

# Morning Brief

Daily | November 3, 2023

## Today's Outlook:

**US MARKETS: US Treasury yields continued to fall, with the 10-year Treasury note falling 12.3 bps to a yield of 4.666%. Initial Jobless Claims rose to 217k, above estimates and from the previous week.** Nonfarm Productivity 3Q23 increased to 4.7% qoq, also higher than expectations and the previous quarter. While Unit Labor Costs for the third quarter declined -0.8% qoq, much lower than the previous quarter at 3.2%. Factory Orders for September increased almost 3x to 2.8% from 1% in the previous month. A soft landing situation was achieved for the US, where Inflation was successfully suppressed without sacrificing too much economic growth or jobs. Later tonight around 7:30 pm GMT the US will again announce important data in the field of employment, namely: Average Hourly Earnings (Oct.), Nonfarm Payrolls (Oct.) which is expected to add 188k new workers in the public sector (down from the previous month's 336k), as well as an assessment of the Unemployment Rate in October which is predicted not to budge from the 3.8% level. The S&P Global Composite PMI will record the growth of the US Manufacturing & Services sector which is expected to remain safely in expansionary territory.

**ASIAN MARKETS: The Fed's interest rate hold for the second consecutive time also cheered the Asian stock & bond markets.** A rally occurred in Asian markets where the Nikkei rose 1.4%, Chinese bluechips were boosted 0.3%, while the Hang Seng index jumped 1.7%. This morning, South Korea has reported Foreign Exchange Reserves (Oct.) at USD 412.87 billion, not much changed from the previous month's position. More eye-catching data is coming soon from China with the Caixin Services PMI (Oct.) which is expected to strengthen further in expansionary territory.

**EUROPE MARKETS: Economic slowdown still dominates the continent's economic story.** Germany reported a Manufacturing PMI that is still struggling in contraction territory although its slowdown has begun to soften. Their Unemployment Change increased by more than double in October. The same condition was experienced by the Eurozone which reported Manufacturing PMI (Oct.) that has yet to move out of contraction territory as expected. The Bank of England again set interest rates unchanged at 5.25%, the second time they have not raised interest rates since beginning their upward trend in December 2021. This afternoon, market participants will monitor the German Trade Balance (Sept.) which is predicted to have no significant change from the previous month's surplus of EUR 16.6 billion. In the afternoon, the UK will announce the Composite PMI which still seems to be struggling to get out of the contraction area. Meanwhile, the Eurozone Unemployment Rate for September is expected to reappear at 6.4%, just like the previous month.

**COMMODITIES: Global crude oil prices traded higher on traders' concerns of continued Middle East conflicts that could disrupt supplies.** Both Brent and US WTI rose 1.2% each. The Dollar Index weakening 0.1% against other major currencies contributed a positive catalyst to energy prices. The Japanese Yen continued to strengthen by 0.3% against the USD. On the other hand, global Gold prices crept up 0.2% to USD 1985.86/ounce.

## Corporate News

**It's Complete! Tower Bersama (TBIG) Repays Principal and Interest of IDR 1 Trillion Bonds** PT Tower Bersama Infrastructure Tbk (TBIG) said that the Company has made payments in order to pay off the Principal and Interest of Sustainable Bonds V Phase V Year 2022. This was conveyed by TBIG Director, Helmy Yusman Santoso, in a written statement on Thursday (2/11) said that TBIG had paid off IDR 1 trillion in bonds that matured on October 31, 2023 to bondholders. For information, this bond has an interest rate of 5.25% with PT Bank Tabungan Negara Tbk as trustee and obtained an AA+ (idn) rating from PT Fitch Ratings Indonesia. (Emiten News)

