

Morning Brief

Daily | December 19, 2023

Today's Outlook:

US MARKETS: Sentiment from Federal Reserve officials who once again emphasized that the next move from the US central bank is not when a rate cut will be implemented but whether the current monetary policy is tight enough to bring inflation to the 2% Target. However, the market has priced in a 63.4% chance that there could be a first 25bps rate cut as soon as the March FOMC meeting, as reported by the CME Fed Watch survey.

Later in the week, market participants will be looking forward to a number of data to be released by the US Commerce Department, namely the US GDP for the 3rd quarter on Thursday, followed by the Personal Consumption Expenditures (PCE) price index on Friday which will shed light on the growth of people's income and spending, as well as the main measure of inflation. Prior to that, however, tonight will see the US Building Permits (Nov) and Housing Starts (Nov) figures which will shed some light on the current health of the US property sector.

EUROPE MARKETS: From the Europe, Germany reported a business climate outlook that is still not very optimistic in the next 6 months, reflected in the German Ifo Business Climate Index (Dec) whose figures still dropped below expectations and the previous month's position. As for this afternoon, Eurozone will release CPI and Core CPI (Nov) figures which are expected to cool down further to 2.4% YoY and 3.6% YoY respectively (from the previous position: 2.9% and 4.2% respectively).

ASIA MARKETS: From the Asian continent, the Japanese central bank's decision on interest rates this morning will kick off a series of important Asian central bank events throughout the week.

COMMODITIES: Oil prices closed higher on Monday (18/12/23) on the back of easing fears about over supply as Russia plans to cut crude exports by 50,000 barrels more per day (if not more) plus recent weather disruptions have hampered shipments of about 2/3 of Russia's Urals Oil exports; and Houthi militant attacks on ships in the Red Sea route have only added to supply disruption concerns. The US benchmark crude oil price (WTI) closed up 1.5% at USD72.47/barrel, while the Brent oil contract (Europe) climbed 1.8% at USD77.95/barrel. Both benchmark prices managed to post slight gains last week, breaking a 7-week losing streak, after the latest Federal Reserve meeting decision provided a clearer direction for a potential interest rate cut next year.

Corporate News

FIF Will Issue Bonds with a Total Value of IDR 4.5 Trillion in 2024 PT Federal International Finance (FIF Group) will continue to strengthen funding next year, one of which is by issuing bonds. FIF Group Chief Marketing Officer, Daniel Hartono stated that his party plans to issue bonds worth IDR 4.5 trillion in 2024. "Compared to 2023, this figure decreased by 12% from IDR 5.1 trillion," he told Kontan.co.id, last week. Daniel revealed that in 2024 the bond issuance will be carried out in the first quarter and third quarter. However, the company, which has five lines of financing business, has bonds that will mature next year. "The value of FIF bonds that will mature in 2024 is IDR 4.1 trillion," he said. (Kontan)

Domestic Issue

Bond Market Grows Positively, OJK Reveals Supporting Sentiments The Ministry of Finance reported that the realization of financing through debt issuance has reached IDR The Financial Services Authority (OJK) revealed a positive note on the performance of the debt or bond market in Indonesia. A series of domestic and global macro sentiments supported the return on debt securities and / or sukuk, thus boosting its indicators in the market. "We see a positive note, especially this year, which is reflected in the Indonesia Composite Bond Index (ICBI) growing 7.8% year-to-date (YtD) as of December 15, 2023," said OJK Director of Securities and Supporting Institutions Supervision Arif Budiman at the Main Hall of the Indonesia Stock Exchange (IDX) on Monday. From the domestic side, OJK assesses that the government continues to be committed to the development of debt securities. A number of fiscal incentives and other infrastructure are considered to contribute positively to the market. Meanwhile, at the global level, OJK sees a positive appreciation from the market regarding the steps of the United States central bank or Federal Reserve (the Fed) in holding the Fed Fund Rate (FFR) at the level of 5.25% - 5.50%. "We currently see that globally debt securities are supported by the expectation of maintaining the FFR interest rate by the Federal Reserve and also the strengthening of the global debt securities market," said Arif. (Okezone)

Recommendation

US10YT is bottoming and holding around the psychological Support of 4.0% yield level; even when RSI has entered OVERSOLD territory. The Doji candle at the Closing yield point of 3.935% could be a technical rebound point towards the nearest Resistance yield in this downtrend pattern: 4.06% / 4.1% / 4.18%. ADVISE: SPECULATIVE BUY.

ID10YT is showing Bearish Engulfing candle at Support area, buoyed by RSI positive divergence; could be a sign of last remaining weakness (or at least: LIMITED DOWNSIDE POTENTIAL), if not a prelude to a technical rebound. ADVISE: BUY ON WEAKNESS (gradual). Nearest Resistance: MA10 & MA20 at around 6.63% - 6.64% yield.

PRICE OF BENCHMARK SERIES

FR0090	: 95.99 (+0.00%)
FR0091	: 98.49 (+0.12%)
FR0094	: 95.99 (+0.02%)
FR0092	: 103.88 (+0.00%)
FR0086	: 98.02 (+0.03%)
FR0087	: 99.31 (+0.03%)
FR0083	: 106.56 (+0.02%)
FR0088	: 97.29 (+0.00%)

CDS of Indonesia Bonds

CDS 2yr	: +0.43% to 30.17
CDS 5yr	: -2.27% to 69.60
CDS 10yr	: +0.26% to 127.58

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.52%	-0.05%
USDIDR	15,510	0.11%
KRWIDR	11.96	0.04%

Global Indices

Index	Last	Chg.	%
Dow Jones	37,306.02	0.86	0.00%
S&P 500	4,740.56	21.37	0.45%
FTSE 100	7,614.48	38.12	0.50%
DAX	16,650.55	(100.89)	-0.60%
Nikkei	32,758.98	(211.57)	-0.64%
Hang Seng	16,629.23	(162.96)	-0.97%
Shanghai	2,930.80	(11.75)	-0.40%
Kospi	2,566.86	3.30	0.13%
EIDO	21.84	(0.06)	-0.27%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,027.2	7.6	0.37%
Crude Oil (\$/bbl)	72.47	1.04	1.46%
Coal (\$/ton)	144.75	(0.50)	-0.34%
Nickel LME (\$/MT)	16,502	(648.0)	-3.78%
Tin LME (\$/MT)	24,820	(355.0)	-1.41%
CPO (MYR/Ton)	3,745	34.0	0.92%

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

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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