

# Morning Brief

Daily | November 27, 2023

## Today's Outlook:

**US MARKETS:** Investors watched the start of the seasonal shopping season for signs of consumer resiliency. U.S. 10-year Treasury yields, which set the tone for borrowing costs worldwide, rose to 4.485%. They were still comfortably below the 5% milestone reached last month.

**S&P Global's advance purchasing managers' index (PMI) showed steady U.S. business activity in November**, but private sector employment declined for the first time in almost 3-1/2 years, possibly due to the Federal Reserve's restrictive monetary policy.

**Next week's most anticipated data include the Commerce Department's second estimate on third-quarter gross domestic product on Thursday**, followed on Friday by its wide-ranging Personal Consumption Expenditures (PCE) report, which will provide further clues on the extent of the Fed's rate-hike impact.

**The focus has increasingly shifted to the likely timing of the U.S. central bank's first rate cut**, which will be largely determined by the rate at which inflation cools down toward the Fed's average 2% target. New and pending home sales, home prices, consumer prices and ISM PMI are also expected next week.

**EUROPE MARKETS:** Euro zone government bond yields ticked higher, reflecting pushback from European Central Bank officials against speculation they were ready to start thinking about cutting rates. Germany's 10-year government bond yield, the benchmark for the euro area, rose 3 basis points to a 1-1/2-week high.

## Corporate News

**Offering a Maximum Interest Rate of 11%, Oki Pulp & Paper Mills Offers IDR 500 Billion Bonds** PT Oki Pulp & Paper Mills will offer Environmentally Sound Sustainable Bonds I phase II in 2023 worth IDR 500 billion which is part of the Bonds with a target fund raised of IDR 2 trillion. In the summary prospectus on Friday (24/11), it was stated that this bond consists of 3, with Series A amounting to IDR 40 million with a fixed interest rate of 7.00% per year with a period of 370 calendar days from the Issue Date and series B amounting to IDR 44.31 billion with a fixed interest rate of 10.50% with a tenor of 3 years from the Issue Date. Furthermore, series C amounted to IDR 2.36 billion with a fixed interest rate of 11.00% and a 5-year tenor. (Emiten News)

## Domestic Issue

**A Flood of Interest, ST011 Quota Increased to IDR 15.5 Trillion** The offering of State Sharia Securities (SBSN) retail savings sukuk ST011 series is flooded with enthusiasts. The government has again increased the order quota for the ST011 series savings sukuk to IDR 15.5 trillion. At the beginning of the offering, the government targeted ST011 sales of only IDR 8 trillion. Director of Sharia Financing at the Ministry of Finance's DJPPR Dwi Irianti Hadiningdyah said public demand exceeded expectations. "We are blessed so that the quota is added to IDR 15.5 trillion," she told Kontan.co.id, last Friday (24/11). That way, the ST011T2 (2-year series) order quota will be IDR 10.5 trillion. Meanwhile, ST011T4 will be IDR 5 trillion. According to Dwi, the high public interest is because this investment instrument is anti-glitch. When the BI rate rises, the coupon rises and when the BI rate falls, the coupon will stay on the floor. "Then 'zero risk' and there is added value for investors, as well as being a hero without taking up arms because people know their investment money to build the country," he said. (Kontan)

## Recommendation

**US10YT managed to climb above MA10 Resistance, making 4.45% yield the closest Support at the moment.** Next Resistance: currently face to face with MA20 at 4.517% yield. ADVISE: AVERAGE UP accordingly.

**ID10YT has a slight technical rebound effort that is expected to head towards MA10 / yield 6.73%.** Assessing the ongoing bearish trend, it is estimated that this bullishness will not last long. ADVISE: HOLD; wait for solid bottoming.

## 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) | -0.90  | -1.90  |
| Trd Balance (USD bn)   | 3.48    | 3.42    | Govt. Spending Yoy   | -3.76% | 10.62% |
| Exports Yoy            | -10.43% | -16.17% | FDI (USD bn)         | 4.86   | 5.14   |
| Imports Yoy            | -2.42%  | -12.45% | Business Confidence  | 104.82 | 104.30 |
| Inflation Yoy          | 2.56%   | 2.28%   | Cons. Confidence*    | 124.30 | 124.70 |

