

# Morning Brief

Daily | May 17, 2024

## Today's Outlook:

**US MARKETS:** Investors weighed a rebound in US Treasury yields. Expectations of a September rate cut continued to lend support to the stock market as weaker-than-expected US CPI data on Wednesday was followed by data showing a cooling of the labor market. INITIAL JOBLESS CLAIMS in the US fell to 222,000 (above economists' prediction of 219,000) in the week ended May 11, from the previous week which was revised up to 232,000. However, US Treasury yields rebounded from the previous day's decline as speakers from the US central bank remained cautious and emphasized the need to monitor further economic data for signs that inflation is on an easing trajectory. Most of them believe it will take longer for inflation to decline to their target rate of 2%. That view is shared by analysts at Macquarie who believe that one month of Core CPI data in line with consensus may not be enough to start motivating the Federal Reserve to cut their benchmark interest rate.

**ASIA & EUROPE MARKETS:** SOUTH KOREA announced the Unemployment Rate (Apr) stagnant at 2.8% this morning. Also this morning, CHINA will publish a series of economic data such as: Industrial Production (Apr), Retail Sales (Apr), and Unemployment Rate (Apr) which is expected to remain flat at 5.2% as in the previous month. From EUROPE, EUROZONE CPI data will be the center of attention this afternoon around 16.00 Western Indonesia Time, as they are also struggling to control Inflation to the level of 2% as the ECB Target. CPI (Apr) is expected to remain flat at 2.4% yoy same as the previous month, but they expect a decline in Core CPI to 2.7% yoy, down from 2.9%. Japan's GDP in the first quarter contracted at an annualized rate of 2%, larger than the 1.5% decline expected in a Reuters poll. This unexpected data could potentially hamper the Bank of Japan's plans to raise interest rates.

**COMMODITIES:** OIL prices after data showed a stable US job market, fueling hopes that the Federal Reserve could start lowering interest rates in the fall, which should stimulate the economy and boost oil demand. BRENT futures rose 0.6% to USD 83.27/barrel, while US WTI ended at USD 79.23/barrel, up 0.8%. Meanwhile, from other commodities, GOLD prices fell as the US DOLLAR strengthened, although signs of easing US inflation strengthened hopes of an interest rate cut by the Federal Reserve this year and kept bullion near one-month peaks. Spot gold prices fell 0.3% to USD 2,379.60/ounce, after briefly approaching the USD 2400 price area.

**INDONESIA:** Bank Indonesia's (BI) IHPR reported that the Residential Property Price Index (IHPR) in the first quarter of 2024 reached 1.89% yoy, showing an increase compared to growth of 1.74% in the fourth quarter of 2023. Residential property sales also experienced growth of 31.16% yoy, a significant increase compared to the previous quarter which only grew by 3.37%, driven by increased sales across all house types. The RUPIAH exchange rate closed at IDR15,924 USD on Thursday, gaining 0.65%.

## Corporate News

**Pay Principal of Maturing Bonds, Bank Mandiri (BMRI) Prepares IDR 3 Trillion Funds** PT Bank Mandiri Tbk (BMRI) is preparing to pay one of its bonds that will mature in the near future. Based on the company's disclosure released on Wednesday (15/5), Bank Mandiri has prepared IDR 3 trillion for the payment of sustainable bonds I Bank Mandiri, Phase II 2017 Series B, which will mature on June 15, 2024. "In connection with this, the company has prepared funds for the principal payment of sustainable bonds I Bank Mandiri, Phase II of 2017 Series B, with a principal of IDR 3 trillion," said Ali Usman Corporate Secretary of Bank Mandiri in his official statement, Wednesday (15/5). Bank Mandiri Sustainable Bonds I, Phase II 2017 Series B is part of four series of bonds released by Bank Mandiri in 2017, with a total value of IDR 6 trillion with a term of seven years, and a yield or fixed coupon of 8.50% per year. (Kontan)

## Domestic Issue

**National Quota for ST012 Reservations Increased to IDR 13 Trillion** Investors continue to flock to buy Savings Sukuk (ST) series ST012. The sharia type retail government securities (SBN) have been bought by IDR 10.27 trillion investors until Thursday morning (16/5). The national quota for ST012 orders was again increased by IDR 1 trillion from the previous IDR 12 trillion to IDR 13 trillion. So that the national quota for ST012 reservations still remains around 21%. The quota was increased by IDR 1 trillion for the 2-year ST012 tenor or ST012T2 from the previous IDR 8 trillion to IDR 9 trillion, in line with the high investor interest in investing in short tenors. Meanwhile, the 4-year ST012 tenor or ST012T4, the quota remained at IDR 4 trillion until Thursday morning. Details of the ST012 order value until Thursday morning or entering the 21st day of the offering period, namely ST012T2 worth IDR 7.57 trillion and ST012T4 worth IDR 2.7 trillion. The national quota for ST012T2 reservations is still IDR 1.43 trillion and ST012T4 is still IDR 1.3 trillion. The ST012 offering period, which opened on April 26, will still last 13 more days until it closes on May 29. (Bareksa)

## Recommendation

**US10YT** was detected rebounding at the yield support level of 4.35%, there may be a technical rebound attempt towards the nearest Resistance, which is a collection of Moving Averages starting from yield 4.44%, up to 4.52%. Indeed, US10YT has a weakening yield trend to the consolidation target: 4.247% / 4.08%; so it is better to use this temporary yield strengthening (= price decline) opportunity to collect more US bonds.

