

Morning Brief

Daily | October 20, 2023

Today's Outlook:

US MARKETS: Federal Reserve Chairman Jerome Powell said that the US central bank will continue its cautious monetary policy following the spike in Treasury bond yields that contributed to significantly tightening financial conditions, but he also said that continued economic growth could force the Fed to tighten its policy further. This statement came right after the Initial Jobless Claims data showed that the labor market remains strong: this week's jobless claims last came out at 198K, lower than the predicted 212K & previous week's 211K and the lowest point in 9 months; thus, confirming a strong & resilient US economy, pushing the 10-year Treasury yield close to 5% for the first time since 2007. Existing Home Sales (Sept.) data also showed September housing starts increased by 3.96 million units, also higher than the estimate of 3.89 million; although the figure fell -2.0% mom. On the other hand, the Philadelphia Fed Manufacturing Index stated that the outlook for business conditions remains relatively weak for October in the Philadelphia region.

ASIA MARKETS: Japan reported Trade Balance in September managed to be in surplus, at JPY62.4 billion, which is the second surplus in the period since September 2021 and in the last 4 months; due to their Export position which increased significantly by 4.3% yoy from the previous month -0.8%, but Imports still slowed down at -16.3% yoy. As for today, Japan has released National CPI at 3.0% yoy (sloping from the previous month's 3.2%). Likewise, the National Core CPI was successfully reduced from 3.1% in August to 2.8% yoy this September. South Korea again held their benchmark interest rate at 3.5%. Meanwhile, Indonesia unexpectedly raised BI7DRR by 25 bps to 6.0% in an effort by Bank Indonesia to stabilize Rupiah. Today, it is China's turn to announce their interest rate decision, which was originally still on hold at 3.45%. The domestic news that we are waiting for today is the growth of Foreign Direct Investment in Q3, versus the 14.2% that was recorded in Q2.

EUROPEAN MARKETS: not many economic data releases are awaited by traders at the end of the week, important ones include: UK Retail Sales (Sept.), German PPI (Sept.).

COMMODITIES: World crude oil prices rose for the third consecutive day on the back of Federal Reserve Chairman Jerome Powell's vague and unconvincing remarks about an interest rate hike at the November 2 FOMC Meeting. Another supporting sentiment was contributed by the worsening Israel-Hamas war, which raised concerns about potential disruptions to crude oil production or transportation out of the Middle East, although there are no signs of this happening yet. Earlier in the session, crude oil prices fell more than 1% as the United States granted a six-month waiver of economic sanctions imposed on Venezuela, in exchange for the South American country's pledge to hold free and fair elections. WTI crude oil for November contract closed up 1.5%, at USD89.37 per barrel. For the week, the New York-based crude benchmark posted a 0.6% gain. Meanwhile, Brent crude for the most active December contract ended Wednesday's session at USD92.38/barrel, up nearly 1%. For the week, the London-based global crude benchmark has surged 2.3%. A weaker US Dollar also makes US-denominated commodities more affordable for non-US international buyers.

Meanwhile, Gold also maintained its gains for the third consecutive day on Thursday trading (19/10/23) due to the falling USD plus the risk of Middle East conflict escalation. The most active Gold futures contract on New York's Comex, for December closed up or 0.6% at USD 1,980.50 per ounce. With three days of rallying, Gold has gained more than 2% this week, adding to the previous week's surge of more than 5%.

INDONESIA MARKET: After the surprise announcement of Bank Indonesia's BI7DRR rate hike to 6%. Investors are preparing for the worst possibility of a BI rate decision beyond market expectations, amidst an increasingly helpless Rupiah exchange rate position at IDR 15,863/USD. Therefore, a Hold / Wait & See attitude is the most appropriate to apply at the end of this week.

Corporate News

BSDE Plans to Tender Offer USD 300 Million Senior Bonds Property issuer PT Bumi Serpong Damai Tbk (BSDE) plans to conduct a tender offer to repurchase part and/or all of its USD 300 million senior notes. Citing the disclosure of information from the Indonesia Stock Exchange (IDX), the company will conduct a tender offer through its subsidiary, Global Prime Capital Pte. Ltd (GPC) on October 19, 2023. The senior notes have an interest rate of 5.95% with a maturity date of 2025. The company's bonds were issued by GPC and guaranteed by the company and several subsidiaries. (Bisnis)

