

# Morning Brief

Daily | December 21, 2023

## Today's Outlook:

**US MARKETS: Treasury yields fell as U.S. economic data beat expectations** and UK inflation slowed at a rate that took markets by surprise. US 10-year Treasury yields fell to an almost five-month low as government bond yields fell globally after the British inflation data. Benchmark 10-year notes were down 6.7 basis points to 3.855%, from 3.922% late on Tuesday. The 30-year bond was last down 4.7 basis points to yield 3.9889%, from 4.036%. The 2-year note was last was down 9.5 basis points to yield 4.3418%, from 4.437%.

**INDONESIA MARKETS: Later in the afternoon, BI's RDG decision on interest rates will be monitored**, which is expected to remain unchanged at 6.0%.

**COMMODITIES: Oil prices settled slightly higher after hitting their highest level in nearly three weeks**, as traders dealt with worries about disruptions in the Red Sea after Yemen's Iran-aligned Houthi militants stepped up attacks on commercial ships. Global oil benchmark Brent hovered above USD80 a barrel. US crude/WTI settled up 0.38% at USD74.22 per barrel and Brent settled at USD79.70, up 0.59% on the day. In precious metals, spot gold dropped 0.4% to USD2,031.61 an ounce.

## Corporate News

**PP Presisi (PPRE) Will Issue IDR 850 Billion Bonds, to Fund New Investments** PT PP Presisi Tbk (PPRE) plans to issue bonds worth approximately IDR 850 billion next year. This action aims to fund a number of new investments, as well as to boost the company's operational performance. PPRE President Director I Gede Upeksa Negara said that the bonds issued by the company in 2024 will have a period of 5 years. However, he has not specified the amount of interest that will cover the bonds. According to Upeksa, with the issuance of the bonds, the company's operational performance will generate good cash in next year. The funds will also be used by PPRE to fund debt and new investments. He added that PPRE's financial structure in 2024 is estimated to be strong enough to pay off a number of short-term debts. (Bisnis)

## Domestic Issue

**West Java Provincial Government Reviews Plan to Release Regional Bonds** The West Java Provincial Government is in no hurry to release regional bonds as a financing instrument. This plan will be assessed first. West Java's Governor, Bayu Triadi Machmudin, said that the Coordinating Ministry for Economic Affairs had assessed that West Java's financial management could release regional bonds. However, it needs an in-depth study. Bay explained, the plan to release regional bonds needs to be discussed more thoroughly by involving experts. Although West Java is considered capable, the West Java Provincial Government is still able to find other funding schemes that are cheaper and less risky. Bay admitted that apart from not being urgent, the plan to release regional bonds must be studied more deeply, including its impact on society. Moreover, socialization to the community has not been carried out. According to him, the funds obtained from the release of bonds need to be directed to priority projects and have a major impact on the interests of the community such as the provision of public transportation. (IDNews)

## Recommendation

**ID10YT continues its journey towards the bottom**, meeting the TARGET bottom at around 6.465%. **ADVISE: WAIT & SEE; anticipate BUY ON WEAKNESS.**

**US10YT still continues to fall in this PARALLEL CHANNEL patterned downtrend.** Anticipate limited downside potential at Support lower channel around yield 3.80%. Although RSI has entered Oversold territory, it does not guarantee an immediate technical rebound. **ADVISE: HOLD; WAIT & SEE.**

## PRICE OF BENCHMARK SERIES

FR0090 : 96.29 (+0.04%)  
FR0091 : 98.56 (-0.01%)  
FR0094 : 94.75 (-0.01%)  
FR0092 : 103.51 (-0.21%)

FR0086 : 98.07 (+0.03%)  
FR0087 : 99.30 (+0.07%)  
FR0083 : 106.60 (+0.08%)  
FR0088 : 98.07 (+0.29%)

## CDS of Indonesia Bonds

CDS 2yr: -0.05% to 29.78  
CDS 5yr: +2.65% to 71.50  
CDS 10yr: -0.21% to 126.08

## Government Bond Yields & FX

|                | Last   | Chg.   |
|----------------|--------|--------|
| Tenor: 10 year | 6.50%  | -0.00% |
| USDIDR         | 15,510 | 0.03%  |
| KRWIDR         | 11.94  | 0.70%  |

## Global Indices

| Index     | Last      | Chg.     | %      |
|-----------|-----------|----------|--------|
| Dow Jones | 37,082.00 | (475.92) | -1.27% |
| S&P 500   | 4,698.35  | (70.02)  | -1.47% |
| FTSE 100  | 7,715.68  | 77.65    | 1.02%  |
| DAX       | 16,733.05 | (11.36)  | -0.07% |
| Nikkei    | 33,675.94 | 456.55   | 1.37%  |
| Hang Seng | 16,613.81 | 108.81   | 0.66%  |
| Shanghai  | 2,902.11  | (30.28)  | -1.03% |
| Kospi     | 2,614.30  | 45.75    | 1.78%  |
| EIDO      | 21.74     | (0.37)   | -1.67% |

## Commodities

| Commodity          | Last    | Chg.   | %      |
|--------------------|---------|--------|--------|
| Gold (\$/troy oz.) | 2,031.4 | (9.0)  | -0.44% |
| Crude Oil (\$/bbl) | 74.22   | 0.28   | 0.38%  |
| Coal (\$/ton)      | 144.25  | (1.00) | -0.69% |
| Nickel LME (\$/MT) | 16,854  | 107.0  | 0.64%  |
| Tin LME (\$/MT)    | 25,203  | 66.0   | 0.26%  |
| CPO (MYR/Ton)      | 3,778   | 23.0   | 0.61%  |

## 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><br>18 – Dec.    | GE      | 16:00        | IFO Business Climate            | Dec    | —       | —         | 87.3     |
|                               | GE      | 16:00        | IFO Expectations                | Dec    | —       | —         | 85.2     |
| <b>Tuesday</b><br>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><br>20 – Dec. | US      | 19:00        | MBA Mortgage Applications       | Dec 15 | -1.5%   | —         | 7.4%     |
|                               | US      | 22:00        | Existing Home Sales             | Nov    | 3.82M   | 3.78M     | 3.79M    |
|                               | US      | 22:00        | Conf. Board Consumer Confidence | Dec    | 110.7   | 104.5     | 102.0    |
| <b>Thursday</b><br>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><br>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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