

Morning Brief

Daily | November 21, 2023

Today's Outlook:

US MARKETS: Investors have almost priced in a 100% chance that the Fed will keep interest rates unchanged at the December FOMC Meeting; coupled with the chance of a rate cut at the next meeting around summer next year. Later tonight, US Existing Home Sales data will be monitored, which is estimated not to change much from the previous figure.

ASIA & EUROPE MARKETS: China kept its benchmark interest rates in place at the current 4.20% for the long term and 3.45% for the short term. Germany reported deflation at the producer level eased to -11% yoy in Oct from -14.7% in Sept, while Sept Construction Output detected a move towards the positive by growing 0.45% mom, from -1.06% in the previous month. Speaking of PPI, South Korea reported its producer price index softened to 0.8% yoy, compared to 1.4% in Sept; on a monthly basis, it entered deflationary territory -0.1% mom compared to 0.5% in the previous month. Later tonight at around 22.50WIB Indonesia will release the Balance of Payments data.

COMMODITIES: Oil prices climbed more than 2% on Monday (20/11/23) as traders expect OPEC+ will decide whether to continue or increase production cuts at their planned meeting next week. Brent futures closed at USD 82.32/barrel, up 2.1%; while the December WTI contract settled at USD 77.6/barrel, up 2.3% (the more active January contract was slightly higher at USD 77.83/barrel, up 1.8%). The two benchmark Oil prices had fallen for four consecutive weeks, yet started to rebound on Friday, jumping 4% on the back of profit-taking (cover shorts) and after three sources from OPEC+ told Reuters that producing countries would consider adding to supply cuts when they meet on November 26. Oil prices have fallen nearly 20% since late September as crude production in the US (the world's top producer) is at a record high; while markets are concerned about sluggish demand, especially from China (the world's number one oil importer). Traders are also watching for signs of falling demand due to the possibility of a US recession in 2024.

Corporate News

IIF Releases IDR 500 Billion Bonds, Take a Peek at the Plan for the Use of Funds PT Indonesia Infrastructure Finance (IIF) will soon issue Sustainable Bonds II Indonesia Infrastructure Finance Phase I Year 2023 with a maximum principal amount of IDR 500 billion. The funds are planned to be partly used to pay off debt. In its prospectus, IIF said that the issuance of these bonds is part of the Indonesia Infrastructure Finance Sustainable Bonds II Sustainable Public Offering with a target to raise as much as IDR 3 trillion. The Sustainable Bonds II Phase I is offered in three variants, namely series A with a tenor of 370 days from the issuance date, series B with a tenor of 3 years, and series C with a tenor of 5 years. The bond issuance date falls on December 21, 2023. However, the company has not set the amount of bond interest or the principal amount of each series. Bond interest will be paid every three months from the issuance date. The first bond interest payment of each series will be made on March 21, 2024. (Bisnis)

Domestic Issue

Government Auctions 6 Series of SBSN with a Target of IDR 9 Trillion The government will conduct an auction of State Sharia Securities (SBSN) or State Sukuk on Tuesday, November 21, 2023. In this auction, the government set an indicative target of IDR 9 trillion. Reporting from the Ministry of Finance's Directorate General of Financing and Risk Management (DJPPR) page, there are six SBSN series to be auctioned, namely one series of State Treasury Securities-Syariah (SPN-S) and five series of Project Based Sukuk (PBS). In this auction, the PBSG001 series is offered again, which is a green sukuk series offered through an auction in the domestic primary market. The funds obtained in this auction will be used by the government to meet part of the financing target in the 2023 State Budget. Here are the six SBSN series that will be auctioned: SPN-S 07052024 (new issuance), PBS036, PBS003, PBSG001, PBS037 and PBS033. The SBSN auction opens on Tuesday, November 21, 2023 at 09.00 WIB and closes at 11.00 WIB. (VOI)

Recommendation

US10YT was again held below MA10 as the nearest resistance, resulting in the yield being unable to pass the 4.507% level. It is estimated that US10YT will continue to fall until the target bottom at 4.309% yield; the result of the uptrend PARALLEL CHANNEL pattern that has been broken. ADVISE: reduce position.

