

Morning Brief

Daily | January 16, 2024

Today's Outlook:

MARKET SENTIMENT: Policy makers will have less important data to parse throughout the week, where Retail Sales and inflation expectations from the University of Michigan may add color to the US inflation picture.

DAVOS: Uncertainty is clouding the near-term outlook for the global economy, according to a survey conducted ahead of the World Economic Forum's annual meeting of market participants. Growth prospects in 2024 are weak, according to the survey of the world's leading economists, with 56% of respondents expecting conditions to weaken again in 2025. Only a quarter expect the economy to be stronger, while 20% expect the environment to remain unchanged. The survey also said that the resilience of the world economy in recent years will continue to be tested, with indications of a slowdown in the manufacturing and services sectors. Meanwhile, financial conditions are expected to weaken as inflation eases and the labor market loosens.

CRUDE OIL: Oil prices eased on Monday, paring earlier gains, on lingering concerns that the Middle East conflict could disrupt supplies through key shipping routes between Europe and Asia. US WTI crude oil futures traded 0.8% lower at \$72.25 per barrel, while the Brent contract fell 0.6% to \$77.81 per barrel. Benchmark prices surged more than 2% last week and touched the highest intraday level this year after the United States and Britain pounded Houthi forces in Yemen in retaliation for the Iranian-backed militant group's attacks on commercial vessels in the Red Sea. The Houthis threatened a strong retaliatory response on Sunday, potentially worsening the security situation and causing some shipping operators to divert their routes away from the Red Sea.

ASIAN MARKETS: Most Asian stocks rose on Monday as investors maintained speculation that the Federal Reserve will cut interest rates early; the Japanese market extended its rally to a 34-year high. Important data awaited this week are China's one-year GDP data and Japan's Inflation. Beijing's reaction to Taiwan's presidential election also has traders worried. Japanese CPI data due later this week is expected to show continued deflation, providing a dovish tone for the BOJ when it meets in January. Today, Japan will start its Inflation data series by reporting PPI (Dec) which is also expected to fall into deflationary territory. Taiwan's index rose 0.5% after Democratic Progressive Party (DPP) candidate William Lai won the Presidential election at the weekend - largely maintaining the island's status quo in its opposition to reunification with China. The victory of Lai who has been an active voice for Taiwan independence has been a major point of anger for China, which intensified its calls for reunification over the weekend, and further action from Beijing will be in focus ahead of Lai's official inauguration in May. Meanwhile, from the neighboring Ginseng Country, South Korea reported a relatively flat Trade Balance and Export & Import growth in December compared to the previous month.

EUROPEAN MARKETS: Eurozone published Industrial Production (Nov) which grew negative -6.8% yoy, higher than expected and prior month. Later this afternoon the UK will release a number of employment related economic data such as Average Earnings Index (Nov), Claimant Count Change (Dec) and Unemployment Rate (Nov). The focus from Europe today will be the German CPI (Dec) where it is predicted that their Inflation rate will heat up to 3.7% yoy, up from 3.2% in the previous month. Furthermore, the German ZEW Economic Sentiment (Jan) will give a clue of how market participants view the business climate in the next 6 months.

INDONESIA: Bank Indonesia announced that Indonesia's external debt as of Nov 2023 has reached USD 400.9 billion (IDR 6231 trillion), up 2% yoy. Indonesia recorded another Trade Balance (Dec) surplus of USD 3.3 billion, higher than the forecast of USD 1.92 billion and Nov at USD 2.41 billion; due to imports falling far more than the improvement in exports which are also still struggling to get out of negative growth.

Corporate News

TOWR Entity Has a Maturing Bond of IDR 2.76 Trillion A subsidiary of tower issuer PT Sarana Menara Nusantara Tbk (TOWR), PT Profesional Telekomunikasi Indonesia or Protelindo, said that it is considering several options to pay off bonds that will mature at the end of March amounting to IDR 2.76 trillion. Sarana Menara Nusantara Corporate Secretary Monalisa Irawan said that the company has several funding alternatives to pay off the maturing bonds. According to her, options to pay off the bonds such as using cash flow or third parties are being considered. Based on data from the Indonesian Central Securities Depository (KSEI), Protelindo has three bonds that will mature this year. The bonds that will mature in the near future are Protelindo Sustainable Bonds III phase II year 2023 Series A amounting to IDR 2.76 trillion. For information, Protelindo is a subsidiary of TOWR, all of whose shares are owned directly and indirectly by TOWR. (Bisnis)

