ID10YT is heading towards the 7.085% TARGET of the previous PARALLEL CHANNEL pattern. ADVISE: let your profit run; don't forget to set your TRAILING STOP. As long as the yield is still above the MA10 (Support yield 6.845%) = 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

FR0090 : 96.00 (-0.07%)
FR0091 : 97.32 (-0.23%)
FR0093 : 96.03 (-0.34%)
FR0092 : 101.42 (-0.13%)

FR0086 : 97.92 (-0.10%)
FR0087 : 97.93 (-0.28%)
FR0083 : 104.39 (-0.16%)
FR0088 : 96.29 (+0.64%)

CDS of Indonesia Bonds

CDS 2yr: +10.08% to 42.92

CDS 5yr: -0.29% to 92.94

CDS 10yr: -2.14% to 160.20

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.91%	0.04%
USDIDR	15,455	-0.42%
KRWIDR	11.47	0.35%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,507.50	(158.84)	-0.47%
S&P 500	4,288.05	(11.65)	-0.27%
FTSE 100	7,608.08	6.23	0.08%
DAX	15,386.58	63.08	0.41%
Nikkei	31,857.62	(14.90)	-0.05%
Hang Seng	17,809.66	436.63	2.51%
Shanghai	3,110.48	3.16	0.10%
Kospi	2,465.07	2.10	0.09%
EIDO	22.27	(0.07)	-0.31%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,848.6	(16.2)	-0.87%
Crude Oil (\$/bbl)	90.79	(0.92)	-1.00%
Coal (\$/ton)	160.10	0.35	0.22%
Nickel LME (\$/MT)	18,694	(193.0)	-1.02%
Tin LME (\$/MT)	23,944	(1380.0)	-5.45%
CPO (MYR/Ton)	3,767	(4.0)	-0.11%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	US	20:45	S&P Global US Manufacturing PMI	Sep F	48.9	48.9	
2 – Oct.	US	21:00	ISM Manufacturing	Sep	47.8	47.6	
	ID	07:30	S&P Global Indonesia PMI Mfg	Sep	—	53.9	
	ID	11:00	CPI YoY	Sep	2.22%	3.27%	
	GE	14:55	HCOB Germany Manufacturing PMI	Sep F	—	39.8	
	EC	15:00	HCOB Eurozone Manufacturing PMI	Sep F	—	43.4	
	JP	07:30	Jibun Bank Japan PMI Mfg	Sep F	—	48.6	
Tuesday	US	21:00	JOLTS Job Openings	Aug	8,900K	8,827K	
3 – Oct.	JP	06:50	Monetary Base YoY	Sep	—	1.2%	
Wednesday	US	18:00	MBA Mortgage Applications	Sep 29	—	1.3%	
4 – Oct.	US	19:15	ADP Employment Change	Sep	150K	177K	
	US	21:00	Factory Orders	Aug	0.2%	-2.1%	
	US	21:00	Durable Goods Orders	Aug F	—	0.2%	
Thursday	US	19:30	Trade Balance	Aug	-\$65.2 Bn	-\$65.0 Bn	
5 – Oct.	US	19:30	Initial Jobless Claims	Sep 30	—	204K	
Friday	US	19:30	Change in Nonfarm Payrolls	Sep	170K	187K	
6 – Oct.	US	19:30	Unemployment Rate	Sep	3.7%	3.8%	
	ID	10:00	Foreign Reserves	Sep	—	\$137.09 Bn	
	GE	13:00	Factory Orders MoM	Aug	2.5%	-11.7%	

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury

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Indonesia 10 Years Treasury

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