

Morning Brief

Daily | January 08, 2024

Today's Outlook:

US MARKETS: investors absorbing the latest macroeconomic data that could potentially disrupt projections of when interest rate cuts could begin. Initially, strong Nonfarm Payroll employment data (actual: 216k versus 170k forecast) dampened expectations of a faster pivot. However, a survey from the Institute for Supply Management (ISM) later showed activity in the services sector fell in December (actual: 50.6 versus 52.7 previous), suggesting a weaker economy. Between this good news & bad news, market participants preferred to bet on a faster pivot projection, therefore the market remained on an upward swing and in the end all three benchmark indices managed to achieve the first positive session of 2024 for the S&P500 and Nasdaq. Traders see a 66.4% chance of a rate cut of at least 25 bps in March, according to CME Group's FedWatch. The 10-year US Treasury bond yield, which reflects interest rate expectations, ended the week at 4.05%.

ASIA & EUROPE MARKETS: Japan reported au Jibun Bank Japan Services PMI (Dec) still growing in expansionary territory at 51.5, up from 50.8 in the previous month. The UK also reported Halifax House Price Index (Dec) which grew 1.7% yoy, up from minus 0.8% in Nov. Unfortunately, Germany recorded weak Nov Retail Sales at a reading of 02.5%, down from 1.1% in the previous month. UK Construction PMI is still struggling in contraction territory. Eurozone released preliminary estimates of Inflation (Dec) at 2.9% yoy, and Core CPI at 3.4% yoy. Hopefully, both indexes will come in slightly lower than expected at 3.0% and 3.5% respectively.

Corporate News

Stable Outlook, Hary Tanoe's Issuer (BCAP) Receives idBBB+ Rating MNC Kapital Indonesia (BCAP) plans to sell bonds with a maximum of IDR 650 billion. The plan to issue Sustainable Bonds IV received an idBBB+ rating from Pemeringkat Efek Indonesia (Pefindo). The rating outlook for Hary Tanoesoedibjo's issuer is stable. The rating reflects the credit profile of the main subsidiary is moderate, and the capital structure is conservative. However, the rating is limited by the low recurring revenue portion, and exposure to capital market volatility. The company's readiness to pay off the Shelf Registration Bond III Phase I/2022 Series A worth IDR 242.8 billion will mature on January 20, 2024 supported by cash and cash equivalents and securities recorded in the parent balance sheet of IDR 989.7 billion on August 31, 2023. The rating can be upgraded if MNC Kapital's business profile continues to strengthen significantly. That is through the continuation of digital ecosystem synergies between MNC Kapital and MNC Group resulting in further improvement in the business, and financial indicators of MNC Kapital's core subsidiaries. Conversely, the rating could be downgraded if cash flow generation weakens significantly due to a deterioration in the credit profile of the core subsidiaries. (Emiten News)

Domestic Issue

IDX Raises IDR 2.2 Trillion in Bond Funds, 11 Issuances Waiting to Be Issued The Indonesia Stock Exchange (IDX) has raised funds for the issuance of debt securities worth IDR 2.2 trillion until the first week of early 2024. This figure comes from 1 issuer, with a total of 2 debt securities and / or sukuk (EBUS) emissions. The search for capital through this scheme is expected to increase again. This is because the IDX still has 11 emissions waiting to be issued. "That number comes from 9 EBUS issuers," IDX Director of Corporate Valuation I Gede Nyoman Yetna told reporters, Friday (5/1/2024). In detail, 4 are companies from the financial sector, and 3 come from the energy sector. Furthermore, there is 1 corporation each from the infrastructure sector, and basic materials. As is known earlier this week, the IDX had PT Pindo Deli Pulp and Paper Mills which issued two emissions. Namely Bond III Pindo Deli Pulp and Paper Mills Year 2023 and Sukuk Mudharabah II Pindo Deli Pulp and Paper Mills Year 2023. The value of each of these debt securities reaches IDR 1.22 trillion, and IDR 1 trillion. The rating results of PT Pemeringkat Efek Indonesia (Pefindo) for these bonds and sukuk are idA (Single A) and idA(sy) (Single A Syariah), respectively. (IDX Channel)

Recommendation

US10YT finally returned to the 4.0% yield level supported by strong US economic data such as Nonfarm Payrolls and Unemployment Rate which did not move from the previous level of 3.7%. 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 is exactly facing the FALLING WEDGE resistance pattern, which means that if the ID10YT yield is able to perch above the yield of 6.65%, there will be more potential for strengthening towards higher TARGET / resistance at yield: 6.690% / 6.750% / 6.936% - 6.948%. ADVISE: ready to BUY ON BREAK / AVERAGE UP.