Domestic Issue

Corporate Bond Issuance This Year is Forecasted to Reach IDR 169.05 Trillion Corporate bond issuance in 2024 is considered to remain vibrant. The expectation of lower interest rates until the bonds mature is the driving force. Head of Pefindo's Economic Research Division Suhindarto assesses that this year's corporate bond issuance will range from IDR 148.15 trillion - IDR 169.05 trillion. "If realized, the midpoint will be higher than that realized in 2023 which was around IDR 130 trillion," he told Kontan.co.id, Monday (15/1). He saw a number of factors that would encourage the issuance of corporate debt securities this year. One of them is the need for higher refinancing. Indicated by the higher value of debt securities maturing in 2024, amounting to IDR 150.5 trillion compared to last year's IDR 126.9 trillion. Then real sector activity is maintained. The boost from campaign activities ahead of the simultaneous elections keeps demand strong and stable, economic growth is estimated to range from 4.8% - 5.2% with inflation in the range of 2%-3.5%. Then the adaptation of strategies for corporations to face the condition of higher for longer interest rates. This can be seen from the increasing number of issuances with short tenors. (Kontan)

Recommendation

US10YT must break out of MA10 Resistance or rise back above 4.0% yield in order to continue the bullish swing towards the next Resistance / TARGET yield: 4.062% / 4.145% / 4.20% - 4.258%. ADVISE : SPECULATIVE BUY; Average Up accordingly.

ID10YT seems to continue its up-swing, with MA10 & MA50 support at 6.656% yield. ADVISE: SPECULATIVE BUY. TARGET: after closing the Gap yield of 6.728% and the resistance of the previous High level of 6.75% is able to be passed, then the next step will be towards the Target pattern around the yield of 6.948% - 6.962%.

PRICE OF BENCHMARK SERIES

FR0090 : 96.54 (+0.02%)
FR0091 : 98.44 (+0.00%)
FR0094 : 95.85 (+0.17%)
FR0092 : **102.64 (-0.07%)**

FR0086 : 98.21 (+0.02%)
FR0087 : 99.35 (+0.08%)
FR0083 : **106.52 (-0.08%)**
FR0088 : 96.49 (+0.00%)

CDS of Indonesia Bonds

CDS 2yr: **-0.08% to 31.27**

CDS 5yr: **-1.20% to 73.10**

CDS 10yr: **-0.20% to 130.26**

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.67%	0.01%
USDIDR	15,555	0.03%
KRWIDR	11.78	-0.45%

Global Indices

Index	Last	Chg.	%
Dow Jones	37,592.98	(118.04)	-0.31%
S&P 500	4,783.83	3.59	0.08%
FTSE 100	7,594.91	(30.02)	-0.39%
DAX	16,622.22	(82.34)	-0.49%
Nikkei	35,901.79	324.68	0.91%
Hang Seng	16,216.33	(28.25)	-0.17%
Shanghai	2,886.29	4.31	0.15%
Kospi	2,525.99	0.94	0.04%
EIDO	22.64	0.25	1.12%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,058.2	9.1	0.37%
Crude Oil (\$/bbl)	72.68	0.66	0.92%
Coal (\$/ton)	129.85	(1.00)	-0.76%
Nickel LME (\$/MT)	16,218	(125.0)	-0.76%
Tin LME (\$/MT)	24,781	150.0	0.61%
CPO (MYR/Ton)	3,818	(38.0)	-0.99%

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)	3.30	2.41	Govt. Spending Yoy	-3.76%	10.62%
Exports Yoy	-5.76%	-8.56%	FDI (USD bn)	4.86	5.14
Imports Yoy	-3.81%	3.29%	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 15 – Jan.	ID	11:00	Trade Balance	Dec	\$3,300M	\$1,970M	\$2,412M
	ID	11:00	Exports YoY	Dec	-5.76%	-8.31%	-8.56%
	ID	11:00	Imports YoY	Dec	-3.81%	0.64%	3.29%
Tuesday 16 – Jan.	US	20:30	Empire Manufacturing	Jan		-2.9	-14.5
	GE	14:00	CPI YoY	Dec F		—	3.7%
	JP	06:50	PPI YoY	Dec		-0.3%	0.3%
Wednesday 17 – Jan.	US	20:30	Retail Sales Advance MoM	Dec		0.4%	0.3%
	US	21:15	Industrial Production MoM	Dec		-0.1%	0.2%
	CH	09:00	GDP YoY	4Q		5.2%	4.9%
	CH	09:00	Industrial Production YoY	Dec		6.6%	6.6%
	CH	09:00	Retail Sales YoY	Dec		8.0%	10.1%
	ID	14:20	BI-Rate	Jan 17		6.00%	6.00%
	EC	17:00	CPI YoY	Dec F		—	2.9%
Thursday 18 – Jan.	US	20:30	Housing Starts	Dec		1,415K	1,560K
	US	20:30	Initial Jobless Claims	Jan 13		—	202K
	JP	06:50	Core Machine Orders MoM	Nov		-0.8%	0.7%
	JP	11:30	Industrial Production MoM	Nov F		—	-0.9%
Friday 19 – Jan.	US	22:00	U. of Mich. Sentiment	Jan P		68.0	69.7
	US	22:00	Existing Home Sales	Dec		3.84M	3.82M
	JP	06:30	Natl CPI YoY	Dec		2.6%	2.8%
	JP	11:30	Tertiary Industry Index MoM	Nov		0.1%	-0.8%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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