

Morning Brief

Daily | November 29, 2023

Today's Outlook:

US MARKETS: Investors digested divergent comments from several Federal Reserve officials; while economic data related to consumer behavior contributed positive sentiment. Fed Governor Christopher Waller stated that he increasingly believes the central bank's current interest rate level is sufficient to keep inflation down further towards the Fed's target of 2%.

US Treasury yields fell as a result of the statement, with the 2-year US Treasury yield falling nearly 12 basis points to around 4.74%, while the 10-year US Treasury yield fell 6 basis points to 4.330%. On the other hand, Fed Governor Michelle Bowman still suggested the need for further rate hikes to control the inflation rate. Market participants consider the contradictory opinions of Fed officials to be fairly normal when the Fed is nearing the end of a monetary policy cycle. Meanwhile, financial markets have also priced in an almost 100% chance that the next FOMC Meeting in December will leave the Fed Funds Rate at 5.25%-5.50%, as reported by the CME FedWatch survey. Even the odds of a 25bps cut occurring as soon as March 2024 were detected rose to almost 33%, from 21.5% earlier this week; although more majority of market participants expect the pivot to be more capable of being realized in May 2024.

On the other hand, the holiday shopping season has arrived with more vigor, where a survey from the National Retail Federation predicts consumers will spend 5% more this year. These thoughts are in line with the Conference Board Consumer Confidence data for Nov released yesterday which was more optimistic than expected, after 3 consecutive months of declines. Later in the week, the Commerce Department will release its second estimate of Q3 GDP; along with the Personal Consumption Expenditure index, the Fed's favorite gauge of inflation, which will give us an idea of where monetary policy is headed. Moreover, the Dollar Index dropped to a 3.5 -month low after mixed comments came from US central bank officials.

EUROPE MARKETS: GfK German Consumer Climate (Dec.) came in better than expected although still in pessimistic territory.

ASIA MARKETS: The Bank of Japan released Core CPI at 3.0% yoy, lower than expected and the previous period at 3.4%. Speaking of Consumer Confidence, South Korea published a more pessimistic Consumer Confidence in November at 97.2 compared to 98.1 in the previous month.

COMMODITIES: with the support from the weakening US Dollar, GOLD prices rose 1.4% to USD2040.82/ounce touching the highest level since May and posting 4 consecutive sessions of gains. Similarly, OIL prices received positive sentiment from the falling US Dollar as well as from the possibility that OPEC+ will extend the production cut and/or increase the size of the cut as a decision of their meeting on November 30th; plus there is a decrease in production due to storms in Kazakhstan. Also, the expected decline in US Oil inventories is expected to provide support to Crude Oil prices. Both global crude oil benchmark prices appreciated above 2% on Tuesday (28/11/23), putting WTI at USD76.41/barrel, and Brent at USD81.68/barrel. Traders see that the OPEC+ meeting will be quite tough to reach an agreement where Saudi Arabia has previously demanded OPEC+ member countries to reduce production. Although Kuwait has signaled to agree to this, it appears that it is not the case with some other countries.

Corporate News

Unable to Report Readiness to Pay Bonds, IDX Sanctions Angkasa Pura II The Indonesia Stock Exchange (IDX) has again imposed sanctions in the form of a First Written Warning to PT Angkasa Pura I (Persero) or (APAI) based on IDX monitoring of the obligation to submit the Fund Readiness Report for the Repayment of Debt Securities and / or Sukuk (EBUS) of PT Angkasa Pura II. The IDX in an official announcement published on Monday (27/11) stated that the sanction was for the late submission of the Fund Readiness Report for the Repayment of Sustainable Bonds I Angkasa Pura II Phase I Year 2018 Series B which matures on December 12, 2023. For information, Angkasa Pura II Phase I 2018 Series B Sustainable Bonds worth IDR 550 billion for 5 years with an interest rate of 8.95% per year will mature on December 12, 2023. (Emiten News)