## Domestic Issue

**Bond Market is Expected to Increase in 2024, Here's Why** PT Sinarmas Asset Management Chief Investment Officer Genta Wira Anjalu said that the situation in the bond market will strengthen in 2024. Although in the near future, volatility is expected to continue along with global market conditions. But in 2024, Genta expects the bond market to improve along with the central bank's plan to lower interest rates. In the baseline scenario, the interest rate for 10-year government bonds (10-year SUN) is expected to reach 6.97%, but in the optimistic scenario it could drop to 6.32%. "Currently, we favor corporate bonds because they have a shorter duration, so they have a more stable price movement amid global market volatility," said Genta during the Road to 2024: Market Outlook Seminar titled "Measuring Stock Market Opportunities in Election Year, Thursday (2/11). This is because the majority of bond issuers in Indonesia still have good credit fundamentals. Not only that, Genta said that the domestic economy tends to be more stable compared to the global economy. (Katadata)

## Recommendation

**US10YT is out of its climbing path since early August, opening up the potential for further downside in yield towards the bottom target of around 4.309% (Not forgetting the MA50 Support at 4.567% yield as a possible technical rebound spot).** Certainly, the yield is currently moving deeper below MA10 & MA20 which should be the Uptrend platform. ADVISE: SELL MORE if yield falls below 4.626%.

**ID10YT is approaching the lower channel support of the yield uptrend that started in mid-August.** ADVISE: Watch the 6.92% yield area before reducing your position even more. Nearest yield resistance: MA20 / 7.009%, continued: 7.085% - 7.143% / 7.20% / 7.298%.

## 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 : 95.28 (+0.44%)  
FR0091 : 95.55 (+0.00%)  
FR0094 : **94.97 (-0.65%)**  
FR0092 : 100.21 (+0.51%)

FR0086 : 97.12 (+0.34%)  
FR0087 : 97.27 (+0.61%)  
FR0083 : 102.58 (+0.17%)  
FR0088 : 94.57 (+1.44%)

## CDS of Indonesia Bonds

CDS 2yr: **-8.23%** to 43.43

CDS 5yr: **-6.18%** to 90.68

CDS 10yr: **-6.32%** to 148.04

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.07%	-0.00%
USDIDR	15,857	-0.49%
KRWIDR	11.81	0.56%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,839.08	564.50	1.70%
S&P 500	4,317.78	79.92	1.89%
FTSE 100	7,446.53	104.10	1.42%
DAX	15,143.60	220.33	1.48%
Nikkei	31,949.89	348.24	1.10%
Hang Seng	17,230.59	128.81	0.75%
Shanghai	3,009.41	<b>(13.67)</b>	<b>-0.45%</b>
Kospi	2,343.12	41.56	1.81%
EIDO	20.70	0.58	2.88%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,985.8	3.3	0.16%
Crude Oil (\$/bbl)	82.46	2.02	2.51%
Coal (\$/ton)	120.00	0.35	0.29%
Nickel LME (\$/MT)	17,961	<b>(52.5)</b>	<b>-0.29%</b>
Tin LME (\$/MT)	23,908	<b>(171.0)</b>	<b>-0.71%</b>
CPO (MYR/Ton)	3,784	96.0	2.60%

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
	KR	07:30	S&P Global South Korea PMI Mfg	Oct	49.8	—	49.9
<b>Thursday</b> 2 – Nov.	US	01:00	FOMC Rate Decision (Upper Bound)	Nov 1	5.50%	5.50%	5.50%
	US	01:00	FOMC Rate Decision (Lower Bound)	Nov 1	5.25%	5.25%	5.25%
	US	19:30	Initial Jobless Claims	Oct 28	217K	—	210K
	US	21:00	Factory Orders	Sep	2.8%	1.0%	1.2%
	US	21:00	Durable Goods Orders	Sep F	4.6%	—	4.7%
	KR	06:00	CPI YoY	Oct	3.8%	3.6%	3.7%
	<b>Friday</b> 3 – Nov.	US	19:30	Change in Nonfarm Payrolls	Oct	—	168K
US		19:30	Unemployment Rate	Oct	—	3.8%	3.8%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury

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## Indonesia 10 Years Treasury

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