

# Morning Brief

Daily | December 12, 2023

## Today's Outlook:

**US MARKET:** U.S. Treasury yields were little changed after weak 3- and 10-year note auctions. Benchmark 10-year notes last rose 1/32 in price to yield 4.2409%, from 4.245% late on Friday. The 30-year bond last fell 2/32 in price to yield 4.3285%, from 4.326%. Investors looked ahead to a crucial week of market-moving events including fresh inflation data and the Federal Reserve's two-day meeting slated for Tuesday.

**The Federal Open Market Committee is tipped to hold rates at their current range of 5.25% to 5.50% on Wednesday.** Much of the focus will likely be the Fed's projections for the economy, inflation, and the number of cuts expected next year. The meeting will arrive on the heels of fresh consumer inflation data expected to show ongoing slowing in price pressures. Comments from Fed chair Jerome Powell will also be garnered for a potential push back on market expectations for a sooner rather than later rate cut.

**In the wake of last week's jobs data and separate numbers showing the slowest annual rise in underlying price gains in two years in October,** markets are now pricing in a nearly 50% chance of a quarter-point rate decrease in borrowing costs as soon as May, according to Investing.com's Fed Rate Monitor Tool.

**COMMODITIES:** Oil prices settled up slightly on Monday as OPEC+ production cuts failed to fully offset worries around crude oversupply and softer fuel demand growth next year. Brent crude futures settled up 19 cents, or 0.3%, to \$76.03 a barrel while U.S. West Texas Intermediate crude futures settled up 9 cents, or 0.1%, at \$71.32. Both contracts jumped more than 2% on Friday but were down for a seventh straight week, their longest streak of weekly declines since 2018, on lingering oversupply concerns.

## Corporate News

**PPA prepares IDR 2 trillion bonds for financing and asset management** The National Asset Management Company (PPA) is preparing bonds worth IDR 2 trillion to be issued in 2024 to finance several state-owned companies and asset management. "In accordance with the proposed work plan next year, PPA will issue bonds totaling IDR 2 trillion," said PPA President Director Avianto Istihardjo during a Media Gathering at Lokananta Surakarta, Central Java, Monday. Avianto said that PPA currently has at least 15 companies that are still being managed and need funding. One of the companies that will get a considerable investment value is PT Persero Batam. Although he did not want to mention the total funds, Avianto said that the investment funds would be used to build infrastructure and container facilities. The financing target in 2024, he continued, will also be used for restructuring and revitalization by providing loans or bailouts to SOEs. Meanwhile, in terms of special situations funds, PPA will still focus on the SOE ecosystem. (Antara News)

## Domestic Issue

**Ministry of Finance Records ST011 Series Savings Sukuk Sold IDR 20.03 Trillion** The Ministry of Finance (Kemenkeu) noted that the ST011 series Savings Sukuk (ST) sold IDR 20.03 trillion to 68,284 investors during the offering period from November 6, 2023 to December 6, 2023. Director General of Financing and Risk Management of the Ministry of Finance Suminto detailed the issuance, including ST011T2 of IDR 14.5 trillion and ST011T4 of IDR 5.5 trillion. "The issuance of ST011 is the issuance of the last retail Government Sharia Securities (SBSN) instrument in 2023," Suminto said here on Monday. He said ST011 is the fourth retail SBSN series issued in 2023 in two tenor options, namely ST011T2 with a two-year tenor and Green Sukuk Retail-Savings Sukuk series ST011T4 with a four-year tenor. The quota for the ST011T4 series has been fulfilled three days before the offering period ends, which shows that investor interest in the four-year ST tenor is still high. Based on the order nominal range, the largest number of investors in ST011T2 and ST011T4 are in the range of IDR 5 million to IDR 100 million (44.83% for ST011T2 and 43.71% for ST011T4), with the largest order volume in the range above IDR 1 billion (39.82% for ST011T2 and 49.2% for ST011T4). (Antara News)

## Recommendation

**US10YT is exactly at the upper channel resistance (downtrend);** if it is able to break the 4.29% yield up to MA20 at 4.324% yield, it will break the downtrend & open the way for the yield to strengthen again to the level of 4.547%; upto MA50 around 4.568% yield. ADVISE: BUY ON BREAK / AVERAGE UP accordingly.

**ID10YT Test MA10 Resistance at 6.615% yield.** ADVISE: WAIT & SEE; AVERAGE UP accordingly. Next Resistance: MA20 / yield 6.664%.

