

Morning Brief

Daily | Mei 3, 2024

Today's Outlook:

US MARKETS: The latest Initial Jobless Claims data explained that the number of Americans filing jobless claims in the latest week remained stable at 208k as well as the previous week, while in fact lower than the forecast of 212k, so the labor market is considered still quite tight. The focus of market participants now turns to the closely watched April Nonfarm Payrolls report on Friday, which is expected to show a possible increase of 243,000 jobs in April after rising by 303,000 in March. This labor market data comes in the same week that the Federal Reserve kept interest rates unchanged at the end of Wednesday's FOMC Meeting, and Powell signaled that the next interest rate move would likely be a rate cut. By ruling out the possibility of a rate hike this year, the Fed Chairman gave market participants some relief although mixed market attitudes emerged after the statement. Goldman Sachs remains confident of two rate cuts this year, while Macquarie seems to be more pessimistic about it although they are still factoring in a possible pivot this year.

Other ECONOMIC INDICATORS that may color market sentiment are the Average Hourly Wage (Apr.) and US Unemployment Rate (Apr.) which are both still at 3.8%, as well as the S&P Global Composite PMI (Apr.) data set where it is expected that the US will be able to stay above 50 for the services sector, as well as the ISM Non-Manufacturing PMI (Apr.) prediction which is stronger in expansionary territory.

ASIA & EUROPE MARKETS: SOUTH KOREA and INDONESIA both released Inflation figures that cooled below estimates: South Korea reported CPI (Apr.) at 2.9% yoy, managing to decrease even below expectations of 3.0%. Similarly, Indonesia recorded April CPI at 3.0% yoy, also lower than the forecast of 3.06% and the previous month's 3.05%; although on a monthly basis slightly higher than expected due to the high transportation costs during the Lebaran homecoming period. Speaking of PMI, both countries recorded declining performance in the manufacturing sector although Indonesia is still in expansionary territory, in contrast to South Korea which is still struggling to get out of contractionary territory. In line with them, GERMANY & EUROZONE have also presented their Manufacturing PMI figures which despite performing above predictions, are still yet to touch the 50 mark. Today, the UK will update their Composite PMI & Services PMI for April, which is expected to remain safely in expansionary territory.

COMMODITIES: OIL prices neared a seven-week low on Thursday, closing in a narrow range as both benchmarks came under pressure from weak global demand, rising US inventories, and fading hopes for a quick US rate cut. US West Texas Intermediate (WTI) crude futures fell 5 cents to USD 78.95/barrel, the lowest since March 12; while BRENT also briefly hit its lowest point since early March, before rebounding from intraday lows to close 0.3%, higher at USD 83.67/barrel. Oil traders are increasingly concerned about a possible economic slowdown in the US, while on the other hand the Israel - Hamas war continues without having a major impact on disrupting Middle East oil supplies. A day earlier, oil prices fell more than 3% on Wednesday after the US government reported a surprise surge in crude stockpiles and the Fed kept interest rates unchanged due to stubborn inflation. In other commodities, spot GOLD prices edged up 0.3% at the close of trading on Thursday to USD 2325.02/ounce. The price of this commodity rallied 2 days in a row after the Federal Reserve showed an inclination towards future interest rate cuts.

Corporate News

Sarana Multigriya Finansial (SMF) Ready to Pay Off Maturing Bonds IDR 598 Billion PT Sarana Multigriya Finansial (Persero) (SMF) is known to be paying off maturing bonds worth IDR 598 billion using internal funds. Quoted from an official statement released by PT Pemeringkat Efek Indonesia (Pefindo), Thursday, May 2, 2024, debt securities issued by PT Sarana Multigriya Finansial (Persero) (SMF), namely Sustainable Bonds VI Phase I Year 2021 Series A (idAAA rating) worth IDR 200.0 billion will mature on July 8, 2024. In addition, Sustainable Bond VII Phase I Year 2023 Series A (idAAA rating) worth IDR 398.0 billion will mature on July 22, 2024. According to Pefindo, the company plans to pay off the bonds using internal funds, with cash and cash equivalents recorded at IDR 2.8 trillion at the end of December 2023. (Media Asuransi)

Domestic Issue

One Week Offered, ST012 Sales Reach IDR 3.49 Trillion Since the offering on Friday (26/4), the ST012 series Savings Sukuk has been sought after by investors. As of Thursday (2/5), ST012 absorption has reached 49.85% of the IDR 10 trillion target. The Directorate General of Financing and Risk Management of the Ministry of Finance launched ST012 in two series. Namely, ST012-T2 (2-year tenor) with a coupon of 6.40%, and ST012-T4 (4-year tenor) with a coupon of 6.55% per year. According to one of the distribution partners, PT Bibit Tumbuh Bersama (Bibit), as of Thursday (2/5) at 20.56 WIB, ST012 sales have reached IDR 3.49 trillion from both series. Interest in both series is also quite mixed. ST012-T2 has sold around IDR 2.52 trillion or reached 36.09% of the initial target of IDR 7 trillion. As a result, the ST012-T2 purchase quota leaves IDR 4.47 trillion. Meanwhile, ST012-T4 has sold around IDR 969.96 billion or equivalent to 32.33% of the initial target of IDR 3 trillion. That way, the ST012-T4 quota leaves IDR 2.03 trillion. (Kontan)

Recommendation

US10YT finally started to break MA10 & MA20 Support to below 4.585% yield (The nearest Resistance at the moment) thus opening up opportunities for further decline towards the next Support at 4.50% yield or even 4.40%. However, overall US10YT is still moving in an upward trend so any weakness can be looked at as an opportunity to BUY ON WEAKNESS.

