

Morning Brief

Today's Outlook:

US MARKETS: US Treasury yield fell after economic data showed labor demand fell to a 2-year low. US JOLTS Job Openings recorded job openings in the world's largest economy at only 8.733 million in Oct., less than expected and also lower than the previous month at around 9.3 million. Less labor demand further pushed up the chance that the US central bank could start cutting interest rates in March, by 65% up from 35% last week, as reported by Investing.com's Fed Rate Monitor Tool. Meanwhile, services sector activity in the US increased unexpectedly, becoming more expansionary at 52.7 in November, from 51.8 in the previous month. In overall, S&P Global noted that the US Composite PMI for November remained safely in the expansionary zone of 50.7, as predicted. Today the second employment data will again be in the spotlight, namely the ADP Nonfarm Employment Change which records employment growth in the non-farm private sector. The survey is taken from approximately 400,000 business entities and the data is released two days ahead of the labor data in the public/government sector. Another thing to watch out for is the 3rd quarter Unit Labor Costs data, which will be announced after the US releases the Trade Balance figures plus their Export & Import growth in Oct.

ASIA MARKETS: South Korea showed solid & manageable economic data as Inflation (Nov) eased to 3.3% yoy, even lower than expected 3.7%; while economic growth accelerated to 1.4% yoy in Q3/2023, up from 0.9% in Q2. Foreign Exchange Reserves also stabilized at USD 417.08 billion in Nov., an increase of USD 4.21 billion from the previous month. Similarly in the neighboring country, Japan's Inflation rate in Tokyo in particular also managed to cool down to 2.6% yoy in Nov, down from 3.3% in Oct. On the Core Inflation side, Tokyo Core CPI (Nov) also showed the same sloping pattern. Inflation control, on the other hand, came at the cost of weakening activity in Japan's services sector, where the au Jibun Bank Japan Services PMI (Nov) came in at 50.8, still relatively safe in the expansionary zone although slightly down from 51.6 in Oct. Speaking of PMIs, good news from China where they announced growth in manufacturing & services sector activity so that on a composite basis China is increasingly firmly planted in expansionary territory.

EUROPEAN MARKETS: More vibrant business activity was also shown across major European countries such as Germany, Eurozone, UK which simultaneously published PMI figures (Nov.) that are increasingly favorable although most of them have not yet moved out of contractionary territory. Later this afternoon, more data will be monitored by market participants: German Factory Orders (Oct.), Construction PMI (Nov.), and Retail Sales (Oct.) from the Eurozone which are expected to suggest improved purchasing power in the region.

COMMODITIES: US crude OIL inventories unexpectedly increased last week, with the American Petroleum Institute (API) reporting an addition of 594k barrels on Tuesday, missing economists' estimates of minus 2.267 million barrels; thereby further adding to concerns of a potential over supply of global crude Oil supplies following the OPEC+ additional (voluntary) production cut decision agreed last week. This inevitably caused the price of US benchmark WTI to close down 1.1%.

GOLD prices rose slightly in Asian trading on Tuesday, stabilizing after hitting record highs earlier in the week on the back of expectations of an increasingly dovish Federal Reserve and increased safe haven demand. The precious metal saw a big jump in early trading on Monday, with spot prices briefly hitting an all-time high of USD 2,148.78 per ounce before falling sharply from its peak. Demand for safe havens increased after an attack on US ships in the Red Sea raised concerns over a wider conflict in the Middle East. A separate attack on a leading gold mine in Peru also raised fears of supply disruptions in the Gold market.