PRICE OF BENCHMARK SERIES

FR0090 : 96.39 (-0.01%)
FR0091 : 98.90 (-0.03%)
FR0094 : 95.68 (+0.10%)
FR0092 : 102.96 (-0.11%)

FR0086 : 98.13 (-0.01%)
FR0087 : 99.08 (-0.28%)
FR0083 : 106.73 (-0.18%)
FR0088 : 96.31 (-0.51%)

CDS of Indonesia Bonds

CDS 2yr: +0.26% to 32.70
CDS 5yr: +1.89% to 76.94
CDS 10yr: -0.03% to 135.32

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.71%	0.05%
USDIDR	15,515	0.16%
KRWIDR	11.79	-0.27%

Global Indices

Index	Last	Chg.	%
Dow Jones	37,466.11	25.77	0.07%
S&P 500	4,697.24	8.56	0.18%
FTSE 100	7,689.61	(33.46)	-0.43%
DAX	16,594.21	(23.08)	-0.14%
Nikkei	33,377.42	89.13	0.27%
Hang Seng	16,535.33	(110.65)	-0.66%
Shanghai	2,929.18	(25.17)	-0.85%
Kospi	2,578.08	(8.94)	-0.35%
EIDO	22.59	0.20	0.89%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,045.5	1.8	0.09%
Crude Oil (\$/bbl)	73.81	1.62	2.24%
Coal (\$/ton)	131.55	0.65	0.50%
Nickel LME (\$/MT)	16,372	308.0	1.92%
Tin LME (\$/MT)	24,622	(212.0)	-0.85%
CPO (MYR/Ton)	3,682	25.0	0.68%

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)	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 8 – Jan.	ID	10:00	Foreign Reserves	Dec	—	—	\$138.10B
	GE	14:00	Factory Orders MoM	Nov	—	—	-3.7%
	EC	17:00	Consumer Confidence	Dec F	—	—	-15.1
Tuesday 9 – Jan.	US	20:30	Trade Balance	Nov	-\$64.8B	-\$64.3B	
	ID	—	Consumer Confidence Index	Dec	—	—	123.6
	GE	14:00	Industrial Production SA MoM	Nov	—	—	-0.4%
	EC	17:00	Unemployment Rate	Nov	—	—	6.5%
	KR	06:00	BoP Current Account Balance	Nov	—	—	\$6796.1M
	JP	06:30	Tokyo CPI YoY	Dec	2.5%	2.5%	2.6%
Wednesday 10 – Jan.	US	22:00	Wholesale Inventories MoM	Nov F	-0.2%	-0.2%	-0.2%
	KR	06:00	Unemployment Rate SA	Dec	—	—	2.8%
Thursday 11 – Jan.	US	20:30	CPI MoM	Dec	0.2%	0.2%	0.1%
	US	20:30	CPI YoY	Dec	3.3%	3.3%	3.1%
	US	20:30	Initial Jobless Claims	Jan 6	—	—	202K
	KR	—	BOK Base Rate	Jan 11	3.50%	3.50%	3.50%
Friday 12 – Jan.	US	20:30	PPI Final Demand MoM	Dec	0.2%	0.2%	0.0%
	CH	08:30	CPI YoY	Dec	-0.3%	-0.3%	-0.5%
	CH	08:30	PPI YoY	Dec	-2.7%	-2.7%	-3.0%
	CH	—	Exports YoY	Dec	1.6%	1.6%	0.5%
	CH	—	Imports YoY	Dec	0.0%	0.0%	-0.6%
	CH	—	Trade Balance	Dec	\$76.00B	\$76.00B	\$68.40B
	JP	06:50	BoP Current Account Balance	Nov	¥ 2385.1B	¥ 2385.1B	¥ 2582.8B

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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