

Morning Brief

Daily | November 23, 2023

Today's Outlook:

US MARKETS: Economic data mentioning Initial Jobless Claims, Durable Goods Order, and consumer sentiment from the Univ. of Michigan essentially view the economy as slightly weakening but still strong enough to avoid recession.

After briefly touching 2-month lows, Treasury yields ended mixed on the day, with the yield on the 2-year Treasury up 17 basis points to 4.9%, while the 10-year Treasury yield slipped 5 bps to 4.409% following mixed economic data.

COMMODITIES: Crude prices lost nearly 1% following fresh signs of increased supply. OPEC+ postponed its meeting scheduled for Nov. 26 to Nov. 30, amid debates to agree on production levels, fueling uncertainty over potential production cuts. One other catalyst that pressured Oil prices was the US weekly Crude inventory report, which turned out to be much larger than expected. The Energy Information Administration (EIA) released weekly changes in commercial oil produced by US companies. For the latest week, there were 8.7m barrels of new Oil additions due to high imports, well above the estimate of 1.16m barrels and also more than twice the previous week's 3.6m barrels. On the other hand, the US Dollar rebounded from a 2.5-month low after economic data showed lower than expected jobless claims. The strong US Dollar dampened demand from non-US buyers. Analysts expect that, in its efforts to support crude oil prices, OPEC+ will not only need to extend the period of production cuts, but also increase the number of production cuts.

EUROPEAN & ASIAN MARKETS: Euro zone Consumer Confidence yesterday came in better than expected, although still in pessimistic territory overall. A number of PMI reports will be announced today from France, Germany, Euro zone, and the UK. Indonesian investors/traders will focus more on today's important domestic catalyst which is BI's RDG decision on interest rate which is expected to be held at 6.0%.

Corporate News

Fitch Downgrades APLN's Corporate and Bond Ratings to C International rating agency Fitch Ratings downgraded the corporate and bond ratings of PT Agung Podomoro Land Tbk (APLN). Fitch downgraded APLN's rating from CCC- to C. Launching the disclosure of information, Wednesday (11/22), this rating applies to APLN's debt securities, namely global bonds worth USD 132 million with an interest rate of 5.95% which will mature in June 2024. APLN Corporate Secretary F. Justini Omas said APLN issued the Senior Bonds through APL Realty Holding Pte Ltd (APL Realty), a wholly-owned subsidiary of Agung Podomoro incorporated in Singapore. (Kontan)

Domestic Issue

Incoming Bids Reach IDR 18.59 Trillion at Sukuk Auction, Tuesday (21/11) The government has conducted an auction of State Sharia Securities (SBSN) or state sukuk on Tuesday (21/11). There were six series offered at the sukuk auction, namely SPNS07052024, PBS036, PBS003, PBSG001, PBS037, and PBS033 through the Bank Indonesia auction system. Based on information from the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance, the total incoming bid at the sukuk auction this time amounted to IDR 18.59 trillion. Of the total incoming bids, the government won a bid of IDR 9.73 trillion. The total incoming bid at the sukuk auction dated November 21, 2023 was higher than the bid figure at the sukuk auction two weeks ago, which amounted to IDR 15.87 trillion. The auction nominal won was also higher than IDR 2.24 trillion. As for the six SBSN series offered, PBS036 is the best-selling series with the highest total incoming bids. The PBS036 series also recorded the highest bid nominal won by the government. (Kontan)

Recommendation

US10YT limited downside potential, a bit away from reaching the bottom target at 4.309% yield; the result of the PARALLEL CHANNEL uptrend pattern that has been broken; although currently holding higher than the previous Support level Low: 4.381% yield. Nearest Resistance: MA10 or 4.485% yield. ADVISE: HOLD.

ID10YT has a slight rebound reaction on Support from the previous Low level at 6.646% yield; but it is still a bit far from the nearest Resistance, which is MA10 at 6.749% yield to determine if this downtrend can be overcome. The downward movement to the bottom target of 6.465% yield is still intact. 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)	-0.90	-1.90
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	: 96.06 (+0.20%)
FR0091	: 98.05 (-0.11%)
FR0094	: 94.99 (-0.10%)
FR0092	: 103.40 (-0.09%)
FR0086	: 97.65 (-0.06%)
FR0087	: 98.64 (-0.07%)
FR0083	: 105.59 (-0.27%)
FR0088	: 96.88 (+0.06%)

CDS of Indonesia Bonds

CDS 2yr	: +2.12% to 35.57
CDS 5yr	: +2.42% to 76.30
CDS 10yr	: +1.55% to 138.27

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.66%	-0.01%
USDIDR	15,440	-0.03%
KRWIDR	11.98	0.17%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,088.29	(62.75)	-0.18%
S&P 500	4,538.19	(9.19)	-0.20%
FTSE 100	7,481.99	(14.37)	-0.19%
DAX	15,900.53	(0.80)	-0.01%
Nikkei	33,354.14	(33.89)	-0.10%
Hang Seng	17,733.89	(44.18)	-0.25%
Shanghai	3,067.93	(0.39)	-0.01%
Kospi	2,510.42	19.22	0.77%
EIDO	21.42	(0.31)	-1.43%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,998.3	20.2	1.02%
Crude Oil (\$/bbl)	77.77	(0.06)	-0.08%
Coal (\$/ton)	122.30	(0.20)	-0.16%
Nickel LME (\$/MT)	16,995	43.0	+0.25%
Tin LME (\$/MT)	24,878	26.0	+0.10%
CPO (MYR/Ton)	3,953	19.0	0.48%

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	3.79M	3.90M	3.96M
21 – Nov.	ID	10:00	BoP Current Account Balance	3Q	-\$900M	-\$1,269M	-\$1,900M
	KR	04:00	PPI YoY	Oct	0.8%	—	1.3%
Wednesday	US	20:30	Initial Jobless Claims	Nov 18	209k	—	231K
22 – Nov.	US	20:30	Durable Goods Orders	Oct P	-5.4%	-3.1%	4.6%
	US	22:00	U. of Mich. Sentiment	Nov F	61.0	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

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Indonesia 10 Years Treasury

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