

# Morning Brief

Daily | October 19, 2023

## Today's Outlook:

**US MARKETS:** US Treasury yields rose again and investors evaluated the latest wave of corporate quarterly performance reports. Higher yields on risk-free assets, such as Treasuries, suppressed buying interest in riskier assets like stocks.

**US ECONOMIC DATA:** later tonight around 19.30 WIB, market participants will again highlight the weekly Initial Jobless Claims figure which this time is also expected to increase slightly from last week. There is still property data to follow, such as Existing Home Sales (Sept.) which is also expected to be lower than the previous month. Also, there is the Philadelphia Fed Manufacturing Index which is an important measure of general business conditions in the Philadelphia region.

**MIDDLE EAST CONFLICT:** It looks like the Israel - Hamas war will continue with the latest news US President Joe Biden, in a quick visit on Wednesday, pledged solidarity with Israel and said a deadly explosion at a hospital in Gaza appeared to have been caused by a rocket mistakenly fired by militants.

**ASIA MARKETS:** China's economy grew faster than expected in the third quarter, while consumption and industrial activity in September also showed an unexpected increase, suggesting that a series of recent policies/stimulus helped support the economic recovery. China recorded 3Q23 GDP growth of 4.9% yoy, beating analysts' expectations at 4.4%, although it was lower than Q2 at 6.3%. On a quarterly basis, GDP actually rose 1.3% in Q3, up from 0.5% in Q2 and also surpassing the 1.0% forecast. At the same time, Chinese Industrial Production and Retail Sales for September both grew further in the positive direction and exceeded forecasts, thereby lowering China's Unemployment Rate (Sept.) to 5.0% from 5.2% in August.

**EUROPE MARKETS:** UK reported Inflation (Sept.) which turned out to be still sticky at 6.7% yoy, the same as last month's position. Meanwhile, the Eurozone region's overall CPI proved to be able to flatten to 4.3% yoy (as estimated), softening from August at 5.2%.

**INDONESIA:** Investors will be closely monitoring the announcement of Bank Indonesia's Board of Governors' Meeting at around 14:00 WIB regarding the interest rate decision on whether it will remain on hold at 5.75%, as it has been since the beginning of this year; amidst the onslaught of rising US Treasury yields and the faltering Rupiah exchange rate. NHKSI RESEARCH considers that the uncertainty factor is quite high, no wonder that JCI never dared to cross the crucial 6950 Resistance in order to secure the short-term bullish notion towards the 7000s area again. NHKSI RESEARCH advises investors/traders to still maintain a WAIT & SEE attitude and pay attention to where market interest moves in response to the BI RDG decision. The political map of the presidential and vice presidential candidates will also make market players count, where Mahfud MD has been announced as the vice presidential candidate from Ganjar Pranowo's side. The market is waiting for one last candidate pair, namely Prabowo Subianto's vice president who will further enliven the 2024 PILPRES market.

## Corporate News

**Green Bond BRI IDR 6 T Begins to be Listed on the Exchange** PT Bank Rakyat Indonesia (Persero) Tbk's (BBRI) green bonds worth IDR 6 trillion began to be listed on the Indonesia Stock Exchange today, Wednesday (18/10/2023). These securities are part of the public offering of sustainable green bonds I which aims to obtain IDR 15 trillion in funds. 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 6.35% per annum, has a term of 2 years from the date of issuance and series C amounting to IDR 500 billion with a fixed interest rate of 6.30% per annum, has a term of 3 years from the date of issuance. BRI has received an idAAA rating for Environmentally Sound Bonds from Pefindo. (CNBC Indonesia)

## Domestic Issue

**Corporate Bond Market Sluggish Due to Lack of Liquidity, Economist Suggests This** The corporate bond market during the current year is still relatively sluggish with an outstanding value or the total number of bonds circulating in the capital market of less than 10% of the bank lending figure. The Indonesia Stock Exchange (IDX) noted last week, Friday, (13/10/2023) the total issuance of bonds and sukuk throughout 2023 was 93 emissions from 55 issuers worth IDR 98.2 trillion. With this recording, the total bond and sukuk emissions recorded on the IDX amounted to 535 emissions from 127 issuers, with outstanding IDR 452.74 trillion and USD 69.05 million. However, the outstanding bond value of IDR 452.74 trillion is still less than 10% of the value of bank lending of IDR 6,739.4 trillion as of August 2023. David E. Sumual, Chief Economist of PT Bank Central Asia Tbk (BBCA), said that one of the causes of the sluggish corporate bond market is that various companies rely more on banks to find funds, because it is relatively easier in several aspects. "In terms of yield, administrative ease of issuance, then also investor interest, there are many factors. Public access to the capital market may also be a problem, because in terms of reach, banking has a wider reach," David told Bisnis, Wednesday (18/10/2023).

## Recommendation

**US10YT is one step away from reaching the upper channel Target of around 5.0%**, but please beware as it is overshadowed by RSI negative divergence right when it approaches the Resistance region. ADVISE: get ready to Sell on Strength; may start setting your Trailing Stop.

**ID10YT surged above MA10 & MA20 Resistance, making the level around 6.88% - 6.93%** as the closest Support now. Does this explain the market expectation regarding BI's RDG decision this afternoon? If the position holds above the Support, it is possible to return to the Target in the previous high area which is around 7.057% - 7.09%. ADVISE: Average Up accordingly.

