

Morning Brief

Daily | February 20, 2024

Today's Outlook:

US MARKETS: The US stock markets are set to be shuttered on Monday in observance of the Presidents' Day holiday. Fed minutes highlight upcoming ECONOMIC DATA releases. It should be a slower week on the U.S. economic calendar after a spate of blockbuster data releases that have altered some expectations for potential Federal Reserve interest rate cuts. Highlighting the agenda will be minutes from the U.S. central bank's January policy meeting on Wednesday, which could provide a fresh peek into how policymakers view the evolution of borrowing costs this year. Last month, the Fed left rates unchanged at a more than two-decade high, while Chair Jerome Powell stressed that officials wanted to see more evidence that inflation was sustainably cooling back down to their 2% target before starting to consider a pivot.

ASIA MARKETS: Sentiment was aided chiefly by official data over the weekend showing that Chinese consumers spent more on travel, shopping and eating out during the holiday than they had a year ago. The readings boosted hopes that Chinese consumer spending -- which is a key driver of economic growth -- was now recovering after a three-year slump. Today will see the Chinese central bank's decision on the PBOC Loan Prime Rate which the consensus is that it will be held at 3.45%.

COMMODITIES: Brent crude oil prices settled slightly higher in an abbreviated session on Monday, as lingering supply concerns from tensions in the Middle East were offset by signs of weakening demand. Brent futures gained 9 cents to settle at USD 83.56 a barrel. U.S. West Texas Intermediate (WTI) crude for March delivery, which will not have a settlement today and expires on Tuesday, rose 30 cents to USD 79.49 a barrel. Both Brent and WTI futures last week gained about 1.5% and 3% respectively, reflecting the increasing risk of the Middle East conflict widening, as Israeli raids put the Gaza Strip's second-largest hospital out of service. The US has proposed the United Nations Security Council oppose Israel's Rafah assault and back a temporary Gaza ceasefire, as reported by Reuters.

Corporate News

Merdeka Copper Releases IDR 1.5 Trillion Bonds, Offering Interest of up to 9% PT Merdeka Copper Gold Tbk (MDKA) offers Sustainable Bonds IV Phase II Year 2024 with a principal amount of IDR 1.5 trillion. These bonds have an A+ rating from PT Pemeringkat Efek Indonesia. Launching the company's official statement, the bonds from the metal ore mining issuer owned by Edwin Soeryadajaya and Sandiaga Uno are divided into two series. In detail, the Series A Bonds offered are worth IDR 750 billion with a fixed interest rate of 7.25% per annum. The term of the Series A Bonds is 367 calendar days from the date of issuance. Then the amount of Series B Bonds offered is IDR 750 billion with a fixed interest rate of 9% per annum. The term of the Series B Bonds is three years from the date of issuance. In addition, interest from bonds will be distributed every three months, with the first payment falling on May 23, 2024. Meanwhile, the repayment for Series A Bonds and the last interest payment is scheduled for March 2, 2025, while Series B Bonds will be repaid on February 23, 2027. Meanwhile, the proceeds from this bond public offering, after deducting issuance costs, will be used for: Funding part of the obligation to repay the entire principal of Merdeka Copper Gold IV Sustainable Bonds Phase II Year 2023 which will mature on March 15, 2024 amounting to Rp 1.35 trillion. The rest will be used by the company to fund part of the obligations in the plan to repay the entire principal of Merdeka Copper Gold Sustainable Bonds II Phase I Year 2021 Series B which will mature on March 26, 2024. (Katadata)

Domestic Issue

Bond and Sukuk Emissions Reach IDR 13.38 Trillion The Indonesia Stock Exchange (IDX) noted that the total bond and sukuk emissions that have been recorded throughout 2024 are 13 emissions from 12 issuers worth IDR 13.38 trillion. With this recording, the total bond and sukuk emissions recorded on the IDX amounted to 550 emissions with an outstanding nominal value of IDR 468.28 trillion and USD 32.362 million, issued by 128 issuers. The information was conveyed by the IDX in a press release in Jakarta, yesterday. Government Securities (SBN) listed on the IDX amounted to 186 series with a nominal value of IDR 5,810.39 trillion and USD 502.10 million. EBA as many as 10 emissions worth IDR 3.25 trillion. (Neraca)

Recommendation

US10YT still needs to pass the previous High yield Resistance, one more step above 4.40% to be able to advance to the Target of 4.664%. ADVISE: AVERAGE UP accordingly.

ID10YT opens the gap up in its attempt to reach the YIELD TARGET of 6.75%, but it does not seem that easy to close steadily above the Resistance area. ADVISE: AVERAGE UP accordingly, or be ready to reduce positions.

PRICE OF BENCHMARK SERIES

FR0090	: 96.56 (+0.12%)
FR0091	: 98.32 (+0.04%)
FR0094	: 96.95 (+0.61%)
FR0092	: 102.56 (-0.41%)
FR0086	: 98.71 (+0.02%)
FR0087	: 99.26 (+0.01%)
FR0083	: 106.08 (-0.03%)
FR0088	: 96.07 (+0.12%)

CDS of Indonesia Bonds

CDS 2yr:	+0.19% to 31.16
CDS 5yr:	-0.14% to 70.63
CDS 10yr:	-0.01% to 122.01

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.62%	0.00%
USDIDR	15,630	0.06%
KRWIDR	11.71	0.08%

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	7,728.50	16.79	0.22%
DAX	17,092.26	(25.18)	-0.15%
Nikkei	38,470.38	(16.86)	-0.04%
Hang Seng	16,155.61	(184.35)	-1.13%
Shanghai	2,910.54	44.64	1.56%
Kospi	2,680.26	31.50	1.19%
EIDO	22.74	(0.12)	-0.52%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,017.2	3.6	0.18%
Crude Oil (\$/bbl)	79.19	1.16	1.49%
Coal (\$/ton)	119.60	0.35	0.29%
Nickel LME (\$/MT)	16,349	(7.0)	-0.04%
Tin LME (\$/MT)	26,434	(536.0)	-1.99%
CPO (MYR/Ton)	3,865	56.0	1.47%

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
Monday 19 – Feb.	JP	06:50	Core Machine Orders MoM	Dec	2.7%	2.6%	-4.9%
	JP	06:50	Core Machine Orders YoY	Dec	-0.7%	-1.4%	-5.0%
Tuesday 20 – Feb.	US	22:00	Leading Index	Jan		-0.3%	-0.1%
	JP	12:00	Tokyo Condominium for Sale YoY	Jan		—	3.8%
Wednesday 21 – Feb.	US	19:00	MBA Mortgage Applications	Feb 16		—	-2.3%
	ID	14:20	BI Rate	Feb 21		6.00%	6.00%
	EC	22:00	Consumer Confidence	Feb P		-15.8	-16.1
Thursday 22 – Feb.	US	02:00	FOMC Meeting Minutes	Jan 31		—	—
	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
Friday 23 – Feb.	CH	08:30	New Home Prices MoM	Jan		—	-0.45%
	GE	14:00	GDP SA QoQ	4Q F		-0.3%	-0.3%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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