

Morning Brief

Daily | December 11, 2023

Today's Outlook:

US MARKET: A stronger-than-expected labor report added to optimism that the US economy will avoid a recession amid speculation of an interest rate cut in the first quarter of next year.

Nonfarm payrolls last month increased by 199,000 jobs after rising by 150,000 in October, according to data from the US Department of Labor's Bureau of Statistics. Average hourly earnings, a key gauge of wage growth, rose at a monthly pace of 0.4% compared to October, an increase from the previous figure of 0.2% and faster than the prediction of 0.3%. Meanwhile, the unemployment rate in the world's largest economy unexpectedly fell to 3.7%.

The rise in wage growth, which risks increasing inflation, slightly confounded rate cut optimism, pushing Treasury yields higher. The probability of a rate cut in early March fell to 44.3% from 54.3%; the University of Michigan survey showed inflation expectations for the next 12 months fell to 3.1% in December from 4.5% last month.

COMMODITIES: Oil prices rallied on Friday, as a stronger jobs report boosted optimism about a US soft landing, but it was not enough to prevent a seventh straight week of declines as concerns about a global supply surplus kept prices from losing competitiveness. West Texas Intermediate (WTI) crude oil futures rose 2.7% and closed at USD71.23 per barrel. Brent crude futures expiring in February rose 2.4% to USD75.81 per barrel. However, both contracts ended the week around 4% lower. Oil prices pushed higher on Friday thanks to a stronger-than-expected Nonfarm Payrolls report adding to optimism that the US will avoid a recession, supporting the outlook for sluggish Crude demand.

Corporate News

Ketrosden Triasmitra (KETR) Prepares IDR 415 M Bond Payment Funds PT Ketrosden Triasmitra Tbk (KETR) has prepared funds for the principal payment of its 2020 Series A Bonds, which will mature on January 8, 2024. Videy Octory, finance director of KETR, in a written statement on Friday (8/12) said that KETR has prepared funds of IDR 415 billion for the principal payment of the bonds. Videy added that the bond funds will be paid to PT Kustodian Sentral Efek (KSEI) according to a predetermined schedule. (Emiten News)

Domestic Issue

Issuance of Bonds and Sukuk on the IDX Reaches IDR 117.8 Trillion by the End of 2023 The bond and sukuk issuance industry on the Indonesia Stock Exchange (IDX) continues to show significant growth. Until the end of 2023, the value of funds raised from debt securities reached an impressive figure, namely IDR 117.8 trillion. This achievement cannot be separated from the contribution of 57 debt securities issuers by issuing 107 emissions. This number has the potential to increase, considering that there are still 11 issuers waiting to be listed in the listing pipeline. According to IDX Director of Corporate Valuation, I Gede Nyoman Yetna, as of December 8, 2023, there were 17 emissions from 11 EBUS issuers in the pipeline. Most of the prospective issuers come from the consumer sector (6 companies), followed by the raw materials sector (3 companies). The IDX noted that the total issuance of bonds and sukuk listed on the exchange reached 542 emissions, with an outstanding nominal value of IDR 462.74 trillion and USD 72,987 million, issued by 128 issuers. In addition, Government Securities (SBN) also listed their existence on the IDX with a total of 191 series, having a nominal value of IDR 5,536.74 trillion and USD 486.11 million. While Asset-Backed Securities (EBA) were recorded as many as 10 emissions, with a value of IDR 3.38 trillion. (Berita Satu)

Recommendation

US10YT has not been able to break the first resistance: MA10 at 4.243% yield after rebounding on Support from previous Low level: 4.098% - 4.060%. Please beware that the trend is still down (within the PARALLEL CHANNEL pattern), so it should definitely respect the nearest Resistance: MA10, followed by MA20 plus upper channel in the range of: 4.305% - 4.350%. ADVISE: HOLD; AVERAGE UP ACCORDINGLY.

