

Morning Brief

Daily | December 7, 2023

Today's Outlook:

US MARKETS: The ADP National Employment report showed private sector job gains of 103,000 in November, below economists' expectations of 130,000. This provided fresh evidence of a weakening labor market, a day after news of falling job openings in October. The latest labor data further proves that the tight monetary policy of the US central bank has successfully cooled the US economy, although analysts have become somewhat concerned about a broader economic slowdown ahead. Unit Labor Costs for the 3rd quarter were reported at minus 1.2%, a deeper drop than expected and certainly from the previous quarter which was still robust at 2.2%. Oil prices plunged 4% after US gasoline inventory data came in well above expectations, bringing concerns of high supply amid sluggish global demand. Market participants will be looking forward to another more comprehensive piece of labor data, Nonfarm Payrolls (Nov) to be announced on Friday, which will provide better clarity on the current state of the labor market. As known, labor data plays an important role in determining the Fed's interest rate decision which will be held at the FOMC Meeting next week, as well as the start of a potential cut in March next year. Separately, economists are of the mind that they expect the Federal Reserve to keep interest rates unchanged at least until July. Other important economic data released yesterday was the US Trade Balance (Oct) data which ballooned the deficit to USD 64.3 billion, on the back of rising Imports and falling US Exports. Later tonight around 20.30 GMT, market participants will wait for the weekly Initial Jobless Claims report which is predicted to increase at 222k, compared to 218k in the previous week.

COMMODITIES: Global Oil prices slumped about 4% down to the USD 70/barrel level, the lowest point since June, as the US released much higher-than-expected weekly inventory data, amid record-high US Oil production in Sept and sluggish global demand. The weekly data on US crude oil stocks actually fell by 4.6 million barrels, above the forecast drop of only 1.354 million barrels; on the other hand, gasoline inventories surged by 5.4 million barrels, well above the forecast increase of only 1 million barrels. This report follows after rating agency Moody's downgraded China's credit outlook and marked an increase in the country's economic risks due to the property market downturn and lack of government stimulus. China is the world's largest oil importer, which has also continued to increase its oil inventories this year - a trend that could lead to the country reducing oil imports in the coming months, especially if economic conditions worsen. Concerns over China are also coupled with the weak economies of most major countries. PMI data from Japan, the US, and the Eurozone remained largely disappointing in November.

EUROPEAN MARKETS: Germany recorded Factory Orders (Oct.) which apparently missed the forecast growth of 0.2%, instead being released at minus 3.7% mom. Similarly, Germany Construction PMI (Nov.) is also still on a downward trend, in line with the UK; while Eurozone's Construction PMI in November looks fresher. Eurozone Retail Sales in October has started to pick up slightly although still in negative growth territory, but at least it was able to grow on a monthly basis to a positive 0.1% mom from -0.1% in the previous month. Today, market participants will focus on the Eurozone 3rd quarter GDP report which is expected to weaken to 0.1% yoy, sluggish from the previous quarter at 0.5% growth.

ASIAN MARKETS: China takes center stage today as it awaits Trade Balance (Nov.) figures which forecast a surplus of CNY 380 billion, down from CNY 405.47 billion in the previous month. However, sluggish Exports are expected to ease and Imports to remain stable. On the other hand, investors in Indonesia will monitor the Foreign Exchange Reserves (Nov.) data versus the previous position of USD 133.1 billion in October.

Corporate News

Pefindo Downgrades Waskita Karya (WSKT) Bond Rating Again Rating agency Pefindo has downgraded the bond rating of PT Wijaya Karya (Persero) Tbk (WIK) to idD. WSKT's Sustainable Bonds (SR) III Phase IV rating was previously at idCCC level. "Our rating action is based on the AGM held on 22-23 November 2023, where bondholders failed to reach the quorum for the bond restructuring proposal for unsecured bonds," Pefindo wrote in an official statement, Monday (4/12/2023). WSKT is considered unable to fulfill its financial obligations within the 14 working day grace period as stipulated in the bond trustee agreement because it has missed the coupon payment due on November 16, 2023. Pefindo maintains WSKT's rating at idSD, which is the rating of SR Bond III Phase II, SR Bond III phase III, and SR Bond IV at idD. (IDX Channel)

