

Morning Brief

Today's Outlook:

US MARKET: A glide in inflation which raised hopes of an interest rate cut early next year, ahead of the monetary policy decision being deliberated by the Federal Reserve scheduled for release on Thursday morning at 02.00 WIB.

The Labor Department's Consumer Price Index (CPI) unexpectedly inched higher on a monthly basis in November, but edged lower on an annual basis, stoking concerns that inflation is taking longer to return to the Fed's 2% target than many had hoped and raising the possibility that the central bank will keep policy rates in restrictive territory longer. Annual headline consumer price growth edged down to 3.1% last month, decelerating from 3.2% in October, according to data from the Bureau of Labor Statistics on Tuesday. Month-on-month, the reading inched up by 0.1%. Economists had forecast the measures at 3.1% and 0.0%, respectively. The closely-watched "core" figure, which strips out volatile items like food and energy, rose by 4.0% annually, in line with the prior month. On a monthly basis, underlying price gains came in at 0.3%, a marginally faster pace than 0.2% in October. Both matched estimates.

The Federal Open Markets Committee (FOMC) gathered for its two-day monetary policy meeting, which is expected to culminate in a decision to leave the Fed funds target rate at 5.25%-5.50%. The Fed is also expected to release its Summary Economic Projections and dot plot, which should shed light on the central bank's path forward. Not surprisingly, treasury yields edged lower after the core CPI number landed largely in line with expectations, bolstering views that the Fed will hold its key policy rate steady on Wednesday. Benchmark 10-year notes last rose 8/32 in price to yield 4.2082%, from 4.239% late on Monday. The 30-year bond last rose 9/32 in price to yield 4.3151%, from 4.33% late on Monday. The dollar lost ground against a basket of world currencies in anticipation of the Fed's updated economic and interest rate projections expected on Wednesday. The dollar index fell 0.26%, with the euro up 0.33% to USD1.0796.

COMMODITIES: Crude Oil WTI Futures, the U.S. benchmark, traded at USD68.83 a barrel following the report after settling down 3.8% at USD68.61 a barrel to remain on track for its longest weekly losing streak since 2018. U.S. crude inventories fell 2.3M barrels for the week ended Dec. 8, compared with a build of 549,000 barrels reported by the API for the previous week. Economists were expecting an decline of about 1.5M barrels. The larger-than-expected draw comes as concerns about growing non-OPEC supply offsetting recent output-cut pledges by OPEC and its allies, OPEC+ amid doubts about whether the cuts will be extended. The API data also showed that gasoline inventories increased by 5.8M barrels last week, while distillate stocks decreased by 300,000 barrels. The official government inventory report due Wednesday is expected to show weekly U.S. crude supplies decreased by about 1.5M barrels last week.

Meanwhile, Gold reversed its gains following the inflation data, and was last slightly lower. Spot gold dropped 0.1% to USD1,978.91 an ounce.

Corporate News

Adira Finance (ADMF) Has IDR 937 Billion Maturing Debt in Early 2024 PT Adira Dinamika Multi Finance Tbk has bonds maturing early next year. Based on data from the Indonesian Central Securities Depository (KSEI), the value of Adira Finance bonds that will mature in the first four months of 2024 reaches IDR 935.75 billion. The first bond will mature in January 2024 worth IDR 328 billion. The bonds, titled Adira Finance sustainable bonds IV phase IV 2019 series C, have a five-year term, where the bond listing date is January 24, 2019. When issuing the bonds, the issuer coded ADMF shares gave a fixed interest rate of 9.5% per year. Interest payments are made quarterly. In addition to these bonds, another series that will mature early next year is bonds with the title of sustainable bonds IV phase V in 2019 series C. These bonds were released on April 18, 2019 with a nominal value of IDR 607.75 billion. These bonds will mature on April 16, 2024. (Kontan)

Domestic Issue

Ministry of Finance: SUN Auction Interest Relatively Positive Ahead of Fed's Decision The Directorate General of Financing and Risk Management of the Ministry of Finance stated that interest in the auction of Government Bonds (SUN) is relatively favorable ahead of the Fed, BoE, and ECB benchmark interest rate decisions scheduled for December 14, 2023 Indonesian time. "This is reflected in the high number of incoming bids of IDR 41.18 trillion or 2.17 times the indicative target that has been announced," said DJPPR Director of Government Securities Deni Ridwan in Jakarta, Tuesday. In addition, Deni continued, the good performance of the state budget was also a positive supporting factor for yesterday's auction. He said investor interest in the medium to long tenor SUN series was still strong. This is reflected in the number of bids on the 6 and 11 year SUN series which are still dominant, with the number of incoming bids amounting to IDR 20.52 trillion or 49.82 percent of the total incoming bids, and won IDR 11.6 trillion or 61.1 percent of the total awarded bids. Likewise, foreign investors' interest in yesterday's SUN auction is still solid with the number of incoming bids reaching IDR 9.08 trillion. The majority of incoming bids from foreign investors were in the 6-year SUN series amounting to IDR 5.13 trillion or 56.52 percent of the total incoming bids from foreign investors, and won IDR 2.3 trillion or 12.11 percent of the total awarded bids. Today's SUN issuance auction is the last SUN auction for 2023 in accordance with the 2023 SBN issuance calendar. (Antara News)

