

Morning Brief

Daily | March 06, 2024

Today's Outlook:

US MARKETS: A number of economic indicators published on Tuesday showed that the US services industry slowed in February as the labor market in the sector fell, but new orders in the services sector rose to a 6-month high, indicating strength in the sector. This was in contrast to US Factory Orders (Jan.) which plunged to its lowest point since July 2020. Overall, the S&P Global Composite PMI report confirmed continued economic growth in February where it expanded further to 52.5, higher than expectations & previous period. Later tonight the first set of US labor data will be announced: ADP Nonfarm Employment Change, which forecasts 149k new hires in the private sector in February (from 107k in January), as well as JOLTs Job Openings which is likely to come in at 8.8m new job openings in January (slightly down from 9m the previous month).

EUROPEAN MARKETS: Germany is still struggling on services industry and Composite PMI which showed a downward trend in Feb, while Eurozone strengthened on both fronts even HCOB Eurozone Services PMI managed to enter expansionary territory in Feb. In other countries, the UK PMI looked sluggish below estimates. Eurozone released PPI which is still in deflation although the pace of decline is starting to stagnate. Later in the day market participants will monitor Germany's Trade Balance surplus and more importantly their Import Export growth as Europe's largest economy. Today it is the turn of the Construction PMI data series from a number of countries that will be the focus of investors' attention.

ASIA MARKETS: South Korea has announced Feb CPI rate at 3.1% yoy, higher than expectation and previous period.

COMMODITIES: OIL prices fell nearly 1% on Tuesday, pressured by skepticism around China achieving its economic growth target and investors' declining risk appetite despite support from a weaker U.S. dollar. Brent crude futures settled 76 cents, or 0.9%, lower at USD 82.04 a barrel, their fourth straight decline. U.S. West Texas Intermediate crude futures fell 59 cents, or 0.8%, to USD 78.15 a barrel. Weighing on prices, China, the world's biggest oil importer, set an economic growth target for 2024 of around 5%. While the target is similar to last year's goal and in line with analysts' expectations, the lack of big-ticket stimulus plans to prop up the country's struggling economy disappointed investors. Risk-off sentiment in the broader financial markets also put pressure on prices. Gold prices hit a record high on Tuesday on rising bets for a U.S. interest rate cut in June, while Wall Street fell on weakness in megacap stocks. Providing some support to oil prices, the U.S. dollar slipped on easing growth in the services sector. A cheaper greenback typically supports oil prices by lifting demand from investors holding other currencies. The first of this week's two U.S. inventory reports, from the American Petroleum Institute industry group, showed U.S. crude stocks rose by 423,000 barrels in the week ended March 1, market sources said, much smaller than the increase of 2.1 million barrels expected by analysts in a Reuters poll. Official data from the U.S. Energy Information Administration is due on Wednesday at 10:30 a.m. ET (1530 GMT). If the EIA reports a crude storage build, it will be the sixth straight week of rising oil stocks in the country.

Corporate News

Pefindo Affirms ARKO's idA Green Bond Rating, Here's Why Pemeringkat Efek Indonesia (Pefindo) affirmed the idA(pg) rating of Arkora Hydro's (ARKO) Green Bonds I Year 2023. The debt instrument is partially guaranteed by Indonesia Infrastructure Finance (IIF). Includes a prorated principal value of at least 75 percent, quarterly coupon payments of at least 200 percent, and late bond coupon payment fees and/or penalty fees of at least IDR 7 billion. The rating of the instrument primarily reflects the unconditional, irrevocable partial guarantee by IIF. In addition, Arkora's credit profile reflects well-managed operations, strong financial flexibility, the benefits of the government's commitment to develop renewable energy supply (Emiten News)

Domestic Issue

SBSN Auction Results Tuesday (5/3), Bids Entered IDR 17.05 Trillion The Directorate General of Financing and Risk Management of the Ministry of Finance (DJPPR Kemenkeu) has conducted an auction of 7 series of State Sharia Securities (SBSN) with a total incoming bid of IDR 17.05 trillion on Tuesday (5/3/2024). Referring to the Ministry of Finance's DJPPR data, the incoming bid exceeded the previously set maximum target of IDR 12 trillion to fund part of the 2024 State Budget financing target. However, the nominal auction won was IDR 7.38 trillion. Of the seven SBSN series, there are 2 series of State Treasury Securities-Syariah (SPN-S) and 5 Project Based Sukuk (PBS). In detail, the SPN-S series that have been 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 PBS032 series maturing July 15, 2026 with a coupon rate of 4.87% received the highest bid from investors of IDR 6 trillion, while the nominal won was IDR 3.6 trillion. The second highest bid fell on PBS038 amounting to IDR 2.43 trillion, the coupon rate is 6.87% and matures in 2049. Followed by the PBS030 series with a coupon rate of 6.61%, incoming bids amounted to IDR 1.5 trillion. Meanwhile, the SPNS03092024 and SPNS02122024 series received incoming bids of IDR 2.11 trillion and IDR 3.92 trillion respectively. Both have a discount coupon rate. (Bisnis)

Recommendation

US10YT confirmed to be testing Neckline support of INVERTED HEAD and SHOULDERS pattern and MA50 support around 4.12% yield. It takes more struggle and favorable macroeconomics sentiment for the yield to break through MA10 and MA20 Resistance to above 4.25%. ADVISE: WAIT & SEE, Speculative Buy.

Meanwhile, ID10YT managed to reach the previous high point at a yield of 6.75%, and it is possible that it will continue to move forward to close the GAP at a yield of 6.80%. ADVISE: let your profit run, set your Trailing Stop.

PRICE OF BENCHMARK SERIES

FRO090	: 96.75 (-0.02%)
FRO091	: 98.63 (-0.05%)
FRO094	: 96.93 (+0.03%)
FRO092	: 102.56 (-0.15%)
FRO086	: 98.52 (+0.00%)
FRO087	: 99.40 (-0.05%)
FRO083	: 105.97 (-0.06%)
FRO088	: 97.22 (+0.54%)

CDS of Indonesia Bonds

CDS 2yr	: +3.06% to 30.96
CDS 5yr	: +1.34% to 70.57
CDS 10yr	: +2.39% to 124.97

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.65%	0.01%
USDIDR	15,769	0.18%
KRWIDR	11.82	-0.06%

Global Indices

Index	Last	Chg.	%
Dow Jones	38,585.19	(404.64)	-1.04%
S&P 500	5,078.65	(52.30)	-1.02%
FTSE 100	7,646.16	5.83	0.08%
DAX	17,698.40	(17.77)	-0.10%
Nikkei	40,097.63	(11.60)	-0.03%
Hang Seng	16,162.64	(433.33)	-2.61%
Shanghai	3,047.79	8.49	0.28%
Kospi	2,649.40	(24.87)	-0.93%
EIDO	22.15	(0.03)	-0.14%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,128.0	13.6	0.64%
Crude Oil (\$/bbl)	78.15	(0.59)	-0.75%
Coal (\$/ton)	137.45	1.45	1.07%
Nickel LME (\$/MT)	17,759	(186.0)	-1.04%
Tin LME (\$/MT)	26,824	(9.0)	-0.03%
CPO (MYR/Ton)	3,986	48.0	1.22%

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	-3.6%	-2.2%	0.2%
	US	22:00	Durable Goods Orders	Jan F	-6.2%	—	-6.1%
	CH	08:45	Caixin China PMI Composite	Feb	52.5	—	52.5
	KR	06:00	GDP YoY	4Q P	2.2%	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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United States 10-Year, United States, NYSE:US10YT=X, D



Indonesia 10 Years Treasury

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