

Morning Brief

Daily | October 10, 2023

Today's Outlook:

US & GLOBAL MARKETS: The Israeli military said it has imposed a counter-attack against the Gaza Strip following Hamas' invasion last weekend. A senior Hamas official said the group is open to discussions over a possible truce with Israel. US President Joe Biden said he directed his team to coordinate with regional partners to warn anyone seeking to take advantage of the situation. The US has sent its largest aircraft carrier, the USS Gerald R. Ford Carrier Strike Group, moving towards the Israeli coast to support Israeli defense forces. News of the conflict sparked an oil rally due to supply concerns. But stock indexes managed to reverse earlier declines with help of more dovish Federal Reserve official comments. As a result investors appeared to refocus on more US economic data. The U.S. bond market was shut on Monday for Columbus Day. A recent surge in U.S. Treasury yields had pressured equity market. Meanwhile, Fed officials indicated that recent gains in yields on long-term U.S. Treasury bonds, which directly influence financing costs for households and businesses, could steer the Fed from further hikes in its short-term policy rate. This eased some concerns among equity investors. The conflict in the Middle East comes at a time when markets are jittery and bond yields around the world are at multi-year highs. Investors are anxiously awaiting US Inflation data due later this week. The traditional safe-haven assets remained in demand, with gold climbing 1.6% to USD 1860/ounce; although the U.S. dollar index gave up earlier gains and was down 0.18%. On the other hand, US airlines stocks plummeted following news that the airline suspended direct flights to Tel Aviv.

COMMODITIES: Oil prices jumped more than 4% on Monday (09/10/23). Similarly, Gold prices as a safe-haven, and even the US Dollar rose slightly against the Euro in trading as the latest developments in the Israeli - Palestinian (Hamas) war caused fears that the conflict would spread beyond Gaza. The Bank of Israel stated that it would sell another USD 30 billion of foreign currency to stabilize the sharply falling Israeli Shekel; Israeli government bonds were also not spared from massive sales. WTI oil (New York) rose 4.3% to USD 86.38/barrel, while Brent oil (London) boosted 4.2% to USD 88.15/barrel.

EUROPEAN MARKETS: German Industrial Production (Aug) plunged another -1.75% yoy, although this decline has slowed from the previous -2.04%, it still reflects the struggle of the industrial sector of Europe's largest economy to return to growth.

INDONESIA: announced Consumer Confidence (Sept) at 121.7, lower than the previous month's 125.2. The USD/IDR exchange rate closed at IDR 15708/USD after skyrocketing to almost IDR 15800.

Corporate News

Delta Dunia Makmur (DOID) Entity Buybacks USD20.43 Million Bonds Delta Dunia Makmur (DOID) bought back bonds worth USD 20.43 million. This was done through the company's subsidiary, Bukit Makmur Mandiri Utama (BUMA). The buyback of the 2026 bonds was completed on October 6, 2023. The buyback of the 2026 bonds is equivalent to 5.11 percent of the initial principal value of the bonds of USD 400 million. "The company's subsidiary as the issuer, Bukit Makmur, has carried out the buyback on October 6, 2023," wrote Dian Sofia Andyasuri, Director of Delta Dunia Makmur. The remaining 2026 bonds still outstanding in the open market are USD 379.57 million. The bonds are equivalent to 94.89 percent of the initial principal amount of the 2026 bonds worth USD 400 million. The senior bonds have an interest rate of 7.75 percent. (Emiten News)

Domestic Issue

Domination of Local Investors in Indonesian Bond Market is a Fresh Wind Amid Global Volatility Indonesia's bond market index is considered to remain in the positive zone. Although currently being hit by uncertainty and foreign outflows in the last two months (August-September 2023). "On a year-to-date (ytd) basis, it is still recording a positive return. From my point of view, there is indeed an influence from the increasing domestic portion in SBN," said Head of the Research Department of the Indonesian Securities Price Appraisal (PHEI) Roby Rushandie in the IDX Channel Market Review in Jakarta, Monday (9/10/2023). So, he said, if we compare this period to before the Covid-19 pandemic, where it was very sensitive to foreign outflows. According to him, now it can still be more controlled from volatility due to the influence of domestic investors who continue to accumulate SBN. He explained that the government is also aggressively issuing retail bond instruments to diversify the domestic investor base. With non-bank financial institution investors increasing, coupled with increasing retail, it can be said that this helps hold the Indonesian bond market from high volatility. (IDX Channel)

Recommendation

US10YT finally retreated below the first Support which is MA10 after several signs of potential trend reversal in sight such as RSI negative divergence that consistently haunted, especially when the yield broke down around Resistance 4.884%. Therefore, the yield of 4.688% now acts as the nearest Resistance. ADVISE: reduce position. Second support: MA20 / yield 4.56%.

