

Morning Brief

Daily | October 12, 2023

Today's Outlook:

US MARKETS: The release of minutes from the last FOMC meeting in September, which showed caution among policy makers about continuing the upward trend in interest rates, is fueling investor hopes that rates would stay steady, at least at November meeting of the US central bank. In the meeting minutes, Federal Reserve officials pointed to uncertainties around the economy, oil prices and financial markets as supports in determining the extent of additional monetary policy. At the September 19-20 FOMC Meeting, most of them seemed to agree that one more rate hike is needed for the rest of 2023, but in reality a lot has happened from the date of the meeting until now; so recently Fed officials have been more in a dovish tone. While all eyes were waiting for the US consumer inflation (CPI) results for September, the PPI data was released with a higher than expected increase (on a monthly basis: 0.5% mom vs 0.3% forecast; YoY: 2.2% yoy vs 1.6% forecast) due to higher energy prices, but the increase in Core PPI was more moderate. The benchmark 10-year US Treasury yield fell to a two-week low, triggered by rising prices of safe-haven assets as the war in the Middle East flares up after Hamas' surprise deadly attack on Israel over the weekend. Israel continued to attack Gaza with retaliatory airstrikes, which have killed numerous civilians, as the country formed an emergency unity government on Wednesday and its army said it killed three top Hamas militants.

US ECONOMIC DATA: In addition to the Consumer Price Index (CPI) which will be out tonight at 19.30 WIB, Initial Jobless Claims data is also back in the spotlight, with the market predicting jobless claims to increase slightly from 207 thousand the previous week to 210 thousand. US Crude Oil Inventories data will also again play an important role in determining the direction of the price of this crucial commodity.

EUROPEAN MARKETS: Speaking of CPI, Germany has reported CPI (Sept.) at 4.5% yoy, in line with expectations and a successful slope from the previous month at 6.1%. Next, the UK will release GDP (Aug.), Industrial & Manufacturing Production (Aug.), and Trade Balance (Aug.). Meanwhile, one of the European Central Bank (ECB) officials made a speech at the IMF meeting in Morocco, cautioned that it might be premature to declare a win over inflation due to the changing economic conditions in the euro-zone. The ECB official underlined the need for patience and highlighted the importance of Wage Growth data at the beginning of next year to further understand where inflation is heading in continental Europe.

ASIA MARKETS: After an underwhelming Motorcycle sales report, Car sales in Indonesia were seen plunging -20.1% (Sept.) for the 4th consecutive month and almost matching this year's low of -28.8% in May. South Korea reported a Current Account position (Aug.) that increased from the previous month. On the other hand, the decline in Machine Tool Orders from Japan was detected to be slowing down. Japan just released PPI data (Sept.) below estimates (2.0% yoy vs 2.3% forecast), also lower than the previous month's 3.3%. This afternoon market participants are looking forward to the New Loans data from China which is expected to increase to CNY2.5 billion from the previous position of CNY1.36 billion, which will explain the Chinese economy rolling in a more vibrant direction.

Corporate News

Samator Indo Gas Bonds and Sukuk Listed on IDX PT Samator Indo Gas Tbk (AGII) Sustainable Bonds III phase I/2023 amounting to IDR 70 billion, and Sukuk Ijarah III phase I/2023 amounting to IDR 70 billion were listed on the Indonesia Stock Exchange (IDX), Wednesday (11/10). This is part of the public offering of AGII Sustainable Bonds III totaling IDR 750 billion and AGII Sukuk Ijarah III totaling IDR 1.25 trillion. According to the IDX announcement, Wednesday (11/10), AGII's sustainable bonds consist of series A amounting to IDR 41 billion with a fixed interest rate of 7.40% per annum and a three-year tenor, and series B worth IDR 29 billion has a five-year tenor with a fixed interest rate of 7.90% per annum. The AGII III/2023 Sukuk Ijarah consists of series A amounting to IDR 35.5 billion with a period of three years, and series B worth IDR 34.5 billion with a tenor of five years. (Data Moneter)

