

Today's Outlook:

The Fed said that they project the Fed Funds Rate to decline to 4.6% next year, thus the forecast of 3x rate cuts remains the same as the initial projection in December. For 2025 and 2026, the Fed sees fewer rate cuts, to 3.9% next year and 3.1% in 2026, higher than the initial forecasts of 3.6% and 2.9% respectively. Other US economic projections include the Core Personal Consumption Expenditures (PCE) price index, which is the Fed's favorite inflation benchmark, will be at 2.6% in 2024, up from the initial estimate of 2.4%. As for 2025 and 2026, the inflation is estimated to fall further to 2.2% and 2%, unchanged from the initial projection. Interestingly, the Fed sees the possibility of economic growth this year strengthening to 2.1%, up considerably from 1.4% previously estimated; before GDP slows to 2% in 2025 and 2026, slightly higher than the initial predictions at 1.8% and 1.9% respectively. Meanwhile, the labor market is also expected to remain tight, with the Unemployment Rate falling to 4% this year, down from the previous projection of 4.1%. Powell said that if any significant weakening in the labor market is detected, it would be a strong reason for the central bank to start the pivot process. As a result, the aforementioned sent the 2-year US Treasury yield down 7.5bps to a yield of 4.62% and the 10-year deflated 1.5bps to 4.281%; while analysts thought the stock market could still go up. The US Dollar also halted its advance as the Dollar Index fell 0.433% and helped the Japanese Yen to experience a technical rebound. Today, the Initial Jobless Claims figure will be released which is predicted to show 212,000 jobless claims in the latest week, slightly up from 209,000 in the previous week. In addition, the S&P Global PMI (Mar) and Existing Home Sales (Feb) figures will complete the set of US economic indicators later tonight.

ASIA & EUROPE MARKETS: CHINA stocks closed in positive territory after China's central bank left interest rates unchanged, as expected. ECB President Christine Lagarde reiterated that the European central bank's decision will be based on economic data released over time, but market watchers have pinned hopes on June being the first month that the European pivot materializes, and there are 4x rate cuts this year. The Euro also triumphed over the US Dollar, closing up 0.51% to USD 1.092/EUR. Elsewhere, the UK announced that their CPI (Feb.) managed to flatten to 3.4% yoy, lower than expected 3.5% and successfully down from the previous month's 4.0%. JAPAN will again be the focus of attention today as there are some interesting economic indicators from there namely their Trade Balance figures and Export-Import growth in February, followed by the au Jibun Bank Japan Manufacturing & Services PMI (Mar.). Similar PMI figures will also be awaited in Germany, Eurozone and the UK. BANK OF ENGLAND is expected to leave interest rates unchanged at 5.25% at their meeting today.

COMMODITIES: OIL prices retreated from months highs due to recent USD strength. BRENT prices slid 1.95% to USD 81.68/barrel, US WTI also pulled back from its highest point since last Nov, when the US government released US crude oil inventories dropping 1.952 million barrels, well above the forecast of only 900k barrels, and following a shrinkage of 1.5 million barrels earlier. In other commodities, GOLD was at USD 2185.69/ounce, also slightly retreating from this month's record high of USD 2194.99/ounce.

INDONESIA: The General Elections Commission (KPU) has declared Prabowo Subianto-Gibran Rakabuming Raka as the winner of the 2024 presidential election. The KPU's national recapitulation results consist of votes in 38 provinces and 128 overseas election committees (PPLN). Of the total national valid votes of 164,227,475, Prabowo-Gibran won with 96,214,691 valid votes, far higher than Anies-Cak Imin 40,971,906 votes and Ganjar-Mahfud 27,040,878 votes. The 2024 elections held on February 14, 2024 included the election of the president and vice president, as well as members of the DPR RI, members of the DPD RI, members of the provincial DPRD, and members of the district / city DPRD with a national level permanent voter list (DPT) totaling 204,807,222 voters. The legislative elections, which were participated by 18 national political parties, determined that PDI Perjuangan was the party that received the highest number of 154,548 votes, followed by Gerindra and Nasdem. Centrally, BI's RDG resulted in the decision to hold interest rates in place at 6.0% pending a more pronounced pivot from the Fed. The Rupiah exchange rate moved slightly to IDR 15,728/USD.

