

Morning Brief

Daily | March 25, 2024

Today's Outlook:

US MARKETS: Federal Reserve Chairman Jerome Powell did not give any more clues regarding monetary policy, but the market continued to rally on the back of speculation that the chances of an interest rate cut as soon as June rose sharply to 74%, from 56% earlier in the week, according to CME's FedWatch Tool.

ASIA & EUROPE MARKETS: ASIA PACIFIC markets were mostly lower driven by a wave of profit-taking as investors digested a number of monetary policy decisions taken by a series of major central banks over the past week. Japan CPI (Feb) rose to 2.8%, yoy from 2.2% in January; while Core Inflation, reached 2.8% yoy versus 2% in the previous month. EUROPEAN markets were mixed following a surge to an all-time high in the previous session. The GERMANY viewed the business climate over the next 6 months more optimistically, as reflected in the German Ifo Business Climate Index (Mar) which rose to 87.8, from 85.7 in Feb. In the UK, retail sales volume remained unchanged in February, after being revised up to 3.6% in January, contrary to market expectations of a 0.4% decline.

The DOLLAR INDEX rose 0.4%, on track for its best week since the first week of the year, with the Euro down 0.5% at USD 1.0807. The probability of a EUROPEAN central bank rate cut before summer has increased, as quoted by Bundesbank President Joachim Nagel. The 10-year US TREASURY YIELD fell 6.7 basis points on Friday to 4.204%, while the 2-year yield, which typically moves in line with interest rate expectations, fell 3.9 basis points to 4.5934%. EUROZONE government bond yields experienced a weekly decline. The 10-year GERMANY bond yield fell about 11 basis points to 2.327%. CHINA'S YUAN fell sharply during Asian trading, hitting a four-month low, a condition that analysts consider an increased expectation of more monetary policy easing ahead to prop up the country's economy. The sudden move sent the Shanghai Composite index down 0.95%. MSCI's index of Asia-Pacific shares outside Japan fell 1.1%, while Japan's Nikkei rose 0.18% to a record closing high on the back of rising February inflation figures there.

COMMODITIES: On Friday's trading, US WTI Crude Oil Futures closed down 0.54% at USD 80.63/barrel and Brent crude oil futures fell 0.41% to USD 85.43/barrel. A possible ceasefire in Gaza affected prices, along with a stronger Dollar and lower US gasoline demand. Spot GOLD fell 0.73% to USD 2,164.96/ounce, driven by an unexpected rate cut by the Swiss National Bank. The surge in the Dollar put pressure on the overall metals market, especially after Gold hit a record high price of USD 2222.90 on Thursday on the back of heavy buying flows on this safe-haven asset in the past week, even reaching the largest value in almost a year.

Corporate News

Sufficient Cash, Adhi Commuter (ADCP) Will Pay Bonds in May 2024 PT Adhi Commuter Properti Tbk (ADCP) is facing an imminent bond maturity period. ADCP's bonds that will soon mature are bonds I/2021 Series B worth IDR 9 billion, which will mature on May 20, 2024. Pemeringkat Efek Indonesia (Pefindo), said that ADCP plans to pay off the bonds using both internal and external funds. As of February 29, 2024, ADCP recorded a cash balance of IDR 43 billion, with an additional unused credit facility of IDR 88 billion, as the main source of liquidity. ADCP's current bond rating, which will mature on September 4, is idBBB. (Emiten News)

Domestic Issue

Bonds Can Only Be Issued After 5 Years of Operation Head of the Nusantara Capital Authority (OIKN) Bambang Susantono revealed that OIKN bonds are likely to be issued after the IKN Special Regional Government (Pemdasus) officially operates for 3-5 years. This time is needed to foster investor confidence first by seeing the local government's balance sheet running well and the commitment to future city development. "If you issue bonds, debt securities, there must be a good balance sheet, then a good track record, it takes about 3 - 5 years after operating as a Pemdasus," Bambang said when met by MNC Portal at the DPR RI Complex quoted last Saturday (23/3/2024). Furthermore, Bambang explained that currently his party is waiting for a Presidential Decree (Keppres) which is currently still being drafted by the Government. Through the Presidential Decree, it will also mark OIKN as a Special Government that is directly responsible to the President. According to him, this regional bond is the first to be implemented in IKN throughout the journey of regional government in Indonesia. This is precisely what requires a longer study before issuing debt securities for additional capital in carrying out development. "Now no one has regional bonds, no one has, it takes time for that, that's why we want it from the beginning so that our balance sheet is clear, our reputation in the environmental and social fields is also good," Bambang said. According to him, within 3-5 years after OIKN was established as a Pemdasus, it was able to create a fairly good regional financial balance sheet. This is in line with population growth and tax collection by local authorities. (Okezone)

