

# Morning Brief

Daily | December 28, 2023

## Today's Outlook:

**US MARKETS:** Sentiment of a rate cut expectation by the Federal Reserve as soon as March 2024 is still dominating the market, especially after the release of the US Personal Consumption Expenditures (PCE) price index data which is slipping, further supporting interest rate sensitive stocks and giving Wall Street an upward push. At last glance, financial markets have priced in a 73.9% probability that policymakers will reduce the Fed's benchmark interest rate by 25 basis points at the March FOMC Meeting, according to CME's FedWatch.

**COMMODITY:** Oil prices dropped nearly 2% on Wednesday, eating into the previous day's gains as investors monitored developments in the Red Sea, where shippers are returning despite further attacks on Tuesday. Brent crude futures settled down USD1.42, or 1.8%, at USD79.65 a barrel. U.S. West Texas Intermediate crude fell USD1.46, or 1.9%, to USD74.11. Both the Brent and WTI benchmarks settled more than 2% higher in the previous session as the latest attacks on ships in the Red Sea prompted fears of shipping disruption. Meanwhile, the prospect of a prolonged Israeli military campaign in Gaza remained a major driver of market sentiment. On the other hand, oil production at Russia's Black Sea port Novorossiisk was also hampered due to storms. As for analysts, oil production in Russia (the world's third largest oil producer after the USA & Saudi Arabia) is expected to stabilize or even increase next year as Russia has managed to overcome economic sanctions from Western countries.

## Corporate News

**MNC Kapital IV Sustainable Bond Offering (BCAP)** PT MNC Kapital Indonesia Tbk (BCAP) is conducting a Sustainable Public Offering (PUB) of MNC Kapital Indonesia IV Bonds with a target fund to be raised of IDR 650 billion. In this bond public offering, MNC Sekuritas was appointed as the underwriter. MNC Sekuritas is a securities company under the auspices of MNC Group, which stake is majority owned by PT Motion Digital Technology. To note, in this Public Offering Phase I, BCAP will offer bonds with a maximum principal amount of IDR 260 billion. These bonds are offered in 2 (two) tenors, namely 370 calendar days tenor, and 3 years tenor. Bond coupons are guaranteed on a full commitment basis, offered with a coupon range of 10.27% - 11.02% for a tenor of 370 calendar days, and 10.94% - 11.69% for a tenor of 3 years. (Okezone)

## Domestic Issue

**Retail SBN Market is Predicted to Remain Vibrant Next Year, This is the Reason** Public interest in retail Government Securities (SBN) products is predicted to remain high in 2024. The amount of coupons offered is the main attraction for SBN investors. Chief Dealer Fixed Income & Derivatives PT Bank Negara Indonesia (BNI) Fudji Rahardjo believes that the participation of retail SBN investors will still be quite large in 2024. Currently, the trend of bond movements is considered to still see the movement of inflation in the United States (US) and also abroad. Also, still waiting for the development of the geopolitical situation and monitoring of inflation data both domestically and abroad. Fudji explained, the coupon amount of Retail SBN may still be competitive considering the prospect of lowering the domestic benchmark interest rate will be implemented in the second half of 2024. Fudji said, the yield or return of Retail SBN will follow the benchmark interest rate at the time of issuance. With the possibility of the 10-year SBN yield as a reference moving in the range of 5.5% - 6.4%, the retail SBN coupon has the potential to be in the range of 4.5% - 5.5% in 2024. He explained that the election year will indirectly affect the price of SBN and coupons for new SBN issuance. Apart from Indonesia, several countries are also holding elections in 2024, including the United States. "The downward trend in interest rates will certainly be attractive for investors to buy bonds when prices are still low and sell when interest rates decline again," added Fudji. (Kontan)

## Recommendation

**US10YT is expected to close the year still in a PARALLEL CHANNEL downtrend pattern, as the Federal Reserve's dovish sentiment has destroyed the US Treasury yield's luster and lifted the stock market.** Although RSI has been slithering in the oversold area, it does not guarantee a technical rebound. ADVISE: HOLD; WAIT & SEE.

**ID10YT hit MA10 & MA20 resistance in a technical rebound attempt even though it is still in a FALLING WEDGE patterned downtrend.** It is estimated that the yield will stay low for the rest of 2023 trading along with the prospect of interest rate pivot in the coming year. ADVISE: HOLD, WAIT & SEE.

## PRICE OF BENCHMARK SERIES

FR0090 : 96.68 (+0.14%)  
FR0091 : 98.70 (+0.00%)  
FR0094 : 95.45 (-0.24%)  
FR0092 : 103.69 (+0.00%)

FR0086 : 98.11 (+0.00%)  
FR0087 : 99.61 (+0.11%)  
FR0083 : 106.90 (+0.01%)  
FR0088 : 97.25 (+0.00%)

## CDS of Indonesia Bonds

CDS 2yr: -1.54% to 29.07  
CDS 5yr: -0.10% to 72.17  
CDS 10yr: -1.54% to 128.90

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.50%	-0.00%
USDIDR	15,430	-0.34%
KRWIDR	11.92	-0.33%

## Global Indices

Index	Last	Chg.	%
Dow Jones	37,656.52	111.19	0.30%
S&P 500	4,781.58	6.83	0.14%
FTSE 100	7,724.95	27.44	0.36%
DAX	16,742.07	35.89	0.21%
Nikkei	33,681.24	375.39	1.13%
Hang Seng	16,624.84	284.43	1.74%
Shanghai	2,914.61	15.74	0.54%
Kospi	2,613.50	10.91	0.42%
EIDO	22.28	0.11	0.50%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,077.5	9.7	0.47%
Crude Oil (\$/bbl)	74.11	(1.46)	-1.93%
Coal (\$/ton)	146.00	0.50	0.34%
Nickel LME (\$/MT)	16,938	429.0	2.60%
Tin LME (\$/MT)	25,644	778.0	3.13%
CPO (MYR/Ton)	3,770	7.0	0.19%

## 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>	—	—	—	—	—	—	—
25 – Dec.	—	—	—	—	—	—	—
<b>Tuesday</b>	—	—	—	—	—	—	—
26 – Dec.	—	—	—	—	—	—	—
<b>Wednesday</b>	CH	08:30	Industrial Profit YoY	Nov	29.5%	—	2.7%
27 – Dec.	KR	04:00	Consumer Confidence	Dec	99.5	—	97.2
<b>Thursday</b>	US	20:30	Initial Jobless Claims	Dec 23	—	—	205K
28 – Dec.	KR	06:00	Industrial Production YoY	Nov	3.5%	—	1.1%
<b>Friday</b>	US	21:45	MNI Chicago PMI	Dec	50.0	—	55.8
29 – Dec.	CH	—	BoP Current Account Balance	3Q F	—	—	\$62.6B
	KR	06:00	CPI YoY	Dec	3.2%	—	3.3%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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