

Morning Brief

Daily | January 22, 2024

Today's Outlook:

US MARKETS: Treasury yields inched lower, while supply concerns arising from simmering tensions in the Middle East pushed oil prices higher for the week. All three major U.S. stock indexes surged more than 1% on the day, resulting a weekly gain. A sunnier-than-expected consumer sentiment reading added to the list of solid economic data released this week, notably retail sales and jobless claims. The robust indicators dampened expectations that the Federal Reserve would start cutting its key policy rate as soon as March, while also providing assurance that the U.S. economy was under no immediate threat of recession. Financial markets have priced in a 46.2% probability that the central bank will cut the Fed funds target rate by 25 basis points in March, according to CME's FedWatch tool.

U.S. 10-year Treasury yields edged lower, pausing after several sessions of gains. Benchmark 10-year notes were last down rose 3/32 in price to yield 4.1341%, from 4.144% late on Thursday. The 30-year bond rose 16/32 in price to yield 4.3437%, down from 4.372%. The dollar inched down against a basket of world currencies, but remained poised for a weekly advance amid cooling rate cut optimism. The dollar index fell 0.26%, with the euro up 0.18% to \$1.0894.

ASIA MARKETS: China will be in the limelight today when they announce the PBoC Loan Prime Rate policy for short-term and long-term (5Y) which are expected to remain at 3.45% and 4.20% respectively.

COMMODITIES: Crude prices dipped but were higher for the week as supply concerns arising from mounting tensions in the Middle East outweighed worries over softening demand. U.S. crude dropped 0.90% to settle at USD 73.41 per barrel, while Brent settled at USD 78.56 per barrel, down 0.68% on the day. Spot gold added 0.3% to USD 2,028.16 an ounce but appeared set for the biggest weekly decline in six week.

Corporate News

Tower Bersama Offers IDR 2.7 Trillion Bonds PT Tower Bersama Infrastructure Tbk (TBIG) will issue and offer sustainable bonds VI Tower Bersama Infrastructure Phase III 2024 worth IDR 2.7 trillion. The bonds are part of an ongoing public offering for Tower Bersama Infrastructure VI sustainable bonds, with a maximum target fund to be raised of IDR 20 trillion. The bonds are issued scripless and offered at 100 percent of the principal amount with a fixed interest rate of 6.75 percent per year. The bonds have a tenor of 370 calendar days from the issuance date and bond interest is paid quarterly. The first bond interest will be paid on May 6, 2024, while the last bond interest as well as bond repayment will be paid on February 16, 2025. The company has obtained a rating from PT Fitch Ratings Indonesia with a rating of AA+. (Bisnis)

Domestic Issue

Bond Issuance Still Vibrant During the week from January 15 to 19, 2024, there were listings of perpetual securities, sustainable sukuk ijarah, shares, and sustainable sukuk wakalah. The listing of Indonesia Infrastructure Finance's Environmental Perpetual Securities Year 2023 started this week on the Indonesia Stock Exchange (IDX). On Monday (15/1), PT Indonesia Infrastructure Finance (IIF) has successfully issued Indonesia Infrastructure Finance 2023 Environmentally Sound Perpetual Securities with an emission value of IDR 355.19 billion. Then, on Wednesday (17/1), the Sustainable Sukuk Ijarah II Moratelindo Phase II Year 2024 issued by PT Mora Telematics Indonesia Tbk (MORA) or Moratelindo began to be listed on the IDX with a nominal value of IDR 279.63 billion. Closing this week, there was a listing of the Sustainable Sukuk Wakalah I Medco Power Indonesia Phase III Year 2024 issued by PT Medco Power Indonesia (MEDP) on Friday (19/1) with a nominal value of IDR 750 billion. Pefindo's rating result for this issuance is idA (sy) (Single A Sharia). With this listing, the total bond and sukuk emissions listed on the IDX amounted to 546 emissions with an outstanding nominal value of IDR 461.60 trillion and USD 32.362 million, issued by 128 issuers. Government Securities (SBN) listed on the IDX amounted to 186 series with a nominal value of IDR 5,726.74 trillion and USD 502.10 million. EBA as many as 10 emissions worth IDR 3.25 trillion. (Emiten News)

Recommendation

US10YT ended last week with a Shooting Star-like candle, the High point briefly touched the 4.198% yield, but the Closing position remains comfortably above the third Moving Average support. Nearest TARGET: 4.258% seems to be within reach after a short consolidation to the Support area. ADVISE: BUY ON WEAKNESS, uptrend is still considered intact.

ID10YT continues consolidation to MA20 Support as well as upper wedge around yield 6.60% - 6.580%. The condition is opposite to US10YT, where ID10YT must pass the third Moving Average Resistance in order to secure the uptrend swing towards the TARGET yield of 6.948% - 6.962%. ADVISE: HOLD; WAIT & SEE, Buy on Weakness.

