

Morning Brief

Daily | February 15, 2024

Today's Outlook:

US MARKETS: US Inflation data heated up above expectations. US headline Inflation came in at 3.1% yoy in January, easing from 3.4% the previous month, but above economists' forecast of 2.9%. Core inflation, which the Fed monitors more closely by excluding volatile items such as food and fuel, remained on track at 3.9% yoy as in December, failing to meet estimates to cool to 3.7%. The 2-year US Treasury yield jumped 18 bps to 4.654%, while the 10-year US Treasury yield rose 14bps to 4.315%. The results of this Inflation data pushed back market participants' chances of a pivot in May, to just 31.6% from an initial estimate of 50% the previous day, as reported by Investing.com's Fed Rate Monitor Tool. One of the Federal Reserve officials issued a statement that they are quite confident that US inflation is heading towards the 2% target, although the road may not be as smooth as expected. Later tonight there are still a number of US economic indicators that will be monitored by market participants: Retail Sales (Jan), weekly Initial Jobless Claims, NY Empire State & Philadelphia Fed Manufacturing Index (Feb), and Industrial & Manufacturing Production (Jan).

EUROPEAN MARKETS: Speaking of Inflation, the UK also reported their CPI (Jan) which turned out to be unchanged from the same 4.0% yoy rate as Dec 2023. Core CPI growth in January managed to flatten to 3.8% yoy, from 4.0% in the previous month. Another center of attention from continental Europe: The Eurozone released its 4th quarter/2023 GDP at 0.1% yoy, in line with expectations, at least a slight improvement from the flat 0% in the previous quarter. This economic growth was confirmed by the Industrial Production data which increased quite rapidly in December. Today, it is the UK's turn to release their GDP, where it is expected that the 4th quarter/2023 will still weaken to 0.1% yoy (from 0.3% previous quarter); followed by other important economic indicators such as Industrial & Manufacturing Production (Dec), Labor Productivity, and Trade Balance (concurrent with Eurozone).

ASIAN MARKETS: The same trend continues in the Asian continent, as Japan is scheduled to release GDP and Industrial Production (Dec) data today. Their economic growth in the 4th quarter is estimated to have strengthened to 0.2% qoq from negative growth of 0.7% in the 3rd quarter. While the Chinese market is still on holiday for the Chinese New Year, Indonesia which just held a grand election yesterday, will announce Trade Balance (Jan) data this afternoon around 1100 WIB, with Export-Import movements as the main focus.

COMMODITIES: OIL prices closed lower on Wednesday after the US released weekly crude stockpiles well above expectations, and domestic production hit a record high, even as Middle East conflicts flared up again. US crude oil inventories increased by around 12m barrels in the quarter that ended on Feb 9, beating predictions of just 3.3m barrels, even as the US oil refinery utilization rate dropped to 80.6% from 82.4% in the previous week. On the other hand, US oil production reached record levels at 13.31 million barrels per day (bpd). This sent the West Texas Intermediate crude oil contract to close down 1.6% to USD 76.64/barrel, while Brent oil futures dropped 1.4% to USD 81.60/barrel. As for the previous day, oil prices had strengthened by 1%.

Corporate News

Bank Bukopin (BBKP) Allocates IDR 1.44 Trillion for Subordinated Bond Repayment Bank KB Bukopin Tbk (BBKP) announced a significant step by preparing funds amounting to IDR 1.44 trillion to pay off the principal and interest of the Bank Bukopin Subordinated Sustainable Bond II Phase II Year 2017 which will mature on February 28, 2024. "We hereby inform you that the company has allocated funds to pay off the principal and interest of the bonds to the bondholders," said President Director of Bank KB Bukopin, Woo Yeul Lee, in an information disclosure on Tuesday (13/2). Detailed information regarding the bond repayment was submitted through the company's information disclosure. The total repayment includes principal bonds worth IDR 1.4 trillion and bond interest until the 28th of IDR 38.64 billion. Bank KB Bukopin's management explained that the repayment process will be carried out through PT Kustodian Sentral Efek Indonesia (KSEI) as a payment agent to bondholders. (Emiten News)

Domestic Issue

Corporate Bond Issuance Predicted to Reach IDR 155 T in 2024 Corporate bond issuance in 2024 is predicted to be more crowded than the previous year. PT Pernerkat Efek Indonesia (Pefindo) projects that the amount may reach IDR 155.46 trillion. Head of the Economic Research Division of Pefindo, Suhindarto detailed, his party predicts the issuance of corporate bonds in 2024 to reach a figure of around IDR 148.15 trillion to IDR 169.05 trillion with a midpoint at 155.46 trillion. In terms of sectors, the biggest contributors to bond issuance are the multifinance, banking, and telecommunications industries. Then followed by the special finance sector and also non-multi finance financing. "If we look at the maturity portion, the maturity structure will not be much different based on the sectors that I mentioned earlier and the issuance structure in terms of each sector," said Darto. So far, Pefindo has pocketed a mandate to rate corporate debt securities amounting to IDR 52.28 trillion as of January 31, 2024. Where the mining sector is recorded to have the largest debt issuance plan. According to its records, companies in the mining sector gave the mandate to issue debt securities amounting to IDR 6.6 trillion from three companies. Furthermore, the banking sector amounted to IDR 5.5 trillion from two companies. In third place, the pulp and paper industry has an issuance plan of IDR 5.26 trillion, followed by non-multifinance financing of IDR 4.66 trillion and construction of IDR 3 trillion. (CNBC Indonesia)