Domestic Issue

Three Days Offered, ORI024 Sold IDR 1.86 Trillion The sales figure for the ORI024 series of Retail State Bonds reached IDR 1.86 trillion on the third day of its offering, Wednesday (11/10/2023). Referring to data from one of Investree's distribution partners, Wednesday (11/10/2023) at 15.35 WIB, three-year ORI024 (ORI024-T3) has been sold for IDR 1.43 trillion of the IDR 5 trillion national sales target. This means that there are still around IDR 3.56 trillion of ORI024 quota that can be purchased by Indonesian investors in the remaining offering period. Meanwhile, the sales figure for the six-year tenor ORI024 (ORI024-T6) was observed to be lower when compared to the short tenor. As of this afternoon, ORI024-T6 has only sold for IDR 426.46 billion or equivalent to 0.85 percent of an IDR 5 trillion sales target. Thus, there are still around IDR 4.57 trillion of six-year ORI024 quota available for the public. (Bisnis)

Recommendation

US10YT is still looking for the next solid Support after falling below MA10 and now continuing to break MA20 Support, making the range of 4.586% - 4.687% as the nearest yield Resistance. ADVISE: continue to reduce position. The following support: lower channel (pink & blue) and MA50 in the yield range of 4.506% - 4.365%.

ID10YT continues to seek for the next Support, as it has not succeeded in its attempt to go back above MA10, making the level of 6.989% - 7.9% as the nearest yield Resistance at this time. ADVISE: continue to reduce position. Next support: MA20 around 6.873% yield.

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*	121.70	125.20

PRICE OF BENCHMARK SERIES

FR0090 : 95.49 (+0.12%)
FR0091 : 96.90 (+0.78%)
FR0094 : 95.90 (0.00%)
FR0092 : 99.55 (+0.20%)

FR0086 : 97.78 (+0.06%)
FR0087 : 97.77 (+0.74%)
FR0083 : 103.21 (+0.54%)
FR0088 : 93.96 (+0.90%)

CDS of Indonesia Bonds

CDS 2yr: +0.62% to 43.75

CDS 5yr: -2.74% to 94.29

CDS 10yr: +0.60% to 161.52

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.79%	-0.16%
USDIDR	15,693	-0.27%
KRWIDR	11.73	0.57%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,804.87	65.57	0.19%
S&P 500	4,376.95	18.71	0.43%
FTSE 100	7,620.03	(8.18)	-0.11%
DAX	15,460.01	36.49	0.24%
Nikkei	31,936.51	189.98	0.60%
Hang Seng	17,893.10	228.37	1.29%
Shanghai	3,078.96	3.72	0.12%
Kospi	2,450.08	47.50	1.98%
EIDO	21.91	0.01	0.05%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,874.4	14.0	0.75%
Crude Oil (\$/bbl)	83.49	(2.48)	-2.88%
Coal (\$/ton)	140.50	(1.40)	-0.99%
Nickel LME (\$/MT)	18,371	(311.0)	-1.66%
Tin LME (\$/MT)	24,919	205.0	0.83%
CPO (MYR/Ton)	3,551	(14.0)	-0.39%

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	¥ 2,279.7 B	¥ 3,090.9 B	¥ 2,771.7 B
	US	21:00	Wholesale Inventories MoM	Aug F	-0.1%	—	-0.1%
Wednesday 11 – Oct.	US	18:00	MBA Mortgage Applications	Oct 6	0.6%	—	-6.0%
	US	19:30	PPI Final Demand MoM	Sep	0.5%	0.3%	0.7%
	GE	13:00	CPI MoM	Sep F	0.3%	0.3%	0.3%
	GE	13:00	CPI YoY	Sep F	4.5%	4.5%	4.5%
Thursday 12 – Oct.	US	19:30	CPI MoM	Sep	0.3%	0.3%	0.6%
	US	19:30	CPI YoY	Sep	3.6%	3.7%	3.7%
	US	19:30	Initial Jobless Claims	Oct 7	—	—	207K
	JP	06:50	PPI YoY	Sep	2.4%	2.4%	3.2%
	JP	06:50	Core Machine Orders MoM	Aug	0.4%	0.4%	-1.1%
Friday 13 – Oct.	US	21:00	U. of Mich. Sentiment	Oct P	67.5	67.5	68.1
	CH	08:30	CPI YoY	Sep	0.2%	0.2%	0.1%
	CH	08:30	PPI YoY	Sep	-2.4%	-2.4%	-3.0%
	CH	—	Trade Balance	Sep	—	\$73.7 B	\$68.2 B
	KR	06:00	Unemployment Rate SA	Sep	2.6%	2.6%	2.4%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury

Published on Investing.com, 12/Oct/2023 - 1:25:38 GMT. Powered by TradingView.
United States 10-Year, United States, NYSE:US10YT=X, D



Indonesia 10 Years Treasury

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