

Morning Brief

Daily | December 1, 2023

Today's Outlook:

The PCE price index, which is the Fed's favorite measure of inflation, on a monthly basis slowed to a 0% pace in October, compared to the forecast of 0.1% and from 0.4% last month; on an annual basis it fell to 3.4% from 3.7% in the previous period. Meanwhile, core PCE Inflation which the Fed believes is a more accurate gauge for Inflation, slowed to 3.5% yoy from 3.7% in the previous month. The slowing pace of Inflation came even as the labor market appeared stronger than expected as weekly jobless claims climbed by less than expected. In the last week updated, Initial Jobless Claims was released at 218k, smaller than the estimate of 220k although it managed to expand from the previous week's 211k.

Bond yields were unaffected by signs of slowing Inflation, with the 10-year US Treasury yield rising 7.1 basis points to 4.339%. In terms of economic data, later tonight the US will announce PMI data following several major Asian & European countries that are scheduled today.

Fed New York President Williams said Thursday that the Fed's rate-hike cycle has likely come to end, though warned that if disinflation doesn't continue, then the central bank could resume hikes. The remarks come ahead of a speech by Fed chairman Jerome Powell on Friday. The Fed chief is expected to deliver remarks at a fireside chat with Spelman College President Helene Gayle.

Oil prices fell in volatile trade Thursday (30/11/23) after OPEC+ members agreed to make additional voluntary production cuts that fell short of expectations. Excluding Saudi and Russian production cuts, OPEC+ members plan to make additional voluntary production cuts, totalling about 684,000 barrels per day, which fell short of expectations for cuts of about 1 million barrels. In an unusual move that points to signs of potential divisions in the group, the plans for voluntary cuts were announced by individual OPEC+ members that than the secretariat. Saudi Arabia pledged to extend its voluntary cut of 1 million barrels per day until the end of Q1, while Russia said it would deepen its crude export curbs to 500,000 bpd from 300,000 bpd previously.

ASIA & EUROPE MARKETS: South Korea set the benchmark interest rate unchanged at 3.5% on their monetary policy which has been maintained for 8 months. China's Manufacturing PMI weakened below expectations, unable to move out of contraction territory; though fortunately the Composite PMI held at 50.4 in expansion territory. Germany reported improved Retail Sales in Oct, although the Unemployment Rate in Nov increased to 5.9%. Eurozone released a preliminary estimate of Nov Inflation which slid to 2.4% yoy, and Core CPI is expected to cool to 3.6% yoy. From the Asian continent, today Japan, South Korea, China, and Indonesia will simultaneously release PMI figures. Not to forget, Indonesian market players will focus on Nov Inflation data which will be released at around 11:00 AM GMT where consensus expects Inflation to heat up to 2.71% YoY compared to 2.56% in the previous month. Core inflation which excludes volatile goods prices such as food and energy, is also expected to strengthen to 1.97% YoY from 1.91% in Oct.

Corporate News

Tower Bersama (TBIG) Bonds Oversubscribed 150% Saratoga portfolio telecommunications tower issuer, PT Tower Bersama Infrastructure Tbk (TBIG) successfully issued sustainable bonds VI phase II in 2023 worth IDR 1.5 trillion, which was oversubscribed by 150%. Tower Bersama Infrastructure Finance Director Helmy Yusman Santoso said the oversubscribed bond offering was driven by TBIG's AA+ rating from Fitch Ratings and the promising outlook for the tower industry. This latest TBIG bond has passed the public offering during November 28-29, 2023. The bonds will be listed on the Indonesia Stock Exchange on December 6, 2023. Based on the prospectus of November 16, 2023, TBIG Bond VI phase II has a fixed interest rate of 6.75% per annum, with a period of 370 calendar days from the issuance date. Interest on the bonds will be paid quarterly, with the first interest paid on March 5, 2024, with the last interest paid on December 15, 2024. (Bisnis)