Corporate News

Dian Swastatika Sentosa (DSSA) Will Issue Bonds and Sukuk, Take a Peek at the Users. PT Dian Swastatika Sentosa Tbk (DSSA) will issue two debt securities at once, namely in the form of bonds and sukuk. This Sinarmas group issuer will conduct a sustainable public offering (PUB) of Sustainable Bonds I with a total value of IDR 4.2 trillion and Sustainable Sukuk Mudharabah I with a total value of IDR 2.8 trillion. For phase I, the debt securities offered consist of Dian Swastatika Sentosa Sustainable Bonds I Phase I Year 2024 amounting to IDR 350 billion, while the sukuk offered is Dian Swastatika Sentosa Sustainable Sukuk Mudharabah I Phase I Year 2024 amounting to IDR 150 billion. The Shelf Registration Bond I and Shelf Registration Sukuk Mudharabah I consist of series A with an interest or profit sharing rate equivalent to 7.00% - 7.50% per year and a term of 370 years. Then, Series B with interest or profit sharing rate equivalent to 7.50% - 8.50% per year and a period of 3 years. Series C with interest or profit sharing rate equivalent to 8.25% - 9.00% per year and a period of 5 years. These bonds and sukuk have received idAA (Double A) and idAA (sy) (Double A Syariah) ratings from PT Pemeringkat Efek Indonesia (PEFINDO). Around 70% of the funds raised from the issuance of Shelf Registration Bonds I and Shelf Registration Mudharabah Sukuk I will be allocated for the development of the business of providing internet and multimedia services of DSSA's subsidiary, PT Eka Mas Republik. Meanwhile, the rest will be used for working capital and other general corporate purposes. (Kontan)

Domestic Issue

Government Absorbs IDR 12 Trillion in Funds from the Auction of Seven SBSN Series. The government absorbed IDR 12 trillion in funds from the auction of seven series of State Sharia Securities (SBSN) on March 19, 2024. In an official statement here on Tuesday, the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance (Kemenkeu) revealed that the nominal incoming bid reached IDR 21.06 trillion. The auctioned series include SPNS03092024 (reopening), SPNS02122024 (reopening), PBS032 (reopening), PBS030 (reopening), PBSG001 (reopening), PBS004 (reopening), and PBS038 (reopening). The auction was conducted through the Bank Indonesia (BI) auction system. The largest absorption came from the PBS032 series with a nominal amount won of IDR 3.85 trillion. The incoming bid for the series was IDR 6.92 trillion with a weighted average yield won of 6.61997 percent. The next absorption is the PBS038 series which won IDR 3.55 trillion from an incoming bid of IDR 4.31 trillion. The weighted average yield won by this series was 6.96883 percent. Furthermore, the government absorbed IDR 1.2 trillion in funds from the PBS030 series and SPNS02122024. For the PBS030 series, the incoming bid was recorded at IDR 1.34 trillion with a weighted average yield won of 6.48809 percent. Meanwhile, for the SPNS02122024 series, the incoming bid received was IDR 4.40 trillion with a weighted average yield won of 6.47210 percent. (Antara News)

Recommendation

Along with the Fed's dovish tone on the future of the Fed's interest rate this year, it is reasonable that the 10-year US Treasury yield retreated regularly and did not break the 4.35% yield resistance. Instead, they are looking for Support at the nearest Support: MA10 & MA20 around 4.22%, or maybe even to MA50/yield 4.18%. ADVISE: HOLD.

On the contrary, **ID10YT seems to be still more eager to break the Resistance Neckline of DOUBLE BOTTOM (bullish reversal) pattern at 6.663% yield**. If this move can be confirmed later, it will pave the way for strengthening towards the TARGET yield: 6.75% / 6.80%; on the way to the next TARGET yield of 6.867%. ADVISE: WAIT FOR BREAK OUT CONFIRMATION before buying or averaging up.