Corporate News

WOM Finance Targets Bond Issuance in 2024 to Reach IDR 2 Trillion PT Wahana Ottomitra Multiartha Tbk (WOM Finance) plans to issue bonds worth IDR 2 trillion in 2024. WOM Finance will also obtain funding through bank loans to support the company's business growth in 2024. The company's Finance Director Cincin Lisa said that in 2023, WOM Finance had issued bonds through the mechanism of Sustainable Public Issuance (PUB) IV Phase 3 worth IDR 1 trillion in the first semester of 2023. This was done to support WOM Finance's business growth. (Kontan)

Domestic Issue

Government is Optimistic that the Retail SBN Market in 2024 will Remain Vibrant The government projects that the retail Government Securities (SBN) market will remain vibrant in 2024. The achievements in 2023, the potential decline in global interest rates, and solid domestic economic growth are the drivers. Director of Government Securities of the Ministry of Finance's DJPPR Deni Ridwan said that throughout this year the government issued retail SBN seven times. Of the six retail SBNs that have been offered, the government has obtained IDR 127.4 trillion in funds. This achievement still has the potential to increase by IDR 19.5 trillion from the ST011 series Savings Sukuk offering which will only be closed on Wednesday (6/12). As of Tuesday (5/12) at 15.28 WIB, ST011 sales have reached IDR 19.44 trillion. Thus, the issuance of retail SBN so far this year has exceeded the government's target of IDR 130 trillion. Also, far above the realization in 2022 of IDR 107.4 trillion. Reflecting on these results, Deni estimates that Retail SBN investment in 2024 will still be vibrant. Domestically driven by solid national economic conditions with positive economic growth and controlled inflation rates. (Kontan)

Recommendation

US10YT has not been strong enough in its bottoming attempt, slipping further below the yield of 4.20%, where the downtrend is still very intact. ADVISE: HOLD; Wait & See.

ID10YT is still on a downward trajectory as it creates a new low towards the target bottom yield of 6.465% from the PARALLEL CHANNEL pattern - the uptrend that has been broken. ADVISE: HOLD; Wait & See.

PRICE OF BENCHMARK SERIES

FR0090	: 96.27 (+0.23%)
FR0091	: 98.41 (+0.34%)
FR0094	: 95.78 (+1.02%)
FR0092	: 103.49 (+0.00%)
FR0086	: 98.03 (+0.01%)
FR0087	: 98.86 (-0.07%)
FR0083	: 106.30 (+0.03%)
FR0088	: 96.54 (+0.22%)

CDS of Indonesia Bonds

CDS 2yr	: +2.21% to 32.32
CDS 5yr	: +1.95% to 75.76
CDS 10yr	: +1.70% to 135.00

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.59%	0.01%
USDIDR	15,505	0.32%
KRWIDR	11.82	-0.29%

Global Indices

Index	Last	Chg.	%
Dow Jones	36,124.56	(79.88)	-0.22%
S&P 500	4,567.18	(2.60)	-0.06%
FTSE 100	7,489.84	(23.12)	-0.31%
DAX	16,533.11	128.35	0.78%
Nikkei	32,775.82	(455.45)	-1.37%
Hang Seng	16,327.86	(318.19)	-1.91%
Shanghai	2,972.30	(50.62)	-1.67%
Kospi	2,494.28	(20.67)	-0.82%
EIDO	21.86	0.00	0.00%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,019.4	(10.1)	-0.50%
Crude Oil (\$/bbl)	72.32	(0.72)	-0.99%
Coal (\$/ton)	134.15	(0.30)	-0.22%
Nickel LME (\$/MT)	16,298	(416.0)	-2.49%
Tin LME (\$/MT)	24,064	316.0	1.33%
CPO (MYR/Ton)	3,781	(43.0)	-1.12%

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
Monday 4 – Dec.	US	22:00	Factory Orders	Oct	-3.6%	-2.6%	2.8%
	US	22:00	Durable Goods Orders	Oct F	-5.4%	—	-5.4%
Tuesday 5 – Dec.	CH	08:45	Caixin China PMI Composite	Nov	51.6	—	50.0
	CH	08:45	Caixin China PMI Services	Nov	51.5	50.7	50.4
Wednesday 6 – Dec.	US	19:00	MBA Mortgage Applications	Dec 1	—	—	0.3%
	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%
Thursday 7 – Dec.	US	20:30	Initial Jobless Claims	Dec 2	—	—	218K
	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%
Friday 8 – Dec.	US	20:30	Change in Nonfarm Payrolls	Nov	—	200K	150K
	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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