

# Morning Brief

## Today's Outlook:

**US MARKETS:** Positive sentiment stemmed from the Federal Reserve's dovish statement last week indicating a potential pivot next year; as investors monitored the PCE price index, a benchmark figure crucial to the Inflation trend.

**ASIA MARKETS:** Bank of Japan announced unchanged interest rate decision in negative territory. BOJ maintains its super loose policy where interest rates are currently at -0.1%. Japan's Export - Import growth for the month of November is still struggling in negative territory causing the Trade Balance deficit to swell further from the previous month. Next up is China's central bank which will follow the interest rate decision soon, where the market expects the short term (1 year) and long term (5 years) rates to remain where they are, currently: 3.45% and 4.20%.

**EUROPEAN MARKETS:** Eurozone reported CPI (Nov.) which successfully slid to 2.4% yoy, lower than 2.9% in the previous month. Core CPI (Nov.) also got closer to the ECB Target of 2% when it managed to cool to 3.6% yoy, as expected lower than 4.2% in October position. Later in the afternoon, the UK will report Inflation (Nov.) which also managed to ease to 4.3% yoy, from 4.6% in the previous month. Germany will complete the Inflation data set by announcing producer-level Inflation (PPI) for November as well as the GfK German Consumer Climate (Jan.).

**COMMODITIES:** The Energy and Raw Materials sectors led the market gains, underpinned by an almost 2% rise in Oil prices due to increased ship attacks by Houthi militants (Iran-Yemen) in the Red Sea. The US Navy has announced plans to deploy their troops to protect shipping on the crucial trade route; similar moves are likely to be followed by UK, France, Italy, Norway & Spain. Notably, around 12% of global shipping traffic crosses the Suez Canal, en route from the Mediterranean region to key Asian markets. The attack has led a number of companies to announce at the end of last week that they will avoid the Red Sea route, with even Oil giant BP stating that it will delay a number of shipments through the Red Sea route given the precarious security situation in the region. Meanwhile, the Raw Materials (natural resources) sector also rallied following the rise in commodity prices including Copper on expectations that future interest rate cuts will boost economic growth and demand for the metal.

## Corporate News

**Looking for Investors, Danareksa Issues Bonds Worth IDR 1 Trillion** Holding BUMN Specialist Transformation and Investment PT Danareksa (Persero) is looking for investors to support its future performance plans. One of them is by issuing Danareksa Bond VIII Year 2023 worth IDR 1 Trillion. Danareksa President Director Yadi Jaya Ruchandi explained, the issuance of these bonds is to support the company's future transformation plans. In detail, the bonds offered consist of 3 series, Series A with a period of 370 days and a coupon indication of 6.90 - 7.25 percent per year, Series B with a period of 3 years from a coupon indication of 7.35-7.90 percent per year, and Series C with a period of 5 years and a coupon indication of 7.50-8.10 percent. "The proceeds from this offering after deducting issuance costs will be used entirely by Danareksa for investment in subsidiaries and refinancing the Company's banking obligations," Yadi said in his statement. (Liputan 6)

## Domestic Issue

**Government Absorbs IDR 4 Trillion in Funds from the Auction of Six SBSN Series** The government absorbed IDR 4 trillion in funds from the auction of six series of Government Sharia Securities (SBSN) or State Sukuk on December 19, 2023. In an official statement in Jakarta, Tuesday, the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance (Kemenkeu) revealed that the total incoming bid amounted to IDR 11.93 trillion. In this auction, all series auctioned are reopening series. In detail, the six series are SPNS04062024, PBS036, PBS003, PBSG001, PBS037 and PBS038. The largest absorption came from the PBS036 series with a nominal value won of IDR 1.80 trillion. The series received incoming bids of IDR 2.72 trillion with a weighted average yield won of 6.63945 percent. As for the SPNS04062024 and PBS003 series, the government decided not to absorb funds even though the series received incoming bids of IDR 5.05 trillion and IDR 1.22 trillion, respectively. (Antara News)

## Recommendation

The market participants are certainly monitoring the development of US Treasury yields closely as they seem to be showing signs of bottoming, amidst a strong stock market rally that feels almost overheating. As in the case of US10YT which was detected forming a base around 3.91%, trying not to be too far from the psychological level of 4.0%. Although the RSI continues to straddle the Oversold region, it does not guarantee that a technical rebound in the US10YT yield is imminent, if this downtrend is actually strong. Moreover, the yield position is still below the first Resistance: MA10 / yield 4.02% reinforces the assumption that this downtrend PARALLEL CHANNEL pattern will not be broken easily. **ADVISE: HOLD; WAIT & SEE.**

The same behavior was also seen on ID10YT, which continued to slide down in order to fulfill the bottom target around 6.465%, after failing to maintain the minor support of 6.54% yield. RSI, which had been picking up, also looks deflated again, confirming the weak yield trend below MA10 & MA20 Resistance. **ADVISE: HOLD; WAIT & SEE.**

## PRICE OF BENCHMARK SERIES

FR0090 : 96.25 (+0.27%)  
FR0091 : 98.57 (+0.08%)  
FR0094 : 94.76 (-1.29%)  
FR0092 : 103.73 (+0.27%)

FR0086 : 98.04 (+0.03%)  
FR0087 : 99.23 (-0.08%)  
FR0083 : 106.52 (-0.04%)  
FR0088 : 97.78 (-0.07%)

## CDS of Indonesia Bonds

CDS 2yr: -1.24% to 29.80

CDS 5yr: +0.08% to 69.66

CDS 10yr: -0.97% to 126.35

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.50%	-0.01%
USDIDR	15,505	-0.03%
KRWIDR	11.86	-0.82%

## Global Indices

Index	Last	Chg.	%
Dow Jones	37,557.92	251.90	0.68%
S&P 500	4,768.37	27.81	0.59%
FTSE 100	7,638.03	23.55	0.31%
DAX	16,744.41	93.86	0.56%
Nikkei	33,219.39	460.41	1.41%
Hang Seng	16,505.00	(124.23)	-0.75%
Shanghai	2,932.39	1.59	0.05%
Kospi	2,568.55	1.69	0.07%
EIDO	22.11	0.27	1.24%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,040.4	13.2	0.65%
Crude Oil (\$/bbl)	73.94	1.12	1.54%
Coal (\$/ton)	145.25	0.50	0.35%
Nickel LME (\$/MT)	16,747	245.0	1.48%
Tin LME (\$/MT)	25,137	317.0	1.28%
CPO (MYR/Ton)	3,755	10.0	0.27%

## 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	1,560K	1,360K	1,372K
	EC	17:00	CPI MoM	Nov F	2.4%	2.4%	2.4jpp%
	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	3.79M
	US	22:00	Conf. Board Consumer Confidence	Dec	—	103.4	102.0
<b>Thursday</b> 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%
<b>Friday</b> 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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