Domestic Issue

Government Buys Back IDR 15.42 Trillion SUN with LPS The government conducted a buyback of Government Bonds (SUN) worth IDR 15.42 trillion with the Deposit Insurance Corporation (LPS) through a bilateral buyback. The buyback was carried out on November 23, 2023, but the settlement was carried out on November 30, 2023, as stated by the Directorate General of Financing and Risk Management of the Ministry of Finance (Kemenkeu), in Jakarta, Thursday. The bilateral buyback is carried out based on Law (UU) Number 24 of 2002 concerning Government Bonds and Minister of Finance Regulation Number 114 of 2023 concerning Buyback of Government Bonds in the Secondary Market. In detail, there are two series of SUN that are bought back (source bonds), namely FR0070 and FR0077. SUN series FR0070 matures on March 15, 2024, while FR0077 on May 15, 2024. FR0070 has a nominal value of IDR 7.85 trillion at a price of 100.82 percent, while FR0077 has a nominal value of IDR 7.57 trillion at a price of 100.83 percent. (Antara News)

Recommendation

US10YT managed to climb back above the yield of 4.30%. It seems that the yield depreciation has indeed reached the bottom area. From the intraday Bullish Double Bottom reversal pattern, a technical rebound has the potential to occur until the yield area of 4.34% as the nearest target. ADVISE: SPECULATIVE BUY.

ID10YT went back down to test the yield support level from the previous low around 6.615%. If this is still broken, it will launch ID10YT back on track towards the bottom target of 6.465%. ADVISE: HOLD; BUY ON WEAKNESS.

PRICE OF BENCHMARK SERIES

FR0090 : 95.82 (-0.20%)
FR0091 : **97.87 (-0.10%)**
FR0094 : 94.97 (+0.00%)
FR0092 : 103.39 (+0.61%)

FR0086 : 97.83 (+0.02%)
FR0087 : **98.76 (-0.05%)**
FR0083 : **106.08 (-0.01%)**
FR0088 : 95.90 (+0.01%)

CDS of Indonesia Bonds

CDS 2yr: +1.38% to 32.22

CDS 5yr: +0.21% to 75.32

CDS 10yr: +1.08% to 135.00

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.63%	0.01%
USDIDR	15,510	0.75%
KRWIDR	12.02	0.58%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,950.89	520.47	1.47%
S&P 500	4,567.80	17.22	0.38%
FTSE 100	7,453.75	30.29	0.41%
DAX	16,215.43	48.98	0.30%
Nikkei	33,486.89	165.67	0.50%
Hang Seng	17,042.88	49.44	0.29%
Shanghai	3,029.67	7.99	0.26%
Kospi	2,535.29	15.48	0.61%
EIDO	21.75	0.07	0.32%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,036.4	(7.8)	-0.38%
Crude Oil (\$/bbl)	75.96	(1.90)	-2.44%
Coal (\$/ton)	132.15	4.30	3.36%
Nickel LME (\$/MT)	16,677	(445.0)	-2.60%
Tin LME (\$/MT)	23,501	179.0	0.77%
CPO (MYR/Ton)	3,895	23.0	0.59%

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

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	US	22:00	New Home Sales	Oct	679K	721K	759K
27 – Nov.	JP	13:00	PPI Services YoY	Oct	2.3%	2.1%	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%	-0.9%	-1.2%
Wednesday	US	20:30	GDP Annualized QoQ	3Q S	5.2%	5.0%	4.9%
29 – Nov.	GE	20:00	CPI YoY	Nov P	3.2%	3.5%	3.8%
Thursday	US	20:30	Initial Jobless Claims	Nov 25	218K	218K	209K
30 – Nov.	US	20:30	Personal Income	Oct	0.2%	0.2%	0.3%
	US	20:30	Personal Spending	Oct	0.2%	0.2%	0.7%
	CH	08:30	Manufacturing PMI	Nov	49.4	49.8	49.5
	GE	15:55	Unemployment Change (000's)	Nov	22.0K	20.0K	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



Indonesia 10 Years Treasury



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