

# Morning Brief

## Today's Outlook:

**US MARKETS:** Data on Thursday showed that the number of Americans who filed for first-time unemployment aid came in at seasonally-adjusted 220,000 last week, marking a slight uptick from 219,000 for the week ended on Nov. 25. Economists had expected a reading of 222,000. The latest figures added to string of recent data pointing to soft labor market, though the nonfarm payrolls report for November will take center stage. Economists expect that the economy created 180,000 new jobs last month, with the unemployment rate likely steady at 3.9%. Average hourly earnings, however, are expected to have increased by 0.1%.

**JPMorgan economists anticipate a softening in both inflation data and economic activity in 2024. The question arises whether investors and risky assets should welcome a decline in inflation,** leading to increased demand for bonds and stocks, or if the decrease in inflation signals a potential economic recession. The primary concern stems from the interest rate shock observed over the past 18 months, which is anticipated to have a negative impact on economic activity. Moreover, geopolitical developments pose challenges, affecting commodity prices, inflation, global trade, and financial flows. Despite these factors, the bank notes that valuations of risky assets are, on average, expensive. In the scenario of a gradual economic slowdown, the decline in bond yields is expected to be led by the midsection and eventually the front end of the yield curve. The forecasts also indicate that the U.S. 10-year note yield could decrease to 3.75% over the next year, with the possibility of further decline if the economy enters a recession.

**COMMODITIES:** Oil prices fell on Thursday to six-month lows, as investors worried about sluggish energy demand in the United States and China while output from the U.S. remains near record highs. Brent crude futures dropped 25 cents to \$74.05 a barrel. U.S. West Texas Intermediate crude futures fell 4 cents to \$69.34. Both benchmarks posted their lowest prices since late June. Front-month prices for Brent began trading this week at a discount to prices in a half year for the first time since June, a signal that traders believe the market may have become oversupplied. U.S. output remained near record highs of over 13 million barrels per day, U.S. Energy Information Administration data showed on Wednesday. U.S. gasoline stocks rose by 5.4 million barrels last week to 223.6 million barrels, the EIA said, more than quintuple the 1 million barrel build that had been expected. Concerns about China's economy also put a lid on oil's price gains.

**ASIA MARKETS:** Chinese customs data showed that crude oil imports in November fell 9% from a year earlier as high inventory levels, weak economic indicators and slowing orders from independent refiners weakened demand. While China's total imports dropped on a monthly basis, exports grew in November for the first time in six months, suggesting an uptick in global trade flows may be helping the manufacturing sector.

**EUROPEAN MARKETS:** Germany still recorded a weak Industrial Production in Oct, no wonder Eurozone Q3 GDP slipped back into recession territory, following the footsteps of Q1. Today's important economic data to be monitored by Asian & European investors are Japan's Q3 GDP and German CPI (Nov) which is predicted to ease further to 3.2% yoy, cooling from 3.8% in the previous month.

**INDONESIAN MARKETS:** Indonesia's foreign exchange reserves increased to \$138.1 billion in November from \$133.1 billion in the previous month, marking the highest level since May. This rise was driven by the government's issuance of global sukuk, withdrawal of foreign loans, and receipt of tax and service payments. The central bank emphasized that the official reserve assets, equivalent to 6.1 months of imports and debt payments, remained sufficient at \$138.1 billion to uphold financial stability and support the overall economy.

## Corporate News

**A Peak at Bank Mandiri (BMRI)'s Projection on the Issuance of Green Bonds in 2024** PT Bank Mandiri (Persero) Tbk (BMRI) projects the reissuance of funding through green bonds next year as the company's potential is still huge. Director of Treasury & International Banking of Bank Mandiri Eka Fitriani said that so far Bank Mandiri has carried out funding, including green bonds, to finance green projects in Indonesia. Bank Mandiri, for example, has issued a sustainability bond of USD 300 million with an 8.3 times oversubscription rate. Then, Bank Mandiri carried out an ESG repo transaction with a value of up to USD 500 million. Additionally, Bank Mandiri has issued Green Bond Phase I amounting to IDR 5 trillion in early 2023, which is part of the Sustainable Public Offering (PUB) plan with a target fund of IDR 10 trillion. Going forward, Bank Mandiri projects that such funding will be consistently carried out. (Bisnis)

