

Today's Outlook:

**US MARKETS:** Investors are also looking forward to the Fed's latest meeting minutes, which are scheduled to come out on Wednesday, after several Fed officials on Tuesday reinforced the stance that it is best for the central bank to be patient before starting to cut interest rates. Last but not least, Existing Home Sales (Apr.) data is also scheduled to come out tonight. Inevitably, waiting for a number of crucial information makes most market participants take a waiting attitude before positioning more. The market currently forecasts a 64.8% chance of a cut of at least 25 basis points at the central bank's September meeting, according to the CME FedWatch Tool.

**INDONESIA:** While the US waits for the FOMC Meeting Minutes on Thursday morning at 01.00 am Western Indonesia Time, as Indonesia begins its long weekend holiday for Vesak Day. Bank Indonesia will be deciding on the BI7DRR rate today, which is widely expected to remain at 6.25%.

**ASIA & EUROPE MARKETS:** this morning JAPAN has started the release of a series of economic indicators, such as: Core Machinery Orders which measures the total value of new orders at machinery factories, a key indicator of investment & production of manufactured goods; came out stronger than expected in March. Another good news is that Japan recorded Export & Import growth in April although it failed to meet expectations. Later this afternoon, it's the UK's turn to be the center of attention for EUROPEAN market participants in particular where they announce the level of Inflation in consumer & producer areas, where CPI (Apr.) is expected to ease to 2.1% yoy, cooling from the previous month's 3.2%. The economic outlook in Europe seems to be more positive with European Central Bank (ECB) President Christine Lagarde saying in an interview that she is very confident that EUROZONE Inflation is under control. The ECB has promised a rate cut on June 6, so policymakers are already turning their attention towards interest rates afterwards.

**COMMODITIES:** OIL prices fell 1% on Tuesday as prolonged US inflation looks set to keep interest rates high for longer, weighing on demand for energy. BRENT crude futures fell 1%, to USD 82.88/barrel; while US WTI futures for June, 0.7%, to USD 79.26. The more active July contract was set even lower at USD 78.66. Traders believe that higher borrowing costs could slow economic growth and depress oil demand. Analysts think that the market is currently focused on gasoline demand figures in the US as there are signs that consumers are cutting back on personal vehicle use due to high inflation. It is natural that oil traders are taking a waiting attitude because the market is waiting for the minutes of the Fed's last meeting tonight, along with weekly data on US oil reserve stocks from the EIA. The American Petroleum Institute (API) had earlier released US crude oil & gasoline inventory figures for the week ending May 17, where stocks rose by 2.48 million barrels; in contrast to the previous week's drop of 3.1 million barrels. Most markets seemed unfazed by the news of the death of Iranian President Ebrahim Raisi, a hardliner and potential successor to Supreme Leader Ayatollah Ali Khamenei, in a helicopter crash on Sunday.

Corporate News

Summarecon Agung (SMRA) Issues IDR 1.3 Trillion Bonds

PT Summarecon Agung Tbk (SMRA) will issue Summarecon Agung Phase III Sustainable Bonds IV Year 2024 with a principal value of IDR 1.3 trillion. These bonds will be divided into two series. Series A Bonds are offered at IDR 329 billion with an interest rate of 8.25% per annum. The bond term is three years. Bond payments are made in full, 100% of the principal amount of Series A Bonds on the maturity date. Series B Bonds are offered at IDR 971 billion with an interest rate of 9.30% per annum. The term of the Bonds is five years. Bond payments are made in full (bullet payment) of 100% of the principal amount of the Series B Bonds on the maturity date. The proceeds from the Bond Public Offering, net of issuance costs, will be used by the Company for three main purposes. First, IDR 606.23 billion will be used to increase the Company's equity participation in Summarecon Property Development (SMPD) which will result in the Company continuing to own 99.99% equity interest in SMPD. Second, IDR 200 billion to fund all of the Company's obligations in the plan to repay the entire principal of Sustainable Bonds III Phase II Year 2019 (Sustainable Bonds III Phase II) Series B which will mature on October 15, 2024. Third, IDR 486.62 billion for the Company's working capital which will be used for operational activities. (Kontan)

Domestic Issue

Government Receives IDR 8.1 Trillion from Sukuk Auction, Monday (5/20)

