

# Morning Brief

Daily | April 3, 2024

## Today's Outlook:

**US MARKETS: the 10-year US Treasury yield touched a 4-month high after data showed strong labor demand, thus fueling fears that the Federal Reserve will delay interest rate cuts.** The US Dollar also briefly touched a 4-month high before closing lower, as anticipation of the Japanese government to intervene in the Yen, limited the Dollar's strength over the Sakura State currency. The Dollar Index which measures the USD's strength over 6 other major world currencies, slipped 0.21%; while Gold recorded a new peak. US Treasury yields have actually started to rise on Monday since manufacturing data grew expansively above the 50 mark for the first time since Sept 2022 and last week's PCE price index was revised higher for January as public spending boomed in February. US10YT touched a yield of 4.405%, the strongest since Nov 28. Meanwhile, the 2-year US Treasury Bond which is most reflective of interest rate expectations, fell 2.5bps to yield 4.693%. Two important US central bank officials again voiced that there is no need to cut interest rates if Inflation is still above the central bank's target of 2%. CME FedWatch Tool survey tool stated that the current chance of a Fed Funds Rate cut in June is 62%, down from 70% probability a week ago. Labor data will be the focus of market participants this week, where the important March Nonfarm Payroll report will originally be released on Friday with an estimate of 205k new jobs in March, slowing from 275k in Feb, where the US economy is expected to land on a soft-landing condition (where Inflation is able to slope but the overall economy is not so negatively affected). In the series of labor reports, today is the turn of ADP Nonfarm Employment Change which is expected to provide a higher figure in March of 148k, compared to 140k in Feb. Also monitored will be manufacturing PMI figures from S&P Global and service PMI from ISM, complementing other statements from key Fed officials.

**US ECONOMIC DATA: JOLTs Job Openings which records labor demand aka job openings, actually rose by 8000 to 8.756 million in February, higher than January's reading which was revised lower to 8.748 million;** as reported by the US Department of Labor. Market participants are responding to the fact that the US economy is still fairly strong amidst an upward trend in interest rates that seems to have a difficult risk of going down in the near future. Adding to the negative sentiment, Tesla's share price dropped 4.9% after news that quarterly car deliveries fell for the first time in 4 years and failed to meet Wall Street analysts' estimates.

**EUROPEAN MARKETS: The STOXX 600 European stock index also closed down 0.8% at a 1-week low after hitting a record intraday high. EUROZONE manufacturing activity contracted at a steepening pace in March, as demand continued to weaken and GERMAN inflation flattened.** The 10-year German sovereign bond fell 1.2 bps to a yield of 2.398%. Today will see broader Eurozone Inflation data, which will give an indication of when the European Central Bank will start cutting interest rates.

**ASIAN MARKETS: The Japanese Yen turned higher by 0.03% versus the Dollar at 151.57 after depreciating to 151.79. The Japanese government is now seeing the urgency to intervene in the Japanese Yen which has fallen to 151.975/USD in order to control the currency's wild movements.** In PMI week, JAPAN and CHINA will report their Services PMI today.

**COMMODITIES: Brent Oil prices briefly touched the USD 89/barrel level for the first time since October (before closing at USD 88.92/barrel), as fresh threats to global oil supplies emerged from Ukraine's latest attack on Russian energy facilities on Tuesday.** GOLD hit fresh records as traders hunted for safe-haven assets in light of rising geopolitical tensions in the Middle East region, while ignoring the still-strong Dollar and faltering chances of a US interest rate cut. Spot gold prices touched USD 2276.89/ounce; while gold futures were 1.1% higher at USD 2281.8/ounce. Oil price appreciation was also helped by data on US crude oil inventories that fell more than expected, as reported by the American Petroleum Institute for the week ending March 29, falling by 2.3 million barrels (higher than the forecast of 2 million barrels) following the addition of 9.3 million barrels in the previous week. Today it is the US government's turn to release weekly crude stockpile figures where it is expected to reduce by 2 million barrels.

## Corporate News

**Pegadaian is Ready to Pay Off Bonds and Mudharabah Sukuk, Totaling IDR 2.2T** Determined to pay off bonds and Mudharabah Sukuk, which will mature in the near future, PT Pegadaian has prepared a budget of IDR 2.2 trillion. Source of repayment funds from Islamic banking loans. Head of the Pegadaian Treasury Division, Luh Putu Andarini, in a written statement, quoted on Tuesday (2/4/2024), revealed that the company will pay off two debt securities that will mature soon. The two bonds are Pegadaian Sustainable Bond V Phase III Year 2023 Series A worth IDR 1.595 trillion which will mature on June 26, 2024. Then, Pegadaian Sustainable Mudharabah Sukuk II Phase III Year 2023 Series A worth IDR 605 billion which will mature on June 26, 2024. So the total of the two debt securities amounted to IDR 2.2 trillion. (Emiten News)

