

# Morning Brief

## Today's Outlook:

**US MARKETS:** the US Dollar crept up ahead of the US inflation announcement, which will provide further clues as to when the Federal Reserve will start cutting interest rates. S&P500 hit another intraday record high; MSCI world stock index closed flat after hitting its highest level since January 2022. The US CPI report is scheduled for later tonight at around 20.30 WIB, while US PPI will follow later in the week, as well as Thursday's Retail Sales (Jan) report. Expectations of a Fed rate cut at the next FOMC Meeting have dropped significantly as several recent indicators show the US economy remains strong. The market is pricing in an 84.5% probability that interest rates will remain unchanged in March. In contrast, the odds of a rate cut of at least 25 basis points in May have swelled to 61%, according to the CME FedWatch survey. Investors have also reduced their expectations of a rate cut by the European Central Bank, after two officials last week said that the ECB needs more evidence for inflation to ease before it can cut rates.

**Yesterday, the Federal Reserve Bank of New York released its January Survey of Consumer Expectations, which showed that inflation 1 year and 5 years from now were unchanged at 3% and 2.5% respectively.** Meanwhile, the projection for inflation 3 years from now will drop to 2.4%, the lowest since March 2020, from 2.6% in December. The Dollar Index, which measures the greenback's strength against a basket of other major trading partners' currencies, was up 0.1% at 104.13. US Treasury yields slipped, with the benchmark 10-year bond stalling after three consecutive sessions of gains. The yield on the benchmark US 10-year note fell 1.9 basis points to 4.168%, from 4.187% at the end of Friday.

**COMMODITIES: OIL futures ended flat between negative & positive territory.** Concerns over the future of benchmark interest rates and global demand issues caused the market to take a pause after prices surged around 6% last week. US WTI crude rose 8 cents to \$76.92 per barrel, while Brent crude fell 19 cents to \$82. In other commodities, spot GOLD prices fell 0.3%.

**ASIA & EUROPEAN MARKETS: Earlier this morning, Japan has reported its producer price index PPI (Jan) inching positive 0.2% yoy, from a flat 0.0% the previous month.** Later in the afternoon Indonesia will report Consumer Confidence (Jan), followed by a series of economic indicators from Europe: UK employment, German & Eurozone ZEW Economic Sentiment (Feb).

## Corporate News

**Chandra Asri (TPIA) Will Issue Bonds Worth IDR 1.5 Trillion** PT Chandra Asri Pacific Tbk (TPIA) will issue debt securities in the form of bonds. The issuer of this integrated petrochemical producer will issue Chandra Asri Pacific Phase IV Sustainable Bonds in 2024 with a value of IDR 1.5 trillion. In the disclosure of information on the Indonesia Stock Exchange, Monday (12/2), these bonds will be issued in 3 series: Series A bonds with a principal amount of IDR 542.37 billion, with a fixed interest rate of 7.95%. Series A bonds have a term of 3 years from the date of issuance. Then, Series B bonds with an emission value of IDR 416.80 billion and with a fixed interest rate of 8.25% per year. Series B bonds have a 5-year term. Finally, Series C Bonds with an emission of IDR 540.82 billion and a fixed interest rate of 8.75% per annum, with a term of 7 years from the date of issuance. The net proceeds obtained from the bond issuance will be used by TPIA entirely for working capital purposes, including the purchase of production raw materials and operational costs for business activities. TPIA has obtained an idAA- (Double A Minus) rating on its long-term bonds from PT Pemeringkat Efek Indonesia (Pefindo). (Kontan)

## Domestic Issue

**Auction of 7 Bonds, Government Receives IDR 24 T** The government conducted an auction of Government Bonds (SUN) on February 12, 2024 for the SPN03240515 (new issuance), SPN12250213 (new issuance), FR0101 (reopening), FR0100 (reopening), FR0098 (reopening), FR0097 (reopening) and FR0102 (reopening) series through the Bank Indonesia (BI) auction system. The total incoming bid was IDR 52.63 trillion. Director of SUN at the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance, Deni Ridwan, said that the large number of investor interest is inseparable from the positive domestic economic data. The total won from the seven series offered was IDR 24 trillion. "Investor interest in today's SUN auction is still quite good with total incoming bids reaching IDR 52.63 trillion or 2.19 times the indicative target announced earlier," Deni said in a written statement, Monday (12/2/2024). Foreign investor interest in today's SUN auction is considered still quite solid with a total incoming bids of IDR 4.23 trillion. The majority of this value came from the medium tenor SUN series (5 years) amounting to IDR 2.42 trillion or 57.13% of the total incoming bids of foreign investors and won IDR 0.68 trillion or 2.84% of the total awarded bids. (Detik Finance)

## Recommendation

**US10YT is still hesitant to cross the Resistance from the previous High level around 4.20% yield.** After this crucial level, US10YT has a chance to strengthen towards TARGET YIELD 4.38% - 4.40%. ADVISE: BUY ON BREAK / AVERAGE UP accordingly.

