

Morning Brief

Daily | January 18, 2024

Today's Outlook:

The Dow Jones Industrial Average closed in the red again on Wednesday (17/01/24) for the third consecutive session, as US Treasury yields continued to rise, adding pressure to the Technology sector, after stronger-than-expected economic data clouded investors' expectations of a Federal Reserve interest rate cut materializing in March. US Treasury yields continued to climb higher, with the yield on the 10-year bond rising above the psychological 4% level to record the highest position this year after US retail sales rose 0.6% in December, (beating expectations of 0.4%) on the back of motorcycle sales and online purchases. Signs of strong consumer spending power, which underpins two-thirds of economic growth, led economists to upgrade their 4th quarter GDP estimates on the basis that the US economy is still in strong shape; thereby reducing expectations of a March rate cut to around 50% (according to Investing.com's Fed Rate Monitor Tool). The data also emphasized Federal Reserve Governor Christopher Waller's statement the day before indicating that although a pivot is likely to occur this year, the central bank is not considering doing so in the short term, in view of the continued resilience of the US economy. Today market participants will again monitor US economic data such as (preliminary estimates) Building Permits & Housing Starts (Dec.), followed by Initial Jobless Claims which is expected to increase by 5000 to 207 thousand last week; plus the Philadelphia Fed Manufacturing Index (Jan.) which will determine whether the US economic outlook in the state of Philadelphia will show some optimism.

ASIA & EUROPE MARKETS: China reported a mixed bag of economic data but the highlight was the 4th quarter GDP which came in at 5.2% yoy. Although clearly higher than the previous quarter at 4.9%, the market was somewhat disappointed at the lower-than-expected final economic growth result of 5.3%. For the full-year 2023, China's GDP grew 5.2%, above expectations of 5.0% and much better than 3.0% in 2022 due to a number of stimulus measures launched to boost the economy last year. The good news is that Industrial Production (Dec.) rose to a 2-year high, albeit countered by sluggish Retail Sales in the same month. As a result, the Unemployment Rate (Dec.) was recorded to have risen 0.1% higher than in November, to 5.1% and this is the highest level in 4 months. Today it is Japan's turn to read a number of economic indicators such as highlights on Industrial Production which is expected to contract 0.9% monthly growth in November. Meanwhile in continental Europe, Eurozone reported CPI (Dec.) came in at 2.9% yoy as expected, in-line with the monthly increase of 0.2%.

COMMODITIES: global crude oil prices closed flat as US crude stockpiles unexpectedly increased last week, as reported by the American Petroleum Institute (API), at a time when concerns about sluggish global demand continued to rise following weak 2023 GDP results from China. US crude oil inventories rose by 939,000 barrels for the week ended January 12, compared with a decline of 5.2 million barrels reported by the API in the previous week. Economists had initially expected a decline of around 2.4 million barrels. Regarding the security situation in the Middle East, the latest update is that Iran launched an attack on Pakistan, after attacking Iraq-Syria which they claim destroyed the Mossad-Israel intelligence headquarters. Iran's attack this time added to tensions in the region after the war in Gaza and attacks by the pro-Palestinian Houthi group in Yemen on commercial ships in the Red Sea international shipping lane. Pakistan's Foreign Ministry considers this violation of Pakistan's sovereignty totally unacceptable and may lead to serious consequences.

Corporate News

Bond Repayment, Pembangunan Jaya Ancol (PJAA) Prepares IDR 149.6 Billion. PT Pembangunan Jaya Ancol Tbk (PJAA) has prepared funds for the Principal Repayment of Sustainable Bonds I Jaya Ancol Phase II Year 2021 Series B. PJAA prepares IDR 149.6 billion with a fixed interest rate of 8.90% for the principal repayment of the bonds which will mature on February 10, 2024. In a written statement on Wednesday (17/1/2024), PJAA Director Daniel Nainggolan confirmed that the Company has prepared IDR 149.6 billion with a fixed interest rate of 8.90%. That much money is for the repayment of the Bond principal which will mature on February 10, 2024. This bond repayment has no impact on PJAA's operational activities, legal, financial condition, or business continuity. (Emiten News)

