

Today's Outlook:

The S&P 500 closed at a new all-time high of 4864.11 for the third consecutive session on Tuesday (23/01/23) on the back of a bullish view on the Technology sector. As for the NASDAQ itself, it led the gains of the major US indices by rising 0.4% to a record high, while the Dow Jones Industrial Average left the 38,000 mark again by falling 0.3%. MSCI's global equity index which tracks stocks in 49 countries edged up 0.14%, while the Japanese Yen weakened after the Bank of Japan did not change its monetary policy but signaled that the negative interest rate trend may be nearing its end. The Dollar Index rose to its highest level in 6 weeks, along with US Treasury yields that also rose as investors await the US GDP 4Q23 and US PCE (Dec.) data which is the Federal Reserve's favorite inflation benchmark, to determine the direction of future interest rate trends. The benchmark 10-year US Treasury yield rose to 4.1378% compared to Monday's close of 4.094%. The 2-year yield, which rose in line with traders' expectations of higher for longer interest rates, touched 4.3784% compared to the US close of 4.376%.

Speaking of interest rates, the European Central Bank (ECB) meeting on Thursday is expected to keep interest rates steady at current levels. This is in line with expectations for the Fed's FOMC Meeting next week, where investors will be paying more attention to clues as to when the rate cut will happen. There is currently only about a 40% chance of a rate cut in March, compared to nearly 80% at the beginning of this month, as quoted from Investing.com's Fed Rate Monitor Tool. S&P Global US Manufacturing & Services PMI data later tonight will also be taken into consideration.

ASIA & EUROPE MARKETS: CHINA'S government announced to take stimulus measures to stabilize market confidence by mobilizing around 2 trillion Yuan (USD278.53 billion) into the stock market, as reported by Bloomberg News. Such good news immediately boosted the Hang Seng index - Hong Kong rebounded 2.6%, as did the Shanghai Composite index which rallied around 0.5% after both slumped in the previous session, with Shanghai even touching a 5-year low. This morning, Japan started the NIKKEI stock market on a lackluster note, with the announcement of very high Export growth plus a slowing negative Import pace, all expected to significantly reduce their Trade Balance deficit. In continental Europe, a number of PMI economic indicators from key countries such as GERMANY, EUROZONE, & UK will color the focus of attention of market participants today.

COMMODITIES: OIL prices on Tuesday returned to negative territory amid sentiment of production disruptions in the US and conflicts in the Middle East and Europe; offset by rising crude supplies in Libya and Norway. Production at Libya's Sharara oil field restarted earlier this week following the end of protests that halted production since the beginning of this month, after the local government agreed to a number of demands. Meanwhile in the US, the state of North Dakota estimates that oil production in the region is down by around 250,000 to 300,000 barrels per day. Extreme cold weather also disrupted about 15% of production capacity on the Gulf Coast. Nevertheless, US crude oil (WTI) closed down 0.5% to USD74.37/barrel. Brent crude oil (Europe) also ended down 0.64% at USD79.55/barrel. On the other hand, GOLD prices in the spot market rose 0.33% to USD2,027.99/ounce, as investors await economic data and clarity on Fed policy.

Corporate News

Sinar Mas Group Issuer (INKP) Releases IDR 5 Trillion Notes. PT Indah Kiat Pulp & Paper Tbk (INKP) will issue debt securities in the form of rupiah bonds, sukuk, and US dollar bonds with a total value of IDR 5 trillion. The funds will be used for debt refinancing and working capital of the Sinar Mas Group issuer. Indah Kiat management in the bond prospectus quoted on Tuesday (23/1/2024) revealed that it will issue sustainable bonds IV phase IV in 2024 worth IDR 4 trillion. At the same time, the pulp & paper producer will also issue sustainable mudharabah sharia bonds (sukuk) III phase IV in 2024 worth IDR 695.09 billion. In addition, Indah Kiat will release sustainable dollar bonds I phase III in 2024 amounting to USD 25 million or equivalent to IDR 391.78 billion. Thus, the total funds to be raised from the issuance of the three debt securities will reach IDR 5.08 trillion. The issuer coded INKP shares will offer bonds worth IDR 4 trillion in two series, namely series A worth IDR 906.68 billion with an interest rate of 10.25% and a term of three years, and series B amounting to IDR 111.84 billion with an interest rate of 10.75% and a term of five years. The remaining principal offered of IDR 2.98 trillion will be guaranteed on a best effort basis. Mudharabah sukuk are also offered in two series, namely series A worth IDR 349.69 billion with a profit sharing equivalent of 10.25% and a three-year tenor, and series B amounting to IDR 43.72 billion with a profit sharing equivalent of 10.75% and a five-year tenor. The remaining mudharabah sukuk funds offered, totaling IDR 301.68 billion, will be guaranteed in the best possible way. (Investor Daily)