ID10YT is still under pressure below the nearest resistance, which is MA10 / 6.774% yield; in order to reach the bottom target at 6.465% yield; the result of the PARALLEL CHANNEL uptrend pattern has been broken. 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 | 4.94% | 5.17% |
| FX Reserve (USD bn) | 133.10 | 134.90 | Current Acc (USD bn) | -1.90 | 3.00 |
| Trd Balance (USD bn) | 3.48 | 3.42 | Govt. Spending Yoy | -3.76% | 10.62% |
| Exports Yoy | -10.43% | -16.17% | FDI (USD bn) | 4.86 | 5.14 |
| Imports Yoy | -2.42% | -12.45% | Business Confidence | 104.82 | 104.30 |
| Inflation Yoy | 2.56% | 2.28% | Cons. Confidence* | 124.30 | 124.70 |

PRICE OF BENCHMARK SERIES

| | |
|--------|-------------------|
| FR0090 | : 95.97 (-0.14%) |
| FR0091 | : 97.80 (+0.11%) |
| FR0094 | : 94.98 (+0.00%) |
| FR0092 | : 100.98 (+0.00%) |
| FR0086 | : 97.53 (+0.01%) |
| FR0087 | : 98.84 (+0.08%) |
| FR0083 | : 105.65 (+0.10%) |
| FR0088 | : 96.01 (-0.15%) |

CDS of Indonesia Bonds

| | |
|----------|--------------------|
| CDS 2yr | : -3.68% to 34.16 |
| CDS 5yr | : -4.02% to 73.84 |
| CDS 10yr | : -3.18% to 133.97 |

Government Bond Yields & FX

| | Last | Chg. |
|----------------|--------|--------|
| Tenor: 10 year | 6.66% | -0.29% |
| USDIDR | 15,445 | -0.31% |
| KRWIDR | 11.96 | 0.06% |

Global Indices

| Index | Last | Chg. | % |
|-----------|-----------|----------|--------|
| Dow Jones | 35,151.04 | 203.76 | 0.58% |
| S&P 500 | 4,547.38 | 33.36 | 0.74% |
| FTSE 100 | 7,496.36 | (7.89) | -0.11% |
| DAX | 15,901.33 | (17.83) | -0.11% |
| Nikkei | 33,388.03 | (197.17) | -0.59% |
| Hang Seng | 17,778.07 | 323.88 | 1.86% |
| Shanghai | 3,068.32 | 13.95 | 0.46% |
| Kospi | 2,491.20 | 21.35 | 0.86% |
| EIDO | 21.73 | 0.10 | 0.46% |

Commodities

| Commodity | Last | Chg. | % |
|--------------------|---------|---------|--------|
| Gold (\$/troy oz.) | 1,978.1 | (2.8) | -0.14% |
| Crude Oil (\$/bbl) | 77.67 | 1.63 | 2.14% |
| Coal (\$/ton) | 122.50 | (0.75) | -0.61% |
| Nickel LME (\$/MT) | 16,954 | 50.0 | +0.30% |
| Tin LME (\$/MT) | 24,852 | (341.0) | -1.35% |
| CPO (MYR/Ton) | 3,934 | 3.0 | 0.08% |

| Date | Country | Hour Jakarta | Event | Period | Actual | Consensus | Previous |
|------------------|---------|--------------|---------------------------------|--------|--------|-----------|-----------|
| Monday | US | 22:00 | Leading Index | Oct | -0.8% | -0.6% | -0.7% |
| 20 – Nov. | JP | 12:00 | Tokyo Condominium for Sale YoY | Oct | -46.3% | — | 4.1% |
| Tuesday | US | 22:00 | Existing Home Sales | Oct | | 3.90M | 3.96M |
| 21 – Nov. | ID | 10:00 | BoP Current Account Balance | 3Q | | -\$1,269M | -\$1,900M |
| | KR | 04:00 | PPI YoY | Oct | | — | 1.3% |
| Wednesday | US | 20:30 | Initial Jobless Claims | Nov 18 | | — | 231K |
| 22 – Nov. | US | 20:30 | Durable Goods Orders | Oct P | | -3.1% | 4.6% |
| | US | 22:00 | U. of Mich. Sentiment | Nov F | | 60.5 | 60.4 |
| Thursday | ID | 14:20 | Bank Indonesia 7D Reverse Repo | Nov 23 | | 6.00% | 6.00% |
| 23 – Nov. | GE | 15:30 | HCOB Germany Manufacturing PMI | Nov P | | — | 40.8 |
| Friday | US | 21:45 | S&P Global US Manufacturing PMI | Nov P | | 49.8 | 50.0 |
| 24 – Nov. | JP | 06:30 | Natl CPI YoY | Oct | | 3.4% | 3.0% |

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury

Published on Investing.com, 21 Nov 2023 - 0:46:42 GMT, Powered by TradingView
United States 10 Year, United States, NYSE:US10YT=X, D



Indonesia 10 Years Treasury

Published on Investing.com, 21 Nov 2023 - 0:47:09 GMT, Powered by TradingView
Indonesia 10 Year, Indonesia, Jakarta:ID10YT=RR, D



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