

Today's Outlook:

US MARKETS: Statements from Federal Reserve Chairman Jerome Powell supported expectations that the US central bank will realize an interest rate cut this year. Powell made it clear that a pivot plan is on the horizon and that the US economy appears to be far from recession, although he did not provide a specific timeline for when interest rates could begin to be lowered as inflation remains volatile. Inflation has been tamed significantly since hitting a high in 2022, but policymakers still need to see a more convincing downtrend before they are confident for a rate cut.

ECONOMIC DATA: US employment in the private sector aka ADP Nonfarm Employment Change was somewhat weaker than expected in February (actual: 140k, forecast: 149k) but still higher than the previous month's 111k. Furthermore, the Job Openings and Labor Turnover Survey (JOLTS) also showed that job openings started to fall in January (8.863m actual vs 8.899m previous period), although still considered quite healthy as it exceeded estimates and indicates that there is still strength in the labor market. Another important economic indicator, Nonfarm Payrolls, will be awaited by market participants on Friday, to provide more clarity on labor market conditions. Later in the evening, a series of other economic data will be released such as: Trade Balance (Jan.) plus US Export - Import conditions, Initial Jobless Claims, Nonfarm Productivity and Unit Labor Costs for the 4/2023 quarter.

FEDERAL RESERVE BEIGE BOOK: Explains the outlook for the US economy will continue on a positive trend as expectations of interest rate cuts can boost economic growth, coupled with easing tight labor market and inflationary pressures. The Fed also sees that economic activity has started to pick up since early January, and the outlook for economic growth in the next 6-12 months will be characterized by stronger demand and softer monetary policy.

EUROPEAN & ASIAN MARKETS: Germany reported a Trade Balance surplus of EUR 27.5 billion but more importantly this figure represents the highest surplus on record, surpassing the previous largest in 2016 of EUR 24.1 billion, on the back of a massive increase in Exports and Imports, which managed to turn positive to 6.3% mom and 3.6% mom respectively in January from a minus in December, and well above estimates of only around 1 percent. The HCOB Germany Construction PMI also ticked up, as did the Eurozone and the UK. Later this afternoon, the health of the UK housing index and German Factory Orders will be further monitored regarding European economic conditions, before the ECB determines the interest rate decision tonight at around 20.15 WIB where the market is expected to be held at 4.5%. Today the Asian continent will also steal the spotlight, as China's Trade Balance will be in focus where the surplus is expected to increase by around 46% in February on expectations of Import growth. INDONESIA itself will release its Foreign Exchange Reserves (Feb.) figure at 11.00 am GMT, with a comparison of USD145.01 billion in January.

COMMODITIES: OIL prices rose around 1% on Wednesday on the back of lower-than-expected US crude inventories on the back of a massive reduction in refining and gasoline stocks; plus the Federal Reserve Chairman's statement further affirming the prospect of interest rate cuts this year, which is expected to boost economic growth and ultimately fuel oil demand. Brent futures rose 1.1% to USD 82.96/barrel the first gain in 5 days, while US WTI rose 1.3% to USD 79.13. The US EIA reported an increase in crude oil inventories from energy companies by 1.4 million barrels in the week ended March 1, smaller than analysts' forecasts in a Reuters poll of 2.1 million barrels. The scarcity situation is also starting to be felt due to large reductions in oil stocks at refineries, including diesel, gasoline, and heating oil. The weakening US DOLLAR slipping to a 1-month low also helped positive sentiment for demand for oil for non-US buying countries. SENTIMENTS SUPPORTING recent oil prices: from China setting a 5% economic growth target this year, to the stalemate of peace talks and hostage exchange from the Gaza War between Israel-Hamas, to the continued supply disruptions due to increasingly fatal Houthi militant attacks in the Red Sea; last but not least OPEC+ has just announced an extension of production cuts by 2.2 million bpd in the 2nd quarter.