Recommendation

US10YT is still in a downward trend with a PARALLEL CHANNEL pattern, as evidenced by the yield going back down after touching the upper channel resistance exactly at the high point of 4.253%. If the MA10 Support / yield of 4.214% cannot be maintained, then US10YT will slide back down towards the Support of the previous Low level on the yield: 4.10% - 4.06%. ADVISE: SELL ON STRENGTH; reduce position.

ID10YT was able to break above MA10 & MA20 Resistance, a feat that has never happened since the end of Oct. Next Resistance : yield 6.750% / 6.834% / 6.9485 / 7.00%. ADVISE : SPECULATIVE BUY; AVERAGE UP accordingly.

PRICE OF BENCHMARK SERIES

FR0090 : 96.15 (-0.11%)
FR0091 : 97.73 (-0.28%)
FR0094 : 95.83 (+0.04%)
FR0092 : 103.45 (+0.02%)

FR0086 : 97.89 (-0.01%)
FR0087 : 98.62 (+0.08%)
FR0083 : 106.07 (+0.11%)
FR0088 : 96.41 (+0.03%)

CDS of Indonesia Bonds

CDS 2yr: -0.99% to 31.57
CDS 5yr: -1.02% to 74.32
CDS 10yr: -0.77% 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	36,577.94	173.01	0.48%
S&P 500	4,643.70	21.26	0.46%
FTSE 100	7,542.77	(2.12)	-0.03%
DAX	16,791.74	(2.69)	-0.02%
Nikkei	32,843.70	51.90	0.16%
Hang Seng	16,374.50	173.01	1.07%
Shanghai	3,003.44	12.00	0.40%
Kospi	2,535.27	9.91	0.39%
EIDO	21.42	0.08	0.37%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,979.5	(2.4)	-0.12%
Crude Oil (\$/bbl)	68.61	(2.71)	-3.80%
Coal (\$/ton)	146.25	(6.25)	-4.10%
Nickel LME (\$/MT)	16,520	(87.0)	-0.52%
Tin LME (\$/MT)	24,580	221.0	0.91%
CPO (MYR/Ton)	3,735	(6.0)	-0.16%

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
Monday 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%
Tuesday 12 – Dec.	US	20:30	CPI YoY	Nov	3.1%	3.1%	3.2%
	CH	08:30	CPI YoY	Nov	—	-0.2%	-0.2%
	CH	08:30	PPI YoY	Nov	—	-2.8%	-2.6%
Wednesday 13 – Dec.	US	19:00	MBA Mortgage Applications	Dec 8	—	—	2.8%
	US	20:30	PPI Final Demand MoM	Nov	—	0.1%	-0.5%
Thursday 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
Friday 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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Research Division

Head of Research

Liza Camelia Suryanata

Equity Strategy, Macroeconomics,
Technical
T +62 21 5088 ext 9134

Analyst

Axell Ebenhaezer

Mining, Property
T +62 21 5088 ext 9133
E Axell.Ebenhaezer@nhsec.co.id

Analyst

Cindy Alicia Ramadhania

Consumer, Healthcare
T +62 21 5088 ext 9129
E cindy.alicia@nhsec.co.id

Analyst

Leonardo Lijuwardi

Banking, Infrastructure
T +62 21 5088 ext 9127
E leonardo.lijuwardi@nhsec.co.id

Research Support

Amalia Huda Nurfalah

Editor & Translator
T +62 21 5088 ext 9132
E amalia.huda@nhsec.co.id

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PT. NH Korindo Sekuritas Indonesia

JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51st Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 5088 9102

Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15311

Indonesia

Telp : +62 21 509 20230

Branch Office Medan :

Jl. Asia No. 548 S

Medan – Sumatera Utara 20214

Indonesia

Telp : +62 614 156500

Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Branch Office Bandengan (Jakarta Utara):

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

Branch Office Kamal Muara (Jakarta Utara):

Rukan Exclusive Mediterania

Blok F No.2

Jakarta Utara 14470

Indonesia

Telp : +62 24 844 6878

Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 1330

Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

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Jakarta