## PRICE OF BENCHMARK SERIES

FR0090 : 95.89 (+0.00%)  
FR0091 : 98.01 (+0.02%)  
FR0094 : 94.99 (+0.00%)  
FR0092 : **102.91 (-0.28%)**

FR0086 : **97.70 (-0.01%)**  
FR0087 : **98.53 (-0.14%)**  
FR0083 : 105.83 (+0.04%)  
FR0088 : **95.67 (-3.51%)**

## CDS of Indonesia Bonds

CDS 2yr: +0.30% to 31.73

CDS 5yr: +0.21% to 74.88

CDS 10yr: **-3.74% to 133.10**

## Government Bond Yields & FX

|                | Last   | Chg.   |
|----------------|--------|--------|
| Tenor: 10 year | 6.66%  | 0.01%  |
| USDIDR         | 15,565 | 0.06%  |
| KRWIDR         | 11.92  | -0.61% |

## Global Indices

| Index     | Last      | Chg.     | %      |
|-----------|-----------|----------|--------|
| Dow Jones | 35,390.15 | 117.12   | 0.33%  |
| S&P 500   | 4,559.34  | 2.72     | 0.06%  |
| FTSE 100  | 7,488.20  | 4.62     | 0.06%  |
| DAX       | 16,029.49 | 34.76    | 0.22%  |
| Nikkei    | 33,625.53 | 173.70   | 0.52%  |
| Hang Seng | 17,559.42 | (351.42) | -1.96% |
| Shanghai  | 3,040.97  | (20.88)  | -0.68% |
| Kospi     | 2,496.63  | (18.33)  | -0.73% |
| EIDO      | 21.60     | 0.33     | 1.55%  |

## Commodities

| Commodity          | Last    | Chg.    | %      |
|--------------------|---------|---------|--------|
| Gold (\$/troy oz.) | 2,000.8 | 8.6     | 0.43%  |
| Crude Oil (\$/bbl) | 75.54   | (1.56)  | -2.02% |
| Coal (\$/ton)      | 122.00  | (0.15)  | -0.12% |
| Nickel LME (\$/MT) | 16,138  | (481.0) | -2.89% |
| Tin LME (\$/MT)    | 23,884  | (592.0) | -2.42% |
| CPO (MYR/Ton)      | 3,890   | (61.0)  | -1.54% |

| Date                          | Country | Hour Jakarta | Event                           | Period | Actual | Consensus | Previous |
|-------------------------------|---------|--------------|---------------------------------|--------|--------|-----------|----------|
| <b>Monday</b><br>27 – Nov.    | US      | 22:00        | New Home Sales                  | Oct    |        | 723K      | 759K     |
|                               | JP      | 13:00        | PPI Services YoY                | Oct    |        | —         | 2.1%     |
| <b>Tuesday</b><br>28 – Nov.   | US      | 22:00        | Conf. Board Consumer Confidence | Nov    |        | 101.0     | 102.6    |
|                               | EC      | 16:00        | M3 Money Supply YoY             | Oct    |        | —         | -1.2%    |
| <b>Wednesday</b><br>29 – Nov. | US      | 20:30        | GDP Annualized QoQ              | 3Q S   |        | 5.0%      | 4.9%     |
|                               | GE      | 20:00        | CPI YoY                         | Nov P  |        | —         | 3.8%     |
| <b>Thursday</b><br>30 – Nov.  | US      | 20:30        | Initial Jobless Claims          | Nov 25 |        | —         | 209K     |
|                               | US      | 20:30        | Personal Income                 | Oct    |        | 0.2%      | 0.3%     |
|                               | US      | 20:30        | Personal Spending               | Oct    |        | 0.2%      | 0.7%     |
|                               | CH      | 08:30        | Manufacturing PMI               | Nov    |        | —         | 49.5     |
|                               | GE      | 15:55        | Unemployment Change (000's)     | Nov    |        | —         | 30.0K    |
| <b>Friday</b><br>1 – Dec.     | US      | 21:45        | S&P Global US Manufacturing PMI | Nov F  |        | —         | —        |
|                               | CH      | 08:45        | Caixin China PMI Mfg            | Nov    |        | —         | 49.5     |
|                               | ID      | 07:30        | S&P Global Indonesia PMI Mfg    | Nov    |        | —         | 51.5     |
|                               | ID      | 09:00        | CPI YoY                         | Nov    |        | —         | 2.56%    |
|                               | GE      | 15:55        | HCOB Germany Manufacturing PMI  | Nov F  |        | —         | 42.3     |
|                               | EC      | 16:00        | HCOB Eurozone Manufacturing PMI | Nov F  |        | —         | 43.8     |
|                               | KR      | 07:00        | Trade Balance                   | Nov    |        | —         | \$1,627M |

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury

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## Indonesia 10 Years Treasury

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