

Morning Brief

Daily | November 7, 2023

Today's Outlook:

US MARKETS: investors awaited guidance from a host of Federal Reserve policymakers later in the week on the central bank's policy path, with a large amount of bond supply also due to hit the market. Equities last week posted their biggest weekly percentage gain in about a year, as a weaker-than-expected U.S. payrolls report on Friday sent Treasury yields lower on the view the Fed was done hiking interest rates and could start cutting them next year. Market expectations that the Fed will hold interest rates steady at its December meeting stand at 90.4%, down from 95.2 on Friday but above the 74.4% a week ago. Expectations for a rate cut of at least 25 basis points have grown to more than 50% at the May 2024 meeting, according to CME's FedWatch Tool. The above expectations sent the S&P 500 surging 5.85% last week and the Nasdaq soaring 6.61%, the biggest weekly jump since November 2022. Meanwhile, the yield on the benchmark 10-year Treasury note, which slid to five-week lows on Friday, reversed course to reach a high of 4.668% on Monday, ahead of this week's Treasury auction of about \$112 billion in three-year and 10-year notes, as well as 30-year bonds. The green session marked the sixth consecutive gain for the DJIA and S&P 500, and the seventh consecutive gain for the Nasdaq. The streak is the longest for the S&P 500 since early June, since July for the Dow and since January for the Nasdaq. There is not much of an economic data calendar this week, which market participants will be watching out for is the weekly jobless claims figure (US Initial Jobless Claims) due on Thursday, as well as the consumer sentiment report from the esteemed University of Michigan on Friday. Speaking of earnings season, 403 S&P 500 companies have reported third quarter earnings, with 81.6% beating analysts' estimates, according to LSEG data. Later tonight around 20.30 WIB, the US will follow China announcing their Trade Balance (Sept) as well as Export-Import growth.

COMMODITIES: Oil prices rose on Monday, a rebound after falling sharply last week, as traders/speculators were stimulated by the prospect of reduced supply, while keeping a close eye on developments in the Middle East conflict. Over the weekend, major producers Saudi Arabia and Russia confirmed that they will maintain production cuts until the end of the year, keeping the oil market tighter. Both WTI and Brent prices slumped around 6% last week as the geopolitical risk premium faded, with the Israeli-Hamas war escalation failing to expand so far.

ASIA & EUROPE MARKETS: In Japan, the au Jibun Bank Japan Composite PMI index showed growth in private sector business activity for the 10th consecutive month in October, and services business activity also experienced growth for the 14th consecutive month; however, both were slower than in September. On the other hand, the economic slowdown was noticeable in continental Europe, as the Eurozone Composite PMI was confirmed at 46.5 in October 2023, down from 47.2 in September and the lowest since November 2020. German Factory Orders unexpectedly rose 0.2% mom in September, surprising analysts who had expected a contraction of 1%; though the real figure slipped considerably from August's 1.9%, indicating a gloomy manufacturing outlook. The S&P Global UK Construction PMI (Oct.) also struggled out of contraction territory at 45.6, failing to meet estimates at 46.

Market participants are now focused on key economic data from China, which will be released today, namely the Trade Balance, which is expected to provide more clues about commodity demand from the country. Although China's oil imports and fuel demand have remained high this year, the country has been increasing its production at the same time; which could trigger a decline in imports in the coming months. Traders are also concerned about the decline in fuel demand, especially if economic conditions deteriorate again. Chinese inflation data due on Thursday is expected to provide more insight into the spending patterns of the world's largest oil importer, which has been grappling with disinflation in recent months.

INDONESIA: The Rupiah exchange rate strengthened 221 points (+1.4%) to IDR 15,550/USD, while the spot rate yesterday afternoon climbed 190 points (+1.21%) to IDR 15,535/USD. This good news sent the JCI surging 1.33% to 6878.8 accompanied by IDR 467 billion worth of foreign net buy (RG market). On one hand, Indonesia's GDP growth in Q3/2023 was not as expected; it only rose by 1.60% qoq, missing the market consensus of 1.71% and slowing sharply from 3.86% in Q2. On an annualized basis, the economy grew by 4.94% yoy in Q3/2023, lower than market estimate of 5.05%, slowing down from 5.17% expansion in Q2, showing the weakest growth since Q3 2021, which was mainly caused by declining exports, amidst moderation in commodity prices.

