

# Morning Brief

## Today's Outlook:

**US MARKET:** US bonds ended the year in the same position as the previous year (below 4%) after major swings for the benchmark in 2023. Shares around the world have risen sharply in the last two months of the year as benchmark bond yields fell on expectations of central bank rate cuts in 2024.

The benchmark 10-year Treasury yield was at 3.866%, up 1.6 basis points on the day and right around its level at the start of the year. That yearly performance masks some major swings, as the note's yield reached 5.021% in October, its highest since 2007, before retreating and driving the share rally. Behind the move lower in yields has been a sustained decline in inflation around the world that has driven expectations that central banks will cut interest rates early next year. The U.S. economy has remained strong, feeding hopes for a "soft landing".

Markets are now expecting the U.S. Federal Reserve to start rate cuts in March, according to the CME FedWatch tool, a shift from assumptions just last month. Traders are also pricing in more than 150 basis points of easing next year by the Fed, the European Central Bank and the Bank of England.

Chinese markets underperformed in 2023, despite optimism at the start of the year when Beijing ended its zero-COVID policy.

**CURRENCY:** The dollar ticked up on Friday but suffered a roughly 2% decline in 2023 after two years of strong gains, with declines mirroring the fall in U.S. yields.

**COMMODITIES:** Chicago wheat and corn futures saw their biggest annual drop in a decade as easing supply bottlenecks in the Black Sea region and higher production weighed on prices. Oil prices were due to end 2023 down 10% after a year of wild swings driven by geopolitical concerns, OPEC+ production cuts and global measures to rein in inflation. On Friday, U.S. crude fell 0.57% to USD71.36 per barrel and Brent was at USD77.08, down 0.09% on the day. Gold prices ticked down on Friday to USD2,062 an ounce as they headed towards their best year since 2020, buoyed by hopes the U.S. Federal Reserve could cut interest rates as early as March.

**INDONESIA:** Kicking off 2024, investors/traders will be presented with a number of data starting this morning, which are: Nikkei Manufacturing PMI (Dec) and the highlight is inflation (Dec) which is estimated at 2.72% yoy, deflating from 2.86% in November. Core Inflation (Dec) is also predicted to ease slightly to 1.85% yoy. Overseas, there are also several PMI data from Germany, Eurozone, and US that will be exposed today.

## Corporate News

**Adira Finance (ADMF) Bonds IDR 328 Billion Matures January 2024, Company Prepares Internal Cash** PT Adira Dinamika Multi Finance Tbk (ADMF) or Adira Finance is preparing funds to repay bonds and sukuk next year. In the disclosure of information submitted to the Indonesia Stock Exchange (IDX), quoted last Friday (29/12/2023), there is one bond and one sukuk maturing on January 23, 2024. Both are Adira Finance Sustainable Bonds IV with Fixed Interest Rate Phase VI Year 2019 Series C which has a nominal value of IDR 328 billion. The bonds have an interest rate of 7.79%. Then Adira Finance Sustainable Sukuk Mudharabah III Phase III Year 2019 Series C with a nominal value of IDR 32 billion. As previously reported, Adira Finance will pay off the bonds maturing in 2024 using internal cash. (Bisnis)

## Domestic Issue

**Sri Mulyani Reveals Facts, State Budget 2023 Deficit IDR 241.4 Trillion** Minister of Finance (Menkeu) Sri Mulyani Indrawati revealed that the 2023 State Budget (APBN) recorded a deficit of IDR 241.4 trillion as of December 28, 2023. The deficit figure was obtained from the realization of state revenue which reached IDR 2,725.4 trillion. Meanwhile, state spending was realized at IDR 2,966.8 trillion. Meanwhile, the realization of state revenue has covered 110% of the initial state budget target of IDR 2,463 trillion, or 103.3% of the revised target stated in Presidential Regulation No. 75/2023 with a figure of IDR 2,637.2 trillion. Meanwhile, state spending, which was initially targeted at IDR 3,061.2 trillion, was hoisted up to IDR 3,117.2 trillion in Perpres No. 75/2023. This means that the realization of spending until 28 December 2023 reached 96.9% of the initial target and 95.17% of the revised target. Previously, as of December 12, 2023, Sri Mulyani announced the deficit position at IDR 35 trillion. Thus, in approximately two weeks the deficit increased by around IDR 206.4 trillion. The deficit that occurred was also in line with the increase in the realization of government spending which continued to be encouraged. However, this deficit is not yet the whole of 2023, because the Ministry of Finance closed the book as of December 29, 2023. (Bisnis)

## Recommendation

**US10YT:** Still stuck inside the bearish PARALLEL CHANNEL pattern although there was an attempt to break the first resistance / MA10 (to the top of 3.875% yield). Crucial resistance is the upper channel and MA20 at 3.971% yield, which if broken will break this downtrend pattern. ADVISE: HOLD; BUY ON BREAK.

**ID10YT:** Still unable to find a reason to rebound despite limited downside potential to the bottom target area: yield 6.465%; detected from RSI which has shown positive divergence signs. Nearest resistance: MA10 / yield 6.515%. ADVISE: HOLD; WAIT & SEE.

