

Morning Brief

Daily | April 26, 2024

Today's Outlook:

US MARKETS: A slower-than-expected US economic growth data amid persistently smoldering inflation. GDP for QUARTER 1 this year grew at the slowest pace in almost 2 years at 1.6% qoq, missing forecasts of 2.5% and also down from 3.4% in the previous quarter; while the benchmark Core PCE Prices Inflation surprisingly rose in the first quarter, increasing by 3.7% (above forecasts of 3.4% which had also firmed from 2.0% in the previous quarter). Thus the preliminary US GDP estimate further dashed hopes that the Federal Reserve could start cutting interest rates this year. The money market immediately priced in only around 36 basis points of Fed rate cuts this year, down from around 150 bps expected at the start of the year (according to LSEG data); and the first rate cut is unlikely to happen before December. US Treasury yields rose after the economic data was released. Weaker economic growth but strong inflation raised concerns of stagflation, although some economists noted that the economy may not be as weak as the GDP report suggests.

Separately, another economic indicator, **INITIAL JOBLESS CLAIMS**, said the number of Americans filing new claims for unemployment benefits unexpectedly fell last week, indicating that labor market conditions remain tight. The March Personal Consumption Expenditure (PCE) price index, which is the Fed's favorite gauge of inflation, will be released on Friday where it is expected to come in at 2.6% yoy, indeed it will be slightly higher than 2.5% in the previous month.

EUROPE & ASIA MARKETS: In other parts of the world, market participants are also still seeing a sluggish consumer climate from the GfK German Consumer Climate data for May and the 6-month outlook. Similarly, in the UK their Consumer Confidence is still sitting on a negative/pessimistic view. In contrast, South Korea posted stronger than expected economic growth, growing by 3.4% yoy in the 1st quarter, above the 2.4% predicted. This morning Tokyo has reported their region's CPI fell to 1.8% yoy in April, below the 2.6% forecast; indicating that people's purchasing power is still relatively weak. The Bank of Japan will announce their interest rate decision later this morning which is likely to be around 0.1% after they raised rates for the first time in 17 years in March.

COMMODITIES: OIL prices rose in early trade on Friday, after traders quoted US Treasury Secretary Janet Yellen stating that the US economic growth could be stronger than the recently released quarterly data, as this is just a preliminary estimate and the GDP figure could be revised once further data is gathered. On the other hand, supply concerns due to rising geopolitical tensions in the Middle East also sentimentally boosted Oil prices. Israel stepped up airstrikes on Rafah after declaring it would evacuate civilians from southern Gaza and launched an all-out assault despite allied warnings that this could lead to heavy casualties. BRENT crude oil rose 0.38% to USD 89.35/barrel, and US WEST TEXAS INTERMEDIATE (WTI) crude oil futures rose 0.39% to USD 83.90/barrel.

Corporate News

Tower Bersama (TBIG) to Issue USD 900 Million Notes

Tower Bersama Group (TBIG) will issue debt securities or notes worth USD 900 million (around IDR 14.55 trillion at an exchange rate of April 24, 2024) which will be carried out within 12 months from the date of approval of the General Meeting of Shareholders (GMS). Helmy Yusman Santoso, Corporate Secretary of TBIG, said in a written statement that the notes have a maximum interest rate of 8% per annum for each note issued. +The maximum interest rate of 8% is based on the prevailing interest rates in the market, which is an interest expense that can still support the Company's operational activities, and the maturity of the principal payment of the notes is a maximum of 10 years from the issuance of each note. Meanwhile, interest payments are due every 6 months or other periods agreed by the parties. Helmy further explained that the proceeds from the notes will be used for the company's internal purposes as well as channeled to the group of subsidiaries, through intercompany loans or equity participation, to repay maturing debt obligations, and accelerated payment of loans, or finance future business expansion plans and support the funding needs of TBIG and its subsidiaries in general. (Bareksa)

