

Morning Brief

Daily | February 29, 2024

Today's Outlook:

US MARKETS: The PCE price index, the Fed's favorite inflation benchmark, is expected to show a rise of 0.3% mom and 2.4% yoy in January. US Inflation is still heating up in the latest CPI & PPI figures, which point to a resilient US economy, as well as comments from several Fed officials that led market participants to push back the first pivot estimate of the year from March to June. The latest economic indicators showed US GDP grew 3.2% qoq in the 4th quarter on the back of strong public spending, revised down slightly from 3.3% in the initial estimate, and down from 4.9% in the previous quarter; thus confirming the weakening momentum. Several Fed officials were again unanimous on how the US central bank should digest the emerging economic data before making changes to monetary policy to be confident that the central bank has carried out its mandate to the fullest regarding employment stability and inflation trajectory towards the 2% target.

ASIA MARKETS: Japan reported January Industrial Production this morning, which in preliminary estimates showed a drastic decline to -7.5%, from 1.4% in the previous month. On the other hand, Japan Retail Sales remained stable at 2.3% yoy in January, better than expected. The more important data to watch will be the BoJ Core CPI later this afternoon which is predicted to cool at 2.3% yoy.

EUROPEAN MARKETS: A series of important economic data from Germany will be out today but, likely, German CPI (Feb), Retail Sales (Jan), and Unemployment rate (Feb) will garner the most attention. As Europe's number one economy, Germany's February inflation is expected to cool to 2.6% yoy, from 2.9% in the previous month.

COMMODITIES: US crude oil futures closed lower on Wednesday after the Federal Reserve held firm on its decision not to cut interest rates in the near term, while US crude oil inventory stockpiles grew above expectations last week, up 4.2 million barrels as reported by the Energy Information Administration (EIA), exceeding analysts' estimates at 2.74 million barrels. Inventories have been growing for five consecutive weeks due to unexpected refinery shutdowns following January's winter storms.

Reports on Tuesday that OPEC+ would consider extending voluntary oil output cuts into the second quarter may also be a consideration for lower prices as global demand remains weak. The Middle East conflict may also provide price support after Hamas called on Palestinians to march to the Al-Aqsa Mosque in Jerusalem at the start of Ramadan to raise the stakes in the ongoing ceasefire negotiations in Gaza, which US President Joe Biden is also expected to attend.

Corporate News

Chandra Asri (TPIA) Will Issue IDR 1.5 Trillion Bonds PT Chandra Asri Pacific Tbk (TPIA) will issue new bonds. This petrochemical producer will issue Chandra Asri Pacific Phase IV Sustainable Bonds in 2024 with a total principal amount of IDR 1.5 trillion. These bonds will be issued in 3 series. First, series A with a principal amount of IDR 542.37 billion, with a fixed interest rate of 7.95% per annum. This bond has a term of 3 years. Second, Series B bonds with a principal amount offered of IDR 416.80 billion with a fixed interest rate of 8.25% and a tenor of 5 years from the date of issuance. Third, Series C, with a principal amount of IDR 540.82 billion, a fixed interest rate of 8.75% per annum, and a 7-year tenor. The net proceeds obtained from the Bonds will be used by TPIA entirely for working capital purposes, including the purchase of raw materials for production and operational costs for business activities. The bonds have received an idAA- (Double A Minus) rating from PT Pemeringkat Efek Indonesia (Pefindo). (Kontan)

Domestic Issue

SR 020 Coupon of 6.3% and 6.4% Launches March 1 The Directorate General of Financing and Risk Management of the Ministry of Finance (DJPPR Kemenkeu) has officially set the coupon rates for the Retail Sukuk (SR) SR020 series at 6.30% and 6.40% per year. SR020 will launch from March 1, 2024, to March 27, 2024. Referring to the official website of the Ministry of Finance's DJPPR, SR020 is issued in two series, namely the three-year SR020-T3 with a coupon of 6.3% and the five-year SR020-T5, and a coupon of 6.4% per year. Meanwhile, SR020-T3 will mature on March 10, 2027, while SR020-T5 will mature on March 10, 2029. The minimum order for both series is IDR 1 million, with a maximum order for SR020-T3 of IDR 5 billion, while SR020-T5 is worth IDR 10 billion. Director of Sharia Financing at the Ministry of Finance's DJPPR Dwi Irianti Hadiningdyah said she is optimistic that the sale of SR020 will be well received by investors. The Ministry of Finance said the purpose of issuing the SR020 series of Retail Sukuk is to help finance the state budget including financing the development of infrastructure projects in Indonesia and expanding the domestic investor base. (Bisnis)

Recommendation

US10YT is still wavering to establish a position at MA10 support / 4.292% yield, and there is still a possibility of consolidation to the following support, MA20 / 4.232%. With the nearest resistance around yield 4.351-4.354%, our best ADVISE: BUY ON BREAK / AVERAGE UP accordingly.

ID10YT has an attempted breakout of the third moving average resistance, as well as the short-term trendline around yield 6.61%. ADVISE: BUY ON BREAK / AVERAGE UP accordingly. TARGET: 6.75% - 6.8% / 6.948% - 6.962%.

PRICE OF BENCHMARK SERIES

FR0090 : 96.73 (-0.01%)
FR0091 : 98.90 (+0.01%)
FR0094 : 96.96 (+0.01%)
FR0092 : 102.96 (+0.00%)

FR0086 : 98.61 (-0.04%)
FR0087 : 99.68 (-0.05%)
FR0083 : 106.34 (-0.05%)
FR0088 : 96.96 (+0.13%)

CDS of Indonesia Bonds

CDS 2yr: +1.78% to 31.68
CDS 5yr: +1.28% to 71.59
CDS 10yr: +1.41% to 123.49

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.60%	0.02%
USDIDR	15,685	0.29%
KRWIDR	11.77	0.18%

Global Indices

Index	Last	Chg.	%
Dow Jones	38,949.02	(23.39)	-0.06%
S&P 500	5,069.76	(8.42)	-0.17%
FTSE 100	7,624.98	(58.04)	-0.76%
DAX	17,601.22	44.73	0.25%
Nikkei	39,208.03	(31.49)	-0.08%
Hang Seng	16,536.85	(253.95)	-1.51%
Shanghai	2,957.85	(57.63)	-1.91%
Kospi	2,652.29	27.24	1.04%
EIDO	22.54	0.02	0.09%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,034.6	4.1	0.20%
Crude Oil (\$/bbl)	78.54	(0.33)	-0.42%
Coal (\$/ton)	129.50	0.30	0.23%
Nickel LME (\$/MT)	17,601	141.0	0.81%
Tin LME (\$/MT)	26,561	201.0	0.76%
CPO (MYR/Ton)	3,907	(15.0)	-0.38%

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	US	22:00	New Home Sales	Jan	661K	684K	664K
26 – Feb.	JP	06:50	PPI Services YoY	Jan	2.1%	2.4%	2.4%
Tuesday	US	20:30	Durable Goods Orders	Jan P	-6.1%	-5.0%	0.0%
27 – Feb.	US	22:00	Conf. Board Consumer Confidence	Feb	106.7	115.0	114.8
Wednesday	US	20:30	GDP Annualized QoQ	4Q S	3.2%	3.3%	3.3%
28 – Feb.	JP	12:00	Leading Index CI	Dec F	110.2	—	116.2
Thursday	US	20:30	Personal Income	Jan		0.5%	0.3%
29 – Feb.	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	US	21:45	S&P Global US Manufacturing PMI	Feb F		—	51.5
1 – Mar.	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



Indonesia 10 Years Treasury



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