

# Morning Brief

Daily | February 01, 2024

## Today's Outlook:

**US MARKETS:** Federal Reserve Chairman Jerome Powell said that it is unlikely that the Fed will cut interest rates in March, dashing hopes of a faster rate cut that fueled a sell-off in Tech sector stocks. The NASDAQ Composite also led the weakness in major US indices by dropping 2.2%. The Fed also added that they do not feel a rate cut is appropriate until they have sufficient confidence that Inflation is moving towards the 2% Target, and re-emphasized that future policy will depend on the emergence of economic data. This latest view on monetary policy comes after the FOMC Meeting left interest rates unchanged at 5.25% - 5.50% (as expected). Although the Fed's statement was not as dovish as expected, US Treasury yields continued to languish in the red, where the 2-year US Treasury yield which is sensitive to changes in the Fed rate fell 9.3 basis points to 4.262%. The Fed statement was also released after the ADP National Employment Change labor report showed 107k new jobs were created in the private sector in January, lower than forecast & the previous month; after the JOLTs Job Openings report the day before showed more new job openings in December. Economic indicators awaited later tonight are the weekly Initial Jobless Claims, S&P Global US Manufacturing PMI (Jan), and ISM Manufacturing PMI (Jan).

**ASIA MARKETS:** CHINA as the earliest country in the world to report Composite PMI (Jan), where they are increasingly able to move in an expansionary direction, although on the one hand the Manufacturing sector is still somewhat stuck in contractionary territory, but the Services sector (non-manufacturing) managed to help sentiment higher. Today the Asian continent will look forward to economic data from: South Korea (Trade Balance and Export - Import data), Japan - Indonesia - China (Manufacturing PMI). Also market players in Indonesia will be keeping a close eye on the Inflation report (Jan) which is expected to drop to 2.55% yoy, from 2.61% last Dec.

**EUROPEAN MARKETS:** German Retail Sales (Dec) still grew negatively -1.7% yoy; on a monthly basis it also dropped -1.6% mom, failing to meet expectations of positive growth of 0.7% even in the festive season. On the other hand, German Unemployment Rate (Jan) stayed at 5.8% same as the previous month. Preliminary estimates of German January Inflation came in at 2.9% yoy for January, beating estimates of 3.0% and clearly cooling from 3.7% in the previous month. In continental Europe today, expect a number of PMI data to also be announced by Germany, Eurozone, UK; along with Eurozone Inflation figures (Jan) which are expected to ease to 2.7% yoy from 2.9% in the previous month. The actual highlight from the UK is the Bank of England's interest rate decision which is predicted to remain unchanged at 5.25% as well as their monetary policy outlook going forward.

**COMMODITIES:** Oil prices ended lower on Wednesday, following an unexpected increase in US crude inventories, but snapped a three-month losing streak as geopolitical conflicts risked greater disruption to global crude supplies. US WTI crude futures fell 2.5% to USD 75.85 a barrel, despite rising 5.9% in January, while the Brent contract fell 1.4% to USD 81.71 a barrel, despite rising 6.1% in the previous month.

**INDONESIA MARKET:** Bank Indonesia Governor Perry Warjiyo issued an optimistic statement on Indonesia's economic growth in 2024, given the strong economic performance in 2023 which he said is one of the best in the world, where he expects growth above 5%, Inflation under control at around 2.5%, and credit expansion in the 10%-15% range.

## Corporate News

**Issued IDR 918 Billion Bonds, Pefindo Affirms idA+ Rating for Indomobil Finance** PT Pemeringkat Efek Indonesia (PEFINDO) affirmed the "idA+" rating for the Shelf Registration Bond V Phase II Year 2023 Series A worth IDR 918 billion issued by PT Indomobil Finance Indonesia and will mature on April 8, 2024. The readiness of the bond repayment is supported by average receipts from monthly installments of receivables of IDR 707 billion and undrawn credit facilities of IDR 9.1 trillion as of December 31, 2023. Indomobil Finance is a finance company of the Indomobil Group, an automotive group part of the Salim Group that holds licenses for several motor vehicle brands and is also engaged in other automotive-related sectors, including the provision of after-sales services, vehicle assembly, component production, and spare parts distribution. As of September 30, 2023, Indomobil Finance is owned by PT Indomobil Multi Jasa Tbk (99.909%) and PT IMG Sejahtera Langgeng (0.091%). (Emiten News)

