

Morning Brief

Daily | March 26, 2024

Today's Outlook:

US MARKETS: The Dollar also fell as the risk of Yen intervention as well as the impact of the Yuan rally thanks to Chinese government support. After the US Federal Reserve's move last week to leave interest rates unchanged and signal 3x rate cuts this year, market participants will turn their eyes to the Personal Consumption Expenditures (PCE) price index data that was originally released by the Commerce Dept. on Friday to coincide with the Good Friday holiday. Analysts expect the PCE data to show inflation heating up in Feb, with prices rising 0.4% mom, after 0.3% growth in Jan. However, Core Inflation which excludes prices of volatile goods such as food and energy, is expected to cool to 0.3% mom from 0.4%. On an annualized basis, headline & core PCE price index is projected to land at 2.5% and 2.8%, 1 percentage point away from the Fed's average inflation target of 2%. Some Fed officials on Monday again voiced a less dovish tone from the central bank as they reminded that the US economy is still strong. However, this week there are still several statements from Federal Reserve policymakers that market participants are waiting for, including from Chairman Jerome Powell. **Economic data in the housing sector that is closely monitored by economists and investors reported Building Permits turned positive to 2.4%, from -0.3% in the previous period and also above expectations of 1.9%; the highest growth since Oct 2023. In contrast, the New Home Sales figure in March was slightly depressed to 662k, from 664k in the previous month and missed the forecast of 675k.** Today the market will look forward to the Durable Goods Orders figure and US Consumer Confidence which is a measure of consumer confidence in economic activity, which in turn can forecast people's spending power. In response to the existing and upcoming economic indicators, 10-year Treasury bond prices fell 8/32 to a yield of 4.2493%, from 4.218% last Friday's close. Meanwhile, the price of 30-year bonds depreciated 14/32 to yield 4.4183%, from 4.392% at the end of last week.

COMMODITIES: OIL prices crept up due to supply concerns from Russia's massive production cut plan of around 9 million barrels per day in the second quarter, when there is potential for Eastern European geopolitical tensions to escalate further as Ukraine continues to launch attacks on Russian oil refineries. On the other hand, the potential for a ceasefire in the Israel-Hamas war has provided some stability in the Middle East. US WTI surged 1.64% to USD 81.95/barrel, while Brent closed 1.55% higher to USD 86.75/barrel. In other commodities, GOLD prices stabilized ahead of important US economic data this week. Spot gold prices edged up 0.3% to USD 2170.60/ounce.

ASIA & EUROPE MARKETS: Speaking of consumer confidence, SOUTH KOREA just released their Consumer Confidence (Mar.) figure this morning at 100.7, down from 101.9 the previous month; implying a less optimistic outlook for future economic activity. Later this afternoon, the JAPAN central bank will announce the annualized Core CPI rate which is expected to fall slightly to 2.5% yoy, from 2.6% the previous position. Shortly after, GERMANY follows with the GfK German Consumer Climate (Apr.) report, a sort of report on how consumers predict the business climate going forward, which is likely to still be relatively pessimistic although the pace of decline is slowing down.

Corporate News

BFI Finance (BFIN) Will Pay Off IDR 590 Billion Maturity Bonds and Coupons Finance company PT BFI Finance Indonesia Tbk (BFIN) stated that it has prepared funds for the repayment of its sustainable bonds V BFI Finance Indonesia Phase IV Year 2023 Series A. Based on information disclosure on the Indonesia Stock Exchange (IDX), Monday (25/3/2024), Director of BFI Finance Sudjono said that the bonds will mature on April 24, 2024. "We have prepared funds for the repayment of principal and interest to the holders of BFI Finance Indonesia Sustainable Bond V Phase IV Year 2023 Series A to be credited before the bond maturity date on April 24, 2024," said Sudjono, Monday (25/3/2024). Sudjono said that BFI Finance has provided bond repayment funds in the amount of the total principal and interest coupons of the maturing bonds. Furthermore, he added that the bond repayment funds came from BFIN's internal funds placed in current accounts and deposits with several banks. "The company's management believes that it will be able to pay off obligations to bondholders on time, both for interest coupons and bond principal," he said. (Bisnis)