ID10YT is still maintained orderly above MA10 after the Low almost touched the Support yield 6.987% - 7.0%, thereby keeping the Uptrend intact although it looks giddy in the Resistance area; RSI negative divergence is still looming. ADVISE: let your profit run but don't overlook set your TRAILING STOP using MA10 as the main platform for strong Uptrend.

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)	134.90	137.10	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	2.28%	3.27%	Cons. Confidence*	125.20	125.20

PRICE OF BENCHMARK SERIES

FRO090 : 95.40 (-0.05%)

FRO091 : 95.94 (-0.09%)

FRO093 : 94.26 (-0.07%)

FRO092 : 99.16 (-0.06%)

FRO086 : 97.58 (0.00%)

FRO087 : 96.76 (-0.12%)

FRO083 : 102.24 (-0.15%)

FRO088 : 93.30 (-0.51%)

CDS of Indonesia Bonds

CDS 2yr: +3.08% to 46.89

CDS 5yr: +1.10% to 100.62

CDS 10yr: +2.23% to 170.52

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.02%	0.01%
USDIDR	15,690	0.51%
KRWIDR	11.61	0.35%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,604.65	197.07	0.59%
S&P 500	4,335.66	27.16	0.63%
FTSE 100	7,492.21	(2.37)	-0.03%
DAX	15,128.11	(101.66)	-0.67%
Nikkei	30,994.67	(80.69)	-0.26%
Hang Seng	17,517.40	31.42	0.18%
Shanghai	3,096.92	(13.55)	-0.44%
Kospi	2,408.73	5.13	0.21%
EIDO	21.84	(0.15)	-0.68%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,861.4	28.4	1.55%
Crude Oil (\$/bbl)	86.38	3.59	4.34%
Coal (\$/ton)	141.35	2.85	2.06%
Nickel LME (\$/MT)	18,939	357.0	1.92%
Tin LME (\$/MT)	25,140	496.0	2.01%
CPO (MYR/Ton)	3,605	5.0	0.14%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 9 – Oct.	CH	—	Money Supply M2 YoY	Sep	—	10.6%	10.6%
	ID	—	Consumer Confidence Index	Sep	121.7	—	125.2
	GE	13:00	Industrial Production SA MoM	Aug	-0.2%	—	-0.8%
Tuesday 10 – Oct.	JP	06:50	BoP Current Account Balance	Aug		¥ 3,090.9 B	¥ 2,771.7 B
	US	21:00	Wholesale Inventories MoM	Aug F		—	-0.1%
Wednesday 11 – Oct.	US	18:00	MBA Mortgage Applications	Oct 6		—	-6.0%
	US	19:30	PPI Final Demand MoM	Sep		0.3%	0.7%
	GE	13:00	CPI MoM	Sep F		0.3%	0.3%
	GE	13:00	CPI YoY	Sep F		4.5%	4.5%
Thursday 12 – Oct.	US	19:30	CPI MoM	Sep		0.3%	0.6%
	US	19:30	CPI YoY	Sep		3.6%	3.7%
	US	19:30	Initial Jobless Claims	Oct 7		—	207K
	JP	06:50	PPI YoY	Sep		2.4%	3.2%
	JP	06:50	Core Machine Orders MoM	Aug		0.4%	-1.1%
Friday 13 – Oct.	US	21:00	U. of Mich. Sentiment	Oct P		67.5	68.1
	CH	08:30	CPI YoY	Sep		0.2%	0.1%
	CH	08:30	PPI YoY	Sep		-2.4%	-3.0%
	CH	—	Trade Balance	Sep		\$73.7 B	\$68.2 B
	KR	06:00	Unemployment Rate SA	Sep		2.6%	2.4%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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