

Morning Brief

Daily | October 26, 2023

Today's Outlook:

US MARKETS: US Treasury yields rose again, reigniting concerns that interest rates will be held high for longer. Benchmark bond yields continued their bullish run approaching the psychological 5% level. The 10-year US Treasury yield stood at 4.95% on the back of economic data on New Home Sales: sales of new homes were stronger than expected; and mortgage rates reached their highest level in 23 years. So amidst the trend of rising interest rates, it turns out that public spending (in this case in the Property sector) is still proven to be strong.

US ECONOMIC DATA: Tonight the US will report a number of important economic data, such as Durable Goods Orders (Sept.), GDP quarter 3/2023, weekly Initial Jobless Claims where it is expected to rise to 209k from 198k in the previous week. Another notable data from the housing sector, the Pending Home Sales (Sept.), which will certainly shed light on the fact that the contraction in this sector has clearly slowed down considerably, instead leading to positive/expansive growth.

EUROPEAN MARKETS: Germany published an increasingly optimistic view of the business climate in October, reflected by the German Ifo Business Climate Index which moved expansively at 86.9, higher than the previous estimate & month. Later tonight, the European Central Bank will be in the global spotlight as they will announce their decision on the benchmark interest rate which is expected to remain at 4.5%, the first braking move after 10x ECB rate hikes since July 2022.

ASIA MARKETS: South Korea reported Q3/2023 GDP this morning, which increased to 1.4% yoy, stronger than expected and the previous quarter.

Corporate News

Pefindo: Debt Securities Issuance in Indonesia Hits IDR 45.8 Trillion in the Third Quarter of 2023 A credit rating agency, Pefindo (PEFINDO) revealed that there were around IDR 45.8 trillion of debt securities issuance in Indonesia until the third quarter of 2023. Most of the issuance of debt securities was carried out by non-SOE companies. Head of PEFINDO's Non-Financial Services Rating Division Niken Indriyati said the amount of debt securities issued by non-SOE companies reached IDR 38.4 trillion or around 84% of the total debt securities issuance. The types of debt securities that are widely issued are bonds with a value of IDR 32.9 trillion for non-SOE companies, while for SOE companies the value of bonds issued is IDR 6.7 trillion. "Non-SOE Multifinance sector companies still lead the issuance of bonds, amounting to IDR 12 trillion," Niken explained. Niken said that Pefindo until the third quarter of 2023 had issued PEFINDO Rating Bonds of IDR 30.2 trillion for non-SOEs and IDR 7.4 trillion for SOE companies. (Liputan 6)

Domestic Issue

Debt Financing Drops Sharply 58.6%, to IDR 198.9 Trillion The Ministry of Finance reported that the realization of government debt financing until September 2023 reached IDR 198.9 trillion. This realization fell 58.6% compared to the same period last year. Minister of Finance Sri Mulyani Indrawati said that the decline in the realization of debt financing is in line with the government's target to reduce debt financing, especially in issuing government securities (SBN). The issuance of SBN is targeted to be only IDR 349.1 trillion, or only 50.9% of the target of IDR 712.9 trillion. "The realization is actually still very small. This means that it has only realized 28.6% of the debt financing allocation in the APBN Law," said Sri Mulyani in the APBN KITA press conference, last Wednesday (25/10). The state treasurer explained that the majority of the additional debt was in the form of net government securities (SBN). The realization reached IDR 181.4 trillion by September 2023, down 61.5% compared to September 2022. Meanwhile, the realization of financing in the form of net loans has amounted to IDR 16.6 trillion, an increase of 83.1% from last year. (CNBC Indonesia)

Recommendation

US10YT yield bullishness proved to remain strong by staying above MA10 / 4.855% Support. US10YT will return to test the Resistance from the previous High level and around the upper channel: entering above the psychological level of 5.0% again. ADVISE: Hold, Wait & See.

ID10YT attempted a further strengthening to the upper channel resistance but still failed to close above the yield of 7.31%. There are still many opportunities for ID10YT to stay above the psychological level of 7.0% in this short term uptrend; therefore our best ADVISE: Wait & See, let your profit run while applying a Trailing Stop.

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

FR0090 : 94.22 (+0.06%)
FR0091 : 95.15 (+0.03%)
FR0094 : 95.53 (+0.02%)
FR0092 : 98.85 (+0.24%)

FR0086 : 96.71 (+0.13%)
FR0087 : 95.79 (+0.11%)
FR0083 : 101.23 (+0.27%)
FR0088 : 92.62 (-0.24%)

CDS of Indonesia Bonds

CDS 2yr: +0.96% to 46.30

CDS 5yr: +0.30% to 98.67

CDS 10yr: +0.69% to 167.56

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.25%	-0.02%
USDIDR	15,870	0.13%
KRWIDR	11.76	-0.34%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,035.93	(105.45)	-0.32%
S&P 500	4,186.77	(60.91)	-1.43%
FTSE 100	7,414.34	24.64	0.33%
DAX	14,892.18	12.24	0.08%
Nikkei	31,269.92	207.57	0.67%
Hang Seng	17,085.33	93.80	0.55%
Shanghai	2,974.11	11.87	0.40%
Kospi	2,363.17	(20.34)	-0.85%
EIDO	20.90	(0.06)	-0.29%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,979.7	8.8	0.44%
Crude Oil (\$/bbl)	85.39	1.65	1.97%
Coal (\$/ton)	133.50	(3.00)	-2.20%
Nickel LME (\$/MT)	18,317	43.0	0.24%
Tin LME (\$/MT)	25,211	120.0	0.48%
CPO (MYR/Ton)	3,679	12.0	0.33%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 23 – Oct.	US	19:30	Chicago Fed Nat Activity Index	Sep	0.02	-0.14	-0.22
	KR	07:00	Imports 20 Days YoY	Oct	0.6%	—	-1.5%
	KR	07:00	Exports 20 Days YoY	Oct	4.6%	—	9.8%
Tuesday 24 – Oct.	US	20:45	S&P Global US Manufacturing PMI	Oct P	50.0	49.5	49.8
	GE	14:30	HCOB Germany Manufacturing PMI	Oct P	40.7	40.1	39.6
	KR	04:00	PPI YoY	Sep	1.3%	—	1.0%
	JP	07:30	Jibun Bank Japan PMI Mfg	Oct P	48.5	—	48.5
Wednesday 25 – Oct.	US	18:00	MBA Mortgage Applications	Oct 20	-1.0%	—	-6.9%
	US	21:00	New Home Sales	Sep	759K	684K	675K
Thursday 26 – Oct.	US	19:30	GDP Annualized QoQ	3Q A	—	4.3%	2.1%
	US	19:30	Durable Goods Orders	Sep P	—	1.1%	0.1%
	US	19:30	Initial Jobless Claims	Oct 21	—	—	198K
	KR	06:00	GDP YoY	3Q A	—	1.1%	0.9%
Friday 27 – Oct.	US	19:30	Personal Income	Sep	—	0.4%	0.4%
	US	19:30	Personal Spending	Sep	—	0.4%	0.4%
	US	21:00	U. of Mich. Sentiment	Oct F	—	63.2	63.0
	JP	06:30	Tokyo CPI Ex-Fresh Food YoY	Oct	—	2.5%	2.5%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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