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)	144.00	145.10	Current Acc (USD bn)	-1.29	-0.90
Trd Balance (USD bn)	0.87	2.02	Govt. Spending Yoy	2.81%	-3.76%
Exports Yoy	-9.45%	-8.06%	FDI (USD bn)	4.82	4.86
Imports Yoy	15.84%	0.36%	Business Confidence	104.82	104.30
Inflation Yoy	2.75%	2.57%	Cons. Confidence*	123.10	125.00

PRICE OF BENCHMARK SERIES

FR0090 : **96.49 (-0.12%)**
FR0091 : 98.76 (+0.09%)
FR0094 : **97.00 (-0.03%)**
FR0092 : **102.37 (-0.01%)**

FR0086 : 98.47 (+0.06%)
FR0087 : 99.58 (+0.03%)
FR0083 : 105.89 (+0.12%)
FR0088 : **96.68 (-0.33%)**

CDS of Indonesia Bonds

CDS 2yr: +19.11% to 34.88
CDS 5yr: +7.89% to 73.28
CDS 10yr: +10.09% to 121.50

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.65%	0.02%
USDIDR	15,715	0.00%
KRWIDR	11.74	0.07%

Global Indices

Index	Last	Chg.	%
Dow Jones	39,512.13	401.37	1.03%
S&P 500	5,224.62	46.11	0.89%
FTSE 100	7,737.38	(0.92)	-0.01%
DAX	18,015.13	27.64	0.15%
Nikkei	40,003.60	263.16	0.66%
Hang Seng	16,543.07	13.59	0.08%
Shanghai	3,079.69	16.93	0.55%
Kospi	2,690.14	33.97	1.28%
EIDO	22.90	0.15	0.66%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,186.4	28.8	1.33%
Crude Oil (\$/bbl)	81.27	(1.46)	-1.76%
Coal (\$/ton)	128.90	(0.50)	-0.39%
Nickel LME (\$/MT)	17,492	97.0	0.56%
Tin LME (\$/MT)	27,230	(215.0)	-0.78%
CPO (MYR/Ton)	4,272	71.0	1.69%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	CH	19:00	Retail Sales YTD YoY	Feb	5.5%	5.6%	—
18 – Mar.	CH	09:00	Industrial Production YTD YoY	Feb	7.0%	5.2%	—
	EC	17:00	CPI YoY	Feb F	2.6%	2.6%	2.6%
Tuesday	US	19:30	Housing Starts	Feb	1,521K	1,440K	1,331K
19 – Mar.	GE	17:00	ZEW Survey Expectations	Mar	31.7	20.5	19.9
	JP	11:30	Industrial Production MoM	Jan F	-6.7%	—	-7.5%
	JP	—	BOJ Policy Balance Rate	Mar 19	0.10%	—	—
Wednesday	ID	14:20	BI-Rate	Mar 20	6.00%	6.00%	6.00%
20 – Mar.	EC	22:00	Consumer Confidence	Mar P	-14.9	-15.0	-15.5
Thursday	US	01:00	FOMC Rate Decision (Upper Bound)	Mar 20		5.50%	5.50%
21 – Mar.	US	01:00	FOMC Rate Decision (Lower Bound)	Mar 20		5.25%	5.25%
	US	19:30	Initial Jobless Claims	Mar 16		—	209K
	US	20:45	S&P Global US Manufacturing PMI	Mar P		51.8	52.2
	US	21:00	Leading Index	Feb		-0.2%	-0.4%
	US	21:00	Existing Home Sales	Feb		3.92M	4.00M
	GE	15:30	HCOB Germany Manufacturing PMI	Mar P		—	42.5
	EC	16:00	HCOB Eurozone Manufacturing PMI	Mar P		—	46.5
	JP	07:30	Jibun Bank Japan PMI Mfg	Mar P		—	47.2
Friday	GE	16:00	IFO Business Climate	Mar		—	85.5
22 – Mar.	GE	16:00	IFO Expectations	Mar		—	84.1
	KR	04:00	PPI YoY	Feb		—	1.3%
	JP	06:30	Natl CPI YoY	Feb		2.9%	2.2%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury

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Indonesia 10 Years Treasury

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