

# Morning Brief

Daily | December 4, 2023

## Today's Outlook:

**US MARKETS:** Federal Reserve Chairman Jerome Powell warned against "premature" bets on rate cuts as Treasury yields were pressured by growing expectations for sooner rate cuts.

Treasury yields fell after Powell said the risks of hiking interest rates too much and slowing the economy more than necessary have become "more balanced" with the risks of not hiking enough to control inflation. In Treasuries, the benchmark 10-year notes were down 13.7 basis points to 4.213%, from 4.35% late on Thursday. The 30-year bond was last down 11.6 basis points to yield 4.3952% while the 2-year note was last was down 16 basis points to yield 4.5549%, from 4.715%.

Earlier on Friday, the Institute for Supply Management (ISM) said its manufacturing PMI was unchanged at 46.7 last month. It was the 13th consecutive month the PMI stayed below 50, indicating a contraction in manufacturing and the longest such stretch since the period from August 2000 to January 2002.

The dollar index fell 0.232%, with the euro down 0.06% to USD 1.0879. The Japanese yen strengthened 0.93% versus the greenback at 146.84 per dollar.

**COMMODITIES:** Oil prices settled more than 2% lower for a second consecutive day, with the market unconvinced the latest round of OPEC+ production cuts will be enough to lift prices from a recent slump. U.S. crude settled down 2.49% at USD 74.07 per barrel and Brent ended at USD 78.88, down 2.45% on the day. The Organization of Petroleum Exporting Countries and allies, a group known as OPEC+, agreed to a voluntary output reduction of 900,000 barrels per day in addition to extending 1.3 million barrels per day in production cuts already in place.

Gold surged to a record high of USD 2,075.09, also lifted by expectations the Fed was done with policy tightening and could cut rates next year. Spot gold added 1.7% to USD 2,071.21 an ounce. U.S. gold futures gained 1.62% to USD 2,071.10 an ounce.

## Corporate News

**Delta Dunia (DOID) Subsidiary, BUMA Offers IDR 1.5 Trillion Bonds** PT Delta Dunia Makmur Tbk (DOID) through its subsidiary PT Bukit Makmur Mandiri Utama (BUMA) plans to offer bonds of up to IDR 1.5 trillion. Based on the prospectus published in Bisnis Indonesia daily, BUMA will hold a Public Offering of Bonds I Year 2023 worth IDR 1.5 trillion which is divided into 3 series. Each will have a tenor of 370 days, three years, and five years. The bond coupon amount will be announced later. Buma's management said that around 50% of the proceeds from the bond issuance will be used by Buma and Buma Australia Pty. Ltd. for capital expenditure to purchase heavy equipment consisting of but not limited to loaders, haulers, excavators, articulated trucks, bulldozers, drilling machines, graders, mining pumps, prime movers, dump trucks, and ancillaries. BUMA has conducted ratings in connection with this bond offering. PT Fitch Ratings Indonesia assigned an A+ rating, while PT Pemeringkat Efek Indonesia (Pefindo) also assigned an A+ rating. BUMA appointed PT Mandiri Sekuritas and PT Sucor Sekuritas as bond underwriters, while PT Bank Rakyat Indonesia (Persero) Tbk (BBRI) acted as trustee. (Bisnis)

## Domestic Issue

**2 New Bonds, Bond Issuance Value Throughout 2023 Reaches IDR 116.29 Trillion** The Indonesia Stock Exchange (IDX) noted that the value of debt securities or bonds issued since the beginning of 2023 until Friday (1/12) has reached IDR 116.29 trillion. The total bond and sukuk emissions recorded so far this year are 106 emissions from 57 issuers. Based on the official IDX statement last weekend, there was a listing of one bond and one sukuk with a total value of IDR 3 trillion on the IDX, on November 27-December 1, 2023. The bond was issued by PT Barito Pacific Tbk (BRPT), while the sukuk was issued by PT Armadian Tritunggal. In total, bond and sukuk emissions recorded on the IDX to date amount to 541 emissions issued by 128 issuers. The nominal value outstanding amounted to IDR 461.22 trillion and USD 72,987 million. (Kontan)

## Recommendation

**US10YT is still sliding down following the PARALLEL CHANNEL pattern - downtrend (green).** RSI is almost entering Oversold territory and looks like a bottoming attempt around 4.20% yield. ADVISE: HOLD; Wait & See.

