

Morning Brief

Daily | February 21, 2024

Today's Outlook:

US ECONOMIC DATA: The Fed will release the January FOMC MEETING minutes on Wednesday (Thursday at 02:00 GMT+7), which may provide more insight into the central bank's view, while the market currently expects to see four 25bps rate cuts this year, starting in June. From later tonight, there will also be a number of statements from Fed officials.

ASIA & EUROPE MARKETS: CHINA'S central bank, the Peoples Bank of China, cut its 5-year benchmark interest rate to 3.95% from 4.20%, more than analysts' expectation of 4.1%, thereby easing monetary policy to support the country's slow economic recovery. The 1-year Loan Prime Rate (LPR) was left unchanged at 3.45%. The LPR is determined by the PBOC based on the deliberations of 18 designated commercial banks and is used as a benchmark for lending rates across the country. This is the first cut since August 2023 and puts the LPR at its lowest level on record, amid pressure from the weakening Yuan and the property crisis there. However, investors are still looking forward to more concentrated fiscal stimulus in the coming months to boost economic growth. In fresh news this morning from our neighboring country, JAPAN reported higher than expected export growth (11.9% yoy) in January, supported by improving overseas demand for vehicles and electronics, amid weakening domestic demand which was the culprit for a 9.6% drop in imports. With this composition, Japan successfully posted a Trade Balance surplus of 240 billion Yen, in contrast to a deficit of 410 billion Yen in Dec.

COMMODITIES: OIL prices slipped at the close of trading on Tuesday (20/2/2024) after hitting a three-month high, amid escalating Middle East conflicts. West Texas Intermediate (WTI) crude oil futures for April delivery were more actively traded down USD 1.30 at USD 77.04/barrel on the New York Mercantile Exchange. Meanwhile, the Brent contract for delivery of the same month ended down USD 1.16 or 1.39% to USD 82.4/barrel, on the London ICE Futures Exchange. Various sentiments surrounding the recent movement of oil prices: in addition to traders doing profit-taking on solid performance throughout the month of February, crude oil prices are also losing ground to the drastic decline in natural gas prices. These considerations outweighed the continuing Middle East conflict after Israel launched airstrikes on Lebanon and Houthi militants attacked another cargo ship in the Bab el-Mandeb strait; forcing shipping giants like Maersk to take a detour to Africa's Cape of Good Hope.

Corporate News

Sampoerna Agro (SGRO) Prepares Funds to Pay Off 2021 Bonds PT Sampoerna Agro Tbk (SGRO) has prepared a budget to pay off its bonds and Sustainable Sukuk Ijarah I Sampoerna Agro Phase II Year 2021 Series A. Both bonds will mature on March 17, 2024. In his statement, Tuesday (22/2/2024), Eris Ariaman, Corporate Secretary of SGRO said that SGRO has prepared funds to pay off the principal of Sustainable Bonds I Phase II Year 2021 Series A amounting to IDR 127,665,000,000. For the principal of Sustainable Sukuk Ijarah I Phase II 2021 Series A amounting to IDR 236,635,000,000, which will mature on March 17, 2024. Previously, PEFINDO affirmed the "idA" rating for PT Sampoerna Agro Tbk (SGRO) and Shelf Registration Bond I. PEFINDO also affirmed "idA(sy)" for Sukuk Ijarah I issued by the Company. The outlook on the company's rating is stable. (Emiten News)

Domestic Issue

OJK to Release Regional Bond Issuance Rules Soon The Chief Executive of the Capital Market Supervisor, Derivative Finance & Carbon Exchange of the Financial Services Authority (OJK), Inarno Djajadi, said that his party would release rules related to the issuance of regional bonds. This was conveyed by Inarno at the 2024 Financial Services Industry Annual Meeting, at St. Regis, Jakarta, Tuesday (20/2/2024). "This initiative facilitates local governments that issue regional bonds or regional sukuk," he said. The issuance of regional bonds or municipal bonds, which has been discussed since 4 years ago, has not yet been realized by any local government. However, this discourse is constrained by regulations and market considerations being the main cause. The discourse of a number of local governments (pemda), both provincial and city / regency governments, to issue debt securities has actually surfaced. The provincial governments of DKI Jakarta, West Java and Central Java are predicted to have the most potential to issue these instruments. At the end of last year, however, Acting West Java Governor Bey Machmudin will review the provincial government's plan to issue regional bonds. Although he considered West Java capable of releasing regional bonds, he wanted to review the plan. (CNBC Indonesia)

Recommendation

US10YT is still maintaining this uptrend above the MA10 top support but the potential for further upside path depends on when the yield resistance of 4.40% is broken. The yield target of 4.664% is waiting to be reached. ADVISE: AVERAGE UP accordingly.

