

Morning Brief

Daily | January 05, 2024

Today's Outlook:

EUROPEAN MARKETS: Eurozone recorded Composite PMI (Dec.) improved further although still within the scope of contraction, while the UK posted an expansionary performance in the services sector. The German CPI (Dec.) is expected to come in at 3.7% yoy, higher than the previous month at 3.2%. Furthermore, from Europe today, market participants will focus on the following economic data: German Retail Sales (Nov.), Construction PMI (Dec.) for Germany, Eurozone, and UK; the highlights are: Eurozone CPI initial estimate which is predicted to expand to 3.0% yoy, up from 2.4% in the previous month thanks to increased spending in the year-end festive season.

ASIAN MARKETS: Japan and China were not to be outdone with Japan's Manufacturing PMI and Caixin Services PMI figures for China both showing growth in December. Earlier this morning, the au Jibun Bank Japan Services PMI figures were released, which appeared to remain in expansion territory for December.

COMMODITIES: There was a significant increase in weekly gasoline and refined oil stocks which masked the fact that there was also an above-expected decline in crude oil stocks. Brent crude oil fell 66 cents, or 0.8%, to USD77.59. US West Texas Intermediate crude oil futures fell 51 cents, or 0.7%, to USD72.19. Low fuel demand and a large increase in inventories based on data from the US Energy Information Administration eventually weighed on prices. FUEL stocks rose by 10.9 million barrels to 237 million barrels, the highest weekly increase in more than 30 years. Last week's REFINED OIL stocks rose by 10.1 million barrels to 125.9 million barrels. On the other hand, US crude oil inventories in fact decreased by 5.5 million barrels in a week, as shown by EIA data, which largely reflects the effects of shipping disruptions in the Red Sea. The security situation in the Red Sea has forced many refiners and crude oil buyers to purchase from the United States instead of sailing their ships around Africa.

Corporate News

Prepare Funds in Deposits, SMF Ready to Pay Off Two Maturing Bonds Soon PT Sarana Multigriya Finansial (Persero) is ready to pay off bonds that will mature in the near future. The funds to pay the two bonds have been prepared in the form of deposits. SMF Director of Securitization & Financing, Heliantopo revealed this in a written statement, Wednesday (3/1/2024). Heliantopo said that his party had prepared funds to pay off the principal and interest on the Sarana Multigriya Finansial Sustainable Bonds V Phase V Year 2021 Series B (SMFP05BCN5) with a principal of IDR 400.6 billion, and interest of IDR 5.7 billion. These bonds will mature on February 10, 2024. In addition, Sarana Multigriya Finansial has also prepared funds to pay off the principal and interest on Sustainable Bonds IV Sarana Multigriya Finansial Phase VII Year 2019 Series C (SMFP04CCN7) with a principal of IDR 425 billion, and interest of IDR 9.8 billion. These bonds will mature on February 12, 2024. (Emiten News)

Domestic Issue

Ministry of Finance: Solid performance of the 2023 State Budget is a catalyst for increased interest in SUN auctions The Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance stated that the solid performance of the 2023 State Budget (APBN) was a catalyst for increased interest in the auction of Government Bonds (SUN) on January 3, 2024. "The solid performance of the 2023 State Budget with the realization of a deficit of 1.65 percent of gross domestic product (GDP) and a maintained inflation rate in December 2023 is a positive catalyst for today's SUN auction," said Director of Government Securities at the Ministry of Finance's DJPPR, Deni Ridwan in Jakarta on Wednesday. At the inaugural SUN auction in 2024, total incoming bids were recorded at IDR 39.80 trillion or 1.59 times the indicative target that had been announced earlier. The factor that drove this achievement, in addition to the performance of the state budget and inflation, was the stability of global financial markets in line with expectations that the Fed Fund Rate (FFR) cut will begin in the first quarter of this year. The relatively stable condition of the Government Securities (SBN) market at the beginning of this year encouraged a decrease in the Weighted Average Yield (WAY) of state bonds won at today's SUN auction by 3 to 12 basis points (bps) from the WAY level of state bonds won at the previous SUN auction. In accordance with the 2024 SBN issuance calendar, the next SUN issuance auction will be held on January 16, 2024. (Antara News)

