

# Morning Brief

Daily | January 04, 2024

## Today's Outlook:

**US MARKETS:** the release of the Federal Reserve's December Minutes failed to answer the questions hanging over the market. While the Fed is expected to hold rates in place at this January's FOMC Meeting, traders have priced in a 67% chance of a 25 bps rate cut in March, according to the CME Group FedWatch survey. The Fed Meeting Minutes released yesterday also provided a new outlook where policymakers are increasingly confident that Inflation is under control, with the potential for Inflation to heat up again having been eliminated, but there are now concerns that this achievement comes at the cost of an economic slowdown due to overly tight monetary policy. The Fed has also not given any clues on when the first pivot will start.

**Speaking of economic data, the US published the ISM Manufacturing PMI (Dec.) which is still relatively in contractionary territory but has started to move in a more expansionary direction;** while the JOLTs Job Openings proved there were fewer jobs in November than predicted and the previous month. Later tonight follows the second crucial employment data, which is the ADP Nonfarm Employment Change (Dec.), which is predicted to add 115k private sector workers compared to 103k jobs created in November. Weekly Initial Jobless Claims, US S&P Global Composite and Services PMI will also add to the list of important economic data to watch.

**EUROPEAN & ASIAN MARKETS:** Germany released December Unemployment Rate at 5.9% as expected, a slight increase from November at 5.8%. From Asia today, Japan and China will showcase their December Manufacturing PMI & Services PMI data to see if Japan's manufacturing sector is still struggling in contraction territory, while China's services sector continues to strengthen its expansion. The same question also applies to the UK with regard to the scheduled release of the S&P Global UK Composite PMI (Dec.) data which is expected to expand further to a reading of 51.7 from the previous position of 50.7. Market participants will be closely monitoring the German Inflation announcement later tonight at around 20:00 GMT where German CPI is expected to accelerate back to 3.7% yoy in December, up from November.

**COMMODITIES:** OIL prices were pushed up after the American Petroleum Institute (API) released weekly US oil reserve stocks figures turned out to drop 7.4 million barrels, far more than expected by almost 3 million barrels, in sharp contrast to the previous week which was still a surplus of 1.8 million barrels. Later tonight at around 23:00 GMT, the US Crude Oil Inventories figure will be announced by the Energy Information Administration (EIA), which is expected to fall by another 3.2 million barrels, following the loss of 7.1 million barrels in the previous week.

## Corporate News

**Garuda Indonesia (GIAA) Partially Repays Bonds, Remaining Debt of IDR 7.75 Trillion** PT Garuda Indonesia (Persero) Tbk. (GIAA) announced that it has completed the partial repayment of bonds and sukuk amounting to USD 50 million or equivalent to IDR 774.75 billion. Through the disclosure of information on the Indonesia Stock Exchange (IDX), President Director of Garuda Indonesia, Irfan Setiapatra, said that the partial repayment of the company's debt securities and sukuk was carried out through a tender offer scheme on Friday, December 29, 2023. The source of funds used came from GIAA's internal cash. "GIAA has completed the partial repayment of debt securities and sukuk, as published on the Singapore Exchange or SGX website," said Irfan in an information disclosure. Furthermore, Irfan explained that GIAA not only made principal or principal repayments, but also made other payments such as accrued interest, deferred payments in kind, and tax expenses incurred worth USD 2.32 million. Thus, the remaining principal amount of GIAA bonds and sukuk debt is USD 500 million or equivalent to IDR 7.75 trillion. (Kontan)

## Domestic Issue

**2024 Initial SUN Auction Results, IDR 39.8 Trillion Offered** The Directorate General of Financing and Risk Management of the Ministry of Finance (DJPPR Kemenkeu) has conducted an auction of 7 series of Government Bonds (SUN) with a total incoming bid of IDR 39.8 trillion on Wednesday, (3/1/2024) or the inaugural SUN auction in 2024. Based on data from the Ministry of Finance's DJPPR, the incoming bid exceeded the previously set maximum target of IDR 37.5 trillion to fund part of the 2024 State Budget financing target. Meanwhile, the nominal auction won was IDR 21.75 trillion. Of the seven SUN series, there are two series of State Treasury Notes (SPN) and five series of State Bonds (ON). In detail, the SPN series auctioned are SPN03240404 (New issuance) due April 4, 2024 and SPN12250103 (New issuance) due January 3, 2025. Both have a discount coupon rate with a maximum non-competitive purchase allocation of 50% of the winning amount. Meanwhile, there are five series of state bonds offered, namely FR0097, FR098, FR0100, FR0101, and FR0102. Meanwhile, the maximum purchase allocation for the ON series is 30% of the entire auction won. (Bisnis)

## Recommendation

**ID10YT is trying to break this PARALLEL CHANNEL bearish pattern, where it is currently trying to decide whether to break MA20 resistance / 3.95% yield; or break support back below 3.888% yield.** ADVISE: BUY ON BREAK; wait for the direction of the breakout first.

