

# Morning Brief

Daily | December 18, 2023

## Today's Outlook:

**US MARKETS:** Amid optimism for rate cuts next year even as a warning from a Fed official attempted to warn regarding the possibility of tight monetary policy next year.

**New York Fed President John Williams told CNBC in an interview Friday that talk of rate cuts is still "premature" and the central bank could still tighten policy if needed.** The New Fed president's remarks rein in some of the aggressive bets on rate cuts markets are expecting for next year, boosting Treasury yields. The yield on the 2-year Treasury, which is sensitive to Fed policy decision, rose 5 basis points to 4.451%, while the U.S. 10-year yield fell 2 bps to 3.915%.

**On the PMI economic front, US manufacturing activity fell more than expected in December, but services activity, which makes up the bulk of the inflation, increased by more than expected.** Earlier on Friday, a survey showed domestic business activity picked up in December amid rising orders and demand for workers, which could further help to allay fears of a sharp slowdown in economic growth in the fourth quarter.

**COMMODITIES:** Oil prices settled lower Friday, but still notched their first weekly gain in two months as the expectations of U.S. rate cuts next year boosting the economy and crude demand forced the bears to loosen their grip. The U.S. crude futures settled 0.2% lower at USD71.43 a barrel and the Brent contract rose 0.2% to USD76.75 a barrel. Dovish signals from the Fed have been a key support for commodity markets including energy this week, as the central bank signaled deeper-than-expected rate cuts in 2024.

**The International Energy Agency helped the market earlier this week by slightly lifting its oil demand forecast for 2024. But the IEA's forecast for demand was still much lower than that suggested by the OPEC+.** Underwhelming production cuts from the cartel group were a key weight on oil in recent weeks, driving prices to over five-month lows. Even with a positive demand outlook for 2024, crude markets are still expected to remain well supplied. This was also in part due to strong U.S. production, with recent data showing that total U.S. output remained close to record highs in the past week. U.S. inventories saw a bigger-than-expected drawdown, although fuel demand in the country remained weak, with gasoline inventories seeing a mild build.

**ASIA MARKETS:** China, the largest importer of crude, continues to face a bumpy economic recovery as data showed consumer and investment spending increased at slower than expected pace. The ongoing struggles have fueled concerns that Beijing have to roll out further stimulus to keep its economic recovery on track.

## Corporate News

**Pefindo Downgrades Integra Indocabinet (WOOD) Rating to Negative** PT Pemingkat Efek Indonesia (Pefindo) downgraded PT Integra Indocabinet Tbk (WOOD) and its Sustainable Bonds (SR) I to idA- from idA and Sustainable Mudharabah Sukuk I to idA- (sy) from idA (sy). Pefindo in its release on Friday (15/12) explained that the company's rating outlook was revised to negative from stable. This rating action reflects our view that the Company's sales performance remains weak in the short to medium term, due to a decline in demand in the United States (US), which is the dominant contributor to the Company's revenue. This has resulted in WOOD's long inventory turnover which may hamper the pace of deleveraging in the short to medium term. Amidst this unfavorable situation, the Company also faces an increased payment risk on its IDR 97.5 billion Sustainable Sukuk Mudharabah I Phase I/2021 Series B and IDR 407.82 billion Sustainable Bonds I Phase I/2021 Series B, both of which will mature on 14 April 2024. (Emiten News)

## Domestic Issue

**Realization of Debt Financing Has Decreased to IDR 345 Trillion, This is What Sri Mulyani Said** The Ministry of Finance reported that the realization of financing through debt issuance had reached IDR 345 trillion as of 12 December 2023. This realization has reached 81.9% of the ceiling in Presidential Regulation 75/2023 which amounted to 421.2 trillion. Finance Minister Sri Mulyani Indrawati noted that the realization of debt financing also decreased by 36.6% when compared to the realization of the same period last year which amounted to IDR 544.4 trillion. For information, according to her, the realization of debt financing is in line with the government's efforts to reduce debt issuance. In Presidential Regulation 75/2023, the government lowered the debt financing target from IDR 696.3 trillion in the 2023 State Budget, to IDR 421.2 trillion. The overall decrease in debt financing is in the net issuance of Government Securities (SBN), from IDR 712.9 in the 2023 State Budget, to IDR 437.8 trillion in Perpres 75/2023. Meanwhile, the net loan target remains the same at IDR 16.6 trillion. Sri Mulyani detailed, the realization of SBN issuance has reached IDR 298.6 trillion or reached 68.2% of Perpres 75/2023. Meanwhile, the realization of loans has exceeded the target of IDR 46.4 trillion or 279.2% of the ceiling of IDR 16.6 trillion. The treasurer of state finances said that the decline in SBN issuance illustrates several things. Among other things, the state budget is in a healthy condition because the state budget deficit is much lower than the initial design or last year. The decrease in financing through SBN is also very important because this year inflation conditions and global interest rates are still very high. (Kontan)

## Recommendation

**US10YT yield is immersed below the 4.0% level with the RSI indicator stationary in Oversold territory.** The yield level of 3.895% - 3.885% is the closest Support at the moment, which if broken then determine this Bottoming phase still fails and US10YT slides back down following the PARALLEL CHANNEL pattern. Nearest Resistance: MA10 / yield 4.079%. ADVISE: HOLD; WAIT & SEE.

