

Morning Brief

Today's Outlook:

US MARKETS: Investors nervously awaited the release of a number of economic data and Federal Reserve Chairman Jerome Powell's testimony. Market participants await a series of indicators that will shed light on the health of the US economy in terms of Services sector PMI and Factory Orders (Jan) on Tuesday, as well as Non-farm Payrolls on Friday. Also this week, investors await key comments from Fed Chairman Jerome Powell who is scheduled to speak on Wednesday and Thursday. Last Monday, Atlanta Fed President Raphael Bostic had already preceded by suggesting that the Fed needs to be careful in deciding to cut interest rates in the near future because it could cause euphoria that would actually push demand (inflation) higher under the pretext of economic growth, thus wasting the central bank's efforts to control inflation so far. In response, the chance of a pivot materializing in June deflated to 49.5%, down from 57% a day earlier.

ASIA & EUROPEAN MARKETS: Earlier this morning, South Korea announced their 4Q23 GDP which managed to come in-line with expectations at 2.2% yoy, up from 1.4% in the previous quarter. As for the neighboring country, Japan also reported Tokyo CPI & Core CPI (Feb) which appreciated to 2.6% yoy and 2.5% yoy respectively, up from 1.6% in the previous month for both indicators. Later in the morning, Japan will be the first country to announce their Services PMI which is expected to remain in expansionary territory albeit showing a slight decline. What market participants will be paying more attention to is probably China's Caixin Services PMI (Feb), which is expected to be firmly in expansionary territory. While in the afternoon it is the turn of Germany, Eurozone, and the UK to release their Composite & Services PMI data in Feb. Not to forget the Eurozone will also reveal their Inflation rate at the producer level, where deflation is expected to soften to -0.1% mom from -0.8% in the previous month.

COMMODITIES: Oil prices closed in negative territory on Monday, after OPEC+'s decision to extend the production cut period in Q2 was finally decided in line with market expectations. US WTI benchmark prices for the May contract slid 1.5% to USD 78.74/barrel, while Brent futures fell 0.8% to USD 82.86/barrel. Russia & Saudi Arabia, who lead the Organization of the Petroleum Exporting Countries & its alliance, known as OPEC+ agreed to continue production cuts of 2.2 million barrels/day until the end of June.

In other commodities, GOLD raced to all-time highs on Monday, driven by factors of continued geopolitical tensions and the prospect of a Fed rate cut in June. Spot gold prices rose 1.5% to a record USD 2126.30, while gold futures for the April contract advanced 1.4% to USD 2125.65/ounce. The rise in other precious metals was also followed by PLATINUM and SILVER which appreciated 1.9% and 3.3%, respectively. In contrast, on the industrial metals side, COPPER futures fell 0.4% in anticipation of economic data from top importer China, which will hold its 2024 National People's Congress this Tuesday and is expected to announce more stimulus packages in addition to its economic forecast for 2024. However, analysts expect that sluggish demand from China is likely to be offset by India as they are the fastest growing economy in 2023, where their infrastructure spending is expected to lift copper demand.

Corporate News

WIKA's Focus Bond & Sukuk Tenor Extension State-owned construction company PT Wijaya Karya (Persero) Tbk (WIKA) will focus on continuing the financial restructuring process, after reaching an agreement to extend the tenor of principal repayment of bonds and sukuk. WIKA Corporate Secretary Mahendra Vijaya said that the company has received approval from the majority of bond and sukuk holders to extend payments for 2 years, with the option of faster repayment. The approval applies to PUB I phase I bonds in 2020 through the General Meeting of Bondholders (RUPO) on October 20, 2023, and PUB I phase II bonds and sukuk in 2021 through the RUPO and General Meeting of Sukuk Holders (GMSU) on February 16, 2024. According to Mahendra, overall, WIKA has won support from obligors through RUPO and GMSU, shareholders through EGMS, and financial institutions including banks through the Master Restructuring Agreement (MRA). Previously, Mahendra said that bond and sukuk holders agreed to extend the principal repayment date of PUB I Phase II Year 2021 and Mudharabah Sukuk PUB I Phase II Year 2021 for Series A. Along with this decision, WIKA showed its commitment by continuing to pay the interest due on bonds and sukuk PUB II Phase II Year 2021 on February 18, 2024 amounting to IDR 46.5 billion. (Bisnis)

