

Morning Brief

Daily | March 28, 2024

Today's Outlook:

US MARKETS: Investors digested earnings reports and looked ahead to the next inflation data and comments by Federal Reserve officials for signals on the future path of interest rates. The bluechip DJIA index is now less than 1% away from reaching the 40,000 level for the first time; the DJIA rose 477.75 points, or 1.22% to 39,760.08, marking the Dow's largest daily percentage gain since December 13. The S&P 500 reached a new record closing high on Wednesday, up 0.4% to a record close of 5,250.96, on the back of slipping US Treasury yields ahead of Federal Reserve Governor Christopher Waller's speech due later today and more cues on inflation. All three major US stock indices are set to record quarterly gains, with the S&P on track for its biggest first-quarter percentage gain since 2019. Investors see a 70.4% chance that the Fed will begin their monetary policy easing cycle in June, according to the CME FedWatch Tool. The PCE price index, the Fed's favorite Inflation gauge, will be released on Good Friday, when US (as well as Indonesian) stock markets will be closed for a holiday. US Treasury yields fell ahead of Fed Governor Waller's highly anticipated statement even as some Wall Street observers warned that this one Fed Governor may be hawkish to offset expectations of a dovish Fed. Waller's statement kicks off a series of scheduled speeches from other Fed officials, including Chairman Jerome Powell and rate-setting committee member Mary Daly.

OTHER MARKET SENTIMENTS: Energy stocks were in the green, although gains were limited after the release of industry data showing a large increase in US weekly crude oil inventory stocks. Data from the US Energy Information Agency showed inventories for the week ending March 22 rose by 3.2 million barrels, well above expectations of a 700,000 barrel decline. Today will see the final Q423 GDP data which is expected to come in at 3.2% qoq, down from 4.9% in the previous quarter. Not forgetting the weekly update on jobless claims predicts Initial Jobless Claims will come out at 212k, expected to be higher than 210k in the previous week. Later in the evening, an important outlook from the University of Michigan on Inflation and consumer expectations will be awaited by market participants on how optimistic the business climate will be in the next 6 months. On Wednesday, S&P Global Ratings maintained the US sovereign credit rating at 'AA+/A-1+', with a stable outlook reflecting expectations of continued economic resilience and effective monetary policy. This affirmation comes amid high government debt levels and challenges in achieving bipartisan fiscal cooperation.

EUROPE MARKETS: March business climate and consumer confidence surveys in the EUROZONE region showed a less optimistic outlook despite a slight improvement in the mood sentiment which tends to remain slow. Today, the final figure of Q423 GDP for the UK will be monitored which is expected to confirm falling into recession -0.3% qoq and -0.2% yoy, worsening from the previous quarter -0.1% qoq and 0.3% yoy; thus putting the UK into technical recession for the 2nd consecutive quarter of negative economic growth. GERMANY will follow next with some important indicators such as: German Retail Sales (Feb.) & Unemployment Rate (Mar.).

COMMODITIES: Oil prices are forecast to surge to USD 100/barrel in September following Russia's decision to cut production, although the US is likely to dip into its emergency oil reserves to limit price gains. Russia's move is expected to push BRENT oil prices to USD 90 bpd in April, reach mid-USD 90 bpd in May and approach USD 100 bpd in September, putting pressure on the US government ahead of the election (according to a note from JPMorgan), adding that oil prices have risen 18% since the bottom in December. The surge in oil prices is expected to persuade OPEC and its allies, or OPEC+, to reduce their voluntary production cuts, while Russia pledged in early March to increase its production cuts by 471,000 bpd starting in Q2, bringing its daily output to 9 million bpd by June to meet the OPEC+ agreed production cap, JPMorgan estimates. But the quest to reach the USD 100/barrel Brent oil price faces many challenges, one of which is the policy response in the US as high oil and gas prices during an election year are unlikely to be tolerated. However, when oil prices should increase and gas prices appreciate above USD 4/gallon, the US may once again be forced to turn to its strategic oil reserves and release millions of barrels to cushion them from price shocks; much like President Joe Biden's administration did in 2022 where they sold 180 million barrels of oil over 6 periods from the US strategic oil reserves to lower gasoline prices after the Russian invasion of Ukraine. One more thing, the prospect of oil prices surging above USD 90/barrel is likely to face a familiar foe: reduced global demand due to lackluster economies.

Corporate News

Merdeka Copper Gold Repays IDR 963.55 Billion Bonds PT Merdeka Copper Gold Tbk paid off the principal and 12th interest payment of the Merdeka Copper Gold Phase I Year 2021 series B sustainable bonds. Citing the financial statements submitted to the Indonesia Stock Exchange (IDX), written Wednesday (27/2/2024), PT Merdeka Copper Gold Tbk has bonds maturing on March 26, 2024 consisting of principal bonds amounting to IDR 940.40 billion and 12th interest worth IDR 23, 15 billion. The total principal repayment and payment of the 12th interest on the bonds amounted to IDR 963.55 billion and was paid on March 26, 2024 to bondholders by PT Kustodian Sentral Efek Indonesia as a payment agent appointed by the Company, "wrote the Corporate Secretary of PT Merdeka Copper Gold Tbk, Adi Adriansyah Sjoekri. The company paid off the principal and paid the interest of the 12 bonds from the funds obtained by the company from the issuance of sustainable bonds IV Merdeka Copper Gold Phase V in 2024 and the company's internal cash. (Liputan 6)