**ID10YT is still on a downward trajectory towards the bottom target yield of 6.465% from the broken PARALLEL CHANNEL - uptrend pattern.** The potential for a technical rebound is lurking again from the Support level of the previous Low at a yield of around 6.60% where the RSI this time appears to be a positive divergence. MA10 & MA20 Resistance will still faithfully hold around the yield of 6.657% - 6.713%. ADVISE: HOLD; Wait & See.

## PRICE OF BENCHMARK SERIES

FR0090 : 95.80 (-0.02%)  
FR0091 : 98.08 (+0.21%)  
FR0094 : 94.88 (+0.00%)  
FR0092 : 103.39 (+0.00%)

FR0086 : 97.99 (+0.17%)  
FR0087 : 98.80 (+0.05%)  
FR0083 : 106.03 (-0.04%)  
FR0088 : 96.32 (+0.44%)

## CDS of Indonesia Bonds

CDS 2yr: -1.88% to 31.61  
CDS 5yr: -0.62% to 74.85  
CDS 10yr: -1.69% to 132.73

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.62%	-0.01%
USDIDR	15,485	-0.16%
KRWIDR	11.86	-1.35%

## Global Indices

Index	Last	Chg.	%
Dow Jones	36,245.50	294.61	0.82%
S&P 500	4,594.63	26.83	0.59%
FTSE 100	7,529.35	75.60	1.01%
DAX	16,397.52	182.09	1.12%
Nikkei	33,431.51	(55.38)	-0.17%
Hang Seng	16,830.30	(212.58)	-1.25%
Shanghai	3,031.64	1.96	0.07%
Kospi	2,505.01	(30.28)	-1.19%
EIDO	21.99	0.24	1.10%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,072.2	35.8	1.76%
Crude Oil (\$/bbl)	74.07	(1.89)	-2.49%
Coal (\$/ton)	133.50	1.35	1.02%
Nickel LME (\$/MT)	17,042	397.0	2.39%
Tin LME (\$/MT)	23,748	502.0	2.16%
CPO (MYR/Ton)	3,874	(21.0)	-0.54%

## 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)	133.10	134.90	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*	124.30	124.70

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	US	22:00	Factory Orders	Oct		-2.6%	2.8%
4 – Dec.	US	22:00	Durable Goods Orders	Oct F		—	-5.4%
<b>Tuesday</b>	CH	08:45	Caixin China PMI Composite	Nov		—	50.0
5 – Dec.	CH	08:45	Caixin China PMI Services	Nov		50.7	50.4
<b>Wednesday</b>	US	19:00	MBA Mortgage Applications	Dec 1		—	0.3%
6 – Dec.	US	20:15	ADP Employment Change	Nov		120K	113K
	US	20:30	Trade Balance	Oct		-\$63.0B	-\$61.5B
	GE	14:00	Factory Orders MoM	Oct		—	0.2%
<b>Thursday</b>	US	20:30	Initial Jobless Claims	Dec 2		—	218K
7 – Dec.	CH	—	Exports YoY	Nov		-2.5%	-6.4%
	CH	—	Imports YoY	Nov		4.8%	3.0%
	CH	—	Trade Balance	Nov		\$47.00B	\$56.53B
	CH	—	Foreign Reserves	Nov		—	\$3,101.2B
	ID	10:00	Foreign Reserves	Nov		—	\$133.10B
	GE	14:00	Industrial Production SA MoM	Oct		—	-1.4%
	EC	17:00	GDP SA YoY	3Q F		—	0.1%
<b>Friday</b>	US	20:30	Change in Nonfarm Payrolls	Nov		200K	150K
8 – Dec.	US	20:30	Unemployment Rate	Nov		3.9%	3.9%
	US	22:00	U. of Mich. Sentiment	Dec P		61.6	61.3
	ID	—	Consumer Confidence Index	Nov		—	124.3
	GE	14:00	CPI YoY	Nov F		—	9.9%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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