Domestic Issue

Ministry of Finance Aims for IDR 12 Trillion from Today's SBSN Auction for the State Budget The Directorate General of Financing and Risk Management of the Ministry of Finance (DJPPR Kemenkeu) is aiming for an indicative target of IDR 12 trillion from the auction of 7 series of State Sharia Securities (SBSN) which will be held today, Tuesday (5/3/2024). Meanwhile, the target of IDR 12 trillion from the SBSN auction will be used to meet part of the financing target in the 2024 State Budget. Meanwhile, the auction will open on Tuesday, (5/3/2024) at 09.00 WIB and close at 11.00 WIB, and the results will be announced on the same day. Meanwhile, the settlement date falls on March 7, 2024. Based on the official website of the Ministry of Finance's DJPPR, there are 7 SBSN series that will be auctioned, namely the State Treasury Securities-Syariah (SPN-S) and Project Based Sukuk (PBS) series. In detail, the SPN-S series that will be auctioned are SPNS 03092024 (new issuance) and SPNS 02122024 (new issuance). The SPN-S series has a discount coupon rate and a maximum non-competitive purchase allocation of 75% of the entire auction won. Meanwhile, the Project Based Sukuk series to be auctioned are offered in 5 series, namely PBS032 (reopening), PBS030 (reopening), PBS004 (reopening), PBS039 (reopening), and PBS038 (reopening). The tenor of the Project Based Sukuk offered also varies from 2 years to 25 years, and coupon rates ranging from 4.87% to 6.87%. The PBS series has a non-competitive purchase allocation of up to 30% of all auctions won. (Bisnis)

Recommendation

US10YT remain in its attempt to move above the MA10 & MA20 at the gathering point: 4.260% yield as the nearest Resistance, thus giving US10YT the opportunity to return to the previous High point at 3.54% yield or continue the upward swing towards TARGET: 4.50% / 4.60% - 4.664% yield. ADVISE: WAIT & SEE. Support: MA50 at yield 4.123%.

ID10YT is increasingly creeping up to continue strengthening, almost breaking the Resistance Neckline 6.652% - 6.662%, which if it is confirmed to be broken, the DOUBLE BOTTOM pattern (bullish reversal) will also be confirmed; with TARGET: yield 6.75% - 6.80% (close GAP). ADVISE: AVERAGE UP accordingly.

PRICE OF BENCHMARK SERIES

FR0090 : 96.79 (+0.00%)
FR0091 : 98.67 (-0.20%)
FR0094 : 96.90 (-0.09%)
FR0092 : 102.71 (+0.04%)

FR0086 : 98.52 (-0.12%)
FR0087 : 99.45 (-0.04%)
FR0083 : 106.04 (-0.11%)
FR0088 : 96.57 (+0.00%)

CDS of Indonesia Bonds

CDS 2yr: +1.30% to 30.04
CDS 5yr: +0.99% to 69.63
CDS 10yr: +1.01% to 122.06

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.64%	0.01%
USDIDR	15,740	0.25%
KRWIDR	11.82	0.53%

Global Indices

Index	Last	Chg.	%
Dow Jones	38,989.83	(97.55)	-0.25%
S&P 500	5,130.95	(6.13)	-0.12%
FTSE 100	7,640.33	(42.17)	-0.55%
DAX	17,716.17	(18.90)	-0.11%
Nikkei	40,109.23	198.41	0.50%
Hang Seng	16,595.97	6.53	0.04%
Shanghai	3,039.31	12.28	0.41%
Kospi	2,674.27	31.91	1.21%
EIDO	22.18	(0.30)	-1.33%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,114.5	31.6	1.52%
Crude Oil (\$/bbl)	78.74	(1.23)	-1.54%
Coal (\$/ton)	136.00	4.00	3.03%
Nickel LME (\$/MT)	17,945	283.0	1.60%
Tin LME (\$/MT)	26,833	344.0	1.30%
CPO (MYR/Ton)	3,938	(28.0)	-0.71%

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
Monday 4 – Mar.	KR	06:00	Industrial Production YoY	Jan	12.9%	9.5%	6.2%
	KR	07:30	S&P Global South Korea PMI Mfg	Feb	50.7	—	51.2
	JP	06:50	Capital Spending YoY	4Q	16.0%	3.0%	3.4%
Tuesday 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%
Wednesday 6 – Mar.	US	20:15	ADP Employment Change	Feb		150K	107K
	KR	06:00	CPI YoY	Feb		3.0%	2.8%
Thursday 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%
Friday 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

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Indonesia 10 Years Treasury

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