Domestic Issue

Government Debt Almost Touches IDR 8,000 Trillion, Still Safe? The Ministry of Finance noted that the amount of government debt at the end of October 2023 reached IDR 7,950.52 trillion. The debt position increased from September 2023 which was recorded at IDR 7,891.61 trillion. In ratio, government debt in October 2023 reached 37.68% of GDP, lower than the previous month which amounted to 37.95 of GDP. Government debt is dominated by domestic debt with a proportion of 71.78%. This is in line with the general policy of debt financing to optimize domestic financing sources and utilize foreign debt as a complement. Based on instruments, the composition of government debt is mostly in the form of Government Securities (SBN) which reached 88.66%. Furthermore, banks are the largest holders of domestic SBN, which in October 2023 reached 29.18%. Then, insurance companies and pension funds in the second largest position, which is 18.49%. Meanwhile, Bank Indonesia holds 17.20% of SBN which is used as a monetary management instrument. Foreign investors only own 14.68 percent of domestic SBN including holdings by foreign governments and central banks. (Bisnis)

Recommendation

ID10YT is finally one step away from the bottom target of the PARALLEL CHANNEL pattern at 4.309% yield; while RSI is approaching the OVERSOLD area. ADVISE: BUY ON WEAKNESS, limited downside potential. Test the nearest Resistance: MA10 / 4.428% yield, followed by MA20 at the current yield of 4.517%.

ID10YT hit short term trendline resistance and it looks like MA20 is around 6.744%-6.765% yield which will also hinder yield rebound attempt. There is still a possibility for ID10YT to fulfill its destiny towards the target bottom at 6.465% yield; especially if the Support level of previous Low 6.61% is unable to hold. ADVISE: HOLD; reduce position.

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 : 95.82 (-0.08%)
FR0091 : 97.97 (+0.08%)
FR0094 : 94.97 (-0.02%)
FR0092 : 102.76 (+0.00%)

FR0086 : 97.59 (-0.02%)
FR0087 : 98.50 (+0.25%)
FR0083 : 105.90 (+0.90%)
FR0088 : 95.79 (+0.13%)

CDS of Indonesia Bonds

CDS 2yr: +1.53% to 32.45

CDS 5yr: +0.87% to 75.99

CDS 10yr: +1.43% to 133.70

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.70%	-0.03%
USDIDR	15,435	-0.39%
KRWIDR	11.93	0.41%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,416.98	83.51	0.24%
S&P 500	4,554.89	4.46	0.10%
FTSE 100	7,455.24	(5.46)	-0.07%
DAX	15,992.67	26.30	0.16%
Nikkei	33,408.39	(39.28)	-0.12%
Hang Seng	17,354.14	(170.92)	-0.98%
Shanghai	3,038.55	6.85	0.23%
Kospi	2,521.76	26.10	1.05%
EIDO	21.85	0.15	0.69%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	ok	26.8	1.33%
Crude Oil (\$/bbl)	76.41	1.55	2.07%
Coal (\$/ton)	127.45	(0.05)	-0.04%
Nickel LME (\$/MT)	16,800	721.0	+4.48%
Tin LME (\$/MT)	22,979	(905.0)	-3.79%
CPO (MYR/Ton)	3,897	6.0	0.15%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	US	22:00	New Home Sales	Oct	679K	723K	759K
27 – Nov.	JP	13:00	PPI Services YoY	Oct	2.3%	—	2.1%
Tuesday	US	22:00	Conf. Board Consumer Confidence	Nov	102.0	101.0	102.6
28 – Nov.	EC	16:00	M3 Money Supply YoY	Oct	-1.0%	—	-1.2%
Wednesday	US	20:30	GDP Annualized QoQ	3Q S		5.0%	4.9%
29 – Nov.	GE	20:00	CPI YoY	Nov P		—	3.8%
Thursday	US	20:30	Initial Jobless Claims	Nov 25		—	209K
30 – Nov.	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
Friday	US	21:45	S&P Global US Manufacturing PMI	Nov F		—	—
1 – Dec.	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

Published on Investing.com, 28/Nov/2023 - 22:34:36 GMT. Powered by TradingView.
United States 10-Year, United States, NYSE:US10YT=X, D



Indonesia 10 Years Treasury

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