Recommendation

US10YT finally broke the upper channel resistance as well, while breaking MA10 & MA20 steadily, again trying to perch at the yield level of 4.0%. Indeed, this breakout has paved the way for the US Treasury yield to strengthen further to the level of 4.242%, which is equivalent to the FIBONACCI retracement of 38.2% and the confluence of MA50. ADVISE: BUY; or AVERAGE UP accordingly.

ID10YT has the potential to confirm the breakout to the top of the FALLING WEDGE pattern resistance, which means that if the ID10YT yield is able to perch above the yield of 6.653%, there will be more potential for strengthening towards a higher TARGET / resistance on the yield: 6.690% / 6.750% / 6.936% - 6.948%. ADVISE: ready to BUY ON BREAK / AVERAGE UP.

PRICE OF BENCHMARK SERIES

FRO090	: 96.40 (-0.06%)
FRO091	: 98.93 (-0.12%)
FRO094	: 95.59 (-0.10%)
FRO092	: 103.07 (-0.20%)
FRO086	: 98.26 (-0.35%)
FRO087	: 99.35 (-0.01%)
FRO083	: 106.92 (+0.04%)
FRO088	: 96.81 (+0.22%)

CDS of Indonesia Bonds

CDS 2yr	: +1.60% to 32.61
CDS 5yr	: +1.18% to 71.51
CDS 10yr	: +1.34% to 135.36

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.66%	0.00%
USDIDR	15,490	0.06%
KRWIDR	11.82	-0.33%

Global Indices

Index	Last	Chg.	%
Dow Jones	37,440.34	10.15	0.03%
S&P 500	4,688.68	(16.13)	-0.34%
FTSE 100	7,723.07	40.74	0.53%
DAX	16,617.29	78.90	0.48%
Nikkei	33,288.29	(175.88)	-0.53%
Hang Seng	16,645.98	(0.43)	0.00%
Shanghai	2,954.35	(12.90)	-0.44%
Kospi	2,587.02	(20.29)	-0.78%
EIDO	22.39	0.34	1.54%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,043.7	2.2	0.11%
Crude Oil (\$/bbl)	72.19	(0.51)	-0.70%
Coal (\$/ton)	130.90	2.40	1.87%
Nickel LME (\$/MT)	16,064	(345.0)	-2.10%
Tin LME (\$/MT)	24,834	(460.0)	-1.82%
CPO (MYR/Ton)	3,657	36.0	0.99%

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
Monday	—	—	—	—	—	—	—
1 – Jan.	—	—	—	—	—	—	—
Tuesday	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
Wednesday	US	22:00	ISM Manufacturing	Dec	47.4	47.2	46.7
3 – Jan.	ID	—	CPI YoY	Dec	2.61%	2.77%	2.86%
Thursday	US	20:15	ADP Employment Change	Dec	164K	113K	103K
4 – Jan.	US	20:30	Initial Jobless Claims	Dec 30	202K	—	218K
	CH	08:45	Caixin China PMI Composite	Dec	52.6	—	51.6
	CH	08:45	Caixin China PMI Services	Dec	52.9	51.6	51.5
	GE	15:55	HCOB Germany Composite PMI	Dec P	47.4	46.7	46.7
	GE	20:00	CPI YoY	Dec P	3.7%	3.8%	3.2%
	EC	16:00	HCOB Eurozone Composite PMI	Dec P	47.0	47.0	47.0
	KR	04:00	Foreign Reserves	Dec	\$420.15B	—	\$417.08B
	JP	07:30	Jibun Bank Japan PMI Mfg	Dec F	47.9	—	47.7
Friday	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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