The government on Monday, May 20, 2024 yesterday conducted an auction of seven series of State Sharia Securities (SBSN), each series SPNS18112024 (reopening), SPNS02022025 (reopening), PBS032 (reopening), PBS030 (reopening), PBS004 (reopening), PBS039 (reopening) and PBS038 (reopening) through the Bank Indonesia auction system. Of the seven series of SBSN or State Sukuk auctioned, the Directorate of Sharia Financing, Directorate General of Financing and Risk Management of the Ministry of Finance of the Republic of Indonesia noted that the total incoming bids reached IDR 16.501 trillion. In detail, for the SPNS18112024 series, the total incoming bid amounted to IDR 2.0975 trillion, SPNS02022025 series IDR 3.3145 trillion, PBS032 series IDR 3.794 trillion, PBS030 series IDR 0.860 trillion, PBS004 series IDR 0.723 trillion, PBS039 series IDR 0.1925 trillion, and PBS038 series amounting to IDR 5.5195 trillion. In accordance with the authority granted by Law Number 19 of 2008 concerning State Sharia Securities, the Minister of Finance determined the auction results as follows: SBSN series SPNS18112024, the nominal amount drawn was IDR 0.250 trillion, SPNS02022025 series IDR 0.650 trillion, PBS032 series IDR 2.150 trillion, PBS030 series IDR 0.250 trillion and PBS004 series amounting to IDR 4.800 trillion. As for the other two series, namely the PBS039 and PBS038 series, nothing was withdrawn. As for the other two series, PBS039 and PBS038, no one was withdrawn. Thus, from the seven series of SBSN offered from the auction, the government pocketed a total of IDR 8.1 trillion. (Emiten News)

Recommendation

**US10YT :** There are signs that the 10-year US Treasury yield is choosing a downward path within the guidance of the PARALLEL CHANNEL pattern (black), towards the TARGET of around 4.247% / 4.08% from the previous broken pattern. ADVISE: if the yield continues to consolidate then start collecting this bond again to aim for a price increase.

**ID10YT** is still on a downward trajectory with a PARALLEL CHANNEL pattern (pink) and is about to test the two-line cross Resistance and MA20 at a yield of around 7.03-7.04%. If these levels are not broken, the yield will resume consolidation (= Price increase).

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)	-2.16	-1.29
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 : 95.79 (-0.08%)  
FR0091 : 97.03 (-0.03%)  
FR0094 : 96.20 (0.00%)  
FR0092 : 101.98 (+0.14%)

FR0086 : 97.89 (+0.37%)  
FR0087 : 98.12 (-0.03%)  
FR0083 : 104.91 (+0.10%)  
FR0088 : 94.71 (+0.01%)

CDS of Indonesia Bonds

CDS 2yr: +1.05% to 33.32  
CDS 5yr: +0.83% to 70.47  
CDS 10yr: +0.85% to 121.83

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.94%	-0.04%
USDIDR	15,995	0.13%
KRWIDR	11.73	-0.45%

Global Indices

Index	Last	Chg.	%
Dow Jones	39,872.99	66.22	0.17%
S&P 500	5,321.41	13.28	0.25%
FTSE 100	8,416.45	(7.75)	-0.09%
DAX	18,726.76	(42.20)	-0.22%
Nikkei	38,946.93	(122.75)	-0.31%
Hang Seng	19,220.62	(415.60)	-2.12%
Shanghai	3,157.97	(13.18)	-0.42%
Kospi	2,724.18	(17.96)	-0.65%
EIDO	20.58	(0.32)	-1.53%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,421.1	(4.3)	-0.18%
Crude Oil (\$/bbl)	78.66	(0.64)	-0.81%
Coal (\$/ton)	142.05	1.05	0.74%
Nickel LME (\$/MT)	21,304	(311.0)	-1.44%
Tin LME (\$/MT)	34,324	(144.0)	-0.42%
CPO (MYR/Ton)	3,868	(53.0)	-1.35%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	ID	10:00	BoP Current Account Balance	1Q	-\$2,161M	-\$1,930M	\$1,290M
<b>20 – May</b>	JP	11:00	Tertiary Industry Index MoM	Mar	-2.4%	0.1%	1.5%
<b>Tuesday</b>	—	—	—	—	—	—	—
<b>21 – May</b>	—	—	—	—	—	—	—
<b>Wednesday</b>	US	21:00	Existing Home Sales	Apr		4.18 M	4.19M
<b>22 – May</b>	ID	14:20	BI Rate	May 31		6.25%	6.25%
	KR	04:00	PPI YoY	Apr		—	-1.5%
<b>Thursday</b>	US	19:30	Initial Jobless Claims	May 18		—	222K
<b>23 – May</b>	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%
<b>Friday</b>	US	19:30	Durable Goods Orders	Apr P		-0.6%	0.9%
<b>24 – May</b>	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, 21 May 2024 - 23:35:59 GMT. Powered by TradingView.  
United States 10 Year, United States, NYSE:US10YT=X, D



## Indonesia 10 Years Treasury

Published on Investing.com, 21 May 2024 - 23:36:47 GMT. Powered by TradingView.  
Indonesia 10 Year, Indonesia, Jakarta:ID10YT=RD, D



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