Recommendation

In overall, US10YT is still relatively moving in an upward trend with a PARALLEL CHANNEL pattern, but for short jk. there is still a high probability of testing further support to the lower channel area around the 4.13% yield. Meanwhile, it is the break above the MA20 & MA10 resistance (above yield 4.256%) that will bring US10YT to strengthen higher towards TARGET: 4.351% / 4.60%. ADVISE : WAIT & SEE, BUY ON WEAKNESS.

ID10YT has not been able to pass the critical resistance at yield 6.663%, which if it can be broken will open the way to strengthening towards TARGET yield: 6.75% / 6.80% - 6.806%. ADVISE : WAIT FOR BREAK OUT confirmation before buying or average up.

PRICE OF BENCHMARK SERIES

FR0090	: 96.53 (+0.05%)
FR0091	: 98.75 (-0.10%)
FR0094	: 97.00 (0.00%)
FR0092	: 102.41 (-0.07%)
FR0086	: 98.48 (0.00%)
FR0087	: 99.66 (-0.02%)
FR0083	: 105.94 (-0.04%)
FR0088	: 96.66 (0.00%)

CDS of Indonesia Bonds

CDS 2yr:	+0.28% to 33.95
CDS 5yr:	+0.48% to 71.33
CDS 10yr:	+4.48% to 124.63

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.66%	0.03%
USDIDR	15,780	0.77%
KRWIDR	11.79	-0.48%

Global Indices

Index	Last	Chg.	%
Dow Jones	39,475.90	(305.47)	-0.77%
S&P 500	5,234.18	(7.35)	-0.14%
FTSE 100	7,930.92	48.37	0.61%
DAX	18,205.94	26.69	0.15%
Nikkei	40,888.43	72.77	0.18%
Hang Seng	16,499.47	(363.63)	-2.16%
Shanghai	3,048.03	(29.08)	-0.95%
Kospi	2,748.56	(6.30)	-0.23%
EIDO	22.63	(0.24)	-1.05%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,165.4	(15.9)	-0.73%
Crude Oil (\$/bbl)	80.63	(0.44)	-0.54%
Coal (\$/ton)	127.70	(0.55)	-0.43%
Nickel LME (\$/MT)	17,242	(299.0)	-1.70%
Tin LME (\$/MT)	27,727	(145.0)	-0.52%
CPO (MYR/Ton)	4,188	(61.0)	-1.44%

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

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 25 – Mar.	US	21:00	New Home Sales	Feb	675K		661K
	JP	12:00	Leading Index CI	Jan F	—		109.9
Tuesday 26 – Mar.	US	19:30	Durable Goods Orders	Feb P	1.4%		-6.2%
	US	21:00	Conf. Board Consumer Confidence	Mar	107.0		106.7
	KR	04:00	Consumer Confidence	Mar	—		101.9
Wednesday 27 – Mar.	CH	08:30	Industrial Profits YoY	Feb	—		16.8%
	EC	17:00	Consumer Confidence	Mar F	—		-14.9
Thursday 28 – Mar.	US	19:30	GDP Annualized QoQ	4Q T	3.2%		3.2%
	US	19:30	Initial Jobless Claims	Mar 23	—		210K
	US	20:45	MNI Chicago PMI	Mar	46.0		44.0
	US	21:00	U. of Mich. Sentiment	Mar F	76.6		76.5
	GE	15:55	Unemployment Change (000's)	Mar	10.0K		11.0K
Friday 29 – Mar.	US	19:30	Personal Income	Feb	0.4%		1.0%
	US	19:30	Personal Spending	Feb	0.5%		0.2%
	CH	—	BoP Current Account Balance	4Q F	—		\$55.2B
	KR	06:00	Industrial Production YoY	Feb	—		12.9%
	JP	06:30	Tokyo CPI Ex-Fresh Food YoY	Mar	2.4%		2.5%
	JP	06:30	Jobless Rate	Feb	2.4%		2.4%
	JP	06:30	Job-To-Applicant Ratio	Feb	1.27		1.27
	JP	06:50	Industrial Production MoM	Feb P	1.5%		-6.7%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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