

Morning Brief

Daily | April 23, 2024

Today's Outlook:

US MARKET: The 2-year US Treasury yield briefly shot up to 5%, as investors await a number of important data including manufacturing data, preliminary first quarter GDP data, and the PCE price index data which is the Fed's favorite inflation benchmark, later this week. These economic indicators play an important role now that market participants have priced in eroding rate cut opportunities for this year, with only two rate cuts expected, which are below the Fed's projections. Ahead of the next FOMC Meeting on May 1, the crowd expects the Fed to leave rates unchanged, but the focus will be on Federal Reserve Chairman Jerome Powell's comments for further clues on the rate outlook. The US central bank officials are currently in a media blackout period ahead of their meeting on May 1.

COMMODITIES: World OIL prices edged lower at the close of Monday's trading local time triggered by Iran's statement that it will not exacerbate the conflict with Israel. As a result, the price of US West Texas Intermediate (WTI) crude oil for May delivery fell 29 cents to USD82.85/barrel on the New York Mercantile Exchange, while BRENT crude oil futures for June 2024 delivery decreased 29 cents to USD87/barrel as quoted from CNBC International. Both global oil benchmark prices fell by 3% last week, but still posted gains of nearly 16% and 13% respectively so far this year. Iran's Foreign Minister, Hossein Amirabdollahian, told NBC News that his country does not plan to respond to Israel's retaliatory strikes launched on Friday. Thus players have slightly eased their concerns that the Israeli-Iranian War will escalate further. Market focus is likely to return to supply and demand fundamentals this week, although it is possible that the risk of geopolitical tension remains in the case of the closure of the Strait of Hormuz or if Saudi Arabia gets involved in the conflict directly, as some Arab countries allegedly assisted Israel by providing intelligence information that eventually intercepted hundreds of Iranian drones & missiles.

GLOBAL MACROECONOMIC SENTIMENT: CHINA left their interest rates unchanged at 3.95% for the long term and 3.45% for the PboC Loan Prime Rate. A number of PMI data will be of interest today, starting with JAPAN which just released the au Jibun Bank Japan Manufacturing & Services PMI which both managed to grow to and in expansionary territory. Later in the day, Composite PMI data will come from GERMANY, EUROZONE, & UK, as well as the US. Also from the US, property-related economic indicators such as Building Permits and New Home Sales for March 2024 will be awaited.

INDONESIA: A number of circles have begun to talk about the potential increase in the BI Rate to reduce the prolonged weakening of the Rupiah and the threat of rising inflation. BI's upcoming meeting on April 23-24, 2024 will prioritize the main agenda of setting BI7DRR, which is currently at 6.0%. RUPIAH has not recovered from the >16200/USD position, although technically there are indications of a minor pullback at least towards 16150-16100. Indonesia yesterday reported a TRADE BALANCE SURPLUS of USD 4.47 billion in March 2024, a figure that is clearly much larger than USD 830 million in February, and also larger than the USD 2.83 billion in March 2023. The surplus was the largest since February 2023, driven by a decline in Imports (-12.76%) that was much larger than the decline in Exports (-4.19%).

Corporate News

Wom Finance (WOMF) Repays Sustainable Bond IV IDR 221M PT Wahana Ottomitra Multiartha Tbk (WOMF) or (Wom Finance) said that the company has paid off the WOM Finance Phase III Series A Sustainable Bonds IV Year 2023. Cincin Lisa Hadi, Director and Corporate Secretary of WOMF, in a written statement on Monday (22/4) said that the Company had made a payment of Rp221 billion with an interest rate of 5.95% to pay off Bond IV Phase III Series A Year 2023 which matured on April 21, 2024. Lisa added that this information was submitted to comply with the provisions in OJK Regulation No. 31/POJK.04/2015 dated December 16, 2015 concerning Disclosure of Information or material facts by Public Companies. (Emiten News)

Domestic Issue

Auction of Seven Sukuk Series Today, Yields up to 6.87 Percent The Ministry of Finance (Kemenkeu) is auctioning seven series of State Sharia Securities (SBSN) or State Sukuk today, Tuesday (23/4). The government is targeting to raise IDR 11 trillion from the auction. The seven SBSN series being auctioned are SPNS 22102024 (new issuance), SPNS 20012025 (new issuance), PBS032 (reopening), PBS030 (reopening), PBS004 (reopening), PBS039 (reopening), and PBS038 (reopening). "The indicative target of the SBSN auction is IDR 11 trillion," said the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance in its official statement, Jakarta, Monday (22/4). The rate of return offered ranges from 4.87 percent to 6.87 percent. The underlying assets of the auction are projects or activities in the 2024 State Budget and State Property (BMN). For the implementation of the auction, it starts at 09.00 WIB and closes at 11.00 WIB. Meanwhile, the auction results will be announced on the same day (23/4) and settlement will be held on Thursday (25/4). (IDX Channel)

Recommendation

US10YT is still struggling in the Resistance area at a yield of 4.66% - 4.70% in a PARALLEL CHANNEL patterned uptrend which seems to be losing buying momentum, as seen from the RSI negative divergence. ADVISE: monitor the nearest support which is MA10 / yield 4.60% = if it breaks then reduce the position. Next Support: MA20 / 4.46% or MA50 / 4.35%.