Domestic Issue

OJK Issues Sustainable Debt Securities Rules The Financial Services Authority (OJK) issued Financial Services Authority Regulation Number 18 of 2023 concerning the Issuance and Requirements for Debt Securities and Sustainability-Based Sukuk (POJK 18/2023), Thursday (19/10/2023). Head of the Department of Literacy, Financial Inclusion and Communication Aman Santosa said POJK 18/2023 replaces POJK Number 60/POJK.04/2017 on the Issuance and Requirements of Environmentally Sound Debt Securities (Green Bond) by expanding the scope of regulations in terms of types of securities, sustainability themes, and mechanisms for issuing securities. The new POJK is not only limited to green bonds, but also covers green sukuk, social bonds, sustainability bonds, waqf sukuk, and sustainability-linked bonds. (Bisnis)

Recommendation

US10YT finally reached its upper channel target at 4.996% yield, yet it is hard to remain optimistic that this uptrend will continue while consistently overshadowed by RSI negative divergence. ADVISE: ready to Sell on Strength; may start to set your Trailing Stop. Nearest yield support: 4.884%.

ID10YT yield suddenly broke 7% level to close at 7.02% intraday high after BI7DRR was set to rise 25bps to 6.0% level. One step away from targeting the previous high area 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 | 6.00% | 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

FRO090 : 94.97 (-0.52%)
FRO091 : 95.74 (-0.87%)
FRO094 : 95.88 (0.00%)
FRO092 : 99.66 (-0.82%)

FRO086 : 97.40 (-0.25%)
FRO087 : 96.66 (-0.89%)
FRO083 : 103.12 (-0.39%)
FRO088 : 92.84 (-1.70%)

CDS of Indonesia Bonds

CDS 2yr: +2.79% to 47.30
CDS 5yr: +4.06% to 101.81
CDS 10yr: +2.09% to 170.83

Government Bond Yields & FX

| | Last | Chg. |
|----------------|--------|--------|
| Tenor: 10 year | 6.88% | -0.00% |
| USDIDR | 15,815 | 0.54% |
| KRWIDR | 11.65 | -0.05% |

Global Indices

| Index | Last | Chg. | % |
|-----------|-----------|----------|--------|
| Dow Jones | 33,414.17 | (250.91) | -0.75% |
| S&P 500 | 4,278.00 | (36.60) | -0.85% |
| FTSE 100 | 7,499.53 | (88.47) | -1.17% |
| DAX | 15,045.23 | (49.68) | -0.33% |
| Nikkei | 31,430.62 | (611.63) | -1.91% |
| Hang Seng | 17,295.89 | (436.63) | -2.46% |
| Shanghai | 3,005.39 | (53.32) | -1.74% |
| Kospi | 2,415.80 | (46.80) | -1.90% |
| EIDO | 20.84 | (0.48) | -2.25% |

Commodities

| Commodity | Last | Chg. | % |
|--------------------|---------|---------|--------|
| Gold (\$/troy oz.) | 1,974.5 | 26.9 | 1.38% |
| Crude Oil (\$/bbl) | 89.37 | 1.05 | 1.19% |
| Coal (\$/ton) | 136.50 | (3.50) | -2.50% |
| Nickel LME (\$/MT) | 18,520 | (135.0) | -0.72% |
| Tin LME (\$/MT) | 25,205 | (343.0) | -1.34% |
| CPO (MYR/Ton) | 3,758 | (52.0) | -1.36% |

| Date | Country | Hour Jakarta | Event | Period | Actual | Consensus | Previous |
|-------------------------------|---------|--------------|-----------------------------------|--------|----------|-----------|----------|
| Monday 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% |
| Tuesday 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% |
| Wednesday 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% |
| Thursday 19 – Oct. | US | 19:30 | Initial Jobless Claims | Oct 14 | 198K | — | 209K |
| | US | 21:00 | Existing Home Sales | Sep | 3.96M | 3.90M | 4.04M |
| | US | 21:00 | Leading Index | Sep | -0.7% | -0.4% | -0.4% |
| | ID | 14:20 | Bank Indonesia 7D Reverse Repo | Oct 19 | 6.00% | 5.75% | 5.75% |
| | KR | — | BOK Base Rate | Oct 19 | 3.50% | 3.50% | 3.50% |
| Friday 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

Published on Investing.com, 20 Oct 2023 - 0:56:33 GMT. Powered by TradingView.
United States 10-Year, United States, NYSE:US10YT=X, D



Indonesia 10 Years Treasury

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