

Morning Brief

Daily | November 14, 2023

Today's Outlook:

US MARKETS: Unpleasant news came from Moodys, the debt rating agency which on Friday cut the US debt outlook from stable to negative, citing large fiscal deficits and declining ability to cope with debt; although it reaffirmed its "Aaa" long-term rating. This warning comes at a time when the threat of a government shutdown is back in the air, where the current deadline is Nov 17th for Congress to agree on an extension of operating funds to keep the government running. US CPI (Oct) is expected to slow to 0.1% mom and 3.3% yoy, sloping from the previous month's position of 0.4% on a monthly basis and 3.7% on an annualized basis. If this cooling of inflation is realized, it may slightly fade the hawkish view of Federal Reserve Chairman Jerome Powell and his colleagues who last week said that the fight against inflation may not be over and that there is still a possibility for an interest rate hike. Investors estimate there is a nearly 86% chance of the Fed holding rates steady in December, according to CME Group's FedWatch Tool.

ASIA MARKETS: Japan announced Oct. producer-level inflation of 0.8% yoy (lower than forecast and previous month), and continued its monthly deflation of -0.4% mom. Machine Tool Orders from Japan again recorded a drop of 20.6% yoy, falling further from the previous period which was already minus 11.2%. In the neighboring country, China released New Loans data for Oct which turned out to be greater than expected at CNY 738.4 billion, but still did not change the position of Outstanding Loan Growth (oct) at 10.9% yoy.

EUROPEAN MARKETS: Later this afternoon, the UK will publish a number of employment-related data such as the unemployment rate or Claimant Count Change (Oct), average wage growth, as well as the September Unemployment Rate which is predicted to remain relatively the same as August at 4.2%. In the evening, Germany will release the ZEW Economic Sentiment to explain the market's optimism about the business world in the next 6 months, complemented by the Eurozone which will release the 3rd quarter GDP update where economic growth is expected to slow both on a monthly and annual basis.

COMMODITIES: Global Oil prices rallied following last week's sharp decline amid concerns of weakening global demand, especially from China, the largest importer of oil. In its latest monthly report on world oil supply & demand, OPEC raised its forecast for world oil demand in 2023 to 2.46 million barrels per day (bpd) - up 20,000 from the previous forecast. In 2024, OPEC sees demand increasing by 2.25 million bpd, unchanged from last month. The question now is whether OPEC+ members Russia and Saudi Arabia will continue to cut production after December. This outlook inevitably sent WTI and Brent Oil prices up 1.4% each after last week both fell 3%-4%. So far, the hawkish view maintained by Fed officials is keeping the US Dollar high, weighing on Oil market sentiment for non-US countries.

Corporate News

Refinancing IDR 415 Billion Bonds, Ketrosden Triasmitra Rating Affirmed idAAA(cg) PT Pemeringkat Efek Indonesia (Pefindo) affirmed the idAAA (cg) rating on PT Ketrosden Triasmitra Tbk's (KETR) 2020 Series A Bonds I worth IDR 415 billion, which will mature on January 8, 2024. "KETR plans to refinance the maturing bonds using new loans from current creditors," wrote Pefindo in its official statement. Pefindo views that the likelihood of KETR obtaining the loan is relatively high considering that the current creditor has provided a project financing loan and KETR is in the process of changing the designation of the project financing loan to become a maturing bond payment. (Media Asuransi)

Domestic Issue

Jokowi Revises 2023 State Budget: Tax Target Increases, Debt Withdrawal Decreases President Joko Widodo (Jokowi) revised the details of the 2023 state budget (APBN). The main changes occur in terms of revenue, expenditure, and debt issuance plans. The changes are stipulated in Presidential Regulation Number 75 of 2023 concerning Amendments to Presidential Regulation Number 130 of 2022 concerning Details of the 2023 State Budget. The regulation took effect since it was promulgated on November 10, 2023. Specifically, the details of budget financing have changed in terms of debt financing, to IDR 421.21 trillion or a decrease of around 39.50% from the debt financing target in Presidential Regulation 103/2022 of IDR 696.31 trillion. The decrease in the debt financing target occurred because the target for issuing government securities (SBN) was cut to IDR 437.83 trillion from the previous IDR 712.93 trillion. In line with that, the government increased the use of SAL to IDR 226.88 trillion from previously only IDR 70 trillion. With the reduction in the SBN withdrawal plan and the increase in the use of SAL, the budget financing target in the 2023 State Budget decreased to IDR 479.92 trillion, from the previous target of IDR 598.15 trillion. (Detik Finance)

Recommendation

US10YT is currently trying to stay above MA10 & MA50 Support around yield 4.63% - 4.61%. There is potential for a further upside attempt to test MA20 / 4.75% Resistance; if it turns out to stop in that area, then SELL ON STRENGTH is advised.