PRICE OF BENCHMARK SERIES

FR0090 : 96.66 (+0.04%)
FR0091 : 98.84 (+0.21%)
FR0094 : 96.12 (+0.11%)
FR0092 : 102.73 (+0.07%)

FR0086 : 98.39 (+0.12%)
FR0087 : 99.49 (+0.08%)
FR0083 : 106.33 (+0.13%)
FR0088 : 96.40 (+0.54%)

CDS of Indonesia Bonds

CDS 2yr: -1.50% to 31.84

CDS 5yr: -1.89% to 74.26

CDS 10yr: -1.31% to 131.77

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.62%	-0.09%
USDIDR	15,615	-0.03%
KRWIDR	11.66	-0.03%

Global Indices

Index	Last	Chg.	%
Dow Jones	37,863.80	395.19	1.05%
S&P 500	4,839.81	58.87	1.23%
FTSE 100	7,461.93	2.84	0.04%
DAX	16,555.13	(12.22)	-0.07%
Nikkei	35,963.27	497.10	1.40%
Hang Seng	15,308.69	(83.10)	-0.54%
Shanghai	2,832.28	(13.51)	-0.48%
Kospi	2,472.74	32.70	1.34%
EIDO	22.21	0.02	0.09%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,029.5	6.2	0.30%
Crude Oil (\$/bbl)	73.41	(0.67)	-0.90%
Coal (\$/ton)	128.00	(0.90)	-0.70%
Nickel LME (\$/MT)	16,036	(120.0)	-0.74%
Tin LME (\$/MT)	25,298	(59.0)	-0.23%
CPO (MYR/Ton)	3,939	44.0	1.13%

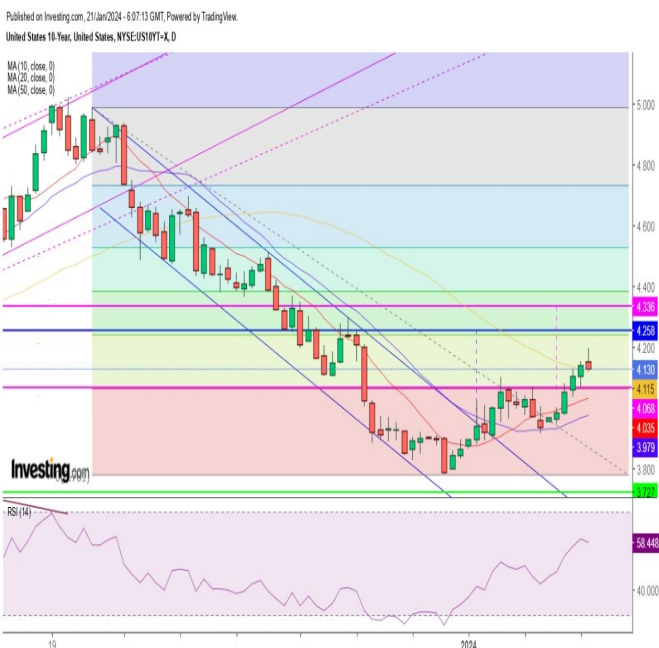
Indonesia Macroeconomic Data

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 22 – Jan.	US	22:00	Leading Index	Dec	-0.3%	-0.5%	
	CH	—	FDI YTD YoY CNY	Dec	—	-10.0%	
Tuesday 23 – Jan.	EC	22:00	Consumer Confidence	Jan P	-14.0	-15.0	
	JP	—	BoJ Policy Balance Rate	Jan 23	—	-0.100%	
Wednesday 24 – Jan.	US	21:45	S&P Global US Manufacturing PMI	Jan P	48.0	47.9	
	GE	15:30	HCOB Germany Manufacturing PMI	Jan P	44.0	43.3	
	EC	16:00	HCOB Eurozone Manufacturing PMI	Jan P	—	44.0	
	JP	07:30	Jibun Bank Japan PMI Mfg	Jan P	—	47.9	
Thursday 25 – Jan.	US	20:30	GDP Annualized QoQ	4Q A	1.9%	4.9%	
	US	20:30	Durable Goods Orders	Dec P	1.0%	5.4%	
	US	20:30	Initial Jobless Claims	Jan 20	—	187K	
	US	22:00	New Home Sales	Dec	650K	590K	
	GE	16:00	IFO Business Climate	Jan	86.9	86.4	
	GE	16:00	IFO Expectations	Jan	—	84.3	
	KR	06:00	GDP YoY	4Q A	2.2%	1.4%	
Friday 26 – Jan.	US	20:30	Personal Income	Dec	0.3%	0.4%	
	US	20:30	Personal Spending	Dec	0.4%	0.2%	
	EC	16:00	M3 Money Supply YoY	Dec	—	-0.9%	
	JP	06:30	Tokyo CPI YoY	Jan	2.0%	2.4%	

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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