**ID10YT should also have more motivation to cross the Resistance trendline around 6.64% yield to break free towards TARGET YIELD 6.75%;** while maintaining MA10 & MA20 Support at 6.60% yield. ADVISE: BUY ON BREAK / AVERAGE UP accordingly.

## PRICE OF BENCHMARK SERIES

FR0090	: 96.73 (+0.00%)
FR0091	: <b>98.34 (-0.10%)</b>
FR0094	: <b>96.32 (-0.05%)</b>
FR0092	: 102.93 (+0.08%)
FR0086	: <b>98.69 (-0.05%)</b>
FR0087	: <b>99.28 (-0.15%)</b>
FR0083	: <b>106.15 (-0.08%)</b>
FR0088	: 96.10 (+0.00%)

## CDS of Indonesia Bonds

CDS 2yr:	<b>-0.06% to 32.40</b>
CDS 5yr:	+0.00% to 73.39
CDS 10yr:	<b>-0.49% to 126.26</b>

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.65%	0.03%
USDIDR	15,595	<b>-0.26%</b>
KRWIDR	11.72	<b>-0.12%</b>

## Global Indices

Index	Last	Chg.	%
Dow Jones	38,797.38	125.69	0.33%
S&P 500	5,021.84	<b>(4.77)</b>	<b>-0.09%</b>
FTSE 100	7,573.69	1.11	0.01%
DAX	17,037.35	110.85	0.65%
Nikkei	36,897.42	34.14	0.09%
Hang Seng	15,746.58	<b>(131.49)</b>	<b>-0.83%</b>
Shanghai	2,865.90	36.21	1.28%
Kospi	2,620.32	10.74	0.41%
EIDO	22.65	0.24	1.07%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,020.1	<b>(4.2)</b>	<b>-0.21%</b>
Crude Oil (\$/bbl)	76.92	0.08	0.10%
Coal (\$/ton)	120.00	<b>(0.60)</b>	<b>-0.50%</b>
Nickel LME (\$/MT)	16,040	119.0	0.75%
Tin LME (\$/MT)	27,299	932.0	3.53%
CPO (MYR/Ton)	3,884	10.0	0.26%

## Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	Real GDP	5.04%	4.94%
FX Reserve (USD bn)	146.40	138.10	Current Acc (USD bn)	<b>-0.90</b>	-1.90
Trd Balance (USD bn)	3.31	2.41	Govt. Spending Yoy	2.81%	<b>-3.76%</b>
Exports Yoy	<b>-5.85%</b>	<b>-8.56%</b>	FDI (USD bn)	4.86	5.14
Imports Yoy	<b>-3.81%</b>	3.29%	Business Confidence	104.82	104.30
Inflation Yoy	2.57%	2.61%	Cons. Confidence*	123.80	123.60

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	—	—	—	—	—	—	—
12 – Feb.	—	—	—	—	—	—	—
<b>Tuesday</b>	US	20:30	CPI YoY	Jan	—	—	3.4%
13 – Feb.	ID	—	Consumer Confidence Index	Jan	—	—	123.8
	GE	17:00	ZEW Survey Expectation	Feb	—	—	15.2
	GE	17:00	ZEW Survey Current Situation	Feb	—	—	-77.3
	JP	06:50	PPI YoY	Jan	—	—	0.0%
<b>Wednesday</b>	EC	17:00	GDP SA QoQ	4Q P	—	—	0.0%
14 – Feb.	EC	17:00	GDP SA YoY	4Q P	—	—	0.1%
<b>Thursday</b>	US	20:30	Empire Manufacturing	Feb	-15.1	-15.1	-43.7
15 – Feb.	US	20:30	Retail Sales Advance MoM	Jan	0.1%	0.1%	0.6%
	US	20:30	Initial Jobless Claims	Feb 10	—	—	—
	US	21:15	Industrial Production MoM	Jan	0.4%	0.4%	0.1%
	ID	11:00	Trade Balance	Jan	—	—	\$3,307M
	ID	11:00	Exports YoY	Jan	—	—	-5.85%
	ID	11:00	Imports YoY	Dec	—	—	-3.81%
	JP	06:50	GDP SA QoQ	4Q P	0.3%	0.3%	-0.7%
	JP	11:30	Industrial Production MoM	Dec F	—	—	1.8%
<b>Friday</b>	US	20:30	Housing Starts	Jan	1,468K	1,468K	1,460K
16 – Feb.	US	20:30	PPI Final Demand MoM	Jan	0.1%	0.1%	-0.1%
	US	22:00	U. of Mich. Sentiment	Feb P	80.0	80.0	79.0
	KR	06:00	Unemployment Rate SA	Jan	—	—	3.3%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury

Published on Investing.com, 12/Feb/2024 - 23:30:12 GMT, Powered by TradingView  
United States 10-Year, United States, NYSE:US10YT=X, D



## Indonesia 10 Years Treasury

Published on Investing.com, 12/Feb/2024 - 23:31:26 GMT, Powered by TradingView  
Indonesia 10-Year, Indonesia, Jakarta:ID10YT=RR, D



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