

# Morning Brief

Daily | April 22, 2024

## Today's Outlook:

**US MARKET:** Equity markets have struggled to sustain the five-month rally that started in November, partly due to expectations that the Fed will cut interest rates in the first half of the year. On the other hand, some higher-than-expected recorded inflation data, strong labor market data, geopolitical tensions in the Middle East that triggered a rise in oil prices, as well as comments from Federal Reserve officials, including Chairman Jerome Powell, have caused market participants to push back the central bank's rate cut expectations.

**Bitcoin fluctuated around USD 60,000** as investors anticipated the upcoming halving event, an event that occurs every four years and reduces the production rate of bitcoin. Meanwhile, growing pessimism that the Federal Reserve will cut interest rates soon also weighed on sentiment.

**INDONESIAN MARKET:** INDONESIA will monitor the March Trade Balance figure which will most likely deliver a surplus, compared to the previous figure of USD 870mn, as Import growth far outpaced Exports.

## Corporate News

**Stable, Pefindo Labels Bank BJB (BJBR) idAA Rating** Peningkat Efek Indonesia (Pefindo) reaffirmed the rating of West Java and Banten Regional Development Bank (BJBR) with idAA. It also applies to sustainable bonds I/2017 still outstanding. Pefindo also set the sustainable subordinated bond rating still outstanding with idA+. The subordinated bond rating is two levels below the rating of bank bjb. This is because there is a risk that subordinated bonds can be written off in non-viability conditions. This is in accordance with POJK 34 / POJK.03 / 2016. The outlook for the company's rating is stable. The company rating reflects bank bjb's very strong position in the captive market of West Java and Banten Province. In addition, asset quality is strong, and capitalization is very strong. The rating is limited by intense competition outside the captive market. The rating can be upgraded if bank bjb is able to strengthen its business profile substantially, and sustainably, must be accompanied by significant improvement in financial profile. Conversely, the rating may be downgraded if bank bjb's business profile experiences a significant, and continuous decline, which may result from loss of market presence or weakening quality of the captive market. (Emiten News)

## Domestic Issue

**The Debt Securities Market Is Projected To Be Prospective In 2024, Here Are The Drivers** In the midst of the increase in the yield of 10-year Government Debt Securities (SUN), the issuance of corporate debt securities is considered to remain lively until the end of the year. Head of the Pefindo Economic Research Division, Suhindarto, said that the 10-year SUN yield throughout 2024 will move in the range of 6.60% - 7.81%. "Geopolitical conditions and reference interest rates are the main catalysts that we take into account in these projections," he told Kontan.co.id, last Sunday (21/4). If conditions are conducive, with geopolitical conflicts easing and the timing of the reduction in the benchmark interest rate becoming clearer, he assesses that the yield has the potential to fall back to the 6.60% - 6.80% range. However, if geopolitical tensions continue to escalate, expand and become prolonged, this will increase the risk. "Apart from that, the certainty of a reduction in interest rates, if it turns out that they will only be reduced at the end of the year, then this could also encourage yields to increase and be above 7%," he explained. For information, currently the prospect of reducing US interest rates by the Fed has been reduced from the previously estimated three times to two times, which will then only be carried out in September and December. This occurs as inflation is still difficult to reduce to within the target range and is not yet seen continuing to decline towards 2%. If this happens, Darto estimates that Bank Indonesia (BI) will also continue to maintain domestic interest rates to protect the rupiah exchange rate from becoming too volatile. "High interest rates which will be maintained until the end of this year is one of the downside risks that will encourage yields to remain high," he continued. Under these conditions, Pefindo assesses that investors will prefer to enter the debt securities market, both government and corporate debt securities. (Kontan)

## Recommendation

**US10YT is still struggling around the resistance area at a yield of 4.659% amidst a negative RSI divergence trend.** ADVISE ; don't forget to set your TRAILING STOP, closest support: MA10 / yield 4.606%.

**ID10YT is increasingly pushing through the 7.0% yield level.** ADVISE : HOLD, strong indication of uptrend, let your profit run, set Trailing Stop. Closest support: yield 6.90%

## PRICE OF BENCHMARK SERIES

FR0090	: 95.94 (-0.47%)
FR0091	: 96.54 (-0.13%)
FR0094	: 96.37 (-0.20%)
FR0092	: 100.25 (-0.89%)
FR0086	: 97.60 (-0.23%)
FR0087	: 97.63 (-0.18%)
FR0083	: 103.98 (-0.39%)
FR0088	: 95.65 (0.00%)

## CDS of Indonesia Bonds

CDS 2yr:	+1.82% to 34.35
CDS 5yr:	+3.62% to 80.23
CDS 10yr:	+1.32% to 134.05

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.04%	0.10%
USDIDR	16,255	0.49%
KRWIDR	11.76	-0.14%

## Global Indices

Index	Last	Chg.	%
Dow Jones	37,986.40	211.02	0.56%
S&P 500	4,967.23	(43.89)	-0.88%
FTSE 100	7,895.85	18.80	0.24%
DAX	17,737.36	(100.04)	-0.56%
Nikkei	37,068.35	(1011.35)	-2.66%
Hang Seng	16,224.14	(161.73)	-0.99%
Shanghai	3,065.26	(8.96)	-0.29%
Kospi	2,591.86	(42.84)	-1.63%
EIDO	20.78	(0.11)	-0.53%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,391.9	12.9	0.54%
Crude Oil (\$/bbl)	83.14	0.41	0.50%
Coal (\$/ton)	130.60	1.00	0.77%
Nickel LME (\$/MT)	19,326	767.0	4.13%
Tin LME (\$/MT)	35,582	1603.0	4.72%
CPO (MYR/Ton)	3,926	(58.0)	-1.46%

## 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)	140.40	144.00	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	3.05%	2.75%	Cons. Confidence*	123.80	123.10

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	ID	11:00	Trade Balance	Mar		\$1100M	\$867M
22 – Apr.	ID	11:00	Exports YoY	Mar		-10.73%	-9.45%
	ID	11:00	Imports YoY	Mar		-5.30%	15.84%
	EC	21:00	Consumer Confidence	Apr P		-14.3	-14.9
<b>Tuesday</b>	US	20:45	S&P Global US Manufacturing PMI	Apr P		51.8	51.9
23 – Apr.	US	21:00	New Home Sales	Mar		670K	662K
	GE	14:30	HCOB Germany Manufacturing PMI	Apr P		43.5	41.9
	EC	15:00	HCOB Eurozone Manufacturing PMI	Apr P		46.6	46.1
	JP	07:30	Jibun Bank Japan PMI Mfg	Apr P		—	48.2
<b>Wednesday</b>	US	19:30	Durable Goods Orders	Mar P		2.8%	1.3%
24 – Apr.	KR	04:00	Consumer Confidence	Apr		—	100.7
<b>Thursday</b>	US	19:30	GDP Annualized QoQ	1Q A		2.3%	3.4%
25 – Apr.	US	19:30	Initial Jobless Claims	Apr 20		—	212K
	KR	06:00	GDP YoY	1Q A		2.6%	2.2%
<b>Friday</b>	US	19:30	Personal Income	Mar		0.5%	0.3%
26 – Apr.	US	19:30	Personal Spending	Mar		0.6%	0.8%
	US	21:00	U. of Mich. Sentiment	Apr F		77.9	77.9
	EC	15:00	M3 Money Supply YoY	Mar		0.5%	0.4%
	JP	06:30	Tokyo CPI Ex-Fresh Food YoY	Apr		2.2%	2.4%
	JP	—	BOJ Target Rate (Upper Bound)	Apr 26		—	0.10%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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