## Domestic Issue

**Ministry of Finance's Sign of Time for ST012 Launch, Sales Predicted at IDR 20 Trillion** The Directorate General of Management, Financing and Risk of the Ministry of Finance (DJPPR Kemenkeu) will soon launch the next series of retail SBN after the SR020 retail sukuk, namely the ST012 savings sukuk. Director of Sharia Financing at the Ministry of Finance's DJPPR Dwi Irianti Hadiningdyah said that the government is quite optimistic that domestic retail investor interest in the next retail SBN this year is still high. If according to schedule, the ST012 will be launched on April 26-May 29, 2024 (tentative). "For ST012, of course, we are still very optimistic. The launch time will be at the end of April," Dwi told Bisnis on Tuesday (2/4/2024). Furthermore, he said, from the government side, the development of financing needs and market conditions, both global and domestic, which have an impact on the movement of SBN yields, remain the main factors of concern to the government. Bank Permata Chief Economist Josua Pardede said ST012 will still be attractive, as the series is generally a defensive asset for investors, with its non-tradeable nature. Therefore, demand for this series will depend on coupon conditions and people's income. Josua said, considering that Bank Indonesia (BI) is predicted to start cutting interest rates, the ST012 coupon rate can be said to be an attractive series for investors. As a result, demand from investors has the potential to continue to increase, in line with increased public awareness related to retail SBN. "From these conditions, we estimate that the issuance of the ST012 series will be able to reach IDR 15 trillion to IDR 20 trillion," he concluded. (Bisnis)

## Recommendation

**US10YT is currently testing the Resistance level of the previous High 4.351%. If this level can be broken, it opens the way for strengthening towards TARGET: yield 4.60% - 4.66%. ADVISE: AVERAGE UP accordingly.**

**ID10YT did a pullback for a moment when yesterday's low exactly touched MA10 / 6.678% yield. There is still potential for this Uptrend to continue up towards the next Resistance / TARGET: yield 6.80% - 6.81%. ADVISE: AVERAGE UP above yield 6.75%.**

## PRICE OF BENCHMARK SERIES

FRO090	: 96.45 (-0.01%)
FRO091	: 98.31 (-0.01%)
FRO094	: 97.12 (+0.03%)
FRO092	: 102.05 (-0.07%)
FRO086	: 98.44 (+0.02%)
FRO087	: 99.30 (-0.07%)
FRO083	: 105.66 (0.00%)
FRO088	: 96.62 (0.00%)

## CDS of Indonesia Bonds

CDS 2yr	: +1.63% to 32.48
CDS 5yr	: +2.67% to 74.36
CDS 10yr	: +1.20% to 129.43

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.68%	-0.01%
USDIDR	15,897	0.04%
KRWIDR	11.76	-0.20%

## Global Indices

Index	Last	Chg.	%
Dow Jones	39,170.24	(396.61)	-1.00%
S&P 500	5,205.81	(37.96)	-0.72%
FTSE 100	7,935.09	(17.53)	-0.22%
DAX	18,283.13	(209.36)	-1.13%
Nikkei	39,838.91	35.82	0.09%
Hang Seng	16,931.52	390.10	2.36%
Shanghai	3,074.96	(2.42)	-0.08%
Kospi	2,753.16	5.30	0.19%
EIDO	22.02	0.05	0.23%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,280.7	29.2	1.30%
Crude Oil (\$/bbl)	85.15	1.44	1.72%
Coal (\$/ton)	132.25	0.25	0.19%
Nickel LME (\$/MT)	17,030	281.0	1.68%
Tin LME (\$/MT)	27,897	446.0	1.62%
CPO (MYR/Ton)	4,312	45.0	1.05%

## 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	3.05%	2.75%	Cons. Confidence*	123.10	125.00

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 1 – Apr.	US	20:45	S&P Global US Manufacturing PMI	Mar F	51.9	—	52.5
	US	21:00	ISM Manufacturing	Mar	50.3	48.5	47.8
	CH	08:45	Caixin China PMI Mfg	Mar	51.1	50.8	50.9
	ID	07:30	S&P Global Indonesia PMI Mfg	Mar	54.2	—	52.7
	ID	11:00	CPI YoY	Mar	3.05%	2.88%	2.75%
	KR	07:00	Trade Balance	Mar	\$4280M	\$5818M	\$4290M
<b>Tuesday</b> 2 – Apr.	US	21:00	Factory Orders	Feb	1.4%	1.0%	-3.6%
	US	21:00	Durable Goods Orders	Feb F	1.3%	—	1.4%
	GE	19:00	CPI YoY	Mar P	2.2%	—	2.5%
	KR	06:00	CPI YoY	Mar	3.1%	3.1%	3.1%
<b>Wednesday</b> 3 – Apr.	US	19:15	ADP Employment Change	Mar	—	150K	140K
	EC	16:00	CPI MoM	Mar P	—	0.7%	0.6%
<b>Thursday</b> 4 – Apr.	US	19:30	Trade Balance	Feb	—	-\$65.7B	-\$67.4B
	US	19:30	Initial Jobless Claims	Mar 30	—	—	—
<b>Friday</b> 5 – Apr.	US	19:30	Change in Nonfarm Payrolls	Mar	—	216K	275K
	US	19:30	Unemployment Rate	Mar	—	3.8%	3.9%
	GE	13:00	Factory Orders MoM	Feb	—	—	-11.3%
	ID	10:00	Foreign Reserves	Mar	—	—	\$144.00B

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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