ID10YT soared through MA10 & MA50 Resistance and is currently face to face with the lower channel as well as MA20 around 6.995% yield. Will Indonesian bond yields enter the psychological 7.0% territory again? ADVISE: AVERAGE UP accordingly. Nearest Support: 6.87% - 6.86%.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	5.75%	Real GDP	4.94%	5.17%
FX Reserve (USD bn)	133.10	134.90	Current Acc (USD bn)	-1.90	3.00
Trd Balance (USD bn)	3.42	3.12	Govt. Spending Yoy	-3.76%	10.62%
Exports Yoy	-16.17%	-21.21%	FDI (USD bn)	4.86	5.14
Imports Yoy	-12.45%	-14.77%	Business Confidence	104.30	105.33
Inflation Yoy	2.56%	2.28%	Cons. Confidence*	124.70	121.70

PRICE OF BENCHMARK SERIES

FR0090 : 95.39 (-0.08%)
FR0091 : 96.66 (+0.00%)
FR0094 : 95.00 (+0.00%)
FR0092 : 100.63 (-0.06%)

FR0086 : 97.17 (-0.03%)
FR0087 : 96.87 (-0.09%)
FR0083 : 104.15 (-0.04%)
FR0088 : 94.91 (-0.07%)

CDS of Indonesia Bonds

CDS 2yr: -0.30% to 39.66
CDS 5yr: +1.34% to 86.78
CDS 10yr: -0.58% to 150.95

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.85%	0.08%
USDIDR	15,700	0.03%
KRWIDR	11.85	-0.58%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,337.87	54.77	0.16%
S&P 500	4,411.55	(3.69)	-0.08%
FTSE 100	7,425.83	65.28	0.89%
DAX	15,345.00	110.61	0.73%
Nikkei	32,585.11	17.00	0.05%
Hang Seng	17,426.21	222.95	1.30%
Shanghai	3,046.53	7.56	0.25%
Kospi	2,403.76	(5.90)	-0.24%
EIDO	20.96	(0.01)	-0.05%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,946.9	6.7	0.35%
Crude Oil (\$/bbl)	78.26	1.09	1.41%
Coal (\$/ton)	122.00	(1.25)	-1.01%
Nickel LME (\$/MT)	17,398	141.0	0.82%
Tin LME (\$/MT)	24,923	320.0	1.30%
CPO (MYR/Ton)	3,802	59.0	1.58%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	JP	06:50	PPI YoY	Oct	0.8%	1.0%	2.0%
13 – Nov.	JP	06:50	PPI MoM	Oct	-0.4%	0.0%	-0.3%
Tuesday	US	20:30	CPI YoY	Oct		3.3%	3.7%
14 – Nov.	GE	17:00	ZEW Survey Expectations	Nov		2.5	-1.1
	GE	17:00	ZEW Survey Current Situation	Nov		76.0	79.9
Wednesday	US	20:30	Retail Sales Advance MoM	Oct		-0.3%	0.7%
15 – Nov.	US	20:30	PPI Final Demand MoM	Oct		0.1%	0.5%
	US	20:30	Empire Manufacturing	Oct		-2.1%	-4.6%
	CH	09:00	Industrial Production YoY	Oct		4.6%	4.5%
	CH	09:00	Retail Sales YoY	Oct		7.0%	5.5%
	ID	11:00	Trade Balance	Oct		\$3,295M	\$3,418M
	ID	11:00	Exports YoY	Oct		18.76%	16.17%
	ID	11:00	Imports YoY	Oct		-7.80%	-12.45%
	KR	06:00	Unemployment Rate SA	Oct		—	2.6%
	JP	06:50	GDP Annualized SA QoQ	3Q		0.4%	4.8%
	JP	11:30	Industrial Production MoM	Sep F		—	0.2%
Thursday	US	20:30	Initial Jobless Claims	Nov 11		—	217K
16 – Nov.	US	21:15	Industrial Production MoM	Oct		-0.4%	0.3%
	JP	06:50	Trade Balance	Oct			
Friday	US	20:30	Housing Starts	Oct		1,350K	1,358K
17 – Nov.	—	—	—	—			

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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

Member of Indonesia Stock Exchange

JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51st 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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