Corporate News

Pefindo Affirms Id A Plus Rating for Barito Pacific (BRPT) Bonds PEFINDO affirmed the idA+ rating for PT Barito Pacific Tbk (BRPT) with a stable outlook. The rating agency also affirmed the idA+ rating for the Sustainable Bonds I, Sustainable Bonds II, and Sustainable Bonds III, including the planned issuance of Sustainable Bonds III Phase II amounting to Rp1.0 trillion in the fourth quarter of 2023 for refinancing purposes. The ratings reflect the strong market position of BRPT's main operating segments in the petrochemical business through PT Chandra Asri Petrochemical Tbk (TPIA) and renewable energy business through PT Barito Renewable Energy Tbk (BREN), stable dividend distributions from key subsidiaries, and stable revenue streams from the energy segment. (Bareksa)

Domestic Issue

Foreign Ownership in SBN in October 2023 Decreased 1.53 Percent Compared to September The Ministry of Finance (Kemenkeu) noted that foreign investor ownership in tradable domestic Government Securities (SBN) during the current year to October 2023 reached IDR 810.38 trillion. This figure consists of ownership in Government Bonds (SUN) which amounted to IDR 792.40 trillion and in State Sharia Securities (SBSN) or State Sukuk which amounted to IDR 17.98 trillion. The amount of foreign ownership in domestic SBN is equivalent to 14.68% of the total ownership of domestic SBN owned by all investors. It was recorded that the total ownership of domestic SBN reached IDR 5,519.76 trillion until October 2023. Quoted from DataIndonesia.id, when compared to the previous month's position, total foreign ownership in domestic SBN as of the end of October 2023 was observed to be 1.53% lower or reduced by IDR 12.62 trillion. As of September 29, 2023, total foreign ownership in tradable domestic SBN was recorded at IDR 823.00 trillion. The decline in foreign investor ownership in domestic SBN in October 2023 was the fourth decline throughout 2023. Previously, foreign investors had also sold domestic SBN holdings in February, August and September. (Emiten News)

Recommendation

US10YT affirmed its downtrend after slipping off the climbing path aka PARALLEL CHANNEL pattern - uptrend. MA10 & MA20 confirm deadcross, will serve as the nearest Resistance in the yield range of 4.735% - 4.782%. Current support is the MA50: 4.594% yield may try to be a minor support. ADVISE: SELL MORE if yield falls below 4.594%.

ID10YT was unable to escape this short-term bearish trend after breaking the PARALLEL CHANNEL - uptrend pattern, continuing its decline through MA50 Support at 6.830% and seems to be getting steadier towards TARGET bottom of 6.482%. POTENTIAL: detected minor Support at the previous Low level: yield 6.74% where a technical rebound may occur. If that happens then use the momentum of strengthening for a moment to return to reduce the position at a better price. Resistance: 6,944% / 6,991% / 7,065%.

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)	134.90	137.10	Current Acc (USD bn)	-1.90	3.00
Trd Balance (USD bn)	3.42	3.12	Govt. Spending Yoy	-3.76%	10.62%
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 : 95.66 (+0.29%)
FR0091 : 97.75 (+2.31%)
FR0094 : 95.00 (+0.00%)
FR0092 : 100.43 (+0.22%)

FR0086 : 97.54 (+0.17%)
FR0087 : 98.30 (+0.77%)
FR0083 : 103.48 (+0.38%)
FR0088 : 95.36 (+0.90%)

CDS of Indonesia Bonds

CDS 2yr: -0.23% to 39.72

CDS 5yr: -3.45% to 83.85

CDS 10yr: -0.22% to 151.39

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.85%	-0.01%
USDIDR	15,538	-1.21%
KRWIDR	11.97	0.65%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,095.86	34.54	0.10%
S&P 500	4,365.98	7.64	0.18%
FTSE 100	7,417.76	0.03	0.00%
DAX	15,135.97	(53.28)	-0.35%
Nikkei	32,708.48	758.59	2.37%
Hang Seng	17,966.59	302.47	1.71%
Shanghai	3,058.41	27.61	0.91%
Kospi	2,502.37	134.03	5.66%
EIDO	21.52	0.19	0.89%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,978.1	(14.5)	-0.73%
Crude Oil (\$/bbl)	80.82	0.31	0.39%
Coal (\$/ton)	119.00	(3.50)	-2.86%
Nickel LME (\$/MT)	18,435	212.0	1.16%
Tin LME (\$/MT)	24,356	394.0	1.64%
CPO (MYR/Ton)	3,753	(15.0)	-0.40%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	ID	11:00	GDP YoY	3Q	4.94%	5.03%	5.17%
6 – Nov.	ID	11:00	GDP QoQ	3Q	1.60%	1.66%	3.86%
	GE	14:00	Factory Orders MoM	Sep	0.2%	-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, 7/11/2023 - 1:16:25 GMT, Powered by TradingView.
United States 10-Year, United States, NYSE:US10YT=X, D



Indonesia 10 Years Treasury

Published on Investing.com, 7/11/2023 - 1:17:05 GMT, Powered by TradingView.
Indonesia 10-Year, Indonesia, Jakarta:ID10YT=RR, D



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 51st 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

Telp : +62 411 360 4650

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