

Morning Brief

Daily | January 26, 2024

Today's Outlook:

US MARKETS: US GDP 4Q23 showed a stronger-than-expected figure, with slowing inflation supported soft landing expectations, has pushed the bond yields lower. The US recorded economic growth in 4Q23 of 3.3%, down from 4.9% in the third quarter, although it surpassed economists' expectations of 2%, driven by strong public spending. Meanwhile, Core PCE (Personal Consumption Expenditure) prices, which is the Fed's favorite gauge of inflation, remained at 2% as in the previous quarter. In essence, public spending did peak in the third quarter, with consumers spending money on vacations, entertainment and recreation. In response to these data, the 10-year US Treasury yield fell 4.5 bps to 4.135%.

On the other hand, Initial Jobless Claims for last week recorded 214k new jobless claims, up from 189k in the previous week and also higher than the 200k forecast. Despite this increase in jobless claims, the Building Permits & New Home Sales (Dec.) data came in higher than expected, providing further clues that the health of the property sector is good, and adding to the idea that the US is far from a recession. To complement the above economic indicators, later tonight at around 20:30 WIB, the PCE price index (Dec.) will be announced as input for the Fed's decision at next week's FOMC Meeting.

EUROPEAN & ASIAN MARKETS: Germany is still pessimistic about the business climate in the next six months, as reflected in the German Ifo Business Climate Index (Jan.). Meanwhile, the European Central Bank has released its interest rate decision by holding it at 4.5%, as expected. Japan this morning announced the Tokyo Inflation rate for January, which came in at 1.6% yoy for both headline Inflation and core CPI, which was lower than the previous month. These results will further justify their super-loose monetary policy with negative interest rates.

COMMODITIES: OIL prices surged to 8-week highs of around 3 percent for both WTI and Brent on Thursday as stronger US economic data eased concerns about a global economic slowdown and potentially improved demand prospects just a day after China launched monetary policy stimulus to prop up its stock market. The ongoing conflict in the Middle East was able to act as support for oil prices, amid hopes of a potential ceasefire in Gaza.

Corporate News

PYFA Offers IDR 400 Billion Bonds with 9.5 Percent Interest Rate PT Pyridam Farma Tbk (IDX: PYFA) will conduct a public offering of Sustainable Bonds I Pyridam Farma Phase III in 2024 with a maximum value of IDR 400 billion, starting February 19-20, 2024. Aldiracita Sekuritas Indonesia and Sinarmas Sekuritas as the underwriters have guaranteed with full commitment the absorption of debt securities with an irBBB+ rating from Kredit Rating Indonesia. To attract investors, the pharmaceutical issuer offers 9.5 percent interest per year until maturity after two years of issuance. The plan is to use the proceeds from the bond issuance for business development, including but not limited to expansion costs, capital expenditure costs, raw material costs, operational costs, marketing costs, product development costs, and other necessary costs. (Pasar Dana)

Domestic Issue

Bright Prospects for Government Securities (SBN) in 2024 The bond market throughout 2024 will still have the opportunity to experience improved performance in line with the decline in the benchmark interest rate by the central bank. Even Government Securities (SBN) will have increased attractiveness for investors. Head of Market Research and Information Department of PT Penilai Harga Efek Indonesia (PHEI) Roby Rushandie said that currently the market will still be watching the Fed's dovish policy. The wait-and-see market also considers the Indonesian and US elections and the escalation of the Middle East conflict. "The prospect of the bond market this year has the opportunity to experience an increase in performance if the central bank lowers the benchmark interest rate," Roby told Bisnis, last Thursday (25/1/2024). State bonds or SBN will also attract investors' attention, especially since Indonesia's debt securities rating is expected to remain in line with the stable outlook for economic growth, and there are still high external risks that can affect the condition of the state budget. Roby explained that SBN with a short tenor is a safety from risk along with the high uncertainty. Meanwhile, SBN with long tenors to get high yield opportunities amid the projected economic slowdown. (Bisnis)

Recommendation

US10YT is still running within the uptrend channel and above the third moving average platform, in order to reach the TARGET yield: 4.258% / 4.357%. ADVISE: BUY ON WEAKNESS; or average up accordingly. Support : yield 4.092% - 4.036%.

ID10YT is trying to break one more Moving Average Resistance, namely MA10 at the yield level of 6.642%; which if successfully broken, it will free ID10YT yield to continue the swing trend towards TARGET: yield 6.75% / 6.948% - 6.962%. ADVISE: AVERAGE UP accordingly.

PRICE OF BENCHMARK SERIES

FR0090	: 96.48 (-0.01%)
FR0091	: 98.70 (-0.14%)
FR0094	: 96.16 (-0.02%)
FR0092	: 102.40 (-0.09%)
FR0086	: 98.52 (-0.09%)
FR0087	: 99.29 (-0.27%)
FR0083	: 106.13 (-0.17%)
FR0088	: 95.98 (-0.40%)

CDS of Indonesia Bonds

CDS 2yr	: +1.06% to 32.46
CDS 5yr	: +1.91% to 75.89
CDS 10yr	: +0.81% to 133.53

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.66%	0.04%
USDIDR	15,825	0.73%
KRWIDR	11.85	0.83%

Global Indices

Index	Last	Chg.	%
Dow Jones	38,049.13	242.74	0.64%
S&P 500	4,894.16	25.61	0.53%
FTSE 100	7,529.73	2.06	0.03%
DAX	16,906.92	17.00	0.10%
Nikkei	36,236.47	9.99	0.03%
Hang Seng	16,211.96	312.09	1.96%
Shanghai	2,906.11	85.34	3.03%
Kospi	2,470.34	0.65	0.03%
EIDO	21.57	(0.27)	-1.24%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,020.8	7.0	0.35%
Crude Oil (\$/bbl)	77.36	2.27	3.02%
Coal (\$/ton)	126.80	(0.40)	-0.31%
Nickel LME (\$/MT)	16,701	53.0	0.32%
Tin LME (\$/MT)	26,648	139.0	0.52%
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
Monday 22 – Jan.	US	22:00	Leading Index	Dec	-0.1%	-0.3%	-0.5%
	CH	—	FDI YTD YoY CNY	Dec	-8.0%	—	-10.0%
Tuesday 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%
Wednesday 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
Thursday 25 – Jan.	US	20:30	GDP Annualized QoQ	4Q A	3.3%	1.9%	4.9%
	US	20:30	Durable Goods Orders	Dec P	0.0%	1.0%	5.4%
	US	20:30	Initial Jobless Claims	Jan 20	214K	—	187K
	US	22:00	New Home Sales	Dec	649K	650K	590K
	GE	16:00	IFO Business Climate	Jan	85.2	86.9	86.4
	GE	16:00	IFO Expectations	Jan	83.5	—	84.3
	KR	06:00	GDP YoY	4Q A	2.2%	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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