

# Morning Brief

Daily | 04 March, 2024

## Today's Outlook:

**US MARKETS:** Fed governor Christopher Waller said Friday he would like to see the U.S. central bank shift its holdings more toward short-term Treasuries, sending the yield on the 2-year Treasury 11 basis points lower to 4.54%. Data on Friday showing consumer sentiment unexpectedly slipped in February, and manufacturing activity deteriorating further into contraction territory boosted hopes for an earlier rate cut in further blow to Treasury yields to boost growth sectors including tech. The Institute for Supply Management (ISM) said its manufacturing PMI fell to 47.8 last month from 49.1 in January, the 16th straight month that the PMI remained below 50, considered as an immersed in contraction territory. The University of Michigan surveys of consumers showed all three measures for sentiment, current conditions and consumer expectations remain to appear pessimistic in the next 6 months.

**EUROPEAN & ASIAN MARKETS:** Eurostat figures published showed inflation across the 20-nation euro zone eased to 2.6% in February from 2.8% a month earlier. Global factory surveys showed manufacturing output had continued to fall in both Europe and Asia.

**OTHER FINANCIAL INSTRUMENTS:** Bond yields fell sharply including two-year yields' biggest daily decline since the end of January after the manufacturing data and Waller's suggestion of the need for more shorter-dated Treasuries. The 2-year note yield, which typically moves in step with interest rate expectations, fell 11.1 basis points to 4.5354%, from 4.646% late on Thursday. The yield on benchmark U.S. 10-year notes fell 6.6 basis points to 4.186%, from 4.252% while the 30-year bond yield fell 4.7 basis points to 4.3285% from 4.375% late on Thursday. In the FOREIGN EXCHANGE market, the dollar fell against the euro on weaker-than-expected U.S. economic data but gained against the Japanese yen after Bank of Japan governor Kazuo Ueda said it was too soon to declare victory on inflation. The dollar index, which measures the greenback against a basket of major currencies, fell 0.2% at 103.91, with the euro up 0.28% at USD 1.0833.

**COMMODITIES:** OIL prices settled higher and posted weekly gains as traders awaited an OPEC+ decision on supply agreements for the second quarter while they weighed U.S., European and Chinese economic data. US crude settled up 2.2% at USD 79.97 a barrel and Brent finished at USD 83.55 per barrel, up 2% on the day. In metals, gold started the month on a positive note, with prices rising to a two-month high the muted economic data. Spot gold added 1.97% to USD 2,083.41 an ounce.

## Corporate News

**Provident Investasi (PALM) will issue IDR 1.25 trillion bonds, here are the details** PT Provident Investasi Bersama Tbk (PALM) will issue Sustainable Bonds II Provident Investasi Bersama Phase II Year 2024 with a value of IDR 1.25 trillion. Launching the disclosure of IDX information, these bonds are issued scrippless and offered at 100% of the principal amount. Previously, PALM issued Sustainable Bonds II Provident Investasi Bersama Phase I Year 2023 worth IDR 157.82 billion. The Shelf-Registered Bonds II Phase I offers an interest rate of 7.5% with a payment frequency per three months with a tenor of 370 days. PALM's overall sustainable public offering (PUB) has a target fund raised of IDR 5 trillion. The entire principal value of the Sustainable Bonds II Provident Investasi Bersama Phase II Year 2024 to be issued amounts to a maximum of IDR 1.25 trillion. Series A has a principal amount of IDR 452 billion with a fixed interest rate of 8% per annum. The period is 367 calendar days from the date of issuance. Series B has a principal amount of IDR 202.63 billion with a fixed interest rate of 9.75% per annum. The period is three years from the date of issuance. Then, the remaining principal amount of bonds totaling IDR 595.36 billion is guaranteed on a best effort basis. (Kontan)

## Domestic Issue

**High Market Volatility, SUN Yields This Week Projected to Rise** The yield of Government Bonds (SUN) this week is estimated to experience sideways with a tendency to increase, due to high market volatility. Fixed Income Analyst PT Pemeringkat Efek Indonesia (Pefindo) Ahmad Nasrudin explained that the yield will be a little sideways with a relatively limited level. The market is waiting for several economic data releases, such as the US services sector ISM purchasing manager index (PMI), the Fed Chairman's statement, the European Central Bank (ECB) interest rate announcement, non farm payrolls and the US unemployment rate. Ahmad said that foreign investors are expected to continue buying SUN. In February, foreigners bought IDR 1.67 trillion, while compensating for the previous sell-off of IDR 3.03 trillion. "Although currently, foreigners have a more limited portion of around 15%, their selling / buying actions affect the market because they coincide with external sentiment," he said. On the other hand, foreign ownership is now relatively small compared to a few years ago when it controlled more than a third of government debt securities in the secondary market. However, now foreign ownership is only 14.56%. (Berita Satu)

## Recommendation

**ID10YT broke out resistance trendline medium term and pushed above the 3 Moving Average, opening up strengthening momentum towards TARGET: yield 6.75% / 6.95%. ADVISE : BUY ON BREAK / AVERAGE UP** accordingly.

