

Morning Brief

Daily | May 20, 2024

Today's Outlook:

US MARKETS: Fed Governor Bowman said on Friday that he is willing to support rate hikes if disinflation stalls, or even reverses; and added that he is monitoring economic data to evaluate whether monetary policy is still tight enough. Bowman's statement echoed the Fed's speech last week that called for interest rates to remain higher for longer while considering incoming economic indicators. So far market participants have calculated a 49% chance that the Fed Funds Rate could be cut by 25bps at the scheduled FOMC Meeting in September; up from 48.6% in the previous week.

COMMODITIES: OIL prices closed higher on Friday, ending the week with a win as signs of slowing US inflation boosted rate cut hopes; while CHINA unveiled more stimulus, lending support to projections of increased demand. BRENT futures rose 0.8% to USD 83.92/barrel and US WTI futures gained 0.9% to USD 79.57/barrel. OPEC is also expected to extend the production cut period after June, providing an outlook for tighter supply. Market analysts expect the 8 OPEC member countries that have made voluntary production cuts to extend them by at least 3 months, even before their regular meeting begins in early June. China said it will begin a massive USD 1 trillion bond issuance this week - Beijing's first major fiscal stimulus measure as the country struggles to shore up a sluggish economic recovery, amid improvements in its manufacturing sector but still accompanied by sluggish Retail Sales & housing sector.

ASIAN MARKETS: CHINA is expected to hold its benchmark lending rate steady on Monday, despite growing expectations of a cut in the benchmark mortgage rate as the government seeks to boost the housing sector.

Corporate News

Waskita (WSKT) Fails to Pay Maturity Bonds Again

Construction company PT Waskita Karya (Persero) Tbk (WSKT) said that it has postponed the payment of interest and principal of Waskita Karya Bond III Phase IV Year 2019 Series B, which will mature on May 16, 2024. WSKT SVP Corporate Secretary Ermy Puspa Yunita said in an official statement that on May 15, 2024, the company was unable to deposit funds to KSEI as the Paying Agent in connection with the 20th (twentieth) interest payment and principal of the Waskita Karya Phase IV Year 2019 Sustainable Bonds III (PUB III Phase IV Year 2019) series B which will mature on May 16, 2024 as agreed in the Trustee Agreement. Based on the provisions of the PUB III Phase IV 2019 Bond Trustee Agreement, if the failure to pay interest is not corrected within 14 working days from the receipt of a written warning from the Trustee, the Company may be declared in default under the Trustee Agreement, and the Trustee at its sole discretion is entitled to call a further RUPO to determine the follow-up to the default against the Company. (Emiten News)

Domestic Issue

Sri Mulyani Releases Samurai Bond IDR 20.51 -Trillion, What for?

The Ministry of Finance (Kemenkeu) led by Sri Mulyani Indrawati officially issued Japanese yen-denominated foreign exchange Government Bonds (SUN) or Samurai Bonds worth 200 billion yen or equivalent to IDR 20.51 trillion (Exchange rate IDR 102.57 per Japanese yen) on Friday, May 17, 2024. Director General of Financing and Risk Management of the Ministry of Finance Suminto said the issuance of the Samurai Bond is intended to finance the 2024 State Budget. The proceeds of the Blue Bonds issuance are used to fund projects that are included in the qualifications of blue sector spending or related to maritime affairs in accordance with the SDGs Framework. Meanwhile, the issuance of Samurai Bonds worth 200 billion yen has a tenor of 3 years, 5 years, 7 years, 10 years and 20 years, while the interest rate ranges from 0.99% to 2.55%. This transaction is the 10th consecutive year of Samurai Bond issuance since 2015. Suminto said the issuance of Japanese Yen-denominated Blue Bonds (Samurai Bond) for the second time amounted to 25 billion yen, with part of the 7-year and 10-year tenors, and the entire 20-year tenor. The issuance of the 20-year tenor made history as the Blue Bonds with the longest tenor. (Bisnis)

Recommendation

US10YT will encounter a crucial challenge at MA10 & MA50 around yield 4.434% - 4.45%, before being greeted by the next resistance, namely MA20 at yield 4.50%. In this downtrend that has already formed, it seems difficult to get through this yield; Thus the overall view for US10YT remains a decrease in yield (= increase in price), especially if the support from the previous low level, namely yield 4.31%, is broken back down, this will open up space for further consolidation towards yield 4.247% / 4.08%.

ID10YT rebounded at the lower channel support, although the overall trend is still down. The following obstacle will soon appear on the MA10 & MA20 which are already deadcross = destroying the uptrend platform. Resistance: limited strengthening towards the 7.0% yield as a psychological level.

