

Morning Brief

Daily | February 28, 2024

Today's Outlook:

US MARKET: The US reported the important ECONOMIC INDICATOR Consumer Confidence which fell to 106.7 for February, from 110.9 in the previous month; a 3-month low, with Inflation as the culprit weighing on consumer confidence. Meanwhile, Durable Goods Orders also fell more than anticipated in January, due to a drop in reservations for commercial airlines, which fell 6.1% last month. Both economic data came out after two Fed officials voiced the same tone not to rush into a rate cut plan, as the danger of Inflation has not fully faded. The odds of a 25bps pivot by the Federal Reserve being realized at the June FOMC Meeting is at 59.1%, down from almost certainty at the end of January, as surveyed by CME Group FedWatch Tool. The next economic reports this week that will provide more clarity for the central bank are the second estimate of 4th quarter US GDP, weekly Initial Jobless Claims, and manufacturing activity.

COMMODITIES: In other sectors, the Energy sector also slipped due to weakness in some related stocks, although OIL prices rose following a report from Reuters that OPEC+ is considering continuing production cuts in Q2. As is known, since November last year OPEC+ has made voluntary production cuts of around 2.2 million barrels per day in the first quarter of this year, although the agreement among OPEC+ members itself was marked by debate over the idea of limiting output. Later tonight will also be monitored for US Crude Oil inventory figures which are expected to drop 50% from the previous month as US refineries are undergoing maintenance/overhaul.

EUROPEAN MARKETS: In Germany, the GfK German Consumer Climate rose to an anticipated -29 for March (as per market expectations), rebounding from -29.6 in Feb which was an 11-month low. From Eurozone, the Consumer Confidence (Feb) report will also be monitored today where it will not move far from the negative 16.1 in the previous month.

Corporate News

BRI (BBRI) Ready to Issue Rp2.5 Trillion Green Bond PT Bank Rakyat Indonesia (Persero) Tbk (BBRI) will again issue green bonds this year. The value of the green bond to be issued is IDR 2.5 trillion. Based on information disclosure, BRI will issue Sustainable Environmental Bonds I Bank BRI Phase III Year 2024 with an offering period next month or March 2024. The bond value of IDR 2.5 trillion will be divided into three series. Series A with a value of IDR 1.23 trillion has an interest rate of 6.15% per year with a term of 370 calendar days from the date of issuance. Then, Series B amounting to IDR 879.43 billion with a fixed interest rate of 6.25% per year, with a term of two years from the date of issuance. Also available is Series C worth IDR 382.9 billion with a fixed interest rate of 6.25% per annum. This series has a term of three years from the date of issuance. Meanwhile, the last green bond interest and maturity will be paid on March 25, 2025 for Series A, March 15, 2026 for Series B, and March 15, 2027 for Series C. This year's green bonds are a continuation of previous years. Last year, BRI issued Sustainable Environmental Bonds I Bank BRI Phase II Year 2023. (Bisnis)

Domestic Issue

Government Debt Rises Again to IDR 8,253.09 Trillion, an All-Time High The Ministry of Finance (Kemenkeu) noted that the position of government debt in January 2024 reached IDR 8,253.09 trillion or equivalent to 38.75% of gross domestic product (GDP). The amount of debt in early 2024 again set an all-time record high. The debt position at the beginning of the year increased again when compared to the position at the end of December 2023 which amounted to IDR 8,114.69 trillion. The Ministry of Finance stated that the debt ratio recorded in January 2024 was still below the safe limit of 60% of GDP in accordance with Law No. 17/2003 on State Finance and better than that set through the Medium-Term Debt Management Strategy 2024-2027 in the range of 40%. In detail, the majority of government debt in January 2024 came from domestic debt with a proportion of 71.60%. Meanwhile, based on instruments, the composition of government debt is mostly in the form of SBN, which reached 88.19%. BI's ownership of domestic SBN is recorded at around 18.7% which is used as an instrument of monetary management. Meanwhile, foreigners are recorded to only own domestic SBNs of around 14.8%, including ownership by foreign governments and central banks. (Bisnis)

Recommendation

ID10YT is still undergoing a consolidation - sideways pattern within the confines of the third Moving Average Resistance gathered around a yield of 6.60%, and Support around a yield of 6.54%. ADVISE: wait for the direction of the breakout before making an investment decision; WAIT & SEE.