ID10YT seems to be holding above the short-term trendline support around 6.57% yield, on its way down towards the target bottom at 6.465% yield. There has been no breakout above MA10 & MA20 Resistance (range: 6.627% - 6.678%) which would be the first sign of recovery from this downtrend, hence its status is still highly speculative. ADVISE: HOLD; WAIT & SEE.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	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	2.86%	2.56%	Cons. Confidence*	123.60	123.30

PRICE OF BENCHMARK SERIES

FR0090 : 96.29 (+0.07%)
FR0091 : 98.36 (+0.00%)
FR0094 : 95.83 (+1.08%)
FR0092 : **103.45 (-0.07%)**

FR0086 : **98.05 (-0.02%)**
FR0087 : 98.98 (+0.01%)
FR0083 : 106.42 (+0.02%)
FR0088 : **96.38 (-0.19%)**

CDS of Indonesia Bonds

CDS 2yr: **-1.49%** to 31.67

CDS 5yr: **-0.96%** to 75.07

CDS 10yr: **-1.44%** to 132.75

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.61%	0.01%
USDIDR	15,510	-0.03%
KRWIDR	11.87	1.43%

Global Indices

Index	Last	Chg.	%
Dow Jones	36,247.87	130.49	0.36%
S&P 500	4,604.37	18.78	0.41%
FTSE 100	7,554.47	40.75	0.54%
DAX	16,759.22	130.23	0.78%
Nikkei	32,307.86	(550.45)	-1.68%
Hang Seng	16,334.37	(11.52)	-0.07%
Shanghai	2,969.56	3.35	0.11%
Kospi	2,517.85	25.78	1.03%
EIDO	21.70	(0.08)	-0.37%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,004.7	(23.8)	-1.17%
Crude Oil (\$/bbl)	71.23	1.89	2.73%
Coal (\$/ton)	151.00	2.25	1.51%
Nickel LME (\$/MT)	16,806	298.0	1.81%
Tin LME (\$/MT)	24,567	(108.0)	-0.44%
CPO (MYR/Ton)	3,740	38.0	1.03%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	JP	06:50	Money Stock M2 YoY	Nov	—	—	2.4%
11 – Dec.	JP	06:50	Money Stock M3 YoY	Nov	—	—	1.8%
Tuesday	US	20:30	CPI YoY	Nov	3.1%	3.1%	3.2%
12 – Dec.	CH	08:30	CPI YoY	Nov	-0.2%	-0.2%	-0.2%
	CH	08:30	PPI YoY	Nov	-2.8%	-2.8%	-2.6%
Wednesday	US	19:00	MBA Mortgage Applications	Dec 8	—	—	2.8%
13 – Dec.	US	20:30	PPI Final Demand MoM	Nov	0.1%	0.1%	-0.5%
Thursday	US	02:00	FOMC Rate Decision (Upper Bound)	Dec 13	5.50%	5.50%	5.50%
14 – Dec.	US	02:00	FOMC Rate Decision (Lower Bound)	Dec 13	5.25%	5.25%	5.25%
	US	20:30	Retail Sales Advance MoM	Nov	-0.1%	-0.1%	-0.1%
	US	20:30	Initial Jobless Claims	Dec 9	—	—	220K
Friday	US	20:30	Empire Manufacturing	Dec	3.8%	3.8%	9.1%
15 – Dec.	US	21:15	Industrial Production MoM	Nov	0.2%	0.2%	-0.6%
	US	21:45	S&P Global US Manufacturing PMI	Dec P	49.3	49.3	49.4
	CH	09:00	Industrial Production YoY	Nov	5.7%	5.7%	4.6%
	CH	09:00	Retail Sales YoY	Nov	12.4%	12.4%	7.6%
	ID	09:00	Trade Balance	Nov	\$2,962M	\$2,962M	\$3,480M
	ID	09:00	Exports YoY	Nov	-9.34%	-9.34%	-10.43%
	ID	09:00	Imports YoY	Nov	-0.12%	-0.12%	-2.42%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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