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 : 95.83 (-0.06%)
FR0091 : 97.26 (+0.67%)
FR0094 : 96.20 (+0.17%)
FR0092 : 102.22 (+0.28%)

FR0086 : 98.26 (+0.36%)
FR0087 : 97.69 (+0.00%)
FR0083 : 105.03 (-0.03%)
FR0088 : 94.76 (-0.05%)

CDS of Indonesia Bonds

CDS 2yr: +0.65% to 33.27

CDS 5yr: +0.53% to 70.45

CDS 10yr: +0.40% to 121.86

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.94%	-0.04%
USDIDR	15,955	0.19%
KRWIDR	11.77	-0.54%

Global Indices

Index	Last	Chg.	%
Dow Jones	40,003.59	134.21	0.34%
S&P 500	5,303.27	6.17	0.12%
FTSE 100	8,420.26	(18.39)	-0.22%
DAX	18,704.42	(34.39)	-0.18%
Nikkei	38,787.38	(132.88)	-0.34%
Hang Seng	19,553.61	177.08	0.91%
Shanghai	3,154.03	31.63	1.01%
Kospi	2,724.62	(28.38)	-1.03%
EIDO	21.30	0.28	1.33%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,415.2	38.4	1.61%
Crude Oil (\$/bbl)	80.06	0.83	1.05%
Coal (\$/ton)	141.50	(2.00)	-1.39%
Nickel LME (\$/MT)	21,080	1283.0	6.48%
Tin LME (\$/MT)	34,251	522.0	1.55%
CPO (MYR/Ton)	3,892	88.0	2.31%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	ID	10:00	BoP Current Account Balance	1Q		-\$1,930M	\$1,290M
20 – May	JP	11:00	Tertiary Industry Index MoM	Mar		0.1%	1.5%
Tuesday	—	—	—	—	—	—	—
21 – May	—	—	—	—	—	—	—
Wednesday	US	21:00	Existing Home Sales	Apr		4.18 M	4.19M
22 – May	ID	14:20	BI Rate	May 31		6.25%	6.25%
	KR	04:00	PPI YoY	Apr		—	-1.5%
Thursday	US	19:30	Initial Jobless Claims	May 18		—	222K
23 – May	US	20:45	S&P Global US Manufacturing PMI	May P		50.2	50.0
	US	21:00	New Home Sales	Apr		680K	693K
	KR	—	BoK Base Rate	May 23		3.50%	3.50%
Friday	US	19:30	Durable Goods Orders	Apr P		-0.6%	0.9%
24 – May	US	21:00	U. of Mich. Sentiment	May F		67.4	67.4

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury

Published on Investing.com, 20 May 2024 - 1:59:20 GMT. Powered by TradingView.
United States 10-Year, United States, NYSE:US10YT=X, D



Indonesia 10 Years Treasury

Published on Investing.com, 20 May 2024 - 2:00:06 GMT. Powered by TradingView.
Indonesia 10-Year, Indonesia, Jakarta:ID10YT=RR, D



Research Division

Head of Research

Liza Camelia Suryanata

Equity Strategy, Macroeconomics,
Technical
T +62 21 5088 ext 9134

Analyst

Axell Ebenhaezer

Mining, Property
T +62 21 5088 ext 9133
E Axell.Ebenhaezer@nhsec.co.id

Analyst

Cindy Alicia Ramadhania

Consumer, Healthcare
T +62 21 5088 ext 9129
E cindy.alicia@nhsec.co.id

Analyst

Richard Jonathan Halim

Technology, Transportation
T +62 21 5088 ext 9128
E Richard.jonathan@nhsec.co.id

Analyst

Leonardo Lijuwardi

Banking, Infrastructure
T +62 21 5088 ext 9127
E leonardo.lijuwardi@nhsec.co.id

Research Support

Amalia Huda Nurfalah

Editor & Translator
T +62 21 5088 ext 9132
E amalia.huda@nhsec.co.id

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51st Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 5088 9102

Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15311

Indonesia

Telp : +62 21 509 20230

Branch Office Medan :

Jl. Asia No. 548 S

Medan – Sumatera Utara 20214

Indonesia

Telp : +62 614 156500

Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 860 22122

Branch Office Bandengan (Jakarta Utara):

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

Branch Office Kamal Muara (Jakarta Utara):

Rukan Exclusive Mediterania

Blok F No.2

Jakarta Utara 14470

Indonesia

Telp : +62 24 844 6878

Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 1330

Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Telp : +62 411 360 4650

Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
Jakarta