## Domestic Issue

**Government Conducts USD 2.0 Billion Global Green Sukuk Transaction with 5-10 Year Tenor** The government returned to its annual global sukuk market and successfully concluded a USD 2 billion sukuk sale. This figure consists of a 5-year tenor of USD 1.0 billion and a 10-year tenor of USD 1.0 billion (Green series) in the format of Reg S/144A Trust Certificates with Wakalah contracts maturing in 2028 and 2033 ("Global Sukuk"). This Global Sukuk was issued by the Government through the State Sharia Securities Issuing Company (SBSN) Indonesia III, a legal entity established by the Government specifically to issue SBSN. According to the official statement of the Directorate of Sharia Financing, Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance released yesterday (7/12), this Global Sukuk issuance will be listed on the Singapore Stock Exchange and NASDAQ Dubai (dual listing). (Emiten News)

## Recommendation

**US10YT is trying a bottoming on the yield support line from the previous low 4.098% - 4.060%.** RSI is slightly entering OVERSOLD territory. LIMITED DOWNSIDE POTENTIAL; Test MA10 & MA20 Resistance if there is a technical rebound. ADVISE: HOLD; WAIT & SEE. Resistance: 4.267% - 4.376%.

**ID10YT seems to be still holding above the short-term trendline Support around 6.58% yield, on its way down towards the target bottom at 6.465% yield.** A break above MA10 & MA20 would be the first sign of recovery from this downtrend; only if ID10YT is able to break yield Resistance: 6.635% - 6.687% then AVERAGE UP can be advised. ADVISE: HOLD; WAIT & SEE.

## PRICE OF BENCHMARK SERIES

FR0090	: 96.23 (+0.00%)
FR0091	: 98.36 (-0.04%)
FR0094	: 94.81 (+0.00%)
FR0092	: 103.53 (+0.06%)
FR0086	: 98.07 (+0.04%)
FR0087	: 98.98 (+0.03%)
FR0083	: 106.40 (+0.02%)
FR0088	: 96.56 (+0.05%)

## CDS of Indonesia Bonds

CDS 2yr	: -0.29% to 32.15
CDS 5yr	: +0.36% to 75.80
CDS 10yr	: -0.07% to 134.69

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.59%	0.00%
USDIDR	15,515	0.14%
KRWIDR	11.71	-0.80%

## Global Indices

Index	Last	Chg.	%
Dow Jones	36,117.38	62.95	0.17%
S&P 500	4,585.59	36.25	0.80%
FTSE 100	7,513.72	(1.66)	-0.02%
DAX	16,628.99	(27.45)	-0.16%
Nikkei	32,858.31	(587.59)	-1.76%
Hang Seng	16,345.89	(117.37)	-0.71%
Shanghai	2,966.21	(2.73)	-0.09%
Kospi	2,492.07	(3.31)	-0.13%
EIDO	21.78	0.10	0.46%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,028.5	2.9	0.14%
Crude Oil (\$/bbl)	69.34	(0.04)	-0.06%
Coal (\$/ton)	148.75	8.30	5.91%
Nickel LME (\$/MT)	16,508	290.0	1.79%
Tin LME (\$/MT)	24,675	90.0	0.37%
CPO (MYR/Ton)	3,702	(17.0)	-0.46%

## 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> 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%
<b>Tuesday</b> 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
<b>Wednesday</b> 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%
<b>Thursday</b> 7 – Dec.	US	20:30	Initial Jobless Claims	Dec 2	220K	—	218K
	CH	—	Exports YoY	Nov	0.0%	-2.5%	-6.4%
	CH	—	Imports YoY	Nov	-0.6%	4.8%	3.0%
	CH	—	Trade Balance	Nov	\$68.39B	\$47.00B	\$56.53B
	CH	—	Foreign Reserves	Nov	\$3,139.5B	—	\$3,101.2B
	ID	10:00	Foreign Reserves	Nov	\$138.10B	—	\$133.10B
	GE	14:00	Industrial Production SA MoM	Oct	-0.4%	—	-1.4%
	EC	17:00	GDP SA YoY	3Q F	-0.1%	—	0.1%
<b>Friday</b> 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

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## Indonesia 10 Years Treasury

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