**ID10YT** broke the trendline support, while **MA10 & MA20** also started to deadcross; indicating the yield started a consolidation journey towards the following support: **MA50 / 6.80%, up to 6.742% / 6.66%**.

## Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	6.25%	6.00%	Real GDP	5.11%	5.04%
FX Reserve (USD bn)	136.20	140.40	Current Acc (USD bn)	-1.29	-0.90
Trd Balance (USD bn)	3.56	4.47	Govt. Spending Yoy	19.90%	2.81%
Exports Yoy	1.72%	-4.19%	FDI (USD bn)	4.82	4.86
Imports Yoy	4.62%	-12.76%	Business Confidence	104.82	104.30
Inflation Yoy	3.00%	3.05%	Cons. Confidence*	127.70	123.80

## PRICE OF BENCHMARK SERIES

FR0090 : 95.88 (+0.20%)  
FR0091 : 96.61 (+0.06%)  
FR0094 : 96.04 (+0.07%)  
FR0092 : 101.93 (+0.60%)

FR0086 : 97.90 (+0.06%)  
FR0087 : 97.69 (+0.01%)  
FR0083 : 105.06 (+0.59%)  
FR0088 : 94.81 (+0.83%)

## CDS of Indonesia Bonds

CDS 2yr: -1.53% to 33.06

CDS 5yr: -1.44% to 70.07

CDS 10yr: -1.09% to 121.38

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.94%	-0.04%
USDIDR	15,925	-0.64%
KRWIDR	11.84	0.48%

## Global Indices

Index	Last	Chg.	%
Dow Jones	39,869.38	(38.62)	-0.10%
S&P 500	5,297.10	(11.05)	-0.21%
FTSE 100	8,438.65	(7.15)	-0.08%
DAX	18,738.81	(130.55)	-0.69%
Nikkei	38,920.26	534.53	1.39%
Hang Seng	19,376.53	302.82	1.59%
Shanghai	3,122.40	2.50	0.08%
Kospi	2,753.00	22.66	0.83%
EIDO	21.02	0.15	0.72%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,376.9	(9.1)	-0.38%
Crude Oil (\$/bbl)	79.23	0.60	0.76%
Coal (\$/ton)	143.50	0.50	0.35%
Nickel LME (\$/MT)	19,797	308.0	1.58%
Tin LME (\$/MT)	33,729	319.0	0.95%
CPO (MYR/Ton)	3,804	(51.0)	-1.32%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	ID	—	Consumer Confidence Index	Apr	127.7	—	123.8
13 – May	JP	06:50	Money Stock M2 YoY	Apr	2.2%	—	2.5%
<b>Tuesday</b>	US	19:30	PPI Final Demand MoM	Apr	0.5%	0.3%	0.2%
14 – May	GE	13:00	CPI YoY	Apr F	2.2%	—	2.2%
	JP	06:50	PPI YoY	Apr	0.9%	—	0.8%
<b>Wednesday</b>	US	19:30	Empire Manufacturing	May	-15.6	-10.0	-14.3
15 – May	US	19:30	CPI YoY	Apr	3.4%	3.4%	3.5%
	US	19:30	Retail Sales Advance MoM	Apr	0.0%	0.4%	0.7%
	EC	16:00	GDP SA YoY	1Q P	0.4%	—	0.4%
	ID	11:00	Imports YoY	Apr	4.62%	—	-12.76%
	ID	11:00	Exports YoY	Apr	1.72%	—	-3.75%
	ID	11:00	Trade Balance	Apr	\$3,559M	—	\$4,473M
<b>Thursday</b>	US	19:30	Initial Jobless Claims	May 11	222K	—	—
16 – May	US	19:30	Housing Starts	Apr	1,360K	1,438K	1,321K
	US	20:15	Industrial Production MoM	Apr	0.0%	0.2%	0.4%
	JP	06:50	GDP Annualized SA QoQ	1Q P	-2.0%	-1.6%	0.4%
	JP	11:30	Industrial Production MoM	Mar F	4.4%	—	3.8%
<b>Friday</b>	US	21:00	Leading Index	Apr	—	-0.2%	-0.3%
17 – May	CH	09:00	Industrial Production YoY	Apr	—	5.4%	4.5%
	CH	09:00	Retail Sales YoY	Apr	—	3.9%	3.1%
	EC	16:00	CPI YoY	Apr F	—	—	2.4%
	KR	06:00	Unemployment rate SA	Apr	—	—	2.8%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury

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## Indonesia 10 Years Treasury

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