

Morning Brief

Today's Outlook:

US MARKETS: The benchmark 10-year US Treasury bond yield held near 4% and the auction of \$37 billion worth of securities attracted above-average demand. Wednesday's market gains left the S&P500 index just 0.27% away from the record close of 4,796.56 it reached on January 3, 2022.

MARKET SENTIMENT: The focus will turn to December's consumer and producer inflation reports, due out this Thursday (around 2030 GMT) and on Friday respectively, plus Initial Jobless Claims which last week surprised lower than expected; all of which could help determine the monetary policy path for the central bank. Federal Reserve Bank of New York President John Williams said on Wednesday that it is too early to call for a rate cut as the central bank still has a target of returning inflation to the 2% level. Market participants have reduced expectations to a 67.6% chance of a rate cut of at least 25 basis points in March, according to the CME Group FedWatch Tool.

ASIA MARKETS: Today, the Bank of Korea will announce its monetary policy decision on interest rates which is expected to be held at 3.5%.

INDONESIA: In November 2023, the Real Sales Index (RSI) was recorded to remain strong at 207.9 or an annualized growth of 2.1% yoy. The strong performance of retail sales was mainly driven by the Clothing sub-group and the Motor Vehicle Fuel group which grew higher compared to the previous month. Bank Indonesia expects retail sales performance in December 2023 to remain strong. This is reflected in the December Real Sales Index (RSI) of 217.9 or an annual growth of 0.1 percent (yoy), driven by increased growth in the Motor Vehicle Fuel and Food, Beverage and Tobacco groups. BI officials explained that on a monthly basis, retail sales are also predicted to increase, with growth of 4.8% mom. The performance of all groups is forecasted to increase, especially in the Information and Communication Equipment group, the Clothing sub-group, the Food Beverages, and Tobacco group in line with the festive season of the Christmas and New Year holidays which increased domestic demand, plus due to discount strategies from retailers.

COMMODITIES: Crude oil futures prices were beaten down by another sharp jump in US crude oil reserves. The increase in US oil reserves in the week ending January 5 reached 1.3 million barrels, exceeding previous estimates that anticipated a decline of 700,000 barrels. This inevitably sent West Texas Intermediate (WTI) crude oil futures for February 2024 delivery down 1.2%, or 87 cents, to US\$71.37 per barrel on the New York Mercantile Exchange. Brent crude oil futures for March 2024 delivery ended down 1.2% as well, to US\$71.37 per barrel on the London ICE Futures Exchange. According to the Energy Information Administration (EIA), US oil reserves currently stand at 432.4 million barrels. In addition, US fuel oil (BBM) inventories also jumped by 8 million barrels, while distillate inventories saw a significant increase of 6.5 million barrels. This oversupply condition is not in line with global demand which still tends to slow down, making oil prices lose bargaining power.

Corporate News

Negative Outlook, Integra Indocabinet's (WOOD) Bonds Carry idA- Rating Integra Indocabinet (WOOD) has an idA- rating with a negative outlook. The rating, also applies to Sustainable Bonds I/2021 Phase I Series B worth IDR 407.82 billion. Also, Sustainable Sukuk Mudharabah I/2021 Phase I Series B worth IDR 97.5 billion will mature on April 14, 2024. The company plans to pay off the debt securities from the results of business operations, and other external funding sources. The value should be sufficient to pay off the financial obligations when due. The company's rating of idA- with a negative outlook, idA- bonds, and idA-(sy) sukuk, was last set on December 12, 2023. An idA-rated obligor has a stronger ability than Indonesian obligors to meet long-term financial commitments. However, they may be more susceptible to adverse changes in circumstances and economic conditions than higher-rated obligors. (Emiten News)

Domestic Issue

Sri Mulyani Collects IDR 12 Trillion from Yesterday's State Sukuk Auction The government through the Directorate General of Financing and Risk Management of the Ministry of Finance (DJPPR Kemenkeu) has auctioned seven series of Government Sharia Securities (SBSN) or State Sukuk yesterday (9/1/2024). As a result, the government earned IDR 12 trillion from the auction. The seven series auctioned by the government are SPNS09072024 (new issuance), SPNS07102024 (new issuance), PBS032 (reopening), PBS030 (reopening), PBS004 (reopening), PBS039 (new issuance) and PBS038 (reopening) through the Bank Indonesia (BI) auction system. "The total incoming bid amounted to IDR 28.30 trillion, while the total won from the seven series offered was IDR 12 trillion," wrote the Ministry of Finance's DJPPR in its official statement, Jakarta, Tuesday (9/1/2024). Details of the nominal won from each sukuk series, namely SPNS09072024 (IDR 1.2 trillion), SPNS07102024 (IDR 1 trillion), PBS032 (IDR 3.35 trillion), PBS030 (IDR 2.3 trillion), PBS004 (IDR 150 billion), PBS039 (IDR 2.35 trillion) and PBS038 (IDR 1.65 trillion). (IDX Channel)

Recommendation

US10YT is testing MA10 Support which has finally confirmed goldencross with MA20, providing an Uptrend platform (short term) at least for bullish wave US10YT towards its short term TARGET in the yield range of 4.193% - 4.258% (according to PARALLEL CHANNEL pattern - downtrend that has been broken). ADVISE: AVERAGE UP above previous high resistance level (above yield 4.068% - 4.103%).