Corporate News

BRI (BBRI) Offers Another Jumbo Green Bond, See the Schedule PT Bank Rakyat Indonesia (Persero) Tbk or BRI has again issued a Green Bond through Sustainable Environmental Bonds I Phase III Year 2024 amounting to IDR 2.5 trillion. The issuance is carried out in 3 series, namely Series A amounting to IDR 1.23 trillion with a period of 370 calendar days from the date of issuance with a coupon of 6.15%, Series B amounting to IDR 879.43 billion with a period of 2 years with a coupon of 6.25% and Series C amounting to IDR 382.9 billion with a period of 3 years with a coupon of 6.25%. Related to this, SEVP Treasury & Global Services BRI Achmad Royadi said, All funds obtained from the proceeds of this Bond Public Offering, after deducting issuance costs, will be used by the Company to finance or refinance activities in the category of Environmentally Sound Business Activities and for working capital activities. On the other hand, the risk aspect of these bonds is relatively maintained, as evident from the rating of the Pefindo Securities Rating Agency, which provides an idAAA (Triple A) rating for the BRI Environmental Bonds. The rating indicates the company's strong ability to fulfill long-term financial obligations, (Emiten News)

Domestic Issue

Ministry of Finance Leaks Retail SBN that Launches in SDGs Series The Directorate General of Financing and Risk Management of the Ministry of Finance (DJPPR Kemenkeu) gave a leak related to retail Government Securities (SBN) which will be released in the Sustainable Development Goals (SDGs) series. Director of Government Securities of the Ministry of Finance, Deni Ridwan said that his party is designing for the ORI026 series of Retail Government Bonds (ORI) which will be launched in the SDGs series. Referring to the Ministry of Finance's schedule, ORI026 will launch on September 30-October 24, 2024 (tentative). "Leakage of our future plans, this year we will introduce SDGs bonds for retail bonds. For ORI026, we are preparing to become ORI SDGs," Deni told Bisnis when met at his office, Wednesday (6/3/2024). Furthermore, he said that the proceeds from the sale of ORI026 SDGs will be used to fund projects related to SDGs such as reducing poverty, improving the quality of education, and adequate health facilities. (Bisnis)

Recommendation

US10YT weakened exactly to the support point of its uptrend that has started since the bottom of late 2023, raising the question whether a technical rebound is imminent around this 4.1% - 4.08% yield? ADVISE: SPECULATIVE BUY; AVERAGE UP accordingly. Gradual resistance according to Moving Average: yield 4.127% / 4.23% - 4.25%.

ID10YT : from several patterns should be suggesting a more bullish trend for ID10YT, but the key now lies in the NECKLINE pattern (bullish reversal) DOUBLE BOTTOM (light green) around yield 6.652%, which if broken will free ID10YT towards a number of TARGET yields as follows : 6.75% / 6.79-6.80% / 6.87% / 6.95-6.96%, up to the psychological level of 7.0%. ADVISE: BUY ON BREAK / AVERAGE UP accordingly.

PRICE OF BENCHMARK SERIES

FRO090	: 96.50 (-0.30%)
FRO091	: 98.71 (+0.08%)
FRO094	: 96.94 (+0.01%)
FRO092	: 102.54 (-0.02%)
FRO086	: 98.61 (+0.01%)
FRO087	: 99.35 (-0.05%)
FRO083	: 105.93 (-0.04%)
FRO088	: 97.19 (-0.03%)

CDS of Indonesia Bonds

CDS 2yr	: -0.29% to 30.87
CDS 5yr	: +1.58% to 71.68
CDS 10yr	: -0.26% to 124.65

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.64%	-0.01%
USDIDR	15,700	-0.44%
KRWIDR	11.77	-0.43%

Global Indices

Index	Last	Chg.	%
Dow Jones	38,661.05	75.86	0.20%
S&P 500	5,104.76	26.11	0.51%
FTSE 100	7,679.31	33.15	0.43%
DAX	17,716.71	18.31	0.10%
Nikkei	40,090.78	(6.85)	-0.02%
Hang Seng	16,438.09	275.45	1.70%
Shanghai	3,039.93	(7.86)	-0.26%
Kospi	2,641.49	(7.91)	-0.30%
EIDO	22.53	0.38	1.72%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,148.2	20.1	0.95%
Crude Oil (\$/bbl)	79.13	0.98	1.25%
Coal (\$/ton)	136.75	(0.70)	-0.51%
Nickel LME (\$/MT)	17,717	(42.0)	-0.24%
Tin LME (\$/MT)	27,192	368.0	1.37%
CPO (MYR/Ton)	4,081	95.0	2.38%

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	-8.20%	-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	140K	150K	107K
	KR	06:00	CPI YoY	Feb	3.1%	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



Indonesia 10 Years Treasury



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