

# Morning Brief

## Today's Outlook:

**US MARKETS:** The US Labor Department reported 9.026 million job creation in the latest December JOLTS job openings data, higher than the previous estimate of 8.75 million and also from Nov 8.925 million. The strong labor data came as Consumer Confidence also jumped to a 2-year high. Both indicators, which signal economic strength, pushed the 2-year US Treasury yield higher as investors thought that the data would make the Fed keep interest rates higher for longer (although the public seems to have calculated that this meeting will result in an unchanged interest rate decision).

In response to the data, short-term US Treasury yields also rose and global equity indices moved close to 2-year highs.

**Other key economic indicators this week for investors to focus on include: the Bank of England's decision on interest rates and the continued wave of US employment data for January throughout the week.** Market participants have further raised the probability of no rate cut in March to 58.3% from 52.9% on Monday, according to CME Group's FedWatch Tool survey. The 2-year US Treasury yield, which reflects interest rate expectations, rose 3.3 basis points to 4.355%. Meanwhile, the 10-year US Treasury yield rebounded after the jobs data and then fell 4.8 basis points to 4.043%.

**COMMODITIES:** A jittery market due to the escalation of the Middle East conflict kept Brent crude oil prices above USD 80/barrel, underpinned by potential supply concerns. In addition, the latest API weekly Crude Oil Stock data in fact dropped 2.5 million barrels, much higher than the forecast of 867 thousand barrels, after dropping 6.67 million barrels in the previous week. GOLD prices rose to a two-week high of USD 2050.90/ounce amid weakness in the Dollar and falling long-term US Treasury yields as investors await the Fed's views on interest rates and economic projections.

**ASIA MARKETS:** On the other hand, China's regional stocks & Hong Kong's Hang Seng slumped amid deepening concerns about China's real-estate sector after property giant Evergrande was ordered to liquidate by a Hong Kong court on Monday. This morning, South Korea and Japan have both published industrial production that both rose in Dec, amid weak retail sales for the month respectively. The more important data from the Asian continent is PMI figures from China where consensus expects to see China move out of contractionary territory for its Manufacturing sector, while strengthening its Services sector in expansionary territory.

**EUROPEAN MARKETS:** Germany reported 4Q23 GDP contracted by 0.2% yoy as expected, somewhat improved from the previous quarter minus 0.4%. The Eurozone region's economic growth still looks better as 4Q23 GDP was able to show a positive figure of 0.1%. Today there is a pile of economic data from Germany that will need to be monitored, one of which is: the latest Dec Retail Sales figure is still sluggish at minus 2.4%, Unemployment Rate with predictions not changing much from 5.9%, German CPI (Jan) with forecasts cooling to 3.0% YoY, compared to previous month 3.7%.

## Corporate News

**Indonesia Eximbank Prepares IDR 1 Trillion to Pay Off Bonds** The Indonesian Export Financing Agency or Indonesia Eximbank will pay off the principal payment of the ongoing bonds III Phase IV Year 2017 series D worth IDR 1 trillion. To the Financial Institutions and Treasury Division of Indonesia Eximbank, Emalia Tisnamisastra said, the principal payment of sustainable bonds will mature on February 23, 2024. Emalia stated that the company has provided the principal payment of the bonds. "The funds we have provided for the payment of principal bonds are IDR 1 trillion in accordance with the principal amount of bonds that will mature," Emalia said in her official statement on the Indonesia Stock Exchange Information Disclosure or IDX, Monday (29/1). She explained that the funds had been placed in various liquid financial instruments, including placements with banks. "Fulfilling financial obligations on time and in the right amount is the commitment of Indonesia Eximbank management," she said.(Katadata)

## Domestic Issue

**Sri Mulyani Pockets IDR 73.2 Trillion from Government Securities Auction** The government pocketed IDR 73.2 trillion from the auction of Government Bonds (SUN). This figure increased on the back of positive domestic economic data. SUN Director Deni Ridwan said the SUN market moved positively after the announcement of the Fed's net borrowing estimate for the first quarter of 2024 was lower than that announced last October. Referring to data from the Directorate General of Financing and Risk Management of the Ministry of Finance (DJPPR Kemenkeu) today's SUN auction for the SPN03240501 series (new issuance), SPN12250116 (reopening), FR0101 (reopening), FRSDG001 (reopening), FR0100 (reopening), FR0098 (reopening), FR0097 (reopening) and FR0102 (reopening) through the Bank Indonesia auction system. The increase was supported by positive domestic economic data, such as Foreign Direct Investment (FDI) which grew by 5.3% yoy in the fourth quarter of 2023. Foreign investor interest in today's SUN auction is still solid with total incoming bids of IDR 9.76 trillion. The majority of the incoming bids were in the medium-long tenor SUN series (5 and 10 years) amounting to IDR 8.21 trillion or 84.12% of the total incoming bids of foreign investors and won IDR 2.56 trillion or 10.67% of the total awarded bids. Investor interest is still dominant in the 5 and 10 year SUN series, with the number of incoming bids and awarded bids amounting to 60.35% of the total incoming bids and 68.33% of the total awarded bids, respectively. (Okezone)