Domestic Issue

Government Raises IDR 12 Trillion from State Sukuk Auction. The government through the Directorate General of Financing and Risk Management of the Ministry of Finance (DJPPR Kemenkeu) has conducted an auction of Government Sharia Securities (SBSN) or state sukuk today (23/1/2024). As a result, the government raised IDR 12 trillion. Seven series of SBSN were auctioned through the Bank Indonesia (BI) auction system. Namely, SPNS09072024 series (reopening), SPNS07102024 (reopening), PBS032 (reopening), PBS030 (reopening), PBSG001 (reopening), PBS004 (reopening) and PBS038 (reopening). "The total incoming bid amounted to IDR 23.76 trillion. The total nominal won from the seven series was IDR 12 trillion," said the Ministry of Finance's DJPPR in its official statement, Jakarta, yesterday afternoon. (IDX Channel)

Recommendation

US10YT seems ready to resume its upward swing towards TARGET: 4.258%/4.336% yield, after successfully maintaining its position above the third Moving Average Support. ADVISE: AVERAGE UP above yield 4.152%. Support: yield 4.094% - 4.021%.

ID10YT indicated a rebound from the upper wedge Support, even now its position has passed the third Moving Average Resistance again (above MA10,20,50) making the yield level: 6.664% - 6.626% as the closest Support at the moment. ADVISE: AVERAGE UP above yield 6.75% - 6.773%. TARGET: 6.948% - 7.962%, up to 7.0% psychological level.

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

PRICE OF BENCHMARK SERIES

FR0090 : 96.51 (-0.15%)
FR0091 : 98.96 (+0.01%)
FR0094 : 96.20 (-0.01%)
FR0092 : 102.63 (-0.12%)

FR0086 : 98.58 (+0.04%)
FR0087 : 99.62 (+0.00%)
FR0083 : 106.42 (-0.03%)
FR0088 : 96.48 (+0.09%)

CDS of Indonesia Bonds

CDS 2yr: +1.44% to 32.13
CDS 5yr: +0.61% to 74.67
CDS 10yr: +1.16% to 132.64

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.60%	-0.00%
USDIDR	15,630	-0.03%
KRWIDR	11.73	0.40%

Global Indices

Index	Last	Chg.	%
Dow Jones	37,905.45	(96.36)	-0.25%
S&P 500	4,864.60	14.17	0.29%
FTSE 100	7,485.73	(1.98)	-0.03%
DAX	16,627.09	(56.27)	-0.34%
Nikkei	36,517.57	(29.38)	-0.08%
Hang Seng	15,353.98	392.80	2.63%
Shanghai	2,770.98	14.64	0.53%
Kospi	2,478.61	14.26	0.58%
EIDO	21.87	(0.21)	-0.95%

Commodities

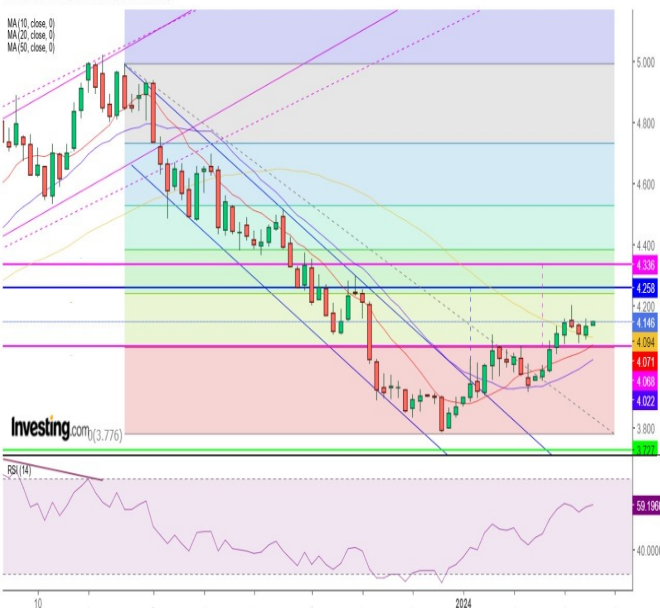
Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,029.3	7.6	0.37%
Crude Oil (\$/bbl)	74.37	(0.39)	-0.52%
Coal (\$/ton)	127.30	(0.15)	-0.12%
Nickel LME (\$/MT)	16,306	299.0	1.87%
Tin LME (\$/MT)	26,239	622.0	2.43%
CPO (MYR/Ton)	3,948	44.0	1.13%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	US	22:00	Leading Index	Dec	-0.1%	-0.3%	-0.5%
22 – Jan.	CH	—	FDI YTD YoY CNY	Dec	-8.0%	—	-10.0%
Tuesday	EC	22:00	Consumer Confidence	Jan P	-16.1	-14.0	-15.0
23 – Jan.	JP	—	BoJ Policy Balance Rate	Jan 23	-0.100%	-0.100%	-0.100%
Wednesday	US	21:45	S&P Global US Manufacturing PMI	Jan P		48.0	47.9
24 – Jan.	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	US	20:30	GDP Annualized QoQ	4Q A		1.9%	4.9%
25 – Jan.	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	US	20:30	Personal Income	Dec		0.3%	0.4%
26 – Jan.	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

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Indonesia 10 Years Treasury

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