

# Morning Brief

Daily | November 2, 2023

## Today's Outlook:

**US MARKETS:** The U.S. Federal Reserve kept interest rates unchanged at 5.25%-5.50% (as per market expectations) in two consecutive meetings, and comments from its top official fueled investor optimism rate hikes were done even though the central bank left the door open for more, especially after several recent indicators showed that economic activity expanded at a strong pace in the third quarter. Fed Chair Jerome Powell said policy makers would proceed carefully although they were not yet confident financial conditions were restrictive enough to get inflation as low as the central bank would like at 2%.

The falling US Treasury yields happened after the US Treasury Department said it will slow the pace of increases in its longer-dated debt auctions in the November-January quarter and expects it will need one more additional quarter of increases after this to meet its financing needs. The 2-year US Treasury yield, the most sensitive to Fed policy, fell 12.5 basis points to 4.93%, the lowest level since September.

**US ECONOMIC DATA:** The October ADP private sector payrolls came in at a lower than the expected 113,000 though still stronger than the September reading's 89k. In a sign that labor demand remains healthy, however, the September JOLTS job openings topped economists estimates by coming in at 9.553 million, which figure topped both forecasts and the previous month. The two data come ahead of Friday's jobs report which will give the Fed and investors a new detailed reading on the state of the still-tight labor market. Investors will also keep an eye on the country's future refinancing plans, with yields close to historic highs, even after the Treasury forecasted a lower fourth-quarter borrowing need than previously flagged.

**ASIA & EUROPE MARKETS:** Data showed South Korea's exports increased in October by 5.1% yoy, the first growth in 13 months, but its factory activity contracted slightly more significantly. Separately, China's Caixin/S&P Global Manufacturing PMI fell to 49.5 in October from 50.6 in September, marking the first contraction since July and failing to meet analysts' expectations for expansion at 50.8. As for sentiment in Europe, it was boosted by news on Tuesday that Eurozone inflation fell to the lowest level in two years in October. Speaking of Inflation, this morning South Korea reported CPI (Oct.) at 3.8% yoy, up from both the forecast and the previous month.

**INDONESIA MARKETS:** INDONESIA released October's annual inflation data which rose to 2.56% yoy from September's 19-month low of 2.28%, slightly lower than the market consensus of 2.6%; and remained within the central bank's target of 2-4% for the sixth consecutive month. On a monthly basis, consumer prices rose 0.17% mom in October, following a 0.19% increase in September, although still below market estimates of 0.24% growth. Indonesia's S&P Global Manufacturing PMI fell to 51.5 in October from 52.3 in September. This was the 26th consecutive month of expansion in factory activity, but the slowest pace since February, amid weakening new order growth and falling export sales, while output growth was the lowest in 4 months. The Rupiah's unwillingness to strengthen from above the IDR15,900 level hardly helped to bring positive catalysts to the equity market movement yesterday.

Further today, a number of important ECONOMIC DATA across the world are being watched by market participants: German Manufacturing PMI (Oct.) & Unemployment Change (Oct.), Eurozone Manufacturing PMI (Oct.), Bank of England rate decision, US Initial Jobless Claims, US Nonfarm Productivity (Q3), US Unit Labor Costs (Q3), and Factory Orders (Sept.).

## Corporate News

**Adhi Karya Ready to Pay IDR 289 Billion Bond Debt, Due in November** State-owned construction company PT Adhi Karya (Persero) Tbk (ADHI) is ready to pay the principal of the 2020 Adhi Phase I Sustainable Bonds III worth IDR 289.6 billion, which will mature on November 18, 2023. ADHI Director of Finance and Risk Management Bambang Krisminarno said that the funds will be available at the maturity date, which according to the provisions has a deadline on November 16. Previously, PT Pernerikat Efek Indonesia (Pefindo) had given an idA- rating to ADHI's bonds, which will mature in November 2023. (Bisnis)

## Domestic Issue

**Sri Mulyani Auctions Bonds Again Next Week, Seeking IDR 9 Trillion Funds** The government will again auction debt securities, they will hold an auction of Sovereign Sharia Securities (SBSN) or State Sukuk on Tuesday, November 7, 2023. Quoting the official statement of the Directorate General of Financing and Risk Management of the Ministry of Finance, Wednesday (1/11/2023) stated that the SBSN series to be auctioned are the SPN-S series (State Treasury Securities - Sharia) and PBS (Project Based Sukuk) to meet part of the financing target in the 2023 State Budget. SBSN auction has an indicative target of IDR 9 trillion with a settlement date of November 9, 2023. The SBSN series to be auctioned are as follows: SPN-S 07052024 (new issuance) maturity date May 7, 2024, PBS036 (reopening) maturity date August 15, 2025, PBS003 (reopening) maturity date January 15, 2027, PBS037 (reopening) maturity date March 15, 2036, PBS034 (reopening) maturity date June 15, 2039 and PBS033 (reopening) maturity date June 15, 2047. The non-competitive purchase allocation is 50% of the amount won for the SPN-S 07052024 series while the other series are 30% of the amount won. (Suara)

## Recommendation

**US10YT suddenly fell to lower channel support at 4.71% yield** after THE FED kept interest rates unchanged, but in fact it has not disturbed the medium-term uptrend. ADVISE: HOLD; Wait & See. The nearest resistance is the MA20 & MA10 in the yield range: 4.79% - 4.85%.