ID10YT is still in a Sideways pattern based on the third MA Support around 6.61% - 6.62%. A breakout above Resistance 6.64% will free ID10YT's path towards TARGET yield 6.75%. ADVISE: AVERAGE UP accordingly.

PRICE OF BENCHMARK SERIES

| | |
|--------|--------------------------|
| FR0090 | : 96.58 (+0.14%) |
| FR0091 | : 98.43 (+0.11%) |
| FR0094 | : 96.89 (-0.06%) |
| FR0092 | : 102.54 (-0.02%) |
| FR0086 | : 98.68 (-0.03%) |
| FR0087 | : 99.29 (+0.03%) |
| FR0083 | : 106.12 (+0.04%) |
| FR0088 | : 96.08 (+0.01%) |

CDS of Indonesia Bonds

| | |
|----------|--------------------|
| CDS 2yr | : +1.09% to 31.50 |
| CDS 5yr | : +1.27% to 71.53 |
| CDS 10yr | : +0.96% to 123.19 |

Government Bond Yields & FX

| | Last | Chg. |
|----------------|--------|--------|
| Tenor: 10 year | 6.62% | -0.00% |
| USDIDR | 15,660 | 0.19% |
| KRWIDR | 11.71 | 0.01% |

Global Indices

| Index | Last | Chg. | % |
|-----------|-----------|----------|--------|
| Dow Jones | 38,563.80 | (64.19) | -0.17% |
| S&P 500 | 4,975.51 | (30.06) | -0.60% |
| FTSE 100 | 7,719.21 | (9.29) | -0.12% |
| DAX | 17,068.43 | (23.83) | -0.14% |
| Nikkei | 38,363.61 | (106.77) | -0.28% |
| Hang Seng | 16,247.51 | 91.90 | 0.57% |
| Shanghai | 2,922.73 | 12.19 | 0.42% |
| Kospi | 2,657.79 | (22.47) | -0.84% |
| EIDO | 22.79 | 0.05 | 0.22% |

Commodities

| Commodity | Last | Chg. | % |
|--------------------|---------|--------|--------|
| Gold (\$/troy oz.) | 2,024.4 | 7.2 | 0.36% |
| Crude Oil (\$/bbl) | 77.04 | (1.42) | -1.81% |
| Coal (\$/ton) | 119.60 | 0.00 | 0.00% |
| Nickel LME (\$/MT) | 16,347 | (2.0) | -0.01% |
| Tin LME (\$/MT) | 26,421 | (13.0) | -0.05% |
| CPO (MYR/Ton) | 3,860 | (5.0) | -0.13% |

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 | JP | 06:50 | Core Machine Orders MoM | Dec | 2.7% | 2.6% | -4.9% |
| 19 – Feb. | JP | 06:50 | Core Machine Orders YoY | Dec | -0.7% | -1.4% | -5.0% |
| Tuesday | US | 22:00 | Leading Index | Jan | -0.4% | -0.3% | -0.1% |
| 20 – Feb. | JP | 12:00 | Tokyo Condominium for Sale YoY | Jan | 56.6% | — | 3.8% |
| Wednesday | US | 19:00 | MBA Mortgage Applications | Feb 16 | — | — | -2.3% |
| 21 – Feb. | ID | 14:20 | BI Rate | Feb 21 | 6.00% | 6.00% | 6.00% |
| | EC | 22:00 | Consumer Confidence | Feb P | -15.8 | -16.1 | -16.1 |
| Thursday | 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 | 50.7 |
| | US | 22:00 | Existing Home Sales | Jan | 3.97M | 3.78M | 3.78M |
| | ID | 10:00 | BoP Current Account Balance | 4Q | — | — | -\$900M |
| | GE | 15:30 | HCOB Germany Manufacturing PMI | Feb P | 46.5 | 45.5 | 45.5 |
| | EC | 16:00 | HCOB Eurozone Manufacturing PMI | Feb P | 47.0 | 46.6 | 46.6 |
| | EC | 17:00 | CPI YoY | Jan F | 2.8% | 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 | CH | 08:30 | New Home Prices MoM | Jan | — | — | -0.45% |
| 23 – Feb. | GE | 14:00 | GDP SA QoQ | 4Q F | -0.3% | -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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