

# Morning Brief

## Today's Outlook:

The 10-year US Treasury yield reached 3.844%, slightly up after hitting a 5-month low. Meanwhile, the 2-year yield rose back to 4.275%, after reaching 5.295% in October. These lower yields, while consistent with the overall trend, were also helped by strong demand at the 5-year Treasury auction. The decline has lifted the Euro to its highest level since July, at USD 1.10645/Euro, and delivered gains of around 1.6% so far this month, approaching its peak in 2023 at USD 1.1276/Euro. The Dollar Index, which measures the US currency against a number of its rivals, rose 0.2% still near its lowest level in 5 months. The index is on track for a decline of around 2.3% this 2023, halting the previous 2 consecutive years of strong gains.

Expectation that the Federal Reserve will soon be able to start cutting interest rates earlier in 2024, supported by last week's Initial Jobless Claims data which increased by 12k to 218k, signaling the labor market continued to loosen during the 4th quarter. The market has priced in an 88% chance that the first pivot could occur in March 2024, according to the CME FedWatch survey, starting a series of rate cuts totaling 150bps next year. Goldman Sachs expects three consecutive US rate cuts in March, May, and June, followed by one each quarter until the Fed Funds Rate reaches 3.25% - 3.5% in Q3 of 2025. Therefore, Goldman Sachs stated that they expect 5x cuts in 2024 and 3x cuts in 2025.

Analysts see that most investors are paying more attention to the Fed's expectations that it has more power to move world currencies than signals from other central banks such as the ECB. This is mainly because the Fed also has a greater impact on the overall global risk environment, which is now favoring riskier assets, thereby reducing interest in the USD. No wonder the US Dollar weakened against the Japanese Yen, having slumped around 4.6% this month so far. However, the Dollar still rallied sharply this year as the Bank of Japan (BoJ) maintained its super-loose policy. In an interview on Wednesday, BOJ Governor Kazuo Ueda said he is in no hurry to abolish the loose monetary policy as inflation risks are well above 2% and the pace of acceleration is also fairly slow.

COMMODITIES: OIL prices fell as more shipping companies expressed readiness to transit the Red Sea route e.g. Denmark's Maersk (although Germany's Hapag Lloyd is still hesitant to cross the Red Sea and will opt for an alternative route via the Cape of Good Hope), easing fears of supply disruptions as tensions in the Middle East continue to rise. On the other hand, data from the Energy Information Administration stated that US crude stockpiles fell by 7.1 million barrels, far above the forecast of minus 2.7 million barrels only; so the scarcity of oil in the US slightly limited the overall drop in oil prices. US crude or WTI is down about 3% to USD 71.90 per barrel and Brent is at USD 78.38, down 1.59% today.

Meanwhile, GOLD prices weakened, pressured by rising US Dollar and Treasury yields after gold hit its highest level in more than three weeks during the session. Although gold prices on the spot market fell 0.5%, they still stood at USD 2,066 per ounce.

## Corporate News

Indah Kiat (INKP) Lunasi Pokok Obligasi dan Sukuk Jatuh Tempo Sebesar IDR 584 Miliar PT Indah Kiat Pulp and Paper Tbk (INKP) segera melunasi pokok obligasi berkelanjutan III tahap III tahun 2022 seri A sejumlah IDR 398,81 miliar. Sekretaris Perusahaan INKP Heri Santoso mengatakan bahwa pihaknya juga akan melunasi pelunasan pokok Sukuk Mudharabah Berkelanjutan II Indah Kiat Pulp and Paper tahap III tahun 2022 seri A sebanyak IDR 186,15 miliar. Dengan begitu, emiten produsen kertas milik Grup Sinar Mas ini akan melunasi jumlah pokok obligasi dan sukuk sebesar IDR 584 miliar. Indah Kiat Pulp and Paper telah menyediakan dana yang digunakan untuk membayar pokok dua obligasi dan satu mudharabah yang jatuh tempo pada Desember 2023. (Kontan)

## Domestic Issue

Government Issues SUN through Private Placement Worth IDR 4.660 Trillion On Wednesday (27/12), the government issued Government Bonds (SUN) through a Private Placement. The total nominal value transacted was IDR 4.660 trillion, and the transaction was carried out on December 20, 2023. In detail, for the FR0076 series fix rate SUN, the transaction value is IDR 2.8 trillion. Meanwhile, for the FR0080 series SUN, the value transacted was IDR 1.86 trillion. As is known, the FR0076 series SUN with a maturity date of May 15, 2048 provides a coupon of 7.375% and a yield of 6.85%. Meanwhile, the FR0080 series SUN which has a maturity date of June 15, 2035 provides a coupon of 7.5% and 6.62% yield. The settlement date for both series is September 27, 2023. (Emiten News)

## 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 | : 96.64 (-0.04%)  |
| FR0091 | : 98.99 (+0.29%)  |
| FR0094 | : 95.68 (+0.24%)  |
| FR0092 | : 103.73 (+0.04%) |
| FR0086 | : 98.13 (+0.02%)  |
| FR0087 | : 99.82 (+0.21%)  |
| FR0083 | : 106.91 (+0.01%) |
| FR0088 | : 97.31 (+0.06%)  |

## CDS of Indonesia Bonds

|           |                  |
|-----------|------------------|
| CDS 2yr:  | +0.15% to 29.11  |
| CDS 5yr:  | -0.50% to 71.81  |
| CDS 10yr: | +0.54% to 129.60 |

## Government Bond Yields & FX

|                | Last   | Chg.   |
|----------------|--------|--------|
| Tenor: 10 year | 6.49%  | -0.01% |
| USDIDR         | 15,420 | -0.06% |
| KRWIDR         | 11.96  | 0.32%  |

## Global Indices

| Index     | Last      | Chg.     | %      |
|-----------|-----------|----------|--------|
| Dow Jones | 37,710.10 | 53.58    | 0.14%  |
| S&P 500   | 4,783.35  | 1.77     | 0.04%  |
| FTSE 100  | 7,722.74  | (2.21)   | -0.03% |
| DAX       | 16,701.55 | (40.52)  | -0.24% |
| Nikkei    | 33,539.62 | (141.62) | -0.42% |
| Hang Seng | 17,043.53 | 418.69   | 2.52%  |
| Shanghai  | 2,954.70  | 40.09    | 1.38%  |
| Kospi     | 2,655.28  | 41.78    | 1.60%  |
| EIDO      | 22.23     | (0.05)   | -0.22% |

## Commodities

| Commodity          | Last    | Chg.    | %      |
|--------------------|---------|---------|--------|
| Gold (\$/troy oz.) | 2,065.6 | (11.9)  | -0.57% |
| Crude Oil (\$/bbl) | 71.77   | (2.34)  | -3.16% |
| Coal (\$/ton)      | 145.45  | (0.55)  | -0.38% |
| Nickel LME (\$/MT) | 16,700  | (238.0) | -1.41% |
| Tin LME (\$/MT)    | 25,644  | 778.0   | 3.13%  |
| CPO (MYR/Ton)      | 3,739   | (31.0)  | -0.82% |

## 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 | 218K   | —         | 205K     |
| 28 – Dec.        | KR      | 06:00        | Industrial Production YoY   | Nov    | 5.3%   | 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

Published on Investing.com, 29 Dec 2023 - 04:04 GMT, Powered by TradingView.  
United States 10-Year, United States, NYSE:US10YT-X, D



## Indonesia 10 Years Treasury

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