Domestic Issue

Sri Mulyani Discloses Debt Financing Until Mid-March 2024 Drops Sharply The Ministry of Finance (Kemenkeu) noted that the realization of debt financing either through the issuance of debt securities or loans has reached IDR 72 trillion until 15 March 2024. Minister of Finance Sri Mulyani Indrawati said, from the realization of debt financing, among others, it was obtained through the issuance of net state securities (SBN) reaching IDR 72 trillion or 10.5% of the target of IDR 666.4 trillion. Then comes from net loans of IDR 1.9 trillion or 10.1% of the target of IDR 18.4 trillion in the APBN. "This figure is compared to last year on March 15, so our debt financing has dropped sharply," Sri Mulyani said at the APBN KITA press conference, Monday (25/3). As of March 15, 2023, the realization of debt financing reached IDR 181.4 trillion. This means that debt financing until March 15, 2024 has decreased by 60.3% year on year (yoy). SBN issuance also fell 58.6% yoy or last year reached IDR 169.5 trillion, and net borrowing also fell 84.5% yoy or last year reached IDR 11.9 trillion. Sri Mulyani said that the fulfillment of the financing target until March 15 is still on track or as planned, amidst volatile financial market conditions. "We will continue to maintain the implementation of this financing based on the conditions of the money market and bond market which are strongly influenced by conditions from the global economy and sentiment, so as not to be affected by financing," she explained. (Kontan)

Recommendation

US10YT yield rose slightly after the auction of USD 66 billion 2-year bonds, it seems that the market has begun to get used to the idea of the Fed cutting interest rates three times this year. This increase is also an anticipation of PCE price index data which is expected to heat up a little, so the yield has moved up first, finally trying to break the Moving Average Resistance one by one. While MA20 & MA50 have now become Support around yield 4.244% - 4.19%, only MA10 at yield 4.26% is blocking the way up US10YT yield; in order to go to TARGET 4.35% / 4.60%. ADVISE: AVERAGE UP accordingly

ID10YT has also initiated to adjust first to the projected increase in US Treasury yields, where there is currently a spike in ID10YT yields to the previous Dec High level of around 6.75% - 6.77%. ADVISE: WAIT FOR CONFIRMATION to average up. Next TARGET: 6.80% / 6.867% / 6.95% - 6.96%.

PRICE OF BENCHMARK SERIES

FRO090	: 96.52 (0.00%)
FRO091	: 98.52 (-0.23%)
FRO094	: 97.00 (0.00%)
FRO092	: 102.25 (-0.15%)
FRO086	: 98.46 (-0.01%)
FRO087	: 99.55 (-0.11%)
FRO083	: 105.90 (-0.04%)
FRO088	: 96.56 (-0.10%)

CDS of Indonesia Bonds

CDS 2yr	: -8.15% to 31.18
CDS 5yr	: +0.82% to 71.92
CDS 10yr	: +0.06% to 124.7

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.67%	0.01%
USDIDR	15,798	0.11%
KRWIDR	11.77	-0.20%

Global Indices

Index	Last	Chg.	%
Dow Jones	39,313.64	(162.26)	-0.41%
S&P 500	5,218.19	(15.99)	-0.31%
FTSE 100	7,917.57	(13.35)	-0.17%
DAX	18,261.31	55.37	0.30%
Nikkei	40,414.12	(474.31)	-1.16%
Hang Seng	16,473.64	(25.83)	-0.16%
Shanghai	3,026.31	(21.73)	-0.71%
Kospi	2,737.57	(10.99)	-0.40%
EIDO	22.90	0.27	1.19%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,171.8	6.4	0.30%
Crude Oil (\$/bbl)	81.95	1.32	1.64%
Coal (\$/ton)	128.95	1.25	0.98%
Nickel LME (\$/MT)	16,937	(305.0)	-1.77%
Tin LME (\$/MT)	27,580	(147.0)	-0.53%
CPO (MYR/Ton)	4,247	59.0	1.41%

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	662K	675K	661K
	JP	12:00	Leading Index CI	Jan F	109.5	—	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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