**ID10YT began to waver in relying on MA10** and is currently trying to climb back above the yield of 7.159%. Although the actual ID10YT uptrend is still relatively intact within the PARALLEL CHANNEL pattern (green), the yield consolidation may continue until the following support: MA20 / 7.085%, or even lower at the lower channel support around 6.93% yield. ADVISE : reduce position.

## 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)	3.42	3.12	Govt. Spending Yoy	10.62%	3.99%
Exports Yoy	-16.17%	-21.21%	FDI (USD bn)	4.86	5.14
Imports Yoy	-12.45%	-14.77%	Business Confidence	104.82	105.33
Inflation Yoy	2.56%	2.28%	Cons. Confidence*	121.70	125.20

## PRICE OF BENCHMARK SERIES

FR0090 : 94.86 (+0.32%)  
FR0091 : 95.55 (-0.16%)  
FR0094 : 95.60 (+0.49%)  
FR0092 : 99.71 (+0.55%)

FR0086 : 96.80 (+0.04%)  
FR0087 : 96.68 (+0.03%)  
FR0083 : 102.41 (-0.03%)  
FR0088 : 93.23 (+0.12%)

## CDS of Indonesia Bonds

CDS 2yr: -2.66% to 47.32

CDS 5yr: -1.98% to 96.65

CDS 10yr: -2.31% to 158.02

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.08%	-0.03%
USDIDR	15,935	0.31%
KRWIDR	11.74	-0.15%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,274.58	221.71	0.67%
S&P 500	4,237.86	44.06	1.05%
FTSE 100	7,342.43	20.71	0.28%
DAX	14,923.27	112.93	0.76%
Nikkei	31,601.65	742.80	2.41%
Hang Seng	17,101.78	(10.70)	-0.06%
Shanghai	3,023.08	4.31	0.14%
Kospi	2,301.56	23.57	1.03%
EIDO	20.12	(0.22)	-1.08%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,982.5	(1.4)	-0.07%
Crude Oil (\$/bbl)	80.44	(0.58)	-0.72%
Coal (\$/ton)	119.65	(1.45)	-1.20%
Nickel LME (\$/MT)	18,014	(116.0)	-0.64%
Tin LME (\$/MT)	23,908	(171.0)	-0.71%
CPO (MYR/Ton)	3,688	9.0	0.24%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 30 – Oct.	GE	16:00	GDP SA QoQ	3Q P	-0.1%	—	0.0%
	GE	16:00	GDP NSA YoY	3Q P	-0.8%	—	-0.6%
<b>Tuesday</b> 31 – Oct.	US	20:45	MNI Chicago PMI	Oct	44.0	44.8	44.1
	US	21:00	Conf. Board Consumer Confidence	Oct	102.6	100.0	103.0
	CH	08:30	Manufacturing PMI	Oct	49.5	50.2	50.2
	KR	06:00	Industrial Production YoY	Sep	3.0%	-0.4%	-0.5%
<b>Wednesday</b> 1 – Nov.	US	18:00	MBA Mortgage Applications	Oct 27	-2.1%	—	-1.0%
	US	19:15	ADP Employment Change	Oct	113K	135K	89K
	US	20:45	S&P Global US Manufacturing PMI	Oct F	50.0	—	50.0
	US	21:00	ISM Manufacturing	Oct	46.7	49.0	49.0
	CH	08:45	Caixin China PMI Mfg	Oct	49.5	50.8	50.6
	ID	07:30	S&P Global Indonesia PMI Mfg	Oct	51.5	—	52.3
	ID	11:00	CPI YoY	Oct	2.56%	—	2.28%
	KR	07:00	Trade Balance	Oct	-\$1,636Mn	-\$1,435Mn	-\$3,697Mn
<b>Thursday</b> 2 – Nov.	US	01:00	FOMC Rate Decision (Upper Bound)	Nov 1		5.50%	5.50%
	US	01:00	FOMC Rate Decision (Lower Bound)	Nov 1		5.25%	5.25%
	US	19:30	Initial Jobless Claims	Oct 28		—	210K
	US	21:00	Factory Orders	Sep		1.0%	1.2%
	US	21:00	Durable Goods Orders	Sep F		—	4.7%
	KR	06:00	CPI YoY	Oct		3.6%	3.7%
<b>Friday</b> 3 – Nov.	US	19:30	Change in Nonfarm Payrolls	Oct		168K	336K
	US	19:30	Unemployment Rate	Oct		3.8%	3.8%

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

#### DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



## PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

### 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

### Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

### A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |  
Jakarta