## Recommendation

**US10YT slipped out of the PARALLEL CHANNEL Uptrend pattern, and closed below the MA20; making the yield of 4.061% as the nearest Resistance now before the MA10 at the yield of 4.117% to return to its upward path.** ADVISE: prepare to reduce positions, anticipate further consolidation towards the next Support: 4.0% psychological level.

**ID10YT has not managed to improve its position to above the third MA Support again to maintain up-swing consistency towards TARGET: previous High level at 6.75% yield, or even TARGET according to the pattern around 6.948% - 6.962% yield.** ADVISE: WAIT & SEE; average up accordingly above yield 6.651%.

## PRICE OF BENCHMARK SERIES

FR0090	: 96.43 (+0.10%)
FR0091	: 98.70 (+0.13%)
FR0094	: 96.20 (+0.05%)
FR0092	: 102.37 (+0.15%)
FR0086	: 98.52 (+0.05%)
FR0087	: 99.47 (+0.15%)
FR0083	: 106.28 (+0.11%)
FR0088	: 96.32 (+0.24%)

## CDS of Indonesia Bonds

CDS 2yr:	-1.54% to 32.37
CDS 5yr:	-1.53% to 75.04
CDS 10yr:	-1.07% to 133.24

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.60%	-0.04%
USDIDR	15,780	-0.19%
KRWIDR	11.87	0.27%

## Global Indices

Index	Last	Chg.	%
Dow Jones	38,467.31	133.86	0.35%
S&P 500	4,924.97	(2.96)	-0.06%
FTSE 100	7,666.31	33.57	0.44%
DAX	16,972.34	30.63	0.18%
Nikkei	36,065.86	38.92	0.11%
Hang Seng	15,703.45	(373.79)	-2.32%
Shanghai	2,830.53	(52.83)	-1.83%
Kospi	2,498.81	(1.84)	-0.07%
EIDO	21.75	0.18	0.83%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,037.0	3.8	0.19%
Crude Oil (\$/bbl)	77.82	1.04	1.35%
Coal (\$/ton)	119.55	3.15	2.71%
Nickel LME (\$/MT)	16,508	69.0	0.42%
Tin LME (\$/MT)	26,005	(324.0)	-1.23%
CPO (MYR/Ton)	3,842	(106.0)	-2.68%

## 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>	—	—	—	—	—	—	—
29 – Jan.	—	—	—	—	—	—	—
<b>Tuesday</b>	US	22:00	Conf. Board Consumer Confidence	Jan	114.8	112.5	110.7
30 – Jan.	JP	06:30	Jobless Rate	Dec	2.4%	2.5%	2.5%
<b>Wednesday</b>	US	20:15	ADP Employment Change	Jan		150K	164K
31 – Jan.	CH	08:30	Manufacturing PMI	Jan		—	49.0
	KR	06:00	Industrial Production YoY	Dec		—	5.3%
<b>Thursday</b>	US	02:00	FOMC Rate Decision (Upper Bound)	Jan 31		5.50%	5.50%
1 – Feb.	US	02:00	FOMC Rate Decision (Lower Bound)	Jan 31		5.25%	5.25%
	US	20:30	Initial Jobless Claims	Jan 27		—	214K
	US	21:45	S&P Global US Manufacturing PMI	Jan F		—	50.3
	US	22:00	ISM Manufacturing	Jan		47.5	47.2
	CH	08:45	Caixin China PMI Mfg	Jan		—	50.8
	ID	07:30	S&P Global Indonesia PMI Mfg	Jan		—	52.2
	ID	11:00	CPI YoY	Jan		2.50%	2.61%
	GE	15:55	HCOB Germany Manufacturing PMI	Jan F		—	45.4
	EC	16:00	HCOB Eurozone Manufacturing PMI	Jan F		—	46.6
	EC	17:00	CPI MoM	Jan P		-0.3%	0.2%
<b>Friday</b>	US	20:30	Change in Nonfarm Payrolls	Jan		185K	216K
2 – Feb.	US	20:30	Unemployment Rate	Jan		3.7%	3.7%
	US	22:00	U. of Mich. Sentiment	Jan F		78.8	78.8
	US	22:00	Factory Orders	Dec		0.5%	2.6%
	US	22:00	Durable Goods Orders	Dec F		—	0.0%
	KR	06:00	CPI YoY	Jan		2.8%	3.2%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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