ID10YT is still moving up to the highest point since 1 Nov 2023, steadily above the psychological level of 7.0% (making that level the closest support at the moment). Although the RSI indicator detected negative divergence, it is possible that this Uptrend is still strong and continues towards the TARGET yield: 7.20%. ADVISE : let your profit run, set your TRAILING STOP at the psychological level of yield 7.0% / 6.96% - 6.94%

PRICE OF BENCHMARK SERIES

FR0090	: 95.50 (-0.46%)
FR0091	: 96.28 (-0.27%)
FR0094	: 96.59 (+0.23%)
FR0092	: 99.24 (-1.00%)
FR0086	: 97.53 (-0.07%)
FR0087	: 97.43 (-0.21%)
FR0083	: 103.50 (-0.46%)
FR0088	: 95.65 (0.00%)

CDS of Indonesia Bonds

CDS 2yr	: -0.04% to 34.33
CDS 5yr	: -0.86% to 79.54
CDS 10yr	: -0.12% to 133.89

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.06%	0.02%
USDIDR	16,235	-0.12%
KRWIDR	11.77	0.06%

Global Indices

Index	Last	Chg.	%
Dow Jones	38,239.98	253.58	0.67%
S&P 500	5,010.60	43.37	0.87%
FTSE 100	8,023.87	128.02	1.62%
DAX	17,860.80	123.44	0.70%
Nikkei	37,438.61	370.26	1.00%
Hang Seng	16,511.69	287.55	1.77%
Shanghai	3,044.60	(20.67)	-0.67%
Kospi	2,629.44	37.58	1.45%
EIDO	20.71	(0.07)	-0.34%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,327.3	(64.6)	-2.70%
Crude Oil (\$/bbl)	81.90	(0.32)	-0.39%
Coal (\$/ton)	129.50	(1.10)	-0.84%
Nickel LME (\$/MT)	19,739	413.0	2.14%
Tin LME (\$/MT)	34,478	(1104.0)	-3.10%
CPO (MYR/Ton)	3,944	18.0	0.46%

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
Monday	ID	11:00	Trade Balance	Mar	\$4473M	\$1100M	\$867M
22 – Apr.	ID	11:00	Exports YoY	Mar	-4.19%	-10.73%	-9.45%
	ID	11:00	Imports YoY	Mar	-12.76%	-5.30%	15.84%
	EC	21:00	Consumer Confidence	Apr P	-14.7	-14.3	-14.9
Tuesday	US	20:45	S&P Global US Manufacturing PMI	Apr P	51.8	51.9	51.9
23 – Apr.	US	21:00	New Home Sales	Mar	670K	662K	662K
	GE	14:30	HCOB Germany Manufacturing PMI	Apr P	43.5	41.9	41.9
	EC	15:00	HCOB Eurozone Manufacturing PMI	Apr P	46.6	46.1	46.1
	JP	07:30	Jibun Bank Japan PMI Mfg	Apr P	—	—	48.2
Wednesday	US	19:30	Durable Goods Orders	Mar P	2.8%	1.3%	1.3%
24 – Apr.	KR	04:00	Consumer Confidence	Apr	—	—	100.7
Thursday	US	19:30	GDP Annualized QoQ	1Q A	2.3%	3.4%	3.4%
25 – Apr.	US	19:30	Initial Jobless Claims	Apr 20	—	—	212K
	KR	06:00	GDP YoY	1Q A	2.6%	2.2%	2.2%
Friday	US	19:30	Personal Income	Mar	0.5%	0.3%	0.3%
26 – Apr.	US	19:30	Personal Spending	Mar	0.6%	0.8%	0.8%
	US	21:00	U. of Mich. Sentiment	Apr F	77.9	77.9	77.9
	EC	15:00	M3 Money Supply YoY	Mar	0.5%	0.4%	0.4%
	JP	06:30	Tokyo CPI Ex-Fresh Food YoY	Apr	2.2%	2.4%	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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