

# Morning Brief

## Today's Outlook:

**US MARKET:** U.S. Treasury yields rose and the dollar edged up against the yen on Friday after data showed U.S. producer prices increased more than expected in January, adding to the view that any interest rate cuts by the Federal Reserve are not imminent.

**The producer price index for final demand rose 0.3% last month after declining by a revised 0.1% in December, the Labor Department's Bureau of Labor Statistics said.** Economists polled by Reuters had forecast the PPI rebounding 0.1% following a previously reported 0.2% drop. On Friday, market expectations the Fed will start cutting rates in June were dialed back, with CME's FedWatch Tool now showing a 69.9% chance for a cut of at least 25 basis points, down from the nearly 90% in the prior session. A U.S. consumer prices reading earlier this week was also stronger than expected. The yield on the benchmark U.S. 10-year Treasury note climbed 5.3 basis points to 4.293%, down from an earlier high of 4.33%, and was on pace for its second straight weekly gain.

**ASIA MARKET:** Bank of Japan Governor Kazuo Ueda said on Friday that monetary policy would most likely remain accommodative, even after ending negative interest rates, echoing recent reassurances from BOJ officials that have weighed on the yen.

**COMMODITIES:** Gold eased early on Friday and was set for a second straight weekly fall, but spot gold was last up 0.4% on the day at USD 2,012.86 per ounce. Oil prices rose amid geopolitical tensions in the Middle East. Brent crude futures gained 61 cents to settle at USD 83.47 a barrel, while U.S. West Texas Intermediate crude rose USD 1.16 to settle at USD 79.19.

## Corporate News

**Maturing, Chandra Asri (TPIA) Bonds Affirmed idAA- Label** Pemeringkat Efek Indonesia (Pefindo) affirmed the idAA- rating of Chandra Asri Pacific's (TPIA) bonds. To be precise, Chandra Asri's Sustainable Bonds III Phase III Series A Year 2021 will mature on April 15, 2024. Prajogo Pangestu's issuer plans to pay off the maturing bonds of IDR 50 billion with internal funds. Understandably, as of September 30, 2023, Chandra Asri has cash and cash equivalents of USD823.36 million. Chandra Asri is an integrated petrochemical producer, providing olefine, polyolefine, styrene monomer, butadiene, methyl-tertiary-butyl-ether (MTBE), and butene-1. The company owns the only domestic naphtha cracker, styrene monomer, butadiene, MTBE, and butene-1 production facility. The company's naphtha cracker has a production capacity of 2,138 kilo tons per year (KTA), polyethylene production facility with a capacity of 736 KTA, styrene monomer production facility with a capacity of 340 KTA, polypropylene production facility with a capacity of 590 KTA, butadiene production facility with a capacity of 137 KTA, MTBE production facility with a capacity of 128 KTA, and butene-1 production facility with a capacity of 43 KTA. (Emiten News)

## Domestic Issue

**Ministry of Finance Aims for IDR 12 Trillion in Funds from Tomorrow's SBSN Auction** The Directorate General of Financing and Risk Management of the Ministry of Finance (DJPPR Kemenkeu) is aiming for an indicative target of IDR 12 trillion from the auction of State Sharia Securities (SBSN) which will be held on Tuesday (20/2/2024). Later, the target of IDR 12 trillion from the SBSN auction will be used to meet part of the financing target in the 2024 State Budget. The auction will begin on Tuesday (20/2/2024) at 09.00 WIB and end at 11.00 WIB, and the results will be announced on the same day. Meanwhile, the settlement date falls on February 22, 2024. Referring to the official website of the Ministry of Finance's DJPPR, there are 7 SBSN series that will be auctioned, consisting of the State Treasury Securities-Syariah (SPN-S) and Project Based Sukuk (PBS) series. In detail, the SPN-S series to be auctioned are SPNS 05082024 (reopening) and SPNS 18112024 (new issuance), discount coupon rates with maturity dates of August 5, 2024 and November 18, 2024, respectively. The SPN-S series has a non-competitive purchase allocation of a maximum of 75% of all auctions won. Meanwhile, the Project Based Sukuk series to be auctioned is offered in 5 series, namely PBS032 (reopening), PBS030 (reopening), PBSG001 (reopening), PBS004 (reopening), PBS038 (reopening). The tenor of the Project Based Sukuk offered also varies from 2 years to 25 years, and coupon rates ranging from 4.87% to 6.87%. The PBS series has a non-competitive purchase allocation of a maximum of 30% of the entire auction won. For information, this auction again offered the PBSG001 series, which is a green sukuk series offered through auctions in the domestic primary market. The PBSG001 series can also be used to support the Macropudential Inclusive Financing Ratio (RPIM) program for Conventional Commercial Banks, Islamic Commercial Banks, and Sharia Business Units. (Bisnis)

## Recommendation

**Could it be that US10YT has actually been on a bullish journey towards its TARGET YIELD of 4.664% as a result of the Inverted Head & Shoulders (pink) pattern?** The nearest trigger is when the yield managed to rise above 4.40% while maintaining the nearest Support MA10 / yield 4.232%. ADVISE: AVERAGE UP accordingly.