## PRICE OF BENCHMARK SERIES

|        |                   |
|--------|-------------------|
| FRO090 | : 96.26 (-0.04%)  |
| FRO091 | : 98.00 (-0.37%)  |
| FRO094 | : 95.79 (-0.04%)  |
| FRO092 | : 103.43 (-0.02%) |
| FRO086 | : 97.90 (-0.16%)  |
| FRO087 | : 98.53 (-0.45%)  |
| FRO083 | : 105.95 (-0.43%) |
| FRO088 | : 96.38 (+0.00%)  |

## CDS of Indonesia Bonds

|           |                  |
|-----------|------------------|
| CDS 2yr:  | +0.68% to 31.89  |
| CDS 5yr:  | +0.03% to 75.09  |
| CDS 10yr: | +0.32% to 133.17 |

## Government Bond Yields & FX

|                | Last   | Chg.   |
|----------------|--------|--------|
| Tenor: 10 year | 6.66%  | 0.05%  |
| USDIDR         | 15,615 | 0.68%  |
| KRWIDR         | 11.86  | -0.07% |

## Global Indices

| Index     | Last      | Chg.     | %      |
|-----------|-----------|----------|--------|
| Dow Jones | 36,404.93 | 157.06   | 0.43%  |
| S&P 500   | 4,622.44  | 18.07    | 0.39%  |
| FTSE 100  | 7,544.89  | (9.58)   | -0.13% |
| DAX       | 16,794.43 | 35.21    | 0.21%  |
| Nikkei    | 32,791.80 | 483.94   | 1.50%  |
| Hang Seng | 16,201.49 | (132.88) | -0.81% |
| Shanghai  | 2,991.44  | 21.88    | 0.74%  |
| Kospi     | 2,525.36  | 7.51     | 0.30%  |
| EIDO      | 21.34     | (0.36)   | -1.66% |

## Commodities

| Commodity          | Last    | Chg.    | %      |
|--------------------|---------|---------|--------|
| Gold (\$/troy oz.) | 1,982.0 | (22.7)  | -1.13% |
| Crude Oil (\$/bbl) | 71.32   | 0.09    | 0.13%  |
| Coal (\$/ton)      | 152.50  | 1.50    | 0.99%  |
| Nickel LME (\$/MT) | 16,607  | (199.0) | -1.18% |
| Tin LME (\$/MT)    | 24,359  | (208.0) | -0.85% |
| CPO (MYR/Ton)      | 3,741   | 1.0     | 0.03%  |

## 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 |

| Date                          | Country | Hour Jakarta | Event                            | Period | Actual | Consensus | Previous |
|-------------------------------|---------|--------------|----------------------------------|--------|--------|-----------|----------|
| <b>Monday</b><br>11 – Dec.    | JP      | 06:50        | Money Stock M2 YoY               | Nov    | 2.3%   | —         | 2.4%     |
|                               | JP      | 06:50        | Money Stock M3 YoY               | Nov    | 1.7%   | —         | 1.8%     |
| <b>Tuesday</b><br>12 – Dec.   | US      | 20:30        | CPI YoY                          | Nov    |        | 3.1%      | 3.2%     |
|                               | CH      | 08:30        | CPI YoY                          | Nov    |        | -0.2%     | -0.2%    |
|                               | CH      | 08:30        | PPI YoY                          | Nov    |        | -2.8%     | -2.6%    |
| <b>Wednesday</b><br>13 – Dec. | US      | 19:00        | MBA Mortgage Applications        | Dec 8  |        | —         | 2.8%     |
|                               | US      | 20:30        | PPI Final Demand MoM             | Nov    |        | 0.1%      | -0.5%    |
| <b>Thursday</b><br>14 – Dec.  | US      | 02:00        | FOMC Rate Decision (Upper Bound) | Dec 13 |        | 5.50%     | 5.50%    |
|                               | US      | 02:00        | FOMC Rate Decision (Lower Bound) | Dec 13 |        | 5.25%     | 5.25%    |
|                               | US      | 20:30        | Retail Sales Advance MoM         | Nov    |        | -0.1%     | -0.1%    |
|                               | US      | 20:30        | Initial Jobless Claims           | Dec 9  |        | —         | 220K     |
| <b>Friday</b><br>15 – Dec.    | US      | 20:30        | Empire Manufacturing             | Dec    |        | 3.8%      | 9.1%     |
|                               | US      | 21:15        | Industrial Production MoM        | Nov    |        | 0.2%      | -0.6%    |
|                               | US      | 21:45        | S&P Global US Manufacturing PMI  | Dec P  |        | 49.3      | 49.4     |
|                               | CH      | 09:00        | Industrial Production YoY        | Nov    |        | 5.7%      | 4.6%     |
|                               | CH      | 09:00        | Retail Sales YoY                 | Nov    |        | 12.4%     | 7.6%     |
|                               | ID      | 09:00        | Trade Balance                    | Nov    |        | \$2,962M  | \$3,480M |
|                               | ID      | 09:00        | Exports YoY                      | Nov    |        | -9.34%    | -10.43%  |
| ID                            | 09:00   | Imports YoY  | Nov                              |        | -0.12% | -2.42%    |          |

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury

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## Indonesia 10 Years Treasury

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