## 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 : 95.47 (-0.12%)  
FR0091 : 96.58 (-0.31%)  
FR0094 : 95.88 (0.00%)  
FR0092 : 100.48 (+0.43%)

FR0086 : 97.64 (-0.08%)  
FR0087 : 97.53 (-0.40%)  
FR0083 : 103.52 (-0.27%)  
FR0088 : 94.45 (+0.91%)

## CDS of Indonesia Bonds

CDS 2yr: +2.75% to 46.01  
CDS 5yr: +2.03% to 97.84  
CDS 10yr: +1.91% to 167.34

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.88%	0.12%
USDIDR	15,730	0.10%
KRWIDR	11.66	0.38%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,665.08	(332.57)	-0.98%
S&P 500	4,314.60	(58.60)	-1.34%
FTSE 100	7,588.00	(87.21)	-1.14%
DAX	15,094.91	(156.78)	-1.03%
Nikkei	32,042.25	1.96	0.01%
Hang Seng	17,732.52	(40.82)	-0.23%
Shanghai	3,058.71	(24.79)	-0.80%
Kospi	2,462.60	2.43	0.10%
EIDO	21.32	(0.29)	-1.34%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,947.6	24.4	1.27%
Crude Oil (\$/bbl)	88.32	1.66	1.92%
Coal (\$/ton)	140.00	(2.25)	-1.58%
Nickel LME (\$/MT)	18,655	62.0	0.33%
Tin LME (\$/MT)	25,548	178.0	0.70%
CPO (MYR/Ton)	3,810	26.0	0.69%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 16 – Oct.	US	19:30	Empire Manufacturing	Oct	-4.6	-5.0	1.9
	ID	11:00	Trade Balance	Sep	\$3,420M	\$2,349M	\$3,120M
	ID	11:00	Exports YoY	Sep	-16.17%	-13.80%	-21.21%
	ID	11:00	Imports YoY	Sep	-12.45%	-5.50%	-14.77%
	JP	11:30	Industrial Production MoM	Aug F	-0.7%	—	0.0%
<b>Tuesday</b> 17 – Oct.	US	19:30	Retail Sales Advance MoM	Sep	0.7%	0.3%	0.6%
	US	20:15	Industrial Production MoM	Sep	0.3%	-0.1%	0.4%
	JP	11:30	Tertiary Industry Index MoM	Aug	-0.1%	0.2%	0.9%
<b>Wednesday</b> 18 – Oct.	US	18:00	MBA Mortgage Applications	Oct 13	-6.9%	—	0.6%
	US	19:30	Housing Starts	Sep	1,358K	1,393K	1,283K
	CH	09:00	GDP YoY	3Q	4.9%	4.5%	6.3%
	CH	09:00	Industrial Production YoY	Sep	4.5%	4.3%	4.5%
	CH	09:00	Retail Sales YoY	Sep	5.5%	4.8%	4.6%
<b>Thursday</b> 19 – Oct.	US	19:30	Initial Jobless Claims	Oct 14	—	—	209K
	US	21:00	Existing Home Sales	Sep	—	3.90M	4.04M
	US	21:00	Leading Index	Sep	—	-0.4%	-0.4%
	ID	14:20	Bank Indonesia 7D Reverse Repo	Oct 19	—	5.75%	5.75%
	KR	—	BOK Base Rate	Oct 19	—	3.50%	3.50%
<b>Friday</b> 20 – Oct.	US	20:00	Bloomberg Oct. US Economic Survey	—	—	—	—
	JP	06:30	Natl CPI YoY	Sep	—	3.0%	3.2%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury

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## Indonesia 10 Years Treasury

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## Research Division

### Head of Research

**Liza Camelia Suryanata**

Equity Strategy, Technical

T +62 21 5088 ext 9134

E liza.camelia@nhsec.co.id

### Analyst

**Cindy Alicia Ramadhania**

Consumer, Healthcare

T +62 21 5088 ext 9129

E cindy.alicia@nhsec.co.id

### Analyst

**Leonardo Lijuwardi**

Banking, Infrastructure

T +62 21 5088 ext 9127

E leonardo.lijuwardi@nhsec.co.id

### Analyst

**Axell Ebenhaezer**

Mining, Property

T +62 21 5088 ext 9133

E Axell.Ebenhaezer@nhsec.co.id

### Research Support

**Amalia Huda Nurfalah**

Editor & Translator

T +62 21 5088 ext 9132

E amalia.huda@nhsec.co.id

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## PT. NH Korindo Sekuritas Indonesia

### JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51<sup>st</sup> Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 5088 9102

### Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15311

Indonesia

Telp : +62 21 509 20230

### Branch Office Medan :

Jl. Asia No. 548 S

Medan – Sumatera Utara 20214

Indonesia

Telp : +62 614 156500

### Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 860 22122

### Branch Office Bandengan (Jakarta Utara):

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

### Branch Office Kamal Muara (Jakarta Utara):

Rukan Exclusive Mediterania

Blok F No.2

Jakarta Utara 14470

Indonesia

Telp : +62 24 844 6878

### Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 1330

### Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Telp : +62 411 360 4650

### Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

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