The bullish pace of ID10YT was irresistible once it escaped from the Resistance level of the previous High, placing the yield of 6.75% - 6.77% as the closest Support at the moment. TARGET: 6.948% - 6.962%. ADVISE: AVERAGE UP accordingly.

PRICE OF BENCHMARK SERIES

FR0090 : 96.26 (-0.05%)
FR0091 : 98.15 (+0.00%)
FR0094 : 95.45 (-0.24%)
FR0092 : 102.74 (-0.02%)

FR0086 : 98.15 (+0.02%)
FR0087 : 98.88 (+0.01%)
FR0083 : 106.68 (+0.12%)
FR0088 : 96.27 (+0.07%)

CDS of Indonesia Bonds

CDS 2yr: -2.81% to 31.61
CDS 5yr: -1.65% to 75.23
CDS 10yr: -2.25% to 131.52

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.72%	-0.00%
USDIDR	15,570	0.32%
KRWIDR	11.79	-0.03%

Global Indices

Index	Last	Chg.	%
Dow Jones	37,695.73	170.57	0.45%
S&P 500	4,783.45	26.95	0.57%
FTSE 100	7,651.76	(32.20)	-0.42%
DAX	16,689.81	1.45	0.01%
Nikkei	34,441.72	678.54	2.01%
Hang Seng	16,097.28	(92.74)	-0.57%
Shanghai	2,877.70	(15.55)	-0.54%
Kospi	2,541.98	(19.26)	-0.75%
EIDO	22.32	0.04	0.18%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,024.4	(5.8)	-0.29%
Crude Oil (\$/bbl)	71.37	(0.87)	-1.20%
Coal (\$/ton)	133.50	(2.15)	-1.58%
Nickel LME (\$/MT)	16,429	142.0	0.87%
Tin LME (\$/MT)	24,435	195.0	0.80%
CPO (MYR/Ton)	3,757	25.0	0.67%

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)	146.40	138.10	Current Acc (USD bn)	-0.90	-1.90
Trd Balance (USD bn)	2.41	3.48	Govt. Spending Yoy	-3.76%	10.62%
Exports Yoy	-8.56%	-10.43%	FDI (USD bn)	4.86	5.14
Imports Yoy	3.29%	-2.42%	Business Confidence	104.82	104.30
Inflation Yoy	2.61%	2.86%	Cons. Confidence*	123.80	123.60

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 8 – Jan.	ID	10:00	Foreign Reserves	Dec	\$146.40B	—	\$138.10B
	GE	14:00	Factory Orders MoM	Nov	0.3%	—	-3.7%
	EC	17:00	Consumer Confidence	Dec F	-15.0	—	-15.1
Tuesday 9 – Jan.	US	20:30	Trade Balance	Nov	-\$63.2B	-\$64.8B	-\$64.3B
	ID	—	Consumer Confidence Index	Dec	123.8	—	123.6
	GE	14:00	Industrial Production SA MoM	Nov	-0.7%	—	-0.4%
	EC	17:00	Unemployment Rate	Nov	6.4%	—	6.5%
	KR	06:00	BoP Current Account Balance	Nov	\$4059.7M	—	\$6796.1M
	JP	06:30	Tokyo CPI YoY	Dec	2.4%	2.5%	2.6%
Wednesday 10 – Jan.	US	22:00	Wholesale Inventories MoM	Nov F	-0.2%	-0.2%	-0.2%
	KR	06:00	Unemployment Rate SA	Dec	3.3%	—	2.8%
Thursday 11 – Jan.	US	20:30	CPI MoM	Dec	—	0.2%	0.1%
	US	20:30	CPI YoY	Dec	—	3.3%	3.1%
	US	20:30	Initial Jobless Claims	Jan 6	—	—	202K
	KR	—	BOK Base Rate	Jan 11	—	3.50%	3.50%
Friday 12 – Jan.	US	20:30	PPI Final Demand MoM	Dec	—	0.2%	0.0%
	CH	08:30	CPI YoY	Dec	—	-0.3%	-0.5%
	CH	08:30	PPI YoY	Dec	—	-2.7%	-3.0%
	CH	—	Exports YoY	Dec	—	1.6%	0.5%
	CH	—	Imports YoY	Dec	—	0.0%	-0.6%
	CH	—	Trade Balance	Dec	—	\$76.00B	\$68.40B
	JP	06:50	BoP Current Account Balance	Nov	—	¥ 2385.1B	¥ 2582.8B

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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