**ID10YT even returned to test MA10 & MA20 Support around 6.64%, after failing to break Resistance from the previous High level at 6.75% yield, indicating that this technical rebound attempt is still fragile.** If the two MAs are unable to act as Support, ID10YT yield will test the next Support in the 6.54% area. ADVISE: HOLD; WAIT & SEE.

## PRICE OF BENCHMARK SERIES

FR0090 : 95.99 (+0.06%)  
FR0091 : 98.37 (+0.62%)  
FR0094 : 95.97 (+0.64%)  
FR0092 : 103.87 (+0.18%)

FR0086 : 97.99 (+0.18%)  
FR0087 : 99.28 (+0.18%)  
FR0083 : 106.54 (+0.09%)  
FR0088 : 97.29 (+0.80%)

## CDS of Indonesia Bonds

CDS 2yr: +0.87% to 30.04  
CDS 5yr: +3.38% to 71.22  
CDS 10yr: +0.66% to 127.24

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.57%	-0.07%
USDIDR	15,493	-0.03%
KRWIDR	11.95	-0.15%

## Global Indices

Index	Last	Chg.	%
Dow Jones	37,305.16	56.81	0.15%
S&P 500	4,719.19	(0.36)	-0.01%
FTSE 100	7,576.36	(72.62)	-0.95%
DAX	16,751.44	(0.79)	0.00%
Nikkei	32,970.55	284.30	0.87%
Hang Seng	16,792.19	390.00	2.38%
Shanghai	2,942.56	(16.43)	-0.56%
Kospi	2,563.56	19.38	0.76%
EIDO	21.90	(0.16)	-0.73%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,019.6	(16.7)	-0.82%
Crude Oil (\$/bbl)	71.43	(0.15)	-0.21%
Coal (\$/ton)	145.25	(0.25)	-0.17%
Nickel LME (\$/MT)	17,150	178.0	1.05%
Tin LME (\$/MT)	25,175	(192.0)	-0.76%
CPO (MYR/Ton)	3,692	4.0	0.11%

## 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)	138.10	133.10	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> 18 – Dec.	GE	16:00	IFO Business Climate	Dec	—	—	87.3
	GE	16:00	IFO Expectations	Dec	—	—	85.2
<b>Tuesday</b> 19 – Dec.	US	20:30	Housing Starts	Nov	1,360K	1,360K	1,372K
	EC	17:00	CPI MoM	Nov F	—	—	-0.5%
	JP	—	BOJ Policy Balance Rate	Dec 19	-0.100%	-0.100%	-0.100%
<b>Wednesday</b> 20 – Dec.	US	19:00	MBA Mortgage Applications	Dec 15	—	—	7.4%
	US	22:00	Existing Home Sales	Nov	3.77M	3.77M	3.79M
	US	22:00	Conf. Board Consumer Confidence	Dec	103.4	103.4	102.0
<b>Thursday</b> 21 – Dec.	US	20:30	GDP Annualized QoQ	3Q T	5.2%	5.2%	5.2%
	US	20:30	Initial Jobless Claims	Dec 16	—	—	202K
	US	22:00	Leading Index	Nov	-0.4%	-0.4%	-0.8%
	ID	14:20	Bank Indonesia 7D Reverse Repo	Dec 21	6.00%	6.00%	6.00%
	KR	04:00	PPI YoY	Nov	—	—	0.8%
<b>Friday</b> 22 – Dec.	US	20:30	Personal Income	Nov	0.4%	0.4%	0.2%
	US	20:30	Personal Spending	Nov	0.2%	0.2%	0.2%
	US	20:30	Durable Goods Orders	Nov P	2.6%	2.6%	-5.4%
	US	22:00	New Home Sales	Nov	688K	688K	679K
	US	22:00	U. of Mich. Sentiment	Dec F	69.4	69.4	69.4
	JP	06:30	Natl CPI YoY	Nov	2.7%	2.7%	3.3%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury

Published on Investing.com, 18/Dec/2023 - 1:21:04 GMT. Powered by TradingView.  
United States 10-Year, United States, NYSE:US10YT=X, D



## Indonesia 10 Years Treasury

Published on Investing.com, 18/Dec/2023 - 1:21:40 GMT. Powered by TradingView.  
Indonesia 10-Year, Indonesia, Jakarta:ID10YT=RR, D



## 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

#### DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



## PT. NH Korindo Sekuritas Indonesia

### JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51<sup>st</sup> 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

### A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |  
Jakarta