Recommendation

US10YT: did encounter trendline resistance around yield 4.35% - 4.38%, therefore a pullback is plausible and expected to head towards the nearest support: MA10 at yield 4.175%. Next Support if it does not survive: MA20 & MA50 at 4.123% and 4.03% yield respectively, up to the round number 4.0% as the psychological level. ADVISE: reduce position, wait for yield to land on solid support to BUY ON WEAKNESS.

ID10YT is in a decisive position whether it can steadily pass the Resistance level of the previous High 6.652%, to then go to the TARGET around 6.75%. ADVISE: BUY ON BREAK, or AVERAGE UP accordingly. Support should be thick enough to be guarded by all three layers of the Moving Average until it yields 6.60%.

PRICE OF BENCHMARK SERIES

FR0090 : 96.75 (+0.01%)
FR0091 : 98.40 (+0.05%)
FR0094 : 96.35 (+0.03%)
FR0092 : 102.94 (+0.01%)

FR0086 : 98.74 (+0.05%)
FR0087 : 99.31 (+0.03%)
FR0083 : 106.17 (+0.02%)
FR0088 : **96.07 (-0.03%)**

CDS of Indonesia Bonds

CDS 2yr: **-3.00% to 32.04**
CDS 5yr: +0.69% to 73.90
CDS 10yr: **-2.60% to 124.90**

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.64%	-0.00%
USDIDR	15,595	0.00%
KRWIDR	11.73	0.16%

Global Indices

Index	Last	Chg.	%
Dow Jones	38,424.27	151.52	0.40%
S&P 500	5,000.62	47.45	0.96%
FTSE 100	7,568.40	56.12	0.75%
DAX	16,945.48	64.65	0.38%
Nikkei	37,703.32	(260.65)	-0.69%
Hang Seng	15,879.38	132.80	0.84%
Shanghai	2,865.90	36.21	1.28%
Kospi	2,620.42	(29.22)	-1.10%
EIDO	22.70	0.54	2.44%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,992.3	(0.8)	-0.04%
Crude Oil (\$/bbl)	76.64	(1.23)	-1.58%
Coal (\$/ton)	119.75	(0.75)	-0.62%
Nickel LME (\$/MT)	16,346	85.0	0.52%
Tin LME (\$/MT)	27,465	(106.0)	-0.38%
CPO (MYR/Ton)	3,948	47.0	1.20%

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)	145.10	146.40	Current Acc (USD bn)	-0.90	-1.90
Trd Balance (USD bn)	3.31	2.41	Govt. Spending Yoy	2.81%	-3.76%
Exports Yoy	-5.85%	-8.56%	FDI (USD bn)	4.86	5.14
Imports Yoy	-3.81%	3.29%	Business Confidence	104.82	104.30
Inflation Yoy	2.57%	2.61%	Cons. Confidence*	125.00	123.80

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	—	—	—	—	—	—	—
12 – Feb.	—	—	—	—	—	—	—
Tuesday	US	20:30	CPI YoY	Jan	3.1%	—	3.4%
13 – Feb.	ID	—	Consumer Confidence Index	Jan	125.05	—	123.8
	GE	17:00	ZEW Survey Expectation	Feb	19.9	—	15.2
	GE	17:00	ZEW Survey Current Situation	Feb	-81.7	—	-77.3
	JP	06:50	PPI YoY	Jan	0.2%	—	0.0%
Wednesday	EC	17:00	GDP SA QoQ	4Q P	0.0%	—	0.0%
14 – Feb.	EC	17:00	GDP SA YoY	4Q P	0.1%	—	0.1%
Thursday	US	20:30	Empire Manufacturing	Feb	—	-15.1	-43.7
15 – Feb.	US	20:30	Retail Sales Advance MoM	Jan	—	0.1%	0.6%
	US	20:30	Initial Jobless Claims	Feb 10	—	—	—
	US	21:15	Industrial Production MoM	Jan	—	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%	-0.7%
	JP	11:30	Industrial Production MoM	Dec F	—	—	1.8%
Friday	US	20:30	Housing Starts	Jan	—	1,468K	1,460K
16 – Feb.	US	20:30	PPI Final Demand MoM	Jan	—	0.1%	-0.1%
	US	22:00	U. of Mich. Sentiment	Feb P	—	80.0	79.0
	KR	06:00	Unemployment Rate SA	Jan	—	—	3.3%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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