## Domestic Issue

**ORI025 Sales Reach More than IDR 1 Trillion on First Day of Offering** The Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance recorded orders for the ORI025 series of Retail Government Bonds (ORI) of more than IDR 1 trillion on the first day of the offering. The public is considered enthusiastic about the Retail Government Bond (SUN) product. Director of Government Securities of the Ministry of Finance's DJPPR, Deni Ridwan, revealed that the total order for ORI025 with a 3-year tenor (ORI025-T3) and 6-year tenor (ORI025-T6) was recorded at IDR 1.18 trillion, as of Tuesday (30/1) at 15.00 Western Indonesian Time. With details, ORI025-T3 orders amounted to IDR 916.83 billion, while ORI025-T6 orders amounted to IDR 263.34 billion. The enthusiastic response of the public to ORI025 is inseparable from the coupon rate factor which is still higher than the domestic inflation rate, but with a lower tax rate. Where, the ORI025-T3 and ORI025-T6 Coupons are 6.25% and 6.40% per year respectively. Deni added, the Government also continues to innovate in education and socialization of retail SBN products to the wider community, including attractive marketing methods and materials, especially for the younger generation. This also supports the absorption of Retail SBN such as ORI025 more smoothly. (Kontan)

## Recommendation

**US10YT confirm break of CHANNEL pattern - uptrend, resulting in yield consolidation below the psychological level of 4.0% towards the Support of the previous Low level at 3.916% as of now.** If it is broken, then the next Support: yield 3.783%. ADVISE: WAIT & SEE.

**ID10YT fell back below the third Moving Average Support, making the yield area of 6.62% - 6.65% the nearest Resistance. It is currently hanging on to the Support from the previous Low level.** ADVISE: It is better to WAIT & SEE first whether the consolidation will not move lower than the yield of 6.585%. Next Support: 6.50%.

## PRICE OF BENCHMARK SERIES

FR0090 : 96.38 (-0.06%)  
FR0091 : 99.06 (+0.36%)  
FR0094 : 96.26 (+0.05%)  
FR0092 : 103.16 (+0.78%)

FR0086 : 98.59 (+0.08%)  
FR0087 : 99.68 (+0.20%)  
FR0083 : 106.40 (+0.11%)  
FR0088 : 96.32 (+0.00%)

## CDS of Indonesia Bonds

CDS 2yr: +0.79% to 32.63  
CDS 5yr: -0.85% to 74.40  
CDS 10yr: -3.83% to 128.14

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.58%	-0.02%
USDIDR	15,780	0.00%
KRWIDR	11.83	-0.37%

## Global Indices

Index	Last	Chg.	%
Dow Jones	38,150.30	(317.01)	-0.82%
S&P 500	4,845.65	(79.32)	-1.61%
FTSE 100	7,630.57	(35.74)	-0.47%
DAX	16,903.76	(68.58)	-0.40%
Nikkei	36,286.71	220.85	0.61%
Hang Seng	15,485.07	(218.38)	-1.39%
Shanghai	2,788.55	(41.98)	-1.48%
Kospi	2,497.09	(1.72)	-0.07%
EIDO	21.86	0.11	0.51%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,039.5	2.5	0.12%
Crude Oil (\$/bbl)	75.85	(1.97)	-2.53%
Coal (\$/ton)	116.50	(3.05)	-2.55%
Nickel LME (\$/MT)	16,269	(239.0)	-1.45%
Tin LME (\$/MT)	26,233	228.0	0.88%
CPO (MYR/Ton)	3,798	(44.0)	-1.15%

## 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	107K	150K	164K
31 – Jan.	CH	08:30	Manufacturing PMI	Jan	49.2	—	49.0
	KR	06:00	Industrial Production YoY	Dec	6.2%	—	5.3%
<b>Thursday</b>	US	02:00	FOMC Rate Decision (Upper Bound)	Jan 31	5.50%	5.50%	5.50%
1 – Feb.	US	02:00	FOMC Rate Decision (Lower Bound)	Jan 31	5.25%	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

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## Indonesia 10 Years Treasury

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