

# Morning Brief

Daily | January 25, 2024

## Today's Outlook:

**US MARKETS:** US Treasury yields edged higher after the release of S&P Global US Manufacturing & Services PMI data which grew further in expansionary territory in January, pointing to underlying strength in the US economy, supporting the notion of no near-term interest rate cut by the Federal Reserve. Furthermore, important economic indicators such as: Thursday's fourth-quarter US GDP and December's Personal Consumption Expenditures data due out on Friday; plus the usual weekly Durable Goods Orders and Initial Jobless Claims, as well as the New Home Sales (Dec.) indicator could influence the Fed's decision-making.

**EUROPEAN MARKETS:** HCOB Germany Manufacturing PMI (Jan) is increasingly trying to get out of contraction territory, but is not being offset, as the Services sector is weakening; resulting in the German Composite PMI in January as a whole is expected to remain sluggish, in line with the Eurozone region. However, this was not the case with the UK which managed to record a better PMI performance, although their Manufacture sector was still struggling in contractionary territory but was helped by an increase in the Services sector, so the UK Composite PMI managed to maintain its position in expansionary territory.

Late afternoon, there will be a number of important economic indicators from Continental Europe such as the German Ifo Business Climate Index (Jan) which is expected to show a slight optimism on the business climate in Germany in the next 6 months. The highlight of the day is the European Central Bank (ECB) decision on interest rates which is expected to remain unchanged at 4.5%.

**ASIA MARKETS:** Japan reported au Jibun Bank Japan Manufacturing PMI which has not been able to get out of contraction territory but was offset by an increasingly expansionary Services sector at 52.7. This morning, South Korea has released 4Q23 GDP data which grew to 2.2% YoY higher than expectations and the previous quarter.

**INDONESIA** recorded that investment realization in 2023 reached IDR 1,418.9 trillion. This achievement was 101.3% of the target set by President Joko Widodo of IDR 1,400 trillion in 2023. This investment consisted of IDR 744.0 trillion (52.4%) in Foreign Direct Investment (FDI); the rest, IDR 674.9 trillion (47.6%) in Domestic Direct Investment.

Meanwhile, investment realization in 2023 was also higher than in 2022. The Ministry of Investment/BKPM noted that Indonesia's investment realization in 2022 reached IDR 1,207.2 trillion, of which 48.5% was in Java and the remaining 51.5% was outside Java.

## Corporate News

**Sinar Mas Agro (SMAR) Will Repay Bonds from Bank Loans** PT Sinar Mas Agro Resources and Technology Tbk (SMAR) said that it is ready to pay off bonds that will mature in the near future. SMAR Corporate Secretary, Jimmy Pramono, revealed that the Company has prepared funds for the principal payment of SMART Phase III Year 2021 Series B Sustainable Bonds II (Bonds) which will mature on February 19, 2024 amounting to IDR 380,000,000,000.00 (three hundred and eighty billion Rupiah). According to Jimmy, the availability of funds for this principal payment is supported by a good liquidity position as reflected in the Company's Consolidated Financial Statements as of September 30, 2023. SMART also has credit facilities from several banks that have not been utilized. (Emiten News)

## Domestic Issue

**Rupiah Weakens as Bond Market Sells Off** The rupiah currency at the end of trading Wednesday (24/1) closed weak against the United States dollar (US) amid a sell-off in the bond market. The rupiah fell by 76 points or 0.49% to IDR 15,713 per US dollar from previously reaching IDR 15,637 per US dollar. "The sell-off in the global bond market contributed to the appreciation of the US dollar," said Permata Bank Chief Economist Josua Pardede as reported by Antara, Wednesday. According to him, the sell-off in the bond market was caused by a supply-driven sell-off in the European bond market and a demand-driven sell-off in the Japanese bond market. The sell-off in the Japanese bond market was triggered by a statement from the Japanese central bank (BoJ) which signaled that it would no longer maintain negative interest rates. However, it has yet to signal the exact timing. (Investor Daily)

## Recommendation

**US10YT** is quite comfortable in a short-term swing uptrend supported by three Moving Averages, undergoing a PARALLEL CHANNEL-pattern rise, towards TARGET: 4.258%/4.357% yield. ADVISE: AVERAGE UP accordingly.

**ID10YT** had an attempt to break three layers of Moving Average Resistance, but could not close above the yield of 6.643%. ADVISE: AVERAGE UP / BUY ON BREAK. Nearest TARGET: 6.75% yield, afterwards: 6.948% - 6.962% yield.

## PRICE OF BENCHMARK SERIES

FR0090	: 96.49 (-0.02%)
FR0091	: 98.84 (-0.12%)
FR0094	: 96.18 (-0.02%)
FR0092	: 102.49 (-0.13%)
FR0086	: 98.61 (+0.03%)
FR0087	: 99.60 (-0.06%)
FR0083	: 106.32 (-0.09%)
FR0088	: 96.37 (-0.11%)

## CDS of Indonesia Bonds

CDS 2yr	: -0.05% to 32.12
CDS 5yr	: -0.27% to 74.47
CDS 10yr	: -0.13% to 132.46

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.63%	0.02%
USDIDR	15,710	0.51%
KRWIDR	11.75	0.18%

## Global Indices

Index	Last	Chg.	%
Dow Jones	37,806.39	(99.06)	-0.26%
S&P 500	4,868.55	3.95	0.08%
FTSE 100	7,527.67	41.94	0.56%
DAX	16,889.92	262.83	1.58%
Nikkei	36,226.48	(291.09)	-0.80%
Hang Seng	15,899.87	545.89	3.56%
Shanghai	2,820.77	49.80	1.80%
Kospi	2,469.69	(8.92)	-0.36%
EIDO	21.84	(0.03)	-0.14%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,013.9	(15.4)	-0.76%
Crude Oil (\$/bbl)	75.09	0.72	0.97%
Coal (\$/ton)	127.20	(0.10)	-0.08%
Nickel LME (\$/MT)	16,648	342.0	2.10%
Tin LME (\$/MT)	26,509	270.0	1.03%
CPO (MYR/Ton)	3,994	46.0	1.17%

## 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
<b>Monday</b> 22 – Jan.	US	22:00	Leading Index	Dec	-0.1%	-0.3%	-0.5%
	CH	—	FDI YTD YoY CNY	Dec	-8.0%	—	-10.0%
<b>Tuesday</b> 23 – Jan.	EC	22:00	Consumer Confidence	Jan P	-16.1	-14.0	-15.0
	JP	—	BoJ Policy Balance Rate	Jan 23	-0.100%	-0.100%	-0.100%
<b>Wednesday</b> 24 – Jan.	US	21:45	S&P Global US Manufacturing PMI	Jan P	50.3	48.0	47.9
	GE	15:30	HCOB Germany Manufacturing PMI	Jan P	45.4	44.0	43.3
	EC	16:00	HCOB Eurozone Manufacturing PMI	Jan P	46.6	—	44.0
	JP	07:30	Jibun Bank Japan PMI Mfg	Jan P	48.0	—	47.9
<b>Thursday</b> 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%
<b>Friday</b> 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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