Domestic Issue

ST012 to be Offered Starting Friday (26/4/2024), Check Coupons and Ways to Buy

The government will sell retail Government Sharia Securities (SBSN) instruments to individual investors online (e-SBN) for Savings Sukuk Series ST012T2 (2-year tenor) and Green Sukuk Retail - Savings Sukuk Series ST012T4 (4-year tenor) starting April 26, 2024. The Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance said it will offer ST012T2 and ST012T4 on April 26-May 29, 2024. Each reward is pegged at 6.40% and 6.55% per year. "This type of SBSN is scrippless and non-tradable, ownership cannot be transferred and cannot be withdrawn until maturity except during the early redemption period," said the Ministry of Finance's DJPPR announcement, Thursday (25/4/2026). The minimum order is Rp1 million and its multiples. Meanwhile, the maximum order for ST012T2 is IDR 5 billion and ST012T4 is IDR 10 billion. The maturity date of ST012T2 is May 10, 2026 and ST012T4 is May 10, 2028. Determination of sales proceeds of ST012T2 and ST012T4 on June 3, 2024 with underlying assets of state property (BMN) and projects / activities of ministries / institutions in the 2024 State Budget. The first payment date is July 10, 2024 (Long Coupon). (Bisnis)

Recommendation

US10YT is in the upper channel resistance area at a yield of 4.70% with the tendency of RSI consistent negative divergence. Anticipate a trend reversal (minor trend), especially if the nearest support: MA10 / yield 4.64% is broken. ADVISE: set your TRAILING STOP.

ID10YT continues to push above the psychological level of 7.0% but is now exactly in the resistance area of the long-term trendline, pulling from the highest points of yield in 2022 and 2023. Looking at the RSI indicator which shows negative divergence, anticipate a yield pullback. Pay attention to economic data sentiment as a trigger.

PRICE OF BENCHMARK SERIES

FR0090 : 95.26 (+0.03%)
FR0091 : 95.98 (-0.44%)
FR0094 : 96.57 (-0.01%)
FR0092 : 99.84 (-0.29%)

FR0086 : 98.08 (-0.08%)
FR0087 : 96.82 (-0.35%)
FR0083 : 103.13 (-0.13%)
FR0088 : 93.08 (-0.27%)

CDS of Indonesia Bonds

CDS 2yr: +2.09% to 35.00

CDS 5yr: +2.32% to 79.94

CDS 10yr: +1.60% to 135.85

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.10%	0.04%
USDIDR	16,188	0.21%
KRWIDR	11.78	-0.15%

Global Indices

Index	Last	Chg.	%
Dow Jones	38,085.80	(375.12)	-0.98%
S&P 500	5,048.42	(23.21)	-0.46%
FTSE 100	8,078.86	38.48	0.48%
DAX	17,917.28	(171.42)	-0.95%
Nikkei	37,628.48	(831.60)	-2.16%
Hang Seng	17,284.54	83.27	0.48%
Shanghai	3,052.90	8.08	0.27%
Kospi	2,628.62	(47.13)	-1.76%
EIDO	20.86	(0.16)	-0.76%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,332.5	16.3	0.70%
Crude Oil (\$/bbl)	83.57	0.76	0.92%
Coal (\$/ton)	129.25	0.25	0.19%
Nickel LME (\$/MT)	19,157	212.0	1.12%
Tin LME (\$/MT)	32,872	1036.0	3.25%
CPO (MYR/Ton)	3,874	(68.0)	-1.73%

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	6.25%	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)	4.47	0.87	Govt. Spending Yoy	2.81%	-3.76%
Exports Yoy	-4.19%	-9.45%	FDI (USD bn)	4.82	4.86
Imports Yoy	-12.76%	15.84%	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	49.9	51.8	51.9
23 – Apr.	US	21:00	New Home Sales	Mar	693K	670K	662K
	GE	14:30	HCOB Germany Manufacturing PMI	Apr P	42.2	43.5	41.9
	EC	15:00	HCOB Eurozone Manufacturing PMI	Apr P	45.6	46.6	46.1
	JP	07:30	Jibun Bank Japan PMI Mfg	Apr P	49.9	—	48.2
Wednesday	US	19:30	Durable Goods Orders	Mar P	2.6%	2.8%	1.3%
24 – Apr.	KR	04:00	Consumer Confidence	Apr	100.7	—	100.7
Thursday	US	19:30	GDP Annualized QoQ	1Q A	1.6%	2.3%	3.4%
25 – Apr.	US	19:30	Initial Jobless Claims	Apr 20	207K	—	212K
	KR	06:00	GDP YoY	1Q A	3.4%	2.6%	2.2%
Friday	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

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United States 10-Year, United States, NYSE:US10YT-X, D



Indonesia 10 Years Treasury

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