

Morning Brief

Daily | November 9, 2023

Today's Outlook:

US MARKETS: Investors weighed Federal Reserve officials' recent comments for signals on the path of interest rates and focused on the direction of US Treasury yields. Unfortunately, this was not the case for the Dow Jones Industrial Average which broke its 7-day winning streak by edging down 40 pts/-0.12%. As is known, the market has calculated that the Fed is nearing the end of their tight monetary policy, there is even a 50% chance that interest rate cuts could begin to occur in May 2024, as recorded by the CME FedWatch Tool. Longer tenor US Treasury yields, as well as the 10-year tenor, fell a day after the USD40 billion bond auction, which analysts view as reasonable given the increased size of the auction. Market participants will look forward to the US Initial Jobless Claims data where this weekly report is expected to come out at 215k, down slightly from the previous week's 217k.

EUROPEAN MARKETS: Germany reports CPI (Oct.) as expected at 3.8% yoy. Germany managed to return the Inflation level to its lowest point at the end of August 2021, from the highest peak of 10.4% at the end of November 2022.

ASIA MARKETS: China will again be in the limelight as investors await CPI (Oct.) figures which are predicted to slip back into deflationary territory of -0.2% yoy, from 0.0% in the previous month. Similarly, PPI is expected to sink deeper into deflationary territory, from -2.5% in September to -2.8% this October.

COMMODITIES: Crude oil prices settled at 4-month lows after plunging for 2 consecutive days. WTI (New York) dropped 2.6% on Wednesday, adding to Tuesday's 4.3% decline. The US Oil benchmark price has slumped 7% since the beginning of November, adding to the 11% avalanche witnessed in October. Meanwhile, Brent (London) dropped 2.5% on Wednesday, sending it below the USD80/barrel price since July 20. For Brent, this month's decline has been 6% following the 11% slide that occurred in October. The selloff came as assurances from OPEC+ that oil consumption was fine, failed to calm market jitters, partly in reaction to weak economic data from China, a major oil importer, plus the loss of war risk due to the Israel-Hamas conflict, as well as the strengthening of the Dollar - the currency used to trade oil. But the more influential factor on Wednesday was the absence of US weekly inventory figures from the US Energy Information Agency (EIA), due to a reworking of the data collection methodology. This raises questions about how well demand did in the week ending November 3, especially after the American Petroleum Institute, or API, stated that US crude inventories jumped by nearly 12 million barrels last week, compared to trade expectations of a 300,000 barrel decline.

Corporate News

BRI (BBRI) prepares IDR 477 billion to pay off principal of sustainable bonds PT Bank Rakyat Indonesia (Persero) Tbk (BBRI) stated that it has prepared funds for the repayment of Sustainable Bonds II Bank BRI Phase I Year 2016 Series D. Based on information disclosure on the Indonesia Stock Exchange (IDX), the bank issuer coded BBRI has prepared funds worth IDR 477 billion which will mature on December 1, 2023. "The company has provided funds for the principal payment of Sustainable Bonds II Bank BRI Phase I Year 2016 Series D amounting to IDR 477 billion," wrote BRI Corporate Secretary Agustya Hendy Bernadi, Wednesday (8/11/2023). BBRI reported that the funds were placed in the company's high quality liquid assets. Furthermore, this bond repayment does not have a material impact that can disrupt BBRI's liquidity or business continuity. (Bisnis)

Domestic Issue

From the ST011 Quota of IDR 8 Trillion, IDR 2.1 Trillion Sukuk Have Been Sold The ST011 series of savings bonds has been sold around IDR 2.1 trillion in the 3 days of its offering from the initial total quota of IDR 8 trillion. Based on data from one of the distribution partners (midis) as of Wednesday (8/11/2023) at 17.00 WIB, ST011 sales reached IDR 2.10 trillion of the total quota of IDR 8 trillion. The details are that ST011-T2 sold IDR 1.33 trillion, and ST011-T4 sold IDR 772.78 billion. The remaining quota of ST011-T2 also reached IDR 3.66 trillion from the total target of IDR 5 trillion. Meanwhile, the remaining quota of ST011-T2 amounted to IDR 2.22 trillion from the total target of IDR 3 trillion. On November 6, 2023, the government officially issued the last retail Sharia Securities (SBSN) in 2023, namely the ST011 series Savings Sukuk with an offering period until December 6, 2023. (Bisnis)

Recommendation

US10YT will most likely fulfill its TARGET towards the Support yield from the previous Low level of 4.485% or even to the bearish target of 4.309% from the broken uptrend PARALLEL CHANNEL pattern. Nearest Resistance: MA50 or yield 4.597%. ADVISE: HOLD.

ID10YT has a slight technical rebound surge to the nearest Resistance: MA50 or 6.841% yield. If this technical rebound continues, then the next targets are MA10 & MA20 in the range of 6.969% - 6.977% which is also the lower channel Resistance area. This will prove whether ID10YT is allowed to re-enter its bullish yield or not. If the yield weakens again when it touches the area, then it is better to reduce the position again.

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	104.30	105.33
Inflation Yoy	2.56%	2.28%	Cons. Confidence*	124.70	121.70

PRICE OF BENCHMARK SERIES

FR0090 : **95.55 (-0.02%)**
FR0091 : **97.16 (-0.25%)**
FR0094 : 94.99 (0.00%)
FR0092 : **100.91 (-0.04%)**

FR0086 : 97.43 (+0.06%)
FR0087 : **97.48 (-0.02%)**
FR0083 : 104.14 (+0.47%)
FR0088 : 95.10 (+0.06%)

CDS of Indonesia Bonds

CDS 2yr: **-1.97%** to 39.34
CDS 5yr: **-2.30%** to 84.18
CDS 10yr: **-1.61%** to 150.17

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.80%	0.11%
USDIDR	15,650	0.13%
KRWIDR	11.94	-0.09%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,112.27	(40.33)	-0.12%
S&P 500	4,382.78	4.40	0.10%
FTSE 100	7,401.72	(8.32)	-0.11%
DAX	15,229.60	76.96	0.51%
Nikkei	32,166.48	(105.34)	-0.33%
Hang Seng	17,568.46	(101.70)	-0.58%
Shanghai	3,052.37	(4.90)	-0.16%
Kospi	2,421.62	(22.34)	-0.91%
EIDO	21.14	(0.20)	-0.94%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,950.2	(19.3)	-0.98%
Crude Oil (\$/bbl)	75.33	(2.04)	-2.64%
Coal (\$/ton)	122.50	2.40	2.00%
Nickel LME (\$/MT)	18,053	141.0	0.79%
Tin LME (\$/MT)	24,559	(106.0)	-0.43%
CPO (MYR/Ton)	3,768	48.0	1.29%

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	-\$59.8B	-\$60.5B	-\$58.3B
7 – Nov.	CH	—	Trade Balance	Oct	\$56.5B	\$84.2B	\$77.8B
	ID	10:00	Foreign Reserves	Oct	\$133.1B	—	\$134.9B
	GE	14:00	Industrial Production SA MoM	Sep	-1.4%	-0.4%	-0.2%
Wednesday	US	19:00	MBA Mortgage Applications	Nov 3	2.5%	—	-2.1%
8 – Nov.	ID	—	Consumer Confidence Index	Oct	124.3	—	121.7
	GE	14:00	CPI YoY	Oct F	3.8%	3.8%	3.8%
	KR	06:00	BoP Current Account Balance	Sep	\$5,420.7M	—	-\$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

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



Indonesia 10 Years Treasury

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