**On the other hand, US10YT instead continues its consolidation below MA10 & MA20, all that remains is to pin its hopes on MA50 / yield 4.122% and there is a task to break through the resistance yield of 4.26% in order to continue the upward swing towards the TARGET yield of 4.66%. ADVISE : AVERAGE UP** above Resistance from previous level High : yield 4.354%.

## PRICE OF BENCHMARK SERIES

FR0090	: 96.79 (-0.01%)
FR0091	: 98.87 (+0.01%)
FR0094	: 96.99 (+0.02%)
FR0092	: 102.67 (-0.11%)
FR0086	: 98.64 (+0.00%)
FR0087	: 99.49 (-0.16%)
FR0083	: 106.15 (-0.08%)
FR0088	: 96.57 (+0.13%)

## CDS of Indonesia Bonds

CDS 2yr	: -2.10% to 29.66
CDS 5yr	: -3.08% to 68.95
CDS 10yr	: -1.72% to 120.85

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.63%	0.02%
USDIDR	15,700	-0.10%
KRWIDR	11.76	-0.36%

## Global Indices

Index	Last	Chg.	%
Dow Jones	39,087.38	90.99	0.23%
S&P 500	5,137.08	40.81	0.80%
FTSE 100	7,682.50	52.48	0.69%
DAX	17,735.07	56.88	0.32%
Nikkei	39,910.82	744.63	1.90%
Hang Seng	16,589.44	78.00	0.47%
Shanghai	3,027.02	11.85	0.39%
Kospi	2,642.36	(9.93)	-0.37%
EIDO	22.48	0.11	0.49%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,082.9	38.6	1.89%
Crude Oil (\$/bbl)	79.97	1.71	2.19%
Coal (\$/ton)	132.00	1.00	0.76%
Nickel LME (\$/MT)	17,662	(234.0)	-1.31%
Tin LME (\$/MT)	26,489	(67.0)	-0.25%
CPO (MYR/Ton)	3,966	(4.0)	-0.10%

## 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	-8.20%	-5.76%	FDI (USD bn)	4.82	4.86
Imports Yoy	0.28%	-3.81%	Business Confidence	104.82	104.30
Inflation Yoy	2.75%	2.57%	Cons. Confidence*	125.00	123.80

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 4 – Mar.	KR	06:00	Industrial Production YoY	Jan	9.5%	6.2%	
	KR	07:30	S&P Global South Korea PMI Mfg	Feb	—	51.2	
	JP	06:50	Capital Spending YoY	4Q	3.0%	3.4%	
<b>Tuesday</b> 5 – Mar.	US	22:00	Factory Orders	Jan	-2.2%	0.2%	
	US	22:00	Durable Goods Orders	Jan F	—	-6.1%	
	CH	08:45	Caixin China PMI Composite	Feb	—	52.5	
	KR	06:00	GDP YoY	4Q P	2.2%	2.2%	
<b>Wednesday</b> 6 – Mar.	US	20:15	ADP Employment Change	Feb	150K	107K	
	KR	06:00	CPI YoY	Feb	3.0%	2.8%	
<b>Thursday</b> 7 – Mar.	US	20:30	Trade Balance	Jan	-\$62.5B	-\$62.2B	
	US	20:30	Initial Jobless Claims	Mar 2	—	215K	
	CH	—	Foreign Reserves	Feb	—	\$3,219.3M	
	ID	10:00	Foreign Reserves	Feb	—	\$145.10B	
	GE	14:00	Factory Orders MoM	Jan	-5.9%	8.9%	
	EC	20:15	ECB Main Refinancing Rate	Mar 7	—	4.50%	
<b>Friday</b> 8 – Mar.	US	20:30	Change in Nonfarm Payrolls	Feb	190K	353K	
	US	20:30	Unemployment Rate	Feb	3.7%	3.7%	
	KR	06:00	BoP Current Account Balance	Jan	—	\$7,414.6M	
	JP	06:50	BoP Current Account Balance	Jan	-¥241.6Bn	¥744.3n	

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury

Published on Investing.com, 4/Mar/2024 - 1:48:45 GMT, Powered by TradingView.

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## Indonesia 10 Years Treasury

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