Domestic Issue

High in Demand, SR020 Sales Reach Above IDR 21 Trillion The SR020 series retail sukuk offering has closed. The government welcomes investor interest in this offering. Director of Sharia Financing at the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance (MoF) Dwi Irianti Hadiningdyah said that public interest in the SR020 offering was very positive. Therefore, the government managed to record sales above the target. As a reminder, the government has increased the order quota several times. At the beginning, the SR020 sales target was IDR 15 trillion. Then it was increased to IDR 17.5 trillion and finally to IDR 20 trillion. However, Dwi revealed that in the initial post-closing calculation the result was above IDR 21 trillion. On the other hand, Dwi admitted that these results were still below the sale of SR019 in September 2023. Previously, the government recorded SR019 sales of IDR 25.33 trillion. "However, this is an extraordinary achievement in the midst of public preparations for Lebaran and there is a long holiday in the middle of the SR020 offering," he continued. (Kontan)

Recommendation

The US10YT movement will still be waiting for this Friday's PCE data, so the 10-year US Treasury yield is still a limited consolidation opportunity to Support 4.192% - 4.152%. Conversely, if US10YT is able to break through MA10 Resistance at a yield of 4.25%, it will open up opportunities for strengthening towards the TARGET yield of 4.35% / 4.60%. ADVISE: BUY ON WEAKNESS; or better WAIT & SEE for a break out to average up accordingly.

ID10YT continues to strengthen towards TARGET YIELD 6.75% as Resistance from previous High level, up to yield 6.773%. Higher, there is potential to target around 6.80% yield. ADVISE: AVERAGE UP accordingly.

PRICE OF BENCHMARK SERIES

FRO090	: 96.54 (0.00%)
FRO091	: 98.22 (-0.04%)
FRO094	: 97.00 (-0.04%)
FRO092	: 102.07 (-0.09%)
FRO086	: 98.48 (-0.01%)
FRO087	: 99.20 (-0.13%)
FRO083	: 105.64 (-0.10%)
FRO088	: 96.72 (+0.02%)

CDS of Indonesia Bonds

CDS 2yr	: +0.69% to 31.42
CDS 5yr	: +0.04% to 71.87
CDS 10yr	: +0.49% to 125.34

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.73%	0.04%
USDIDR	15,855	0.41%
KRWIDR	11.75	-0.31%

Global Indices

Index	Last	Chg.	%
Dow Jones	39,760.08	477.75	1.22%
S&P 500	5,248.49	44.91	0.86%
FTSE 100	7,931.98	1.02	0.01%
DAX	18,477.09	92.74	0.50%
Nikkei	40,762.73	364.70	0.90%
Hang Seng	16,392.84	(225.48)	-1.36%
Shanghai	2,993.14	(38.34)	-1.27%
Kospi	2,755.11	(1.98)	-0.07%
EIDO	22.67	(0.11)	-0.48%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,194.8	16.0	0.73%
Crude Oil (\$/bbl)	81.35	(0.27)	-0.33%
Coal (\$/ton)	129.00	0.10	0.08%
Nickel LME (\$/MT)	16,620	(20.0)	-0.12%
Tin LME (\$/MT)	27,524	78.0	0.28%
CPO (MYR/Ton)	4,136	(100.0)	-2.36%

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	10.2%	—	16.8%
	EC	17:00	Consumer Confidence	Mar F	-14.9	—	-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



Research Division

Head of Research

Liza Camelia Suryanata

Equity Strategy, Macroeconomics,
Technical
T +62 21 5088 ext 9134

Analyst

Axell Ebenhaezer

Mining, Property
T +62 21 5088 ext 9133
E Axell.Ebenhaezer@nhsec.co.id

Analyst

Cindy Alicia Ramadhania

Consumer, Healthcare
T +62 21 5088 ext 9129
E cindy.alicia@nhsec.co.id

Analyst

Richard Jonathan Halim

Technology, Transportation

Analyst

Leonardo Lijuwardi

Banking, Infrastructure
T +62 21 5088 ext 9127
E leonardo.lijuwardi@nhsec.co.id

Research Support

Amalia Huda Nurfalah

Editor & Translator
T +62 21 5088 ext 9132
E amalia.huda@nhsec.co.id

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



PT. NH Korindo Sekuritas Indonesia

JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51st Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 5088 9102

Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15311

Indonesia

Telp : +62 21 509 20230

Branch Office Medan :

Jl. Asia No. 548 S

Medan – Sumatera Utara 20214

Indonesia

Telp : +62 614 156500

Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 860 22122

Branch Office Bandengan (Jakarta Utara):

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

Branch Office Kamal Muara (Jakarta Utara):

Rukan Exclusive Mediterania

Blok F No.2

Jakarta Utara 14470

Indonesia

Telp : +62 24 844 6878

Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 1330

Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Telp : +62 411 360 4650

Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
Jakarta