**ID10YT successfully broke through the upper wedge resistance, starting to break the FALLING WEDGE bearish pattern.** It is currently testing the following resistance, namely MA50 at a yield of 6.713%, which if it can also be broken, it will open the way for ID10YT to the next target at a yield of: 6.75% / 6.948% - 6.98% before heading to the psychological level of 7.0% again. ADVISE: BUY on support when pullback to 6.666% yield.

## PRICE OF BENCHMARK SERIES

FR0090	: 96.46 (-0.19%)
FR0091	: 99.04 (+0.00%)
FR0094	: 95.69 (+0.01%)
FR0092	: 103.27 (-0.44%)
FR0086	: 98.60 (+0.09%)
FR0087	: 99.37 (-0.38%)
FR0083	: 106.89 (-0.10%)
FR0088	: 96.59 (-0.72%)

## CDS of Indonesia Bonds

CDS 2yr	: +4.65% to 32.10
CDS 5yr	: -1.12% to 71.19
CDS 10yr	: +3.49% to 133.56

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.66%	0.15%
USDIDR	15,480	0.06%
KRWIDR	11.86	-0.27%

## Global Indices

Index	Last	Chg.	%
Dow Jones	37,430.19	(284.85)	-0.76%
S&P 500	4,704.81	(38.02)	-0.80%
FTSE 100	7,682.33	(39.19)	-0.51%
DAX	16,538.39	(230.97)	-1.38%
Nikkei	33,464.17	(75.45)	-0.22%
Hang Seng	16,646.41	(142.14)	-0.85%
Shanghai	2,967.25	4.97	0.17%
Kospi	2,607.31	(62.50)	-2.34%
EIDO	22.05	(0.16)	-0.72%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,041.5	(17.5)	-0.85%
Crude Oil (\$/bbl)	72.70	2.32	3.30%
Coal (\$/ton)	128.50	0.75	0.59%
Nickel LME (\$/MT)	16,409	(165.0)	-1.00%
Tin LME (\$/MT)	25,294	110.0	0.44%
CPO (MYR/Ton)	3,621	(39.0)	-1.07%

## 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)	138.10	133.10	Current Acc (USD bn)	-0.90	-1.90
Trd Balance (USD bn)	2.41	3.48	Govt. Spending Yoy	-3.76%	10.62%
Exports Yoy	-8.56%	-10.43%	FDI (USD bn)	4.86	5.14
Imports Yoy	3.29%	-2.42%	Business Confidence	104.82	104.30
Inflation Yoy	2.61%	2.86%	Cons. Confidence*	123.60	123.30

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	—	—	—	—	—	—	—
1 – Jan.	—	—	—	—	—	—	—
<b>Tuesday</b>	US	21:45	S&P Global US Manufacturing PMI	Dec P	47.9	48.4	48.2
2 – Jan.	CH	08:45	Caixin China PMI Mfg	Dec	50.8	50.3	50.7
	ID	—	CPI YoY	Dec	2.61%	2.77%	2.86%
	ID	07:30	S&P Global Indonesia PMI Mfg	Dec	52.2	—	51.7
	KR	07:30	S&P Global South Korea PMI Mfg	Dec	49.9	—	50.0
<b>Wednesday</b>	US	22:00	ISM Manufacturing	Dec	47.4	47.2	46.7
3 – Jan.	ID	—	CPI YoY	Dec	2.61%	2.77%	2.86%
<b>Thursday</b>	US	20:15	ADP Employment Change	Dec	—	113K	103K
4 – Jan.	US	20:30	Initial Jobless Claims	Dec 30	—	—	218K
	CH	08:45	Caixin China PMI Composite	Dec	—	—	51.6
	CH	08:45	Caixin China PMI Services	Dec	—	51.6	51.5
	GE	15:55	HCOB Germany Composite PMI	Dec P	—	46.7	46.7
	GE	20:00	CPI YoY	Dec P	—	3.8%	3.2%
	EC	16:00	HCOB Eurozone Composite PMI	Dec P	—	47.0	47.0
	KR	04:00	Foreign Reserves	Dec	—	—	\$417.08B
	JP	07:30	Jibun Bank Japan PMI Mfg	Dec F	—	—	47.7
<b>Friday</b>	US	20:30	Change in Nonfarm Payrolls	Dec	—	168K	199K
5 – Jan.	US	20:30	Unemployment Rate	Dec	—	3.8%	3.7%
	US	22:00	Factory Orders	Nov	—	2.1%	-3.6%
	US	22:00	Durable Goods Orders	Nov F	—	—	5.4%
	ID	—	Foreign Reserves	Dec	—	—	\$138.10B
	EC	17:00	CPI MoM	Dec P	—	0.2%	-0.6%
	JP	12:00	Consumer Confidence Index	Dec	—	36.5	36.1

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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