

# Morning Brief

Daily | November 8, 2023

## Today's Outlook:

**US MARKETS:** Investors are seeking clarity on the Federal Reserve's interest rate trend. The benchmark 10-year Treasury note yield was on pace for its fifth decline in six sessions on expectations the Fed is done with its rate hike cycle. Yields extended losses after a solid auction of USD 48 billion in 3-year notes with auctions of the 10-year note and 30-year bond due later this week. Expectations that the Fed's rate hike cycle is at an end have increased in recent days, but the market remains sensitive to the possibility of more hikes, considering the latest US 3Q23 GDP release came in at 4.9% yoy proving a strong economic performance. As such, central bank officials have been cautious in comments on the future rate path. However, markets are pricing in a 90.2% chance the Fed will once again hold rates steady at its December policy meeting, up from 68.9% a week ago (as reported by CME's FedWatch Tool).

**COMMODITIES:** Crude Oil prices fell over 4% to their lowest point since late July, amid demand concerns and a strengthening Dollar. Mixed Chinese economic data weighed on global demand, while rising Exports from OPEC producing countries by 1 million barrels/day helped erase concerns about inventory deficits. Brent oil (London) closed below USD 84/barrel or down 4.2% for the first time since Hamas attacked Israel on 7 Oct.

**On its demand perspective, CHINA'S oil imports in October showed a high increase, but total exports of goods & services contracted deeper than expected, making China's Trade Balance surplus a little further off than expected.** This explains that China's economic outlook will continue to weaken due to eroding demand from their export destinations, namely Western countries. Speaking of Exports - Imports, last night the US also followed up with their Trade Balance (Sept) report which resulted in a deficit of USD 61.5 billion, larger than forecast and the previous period which was around below USD 60 billion. However, the value of Exports - Imports managed to increase.

**EUROPEAN MARKETS:** Eurozone recorded PPI (Sept) at -12.4% yoy deflation, more or less in line with forecast at -12.5%, deflation deepened from -11.5% in the previous month. This seems to be explained by the German Industrial Production (Sept) data, which plummeted further on both a monthly and annual basis, as well as the Germany Construction PMI (Oct) index whose figures slipped further into contraction territory. Later in the day, German CPI (Oct) will be monitored which is expected to cool further to 3.8% yoy, from 4.5% in Sept.

**ASIA MARKETS:** Indonesia reported Foreign Exchange Reserves (Oct) at USD 133.1 billion, although down from the previous month's figure of USD 134.9 billion (due to government external debt repayment and spent on Rupiah stabilization efforts), this figure is safe enough to cover 5.9 months of export financing and still above international standards. Today, markets will look forward to the release of the Consumer Confidence index (Oct) around 10.00 AM where the actual figure will be compared to the previous position at 121.7.

## Corporate News

**Bumi Serpong Damai (BSDE) Completes USD 211.08 Million Bond Buyback, Examine the Details** Bumi Serpong Damai (BSDE) completed a tender offer to buyback USD 211.08 million in bonds. The bond buyback is equivalent to 70.36% of the principal amount of USD 300 million bonds. With the tender offer, the remaining bonds are USD 88.91 million. This buyback through a tender offer has been carried out on November 3, 2023. "Now, according to the schedule, the company through its subsidiary, Global Prime Capital Pte Ltd (GPC) will complete the tender offer on November 8, 2023," said Hermawan Wijaya, Director of Bumi Serpong Damai. Following the completion of the tender offer, the remaining aggregate principal amount of the bonds is USD 88.91 million. Furthermore, the remaining bonds will remain outstanding until the maturity date. The completion of the transaction has brought a positive impact on the company's balance sheet. The USD 300 million bonds were issued by GPC with an interest rate of 5.95 percent. The senior bonds will mature in 2025. These bonds are guaranteed by the company as the parent company of GPC. (Emiten News)