US10YT is still in a Sideways trend around Support MA10/yield 4.30% and seems to be waiting for important PCE price index data this week, to determine whether the data results will be able to make US10YT break through Resistance yield 4.354%, on the way to TARGET yield: 4.47% - 4.55%/4.66%. ADVISE: WAIT & SEE, BUY ON BREAK/AVERAGE UP accordingly.

PRICE OF BENCHMARK SERIES

FR0090	: 96.74 (+0.02%)
FR0091	: 98.89 (-0.09%)
FR0094	: 96.95 (+0.12%)
FR0092	: 102.96 (-0.01%)
FR0086	: 98.65 (+0.02%)
FR0087	: 99.73 (+0.02%)
FR0083	: 106.39 (+0.03%)
FR0088	: 96.84 (+0.37%)

CDS of Indonesia Bonds

CDS 2yr	: +1.10% to 31.12
CDS 5yr	: +2.00% to 70.69
CDS 10yr	: +0.90% to 121.78

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.58%	0.01%
USDIDR	15,640	0.06%
KRWIDR	11.75	0.10%

Global Indices

Index	Last	Chg.	%
Dow Jones	38,972.41	(96.82)	-0.25%
S&P 500	5,078.18	8.65	0.17%
FTSE 100	7,683.02	(1.28)	-0.02%
DAX	17,556.49	133.26	0.76%
Nikkei	39,239.52	5.81	0.01%
Hang Seng	16,790.80	156.06	0.94%
Shanghai	3,015.48	38.46	1.29%
Kospi	2,625.05	(22.03)	-0.83%
EIDO	22.52	(0.02)	-0.09%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,030.5	(0.8)	-0.04%
Crude Oil (\$/bbl)	78.87	1.29	1.66%
Coal (\$/ton)	129.20	1.45	1.14%
Nickel LME (\$/MT)	17,460	291.0	1.69%
Tin LME (\$/MT)	26,360	284.0	1.09%
CPO (MYR/Ton)	3,922	59.0	1.53%

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)	-1.29	-0.90
Trd Balance (USD bn)	2.02	3.30	Govt. Spending Yoy	2.81%	-3.76%
Exports Yoy	-8.06%	-5.76%	FDI (USD bn)	4.82	4.86
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 26 – Feb.	US	22:00	New Home Sales	Jan	661K	684K	664K
	JP	06:50	PPI Services YoY	Jan	2.1%	2.4%	2.4%
Tuesday 27 – Feb.	US	20:30	Durable Goods Orders	Jan P	-6.1%	-5.0%	0.0%
	US	22:00	Conf. Board Consumer Confidence	Feb	106.7	115.0	114.8
Wednesday 28 – Feb.	US	20:30	GDP Annualized QoQ	4Q S		3.3%	3.3%
	JP	12:00	Leading Index CI	Dec F		—	116.2
Thursday 29 – Feb.	US	20:30	Personal Income	Jan		0.5%	0.3%
	US	20:30	Personal Spending	Jan		0.2%	0.7%
	US	20:30	Initial Jobless Claims	Feb 24		—	201K
	US	21:45	MNI Chicago PMI	Feb		—	46.0
	GE	15:55	Unemployment Change (000's)	Feb		—	-2.0K
	GE	20:00	CPI YoY	Feb P		2.7%	2.9%
	JP	06:50	Industrial Production MoM	Jan P		-7.2%	1.4%
Friday 1 – Mar.	US	21:45	S&P Global US Manufacturing PMI	Feb F		—	51.5
	US	22:00	U. of Mich. Sentiment	Feb F		79.6	79.6
	US	22:00	ISM Manufacturing	Feb		49.2	49.1
	CH	08:30	Manufacturing PMI	Feb		49.5	49.2
	CH	08:45	Caixin China PMI Mfg	Feb		50.7	50.8
	ID	07:30	S&P Global Indonesia PMI Mfg	Feb		—	52.9
	ID	09:00	CPI YoY	Feb		2.65%	2.57%
	KR	07:00	Trade Balance	Feb		\$2,408M	\$328M
	JP	06:30	Jobless Rate	Jan		2.4%	2.4%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury

Published on Investing.com, 27 Feb 2024 - 23:57:58 GMT. Powered by TradingView.

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



Indonesia 10 Years Treasury

Published on Investing.com, 28 Feb 2024 - 01:03:57 GMT. Powered by TradingView.

Indonesia 10-Year, Indonesia, Jakarta:ID10YT=RR, D



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