

Morning Brief

Daily | November 6, 2023

Today's Outlook:

US MARKETS: The weaker-than-expected jobs report stoked hopes that Federal Reserve rate hikes are now in the rearview mirror, pushing Treasury yields sharply lower.

Softer October jobs report bolsters expectations of Fed pause. The economy added 150,000 jobs in October, less than the 180,000 expected and down from 336,000 in September. The unemployment rate ticked higher to 3.9% from 3.8%, while average hourly earnings rose 0.2%, below expectations. The fewer-than-expected jobs created in October and easing wage pressures stoked investor expectations the Fed is unlikely to deliver another rate hike this year.

Treasury yields slumped, with the yield on the on the 2-year Treasury note falling 14 basis points to 4.837%, while the 10-year Treasury yield slipped 11 basis points to 4.559%.

COMMODITIES: Oil prices made a downward turn on Friday, spurred by easing Middle East supply concerns amidst the Israel-Hamas war and speculation of the US Federal Reserve halting interest rate hikes. Brent crude futures were recorded at USD84.89/barrel while West Texas Intermediate crude stood at USD80.51/barrel, marking a weekly drop exceeding 6%. Despite warnings of potential wider conflict at Lebanon's border with Israel by Hezbollah leader Sayyed Hassan Nasrallah, markets remained steady. Meanwhile, recent data out of China has underscored the uncertain demand outlook in the world's top importer, adding further pressure on demand.

Corporate News

Bank UOB Indonesia Prepares IDR 102.35 Billion to Repay Bonds PT Bank UOB Indonesia is geared up to make interest payments and principal repayments on its Sustainable Subordinated Bonds I Bank UOB Indonesia Phase I Year 2016. UOB Indonesia Corporate Secretary Susilowati said that the bank has prepared IDR 102.35 billion to pay off the principal of the bonds that will mature on November 25, 2023. "Referring to the Indonesia Stock Exchange Regulation Number I-E concerning Obligation to Submit Information, we hereby inform you that PT Bank UOB Indonesia has provided funds amounting to IDR 102,350,000,000.- for the payment of Interest and Principal Repayment of Sustainable Subordinated Bonds I Bank UOB Indonesia Phase I Year 2016 which will mature on November 25, 2023," she explained in the disclosure of information. Susilowati continued that the payment process will be carried out through the payment agent PT Kustodian Sentral Efek Indonesia (KSEI) according to a predetermined schedule. (Bisnis)

Domestic Issue

Ministry of Finance Sets ST011 Savings Sukuk Yields at 6.3% and 6.5% per Year, Floating with Floor The Ministry of Finance (05/11/2023) announced the yield of Government Securities (SBN) Retail type of Savings Sukuk (ST) series ST011 for a 2-year tenor or ST011T2 at 6.3% per year and ST011 for a 4-year tenor or Green Sukuk Retail ST011T4 at 6.5% per year. The coupon rate, which is floating with floor, is quite attractive in the midst of the current capital market turmoil. The ST011 yield is floating with floor or floating with a minimum limit. This means that it can rise, if the BI benchmark interest rate rises, but cannot fall lower than the minimum limit (floor). In the ST011 issuance this time, the government again offered a format with 2 investment tenor options of 2 and 4 years. ST011 with a 4-year tenor is designated as Green Retail Sukuk by the Ministry of Finance. This means that in addition to being safe, profitable, in accordance with sharia principles, it is also environmentally friendly. (Bareksa)

Recommendation

US10YT reaffirmed its downtrend after slipping off the climbing path or PARALLEL CHANNEL pattern - uptrend. MA10 & MA20 are also detected to be ready to dead cross soon, and will be the ceiling that hinders the increase in US Treasury yields going forward. Current support MA50: yield 4.584% may try to be a minor support. ADVISE: SELL MORE if yield falls below 4.584%.

ID10YT is experiencing the same bearish symptom, breaking the lower channel support (uptrend), opening the risk of yield drop to 6.482%. The nearest MA50 support will try to hold at 6,830%. ADVISE: If ID10YT seems to be struggling to get back towards the 7.0% level then we recommend reducing positions.

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 : 95.38 (+0.11%)
FR0091 : 95.55 (+0.00%)
FR0094 : 94.94 (-0.92%)
FR0092 : 100.43 (+0.22%)

FR0086 : 97.37 (+0.26%)
FR0087 : 97.55 (+0.29%)
FR0083 : 103.08 (+0.49%)
FR0088 : 94.51 (-0.06%)

CDS of Indonesia Bonds

CDS 2yr: -8.32% to 39.81

CDS 5yr: -4.23% to 86.84

CDS 10yr: +2.49% to 151.73

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.86%	-0.22%
USDIDR	15,728	-0.81%
KRWIDR	11.90	0.75%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,061.32	222.24	0.66%
S&P 500	4,358.34	40.56	0.94%
FTSE 100	7,417.73	(28.80)	-0.39%
DAX	15,189.25	45.65	0.30%
Nikkei	31,949.89	348.24	1.10%
Hang Seng	17,664.12	433.53	2.52%
Shanghai	3,030.80	21.39	0.71%
Kospi	2,368.34	25.22	1.08%
EIDO	21.33	0.63	3.04%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,992.7	6.9	0.35%
Crude Oil (\$/bbl)	80.51	(1.95)	-2.36%
Coal (\$/ton)	122.50	2.50	2.08%
Nickel LME (\$/MT)	18,223	244.0	1.36%
Tin LME (\$/MT)	24,356	394.0	1.64%
CPO (MYR/Ton)	3,768	(16.0)	-0.42%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	ID	11:00	GDP YoY	3Q	5.03%	5.17%	
6 – Nov.	ID	11:00	GDP QoQ	3Q	1.66%	3.86%	
	GE	14:00	Factory Orders MoM	Sep	-2.2%	3.9%	
Tuesday	US	20:30	Trade Balance	Sep	-\$60.5B	-\$58.3B	
7 – Nov.	CH	—	Trade Balance	Oct	\$84.2B	\$77.8B	
	ID	10:00	Foreign Reserves	Oct	—	\$134.9B	
	GE	14:00	Industrial Production SA MoM	Sep	-0.4%	-0.2%	
Wednesday	US	19:00	MBA Mortgage Applications	Nov 3	—	-2.1%	
8 – Nov.	ID	—	Consumer Confidence Index	Oct	—	121.7	
	GE	14:00	CPI YoY	Oct F	3.8%	3.8%	
	KR	06:00	BoP Current Account Balance	Sep	—	-\$4,809.8M	
Thursday	US	20:30	Initial Jobless Claims	Nov 4	—	217K	
9 – Nov.	US	20:30	Continuing Claims	Oct 28	—	1,818K	
	CH	08:30	CPI YoY	Oct	-0.2%	0.0%	
	CH	08:30	PPI YoY	Oct	-2.8%	-2.5%	
	JP	06:50	BoP Current Account Balance	Sep	¥2,988.9B	¥2,279.7B	
	Friday	US	22:00	U. of Mich. Sentiment	Nov P	63.5	63.8
10 – Nov.	JP	06:50	Money Stock M2 YoY	Oct	—	2.4%	

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury

Published on Investing.com, 6/11/2023 - 0:54:47 GMT, Powered by TradingView.
United States 10-Year, United States, NYSE:US10YF-X, D



Indonesia 10 Years Treasury

Published on Investing.com, 6/11/2023 - 1:10:45 GMT, Powered by TradingView.
Indonesia 10-Year, Indonesia, Jakarta:ID10YT-RR, D



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