## Domestic Issue

**New Debt, Government Issues Global Sukuk** Through the Directorate General of Financing and Risk Management of the Ministry of Finance, the government has just issued United States (US) dollar-denominated Islamic bonds or global sukuk. Reporting from Reuters, Tuesday (7/11/2023), the debt securities consist of two types, first a 5-year tenor with a yield of 5.6% and a 10-year tenor of 5.8%. It is known that the realization of the state revenue and expenditure budget (APBN) as of September 2023 is still continuing a positive trend. The state budget surplus amounted to IDR 67.7 trillion or 0.32% of gross domestic product (GDP). Meanwhile, the primary balance is still a surplus of IDR 389.7 trillion. The state budget surplus was supported by state revenue of IDR 2,035.6 trillion or grew 3.1% year on year. Meanwhile, state spending grew 2.8% year on year to IDR 1,967.9 trillion. However, in the remaining end of the year there is expected to be a significant increase in spending. This will make the state budget deficit although not as high as predicted, which is 2.3% of gross domestic product (GDP) or IDR 486.4 trillion. (CNBC Indonesia)

## Recommendation

**US10YT will most likely fulfill its TARGET towards 4.485% / 4.309% yield; especially after slipping back below MA50 Support: 4.592% yield which has turned into minor Resistance now.** ADVISE: reduce position, BUY ON WEAKNESS later.

**The same thing happened, ID10YT will most likely be more steady towards the TARGET bottom of 6.465%, especially after the minor Support at the previous Low level: 6.74% yield was unable to withstand the weakening yield.** ADVISE: reduce position, BUY ON WEAKNESS later.

## 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)   | 3.42    | 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

FRO090 : 95.57 (-0.10%)  
FRO091 : 97.40 (-0.36%)  
FRO094 : 94.99 (-0.01%)  
FRO092 : 100.95 (-0.38%)

FRO086 : 97.37 (-0.18%)  
FRO087 : 97.90 (-0.41%)  
FRO083 : 103.65 (+0.17%)  
FRO088 : 95.05 (-0.33%)

## CDS of Indonesia Bonds

CDS 2yr: +1.03% to 40.14

CDS 5yr: +2.75% to 86.15

CDS 10yr: +0.82% to 152.62

## Government Bond Yields & FX

|                | Last   | Chg.   |
|----------------|--------|--------|
| Tenor: 10 year | 6.69%  | -0.16% |
| USDIDR         | 15,630 | 0.59%  |
| KRWIDR         | 11.95  | -0.16% |

## Global Indices

| Index     | Last      | Chg.     | %      |
|-----------|-----------|----------|--------|
| Dow Jones | 34,152.60 | 56.74    | 0.17%  |
| S&P 500   | 4,378.38  | 12.40    | 0.28%  |
| FTSE 100  | 7,410.04  | (7.72)   | -0.10% |
| DAX       | 15,152.64 | 16.67    | 0.11%  |
| Nikkei    | 32,271.82 | (436.66) | -1.34% |
| Hang Seng | 17,670.16 | (296.43) | -1.65% |
| Shanghai  | 3,057.27  | (1.14)   | -0.04% |
| Kospi     | 2,443.96  | (58.41)  | -2.33% |
| EIDO      | 21.34     | (0.18)   | -0.84% |

## Commodities

| Commodity          | Last    | Chg.    | %      |
|--------------------|---------|---------|--------|
| Gold (\$/troy oz.) | 1,969.5 | (8.7)   | -0.44% |
| Crude Oil (\$/bbl) | 77.37   | (3.45)  | -4.27% |
| Coal (\$/ton)      | 120.10  | 1.10    | 0.92%  |
| Nickel LME (\$/MT) | 17,967  | (478.0) | -2.59% |
| Tin LME (\$/MT)    | 24,665  | 309.0   | 1.27%  |
| CPO (MYR/Ton)      | 3,720   | (33.0)  | -0.88% |

| Date          | Country          | Hour Jakarta | Event                        | Period                    | Actual    | Consensus   | Previous |
|---------------|------------------|--------------|------------------------------|---------------------------|-----------|-------------|----------|
| <b>Monday</b> | 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%     |
|               | <b>Tuesday</b>   | 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%       |          |
|               | <b>Wednesday</b> | 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 |          |
|               | <b>Thursday</b>  | 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   |          |
|               | <b>Friday</b>    | 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

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United States 10-Year, United States, NYSE:US10YT=X, D



## Indonesia 10 Years Treasury

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