

Morning Brief

Daily | March 27, 2024

Today's Outlook:

US MARKETS: Investors digested US Consumer Confidence data that fell to its lowest level since November, ahead of the Federal Reserve's next statement and key inflation benchmark data later this week. Offsetting the higher-than-expected Durable Goods Orders (Feb.) data to 1.4% mom from negative -6.9% in January; on the other hand, the Conference Board's Consumer Confidence in March fell to 104.7, missing expectations of 106.9. Consumer confidence is one of the benchmarks of public spending that drives the overall economy, when there is an indication of weakening consumer purchasing power, it will support the discourse of cutting interest rates as soon as June. Currently market participants see a 70% chance that the Fed will start easing its monetary policy in June, up from 59% probability last week (as reported by the CME FedWatch Tool survey). Along with the eagerly awaited PCE price index on Friday, investors will also monitor statements from several Fed officials, especially Fed Governor Christopher Waller this Wednesday and Fed Chairman Jerome Powell on Friday.

ASIA & EUROPE MARKETS: JAPAN reports BoJ Core CPI which in fact came in at 2.3%, below forecasts of 2.5% and also the previous month's 2.6%; the lowest level since October 2022 and Core Inflation has been falling consistently since October 2023. In continental Europe, GERMANY publishes the GfK German Consumer Climate (Apr.) which seems to be still pessimistic about the business climate as expected around the level of -27.4, not yet moving up from March's position at -28.8. Today it is the turn of the EUROZONE region to release Business Climate and Consumer Confidence data for March, not forgetting a number of surveys related to business & consumer sentiment.

COMMODITIES: OIL prices closed lower after the release of US oil inventory stocks last week surprisingly soared to 9.3 million barrels, compared to the expected shrink of around 1.2 million barrels as forecast by economists; following a decline of 1.5 million barrels in the previous week (as reported by the American Petroleum Institute). Following the report, US WTI oil prices depreciated to USD 81.25/barrel after stabilizing at USD 81.62/barrel. However, price support still remains thanks to political tensions in the Russia-Ukraine region, where analysts even expect BRENT oil prices to continue moving higher towards the USD 90 target until June. Meanwhile, calls for a ceasefire in the Israel-Hamas war have intensified after the UN Security Council also suggested an immediate peace resolution especially in the holy month of Ramadan, amid the US abstention. Later today, traders will monitor official data on US oil inventories from the US government where a decline of around 1 million barrels is expected last week.

Corporate News

JACCS MPM Finance Will Release IDR 500 Billion Bonds PT JACCS Mitra Pinasthika Mustika Finance Indonesia will issue sustainable bonds next month. This JACCS MPM Finance Indonesia sustainable bond I targets funds of IDR 1.5 trillion. MPM Finance in its summary prospectus explained that they have entered the issuance of sustainable bonds I phase III with a total acquisition of IDR 500 billion. Offered in two series, Series A of JACCS MPM Finance Indonesia Sustainable Bonds I is eyeing funds of IDR 150 billion, with a tenor of 370 days with a coupon offer of 6.7% per year. While series B is eyeing IDR 350 billion in funds, with a three-year term with a fixed interest offer of 7.25% per year. MPM Finance plans to offer these bonds on April 4-16, 2024, with an allotment target on April 17 and refunds and electronic distribution on April 19. Meanwhile, the bond listing is targeted on April 22, 2024. MPM Finance has appointed PT Indo Premier Sekuritas and PT KB Valbury Sekuritas as underwriters and underwriters. (Kontan)

Domestic Issue

Incoming Auction Bids Reach IDR 32.34 Trillion at SUN Auction, Tuesday (3/26) The government has held an auction of Government Bonds (SUN) on Tuesday (26/3). Investor interest was observed to be quite good in the midst of Ramadan fasting. Based on information from the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance, the total incoming bids at the SUN auction on Tuesday, March 26, 2024 amounted to IDR 32.34 trillion. Meanwhile, the nominal won (awarded bids) at the SUN auction this time amounted to IDR 22.6 trillion. Director of Government Securities of the Ministry of Finance's DJPPR, Deni Ridwan, said that the results of this auction were quite good amid the increasing need for cash ahead of the Eid holiday. Indeed, the result is lower than the previous auction of IDR 58.94 trillion, but the figure is still 1.35 times higher than the indicative target that has been announced at IDR 24 trillion. In this auction, incoming bids from banks decreased, in anticipation of an increase in the need for cash funds by the public. (Kontan)

Recommendation

US10YT has been waiting for the important economic data PCE price index which will be released next Friday, thus still maintaining the sideways trend between the Support - Resistance range: yield 4.193% - 4.258%. ADVISE: WAIT & SEE, pay attention to the direction of the breakout before determining further positions.

ID10YT seems to confirm breaking the NECKLINE of the DOUBLE BOTTOM bullish reversal pattern, making the yield of 6.663% the closest Support at the moment. Next TARGET : yield 6.75% / 6.80% / 6.87%. ADVISE: AVERAGE UP accordingly.

PRICE OF BENCHMARK SERIES

FR0090 : 96.54 (+0.01%)
FR0091 : 98.26 (-0.26%)
FR0094 : 97.04 (+0.04%)
FR0092 : 102.16 (-0.09%)

FR0086 : 98.51 (+0.01%)
FR0087 : 99.33 (-0.23%)
FR0083 : 105.75 (-0.14%)
FR0088 : 96.70 (+0.14%)

CDS of Indonesia Bonds

CDS 2yr: +0.08% to 31.21

CDS 5yr: -0.10% to 71.84

CDS 10yr: +0.02% to 124.73

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.69%	0.03%
USDIDR	15,790	-0.05%
KRWIDR	11.79	0.18%

Global Indices

Index	Last	Chg.	%
Dow Jones	39,282.33	(31.31)	-0.08%
S&P 500	5,203.58	(14.61)	-0.28%
FTSE 100	7,930.96	13.39	0.17%
DAX	18,384.35	123.04	0.67%
Nikkei	40,398.03	(16.09)	-0.04%
Hang Seng	16,618.32	144.68	0.88%
Shanghai	3,031.48	5.18	0.17%
Kospi	2,757.09	19.52	0.71%
EIDO	22.78	(0.12)	-0.52%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,178.8	7.0	0.32%
Crude Oil (\$/bbl)	81.62	(0.33)	-0.40%
Coal (\$/ton)	128.90	(0.05)	-0.04%
Nickel LME (\$/MT)	16,640	(297.0)	-1.75%
Tin LME (\$/MT)	27,446	(134.0)	-0.49%
CPO (MYR/Ton)	4,236	(11.0)	-0.26%

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%	1.4%	-6.2%
	US	21:00	Conf. Board Consumer Confidence	Mar	104.7	107.0	106.7
	KR	04:00	Consumer Confidence	Mar	100.7	—	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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