Domestic Issue

Disclose the Causes of High Interest in SUN Auction, Ministry of Finance: Positive Domestic Economy. The Ministry of Finance (Kemenkeu) said that interest in the auction of Government Bonds (SUN) was quite high at yesterday's auction, Tuesday (16/1/2024), this is align with the positive domestic economy situation. The high investor interest in the SUN auction was reflected in the increase in incoming bids to IDR 67.56 trillion from the previous auction of IDR 39.8 trillion. "The increase is in line with positive domestic economic data, such as the December trade balance data which recorded a surplus of 3.3 billion US dollars," said Director of Government Securities at the Directorate General of Financing and Risk Management of the Ministry of Finance Deni Ridwan, Tuesday (16/1/2024). In addition, said Deni, the high interest in SUN auctions was also influenced by investor optimism that the Fed would cut interest rates starting in March 2024 in line with the release of weak US core inflation data. "Incoming bids from foreign investors at today's SUN auction also increased significantly to IDR 12.35 trillion from IDR 7.37 trillion in the previous auction," he said. Furthermore, Deni said, the majority of incoming bids from foreign investors were in the medium-long tenor SUN series (5 and 10 years) amounting to IDR 9.83 trillion or 79.63 percent of the total incoming bids from foreign investors and won IDR 4.06 trillion or 16.92 percent of the total awarded bids. (IDX Channel)

Recommendation

US10YT continued to swing up but hit MA50 Resistance exactly at the High yield point of 4.136%. ADVISE: AVERAGE UP accordingly. TARGET : yield 4.258%.

ID10YT is getting sure to rebound at MA10 Support, immediately close the Gap yield of 6.728% and after the resistance from the previous High level at a yield of 6.745% - 6.773% it will soon be free to go to the TARGET yield of 6.948% - 6.962%. ADVISE: AVERAGE UP accordingly.

PRICE OF BENCHMARK SERIES

FRO090	: 96.57 (-0.14%)
FRO091	: 98.66 (+0.09%)
FRO094	: 95.92 (+0.03%)
FRO092	: 102.68 (-0.05%)
FRO086	: 98.24 (+0.02%)
FRO087	: 99.31 (-0.12%)
FRO083	: 106.22 (-0.16%)
FRO088	: 95.87 (-0.57%)

CDS of Indonesia Bonds

CDS 2yr	: +4.49% to 32.67
CDS 5yr	: +3.32% to 75.53
CDS 10yr	: +3.61% to 134.97

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.71%	0.04%
USDIDR	15,640	0.31%
KRWIDR	11.63	-0.64%

Global Indices

Index	Last	Chg.	%
Dow Jones	37,266.67	(94.45)	-0.25%
S&P 500	4,739.21	(26.77)	-0.56%
FTSE 100	7,446.29	(112.05)	-1.48%
DAX	16,431.69	(139.99)	-0.84%
Nikkei	35,477.75	(141.43)	-0.40%
Hang Seng	15,276.90	(589.02)	-3.71%
Shanghai	2,833.62	(60.37)	-2.09%
Kospi	2,435.90	(61.69)	-2.47%
EIDO	22.13	(0.30)	-1.34%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,006.3	(22.2)	-1.09%
Crude Oil (\$/bbl)	72.56	0.16	0.22%
Coal (\$/ton)	129.50	0.00	0.00%
Nickel LME (\$/MT)	16,079	(71.0)	-0.44%
Tin LME (\$/MT)	25,233	58.0	0.23%
CPO (MYR/Ton)	3,815	(47.0)	-1.22%

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	ID	11:00	Trade Balance	Dec	\$3,300M	\$1,960M	\$2,412M
15 – Jan.	ID	11:00	Exports YoY	Dec	-5.76%	-8.39%	-8.56%
	ID	11:00	Imports YoY	Dec	-3.81%	0.22%	3.29%
	Tuesday	US	20:30	Empire Manufacturing	Jan	-43.7	-5.0
16 – Jan.	GE	14:00	CPI YoY	Dec F	3.7%	3.7%	3.7%
	JP	06:50	PPI YoY	Dec	0.0%	-0.3%	0.3%
Wednesday	US	20:30	Retail Sales Advance MoM	Dec	0.6%	0.4%	0.3%
17 – Jan.	US	21:15	Industrial Production MoM	Dec	0.1%	-0.1%	0.2%
	CH	09:00	GDP YoY	4Q	5.2%	5.3%	4.9%
	CH	09:00	Industrial Production YoY	Dec	6.8%	6.6%	6.6%
	CH	09:00	Retail Sales YoY	Dec	7.4%	8.0%	10.1%
	ID	14:20	BI-Rate	Jan 17	6.00%	6.00%	6.00%
	EC	17:00	CPI YoY	Dec F	2.9%	2.9%	2.9%
	Thursday	US	20:30	Housing Starts	Dec		1,415K
18 – Jan.	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	US	22:00	U. of Mich. Sentiment	Jan P		68.0
19 – Jan.	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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