On the other hand, ID10YT has also started to reverse down from the steep rise that brought it to a 6-month high at 7.30% yield, moving towards the nearest Support: MA10 / yield 7.115%. If this level does not hold then ID10YT yield needs further consolidation towards MA20 / 6.93% up to 7.0% psychological level. ADVISE : prepare to reduce position.

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

PRICE OF BENCHMARK SERIES

FR0090 : 95.17 (0.00%)
FR0091 : 95.51 (+0.23%)
FR0094 : 96.06 (0.00%)
FR0092 : 99.67 (0.00%)

FR0086 : 97.36 (-0.15%)
FR0087 : 96.73 (+0.40%)
FR0083 : 103.04 (+0.20%)
FR0088 : 93.12 (+0.30%)

CDS of Indonesia Bonds

CDS 2yr: -1.71% to 35.06

CDS 5yr: -3.29% to 74.32

CDS 10yr: -1.28% to 127.10

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.18%	-0.06%
USDIDR	16,185	-0.46%
KRWIDR	11.76	0.35%

Global Indices

Index	Last	Chg.	%
Dow Jones	38,225.66	322.37	0.85%
S&P 500	5,064.20	45.81	0.91%
FTSE 100	8,172.15	50.91	0.63%
DAX	17,896.50	(35.67)	-0.20%
Nikkei	38,236.07	(37.98)	-0.10%
Hang Seng	18,207.13	444.10	2.50%
Shanghai	3,104.82	(8.22)	-0.26%
Kospi	2,683.65	(8.41)	-0.31%
EIDO	20.54	(0.29)	-1.39%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,303.8	(15.7)	-0.68%
Crude Oil (\$/bbl)	78.95	(0.05)	-0.06%
Coal (\$/ton)	147.75	0.75	0.51%
Nickel LME (\$/MT)	18,648	(231.0)	-1.22%
Tin LME (\$/MT)	30,970	367.0	1.20%
CPO (MYR/Ton)	3,846	28.0	0.73%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 29 – Apr.	GE	19:00	CPI YoY	Apr P	2.2%	2.3%	2.2%
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Tuesday 30 – Apr.	US	20:45	MNI Chicago PMI	Apr	37.9	45.0	41.4
	US	21:00	Conf. Board Consumer Confidence	Apr	97.0	104.0	104.7
	CH	08:30	Manufacturing PMI	Apr	50.4	50.3	50.8
	CH	08:45	Caixin China PMI Mfg	Apr	51.4	51.0	51.1
	GE	14:55	Unemployment Change (000's)	Apr	10.0K	8.0	6.0K
	EC	16:00	CPI MoM	Apr P	0.6%	0.6%	0.8%
	KR	06:00	Industrial Production YoY	Mar	0.7%	4.6%	4.6%
Wednesday 1 – May	US	18:00	MBA Mortgage Applications	Apr 26	-2.3%	—	-2.7%
	US	19:15	ADP Employment Change	Apr	192K	183K	184K
	US	20:45	S&P Global US Manufacturing PMI	Apr F	50.0	49.9	49.9
	US	21:00	ISM Manufacturing	Apr	49.2	50.0	50.3
	KR	07:00	Trade Balance	Apr	\$1,500M	\$1,000M	\$4,291M
Thursday 2 – May	US	01:00	FOMC Rate Decision (Upper Bound)	May 1	5.50%	5.50%	5.50%
	US	01:00	FOMC Rate Decision (Lower Bound)	May 1	5.25%	5.25%	5.25%
	US	19:30	Trade Balance	Mar	-\$69.4B	-\$69.0B	-\$68.9B
	US	19:30	Initial Jobless Claims	Apr 27	208K	—	207K
	US	21:00	Factory Orders	Mar	1.6%	1.6%	1.4%
	US	21:00	Durable Goods Orders	Mar F	2.6%	—	2.6%
	ID	07:30	S&P Global Indonesia PMI Mfg	Apr	52.9	—	54.2
	ID	11:00	CPI YoY	Apr	3.00%	3.10%	3.05%
	KR	06:00	CPI YoY	Apr	2.9%	3.0%	3.1%
	KR	07:30	S&P Global South Korea PMI Mfg	Apr	49.4	—	49.8
Friday 3 – May	US	19:30	Change in Nonfarm Payrolls	Apr	250K	250K	303K
	US	19:30	Unemployment Rate	Apr	3.8%	3.8%	3.8%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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