**ID10YT is considered to be able to continue the upward swing towards TARGET YIELD 6.75%, as soon as the nearest Resistance at yield 6.652% is surpassed.** ADVISE: AVERAGE UP accordingly.

## PRICE OF BENCHMARK SERIES

FRO090 : 96.44 (-0.27%)  
FRO091 : 98.28 (-0.06%)  
FRO094 : 96.36 (-0.02%)  
FRO092 : 102.98 (+0.11%)

FRO086 : 98.68 (+0.01%)  
FRO087 : 99.25 (+0.04%)  
FRO083 : 106.11 (-0.07%)  
FRO088 : 96.07 (-0.12%)

## CDS of Indonesia Bonds

CDS 2yr: -2.05% to 31.10  
CDS 5yr: -2.07% to 70.73  
CDS 10yr: -1.72% to 122.02

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.62%	-0.01%
USDIDR	15,620	0.00%
KRWIDR	11.70	-0.11%

## Global Indices

Index	Last	Chg.	%
Dow Jones	38,627.99	(145.13)	-0.37%
S&P 500	5,005.57	(24.16)	-0.48%
FTSE 100	7,711.71	114.18	1.50%
DAX	17,117.44	70.75	0.42%
Nikkei	38,487.24	329.30	0.86%
Hang Seng	16,339.96	395.33	2.48%
Shanghai	2,865.90	36.21	1.28%
Kospi	2,648.76	34.96	1.34%
EIDO	22.74	(0.12)	-0.52%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,013.6	9.2	0.46%
Crude Oil (\$/bbl)	79.19	1.16	1.49%
Coal (\$/ton)	119.25	0.00	0.00%
Nickel LME (\$/MT)	16,356	98.0	0.60%
Tin LME (\$/MT)	26,970	(323.0)	-1.18%
CPO (MYR/Ton)	3,809	(12.0)	-0.31%

## 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)	2.02	3.30	Govt. Spending Yoy	2.81%	-3.76%
Exports Yoy	-8.06%	-5.76%	FDI (USD bn)	4.86	5.14
Imports Yoy	0.36%	-3.81%	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
<b>Monday</b>	JP	06:50	Core Machine Orders MoM	Dec	2.6%		-4.9%
19 – Feb.	JP	06:50	Core Machine Orders YoY	Dec	-1.4%		-5.0%
<b>Tuesday</b>	US	22:00	Leading Index	Jan	-0.3%		-0.1%
20 – Feb.	JP	12:00	Tokyo Condominium for Sale YoY	Jan	—		3.8%
<b>Wednesday</b>	US	19:00	MBA Mortgage Applications	Feb 16	—		-2.3%
21 – Feb.	ID	14:20	BI Rate	Feb 21	6.00%		6.00%
	EC	22:00	Consumer Confidence	Feb P	-15.8		-16.1
<b>Thursday</b>	US	02:00	FOMC Meeting Minutes	Jan 31	—		—
22 – Feb.	US	20:30	Initial Jobless Claims	Feb 17	—		212K
	US	21:45	S&P Global US Manufacturing PMI	Feb P	50.1		50.7
	US	22:00	Existing Home Sales	Jan	3.97M		3.78M
	ID	10:00	BoP Current Account Balance	4Q	—		-\$900M
	GE	15:30	HCOB Germany Manufacturing PMI	Feb P	46.5		45.5
	EC	16:00	HCOB Eurozone Manufacturing PMI	Feb P	47.0		46.6
	EC	17:00	CPI YoY	Jan F	2.8%		2.8%
	KR	—	BOK Base Rate	Feb 22	—		3.50%
	JP	07:30	Jibun Bank Japan PMI Mfg	Feb P	—		48.0
<b>Friday</b>	CH	08:30	New Home Prices MoM	Jan	—		-0.45%
23 – Feb.	GE	14:00	GDP SA QoQ	4Q F	-0.3%		-0.3%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury

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United States 10-Year, United States, NYSE:US10YT=X, D



## Indonesia 10 Years Treasury

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