Domestic Issue

Incoming Bids at Today's Sukuk Auction Reach IDR 19.75 Trillion The government has conducted an auction of State Sharia Securities (SBSN) or state sukuk on Tuesday (5/12). There are seven series offered at the sukuk auction, namely SPNS04062024, PBS036, PBS003, PBSG001, PBS037, PBS034, PBS038 through the Bank Indonesia auction system. The Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance revealed that the total incoming bid at the sukuk auction this time amounted to IDR 19.75 trillion. Of the total incoming bids, the government won a bid of IDR 9.14 trillion or slightly higher than the indicative target of IDR 9 trillion. The total incoming bid at the sukuk auction dated December 5, 2023 was higher than the bid figure at the sukuk auction two weeks ago which amounted to IDR 18.59 trillion. However, the auction nominal won was lower than IDR 2.03 trillion at the sukuk auction on November 21, 2023. As for the seven SBSN series offered, SPNS04062024 is the best-selling series with the highest total incoming bids. Meanwhile, PBS003 as the series with the highest nominal won by the government. (Kontan)

Recommendation

US10YT is in a bottoming attempt around the support of the previous low in the yield range: 4.1% - 4.06%. Downtrend is still intact, although RSI is almost entering Oversold territory. ADVISE: HOLD; SPECULATIVE BUY. Nearest Resistance: MA10 / yield 4.265%.

ID10YT is likely to make an attempt to break MA20 / 6.7% yield resistance. This may result in ID10YT continuing its technical rebound towards the next target, MA50 / 6.865% yield. ADVISE: AVERAGE UP accordingly. Support: MA10 / yield 6.65%.

PRICE OF BENCHMARK SERIES

FRO090	: 96.23 (-0.05%)
FRO091	: 98.40 (+0.00%)
FRO094	: 94.81 (-1.02%)
FRO092	: 103.47 (-0.02%)
FRO086	: 98.03 (+0.00%)
FRO087	: 98.95 (+0.08%)
FRO083	: 106.37 (+0.07%)
FRO088	: 96.51 (-0.03%)

CDS of Indonesia Bonds

CDS 2yr	: -0.22% to 32.25
CDS 5yr	: -0.31% to 75.53
CDS 10yr	: -0.16% to 134.78

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.59%	0.00%
USDIDR	15,493	-0.08%
KRWIDR	11.80	-0.20%

Global Indices

Index	Last	Chg.	%
Dow Jones	36,054.43	(70.13)	-0.19%
S&P 500	4,549.34	(17.84)	-0.39%
FTSE 100	7,515.38	25.54	0.34%
DAX	16,656.44	123.33	0.75%
Nikkei	33,445.90	670.08	2.04%
Hang Seng	16,463.26	135.40	0.83%
Shanghai	2,968.93	(3.36)	-0.11%
Kospi	2,495.38	1.10	0.04%
EIDO	21.68	(0.18)	-0.82%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,025.6	6.2	0.31%
Crude Oil (\$/bbl)	69.38	(2.94)	-4.07%
Coal (\$/ton)	140.45	6.30	4.70%
Nickel LME (\$/MT)	16,224	81.0	0.50%
Tin LME (\$/MT)	23,991	(73.0)	-0.30%
CPO (MYR/Ton)	3,719	(62.0)	-1.64%

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	2.8%	—	0.3%
	US	20:15	ADP Employment Change	Nov	103K	120K	113K
	US	20:30	Trade Balance	Oct	-\$64.3B	-\$63.0B	-\$61.5B
	GE	14:00	Factory Orders MoM	Oct	-3.7%	—	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

Published on Investing.com, 7 Dec 2023 - 11:57 GMT. Powered by TradingView.
United States 10-Year, United States, NYSE:US10YT=X, D



Indonesia 10 Years Treasury

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