## PRICE OF BENCHMARK SERIES

FRO090	: 96.64 (+0.00%)
FRO091	: 99.07 (+0.08%)
FRO094	: 95.68 (+0.00%)
FRO092	: 103.85 (+0.11%)
FRO086	: 98.31 (+0.18%)
FRO087	: 99.89 (+0.07%)
FRO083	: 107.14 (+0.22%)
FRO088	: 97.40 (+0.09%)

## CDS of Indonesia Bonds

CDS 2yr:	+2.42% to 29.82
CDS 5yr:	+0.26% to 71.99
CDS 10yr:	-2.81% to 125.96

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.48%	-0.01%
USDIDR	15,397	-0.15%
KRWIDR	11.93	-0.30%

## Global Indices

Index	Last	Chg.	%
Dow Jones	37,689.54	(20.56)	-0.05%
S&P 500	4,769.83	(13.52)	-0.28%
FTSE 100	7,733.24	10.50	0.14%
DAX	16,751.64	50.09	0.30%
Nikkei	33,464.17	(75.45)	-0.22%
Hang Seng	17,047.39	3.86	0.02%
Shanghai	2,974.94	20.23	0.69%
Kospi	2,655.28	41.78	1.60%
EIDO	22.32	0.09	0.40%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,063.0	(2.6)	-0.13%
Crude Oil (\$/bbl)	71.65	(0.12)	-0.17%
Coal (\$/ton)	146.40	0.95	0.65%
Nickel LME (\$/MT)	16,603	(131.0)	-0.78%
Tin LME (\$/MT)	25,415	(265.0)	-1.03%
CPO (MYR/Ton)	3,721	(18.0)	-0.48%

## 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)	138.10	133.10	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*	123.60	123.30

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	—	—	—	—	—	—	—
1 – Jan.	—	—	—	—	—	—	—
<b>Tuesday</b>	US	21:45	S&P Global US Manufacturing PMI	Dec P	48.4	48.2	48.2
2 – Jan.	CH	08:45	Caixin China PMI Mfg	Dec	50.3	50.7	50.7
	ID	—	CPI YoY	Dec	2.77%	2.86%	2.86%
	ID	07:30	S&P Global Indonesia PMI Mfg	Dec	—	51.7	51.7
	KR	07:30	S&P Global South Korea PMI Mfg	Dec	—	50.0	50.0
<b>Wednesday</b>	US	22:00	ISM Manufacturing	Dec	47.2	46.7	46.7
3 – Jan.	ID	—	CPI YoY	Dec	2.77%	2.86%	2.86%
<b>Thursday</b>	US	20:15	ADP Employment Change	Dec	113K	103K	103K
4 – Jan.	US	20:30	Initial Jobless Claims	Dec 30	—	218K	218K
	CH	08:45	Caixin China PMI Composite	Dec	—	51.6	51.6
	CH	08:45	Caixin China PMI Services	Dec	51.6	51.5	51.5
	GE	15:55	HCOB Germany Composite PMI	Dec P	46.7	46.7	46.7
	GE	20:00	CPI YoY	Dec P	3.8%	3.2%	3.2%
	EC	16:00	HCOB Eurozone Composite PMI	Dec P	47.0	47.0	47.0
	KR	04:00	Foreign Reserves	Dec	—	\$417.08B	\$417.08B
	JP	07:30	Jibun Bank Japan PMI Mfg	Dec F	—	47.7	47.7
<b>Friday</b>	US	20:30	Change in Nonfarm Payrolls	Dec	168K	199K	199K
5 – Jan.	US	20:30	Unemployment Rate	Dec	3.8%	3.7%	3.7%
	US	22:00	Factory Orders	Nov	2.1%	-3.6%	-3.6%
	US	22:00	Durable Goods Orders	Nov F	—	5.4%	5.4%
	ID	—	Foreign Reserves	Dec	—	\$138.10B	\$138.10B
	EC	17:00	CPI MoM	Dec P	0.2%	-0.6%	-0.6%
	JP	12:00	Consumer Confidence Index	Dec	36.5	36.1	36.1

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



## Research Division

### Head of Research

**Liza Camelia Suryanata**

Equity Strategy, Macroeconomics,  
Technical  
T +62 21 5088 ext 9134

### Analyst

**Axell Ebenhaezer**

Mining, Property  
T +62 21 5088 ext 9133  
E Axell.Ebenhaezer@nhsec.co.id

### Analyst

**Cindy Alicia Ramadhania**

Consumer, Healthcare  
T +62 21 5088 ext 9129  
E cindy.alicia@nhsec.co.id

### Analyst

**Leonardo Lijuwardi**

Banking, Infrastructure  
T +62 21 5088 ext 9127  
E leonardo.lijuwardi@nhsec.co.id

### Research Support

**Amalia Huda Nurfalah**

Editor & Translator  
T +62 21 5088 ext 9132  
E amalia.huda@nhsec.co.id

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## PT. NH Korindo Sekuritas Indonesia

### JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51<sup>st</sup> Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 5088 9102

### Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15311

Indonesia

Telp : +62 21 509 20230

### Branch Office Medan :

Jl. Asia No. 548 S

Medan – Sumatera Utara 20214

Indonesia

Telp : +62 614 156500

### Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 860 22122

### Branch Office Bandengan (Jakarta Utara):

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

### Branch Office Kamal Muara (Jakarta Utara):

Rukan Exclusive Mediterania

Blok F No.2

Jakarta Utara 14470

Indonesia

Telp : +62 24 844 6878

### Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 1330

### Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Telp : +62 411 360 4650

### Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

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Jakarta