

Morning Brief

Daily | May 3, 2024

Today's Outlook:

US MARKETS: Economic data that showed public sector job additions in April were below expectations. This raised hopes that the Federal Reserve could start cutting interest rates earlier than expected. The 10-year US Treasury yield fell 6 basis points to 4.511% after NONFARM PAYROLL data showed the US economy added jobs at a slower pace in April, adding only 175,000 jobs last month (the lowest since October 2023), missing the 243,000 forecast by economists polled by Reuters, compared to the 315,000 figure from the revised March. The Unemployment Rate also rose to 3.9% in April, up from 3.8% the previous month, but still the 27th consecutive month below 4%. Average hourly wage growth of 3.9% was the smallest since May 2021 and continues its steady decline towards the mid-3% range, which US central bank officials say is in line with their Inflation target of 2%.

US TREASURY YIELD fell, along with the **DOLLAR**, after the above Nonfarm Payrolls report where investors have advanced the Fed's rate cut this year to September, with the market pricing in a 66.8% chance of a cut of at least 25 bps, up from 61.6% in the previous session, according to CME Group's FedWatch Tool. The yield on the benchmark 10-year US Treasury note fell 6.1 basis points to 4.51%, from 4.571% at the end of Thursday, while the yield on the 2-year note, which typically moves with interest rate expectations, fell 6.5 basis points to 4.8119%, from 4.877%. The 10-year bond fell nearly 17 basis points on the week, the biggest weekly decline since mid-December; while the 2-year bond fell about 19 basis points, the biggest weekly decline since early January. MSCI's worldwide stock index rose 8.67 points, or 1.14%, to 769.19 and gained 0.91% on the week, in line with its second consecutive weekly gain.

Against the Japanese Yen, the **DOLLAR** was 0.48% weaker at 152.89 while the Pound sterling strengthened 0.1% to USD1.2547. The Greenback has fallen more than 3% against the Yen in a week, the biggest weekly percentage decline since late November. **JAPANESE YEN** continued its rebound from 34-year lows, ending a tumultuous week in which there were allegations of intervention by Japanese authorities. Traders suspected the Japanese authorities would take action on at least 2 days this week and data from the Bank of Japan showed Japanese officials may have spent around USD 60 billion to defend the sinking Yen.

COMMODITIES: OIL prices fell and are on track for the steepest weekly decline in 3 months after the employment report. US WTI crude fell 1.06% to USD 78.11/barrel and BRENT settled at USD 82.96/barrel, down 0.85%.

Corporate News

Medco Energi (MEDC) Prepares USD 150 Million to Buyback Notes PT Medco Energi Internasional Tbk (MEDC) has prepared funds of up to USD 150 million to buy back two debt securities issued by two indirectly owned subsidiaries of MEDC. The two series of debt securities to be repurchased are senior notes due 2026 with an interest rate of 7.375% issued by Medco Oak Tree Pte Ltd and senior notes due 2027 with an interest rate of 6.375% issued by Medco Bell Pte Ltd. "The total purchase price for the tender offer is as much as USD 150 million, excluding applicable accumulated interest," said Medco Energi Corporate Secretary Siendy K Wisandana in an information disclosure on the Indonesia Stock Exchange (IDX), Thursday (2/5). Siendy said that the completion of the tender offer depends on the fulfillment of certain conditions, in each case, as amended, replaced, waived or added by the issuers and MEDC. (Kontan)

Domestic Issue

Government Auctions Sukuk Today, Target IDR 10 Trillion Funds The government through the Ministry of Finance (MoF) will auction seven series of State Sharia Securities (SBSN) or State Sukuk on Monday (6/5). The target is to raise funds of IDR 10 trillion. The seven series of SBSN that are ready to be auctioned tomorrow are two series of SPN-S (Surat Perbendaharaan Negara-Syariah) and five series of PBS (Project Based Sukuk) to meet part of the financing target in the 2024 State Budget. "The indicative target is IDR 10 trillion," said the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance in its official statement, Jakarta, Sunday (5/5). The seven SBSN series auctioned are SPNS 18112024 (reopening), SPNS 02022025 (new issuance), PBS032 (reopening), PBS030 (reopening), PBSG001 (reopening), PBS004 (reopening), and PBS038 (reopening). The yields offered by the SBSNs range from 4.87 percent to 6.87 percent. (IDX Channel)

Recommendation

US10YT is still not going to break the upward trend of the **PARALLEL CHANNEL**, although perhaps the yield should slope to the **Support** level of 4.40% which is the defense area of the lower channel (uptrend) along with the **MA50** there. **ADVISE: BUY ON WEAKNESS.**

ID10YT has retraced to 50% **FIBONACCI** approaching 6.975% yield which may be its closest **Support**, up to 6.95% where **MA20** will also slowly approach up, also providing **Support** for **ID10YT**. **ADVISE: BUY ON WEAKNESS** although a bit speculative; or monitor for a while whether **ID10YT** will still slip to the next yield support at 6.90% which is **FR61.8**.

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	-3.75%	-9.45%	FDI (USD bn)	4.82	4.86
Imports Yoy	-12.76%	15.84%	Business Confidence	104.82	104.30
Inflation Yoy	3.00%	3.05%	Cons. Confidence*	123.80	123.10

PRICE OF BENCHMARK SERIES

FR0090 : 94.83 (-1.72%)
FR0091 : 96.05 (+0.57%)
FR0094 : 96.06 (0.00%)
FR0092 : 100.38 (+0.29%)

FR0086 : 97.62 (+0.27%)
FR0087 : 97.31 (+0.60%)
FR0083 : 103.65 (+0.59%)
FR0088 : 93.79 (+0.71%)

CDS of Indonesia Bonds

CDS 2yr: -3.32% to 33.89

CDS 5yr: -2.93% to 72.14

CDS 10yr: -2.67% to 123.71

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.17%	-0.01%
USDIDR	16,084	-0.62%
KRWIDR	11.79	0.27%

Global Indices

Index	Last	Chg.	%
Dow Jones	38,675.68	450.02	1.18%
S&P 500	5,127.79	63.59	1.26%
FTSE 100	8,213.49	41.34	0.51%
DAX	18,001.60	105.10	0.59%
Nikkei	38,236.07	(37.98)	-0.10%
Hang Seng	18,475.92	268.79	1.48%
Shanghai	3,104.82	(8.22)	-0.26%
Kospi	2,676.63	(7.02)	-0.26%
EIDO	20.94	0.40	1.95%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,301.7	(2.1)	-0.09%
Crude Oil (\$/bbl)	78.11	(0.84)	-1.06%
Coal (\$/ton)	145.15	(2.60)	-1.76%
Nickel LME (\$/MT)	19,237	589.0	3.16%
Tin LME (\$/MT)	31,983	1013.0	3.27%
CPO (MYR/Ton)	3,844	(2.0)	-0.05%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	ID	11:00	GDP YoY	1Q	5.08%	5.04%	
6 – May	ID	11:00	GDP QoQ	1Q	-0.86%	0.45%	
Tuesday	CH	—	Foreign Reserves	Apr	—	—	\$3245.6B
7 – May	EU	13:00	Factory Orders MoM	Mar	-0.2%	0.2%	
	KR	04:00	Foreign Reserves	Apr	—	—	\$419.25B
Wednesday	US	18:00	MBA Mortgage Applications	May 3	—	—	-2.3%
8 – May	ID	10:00	Foreign Reserves	Apr	—	—	\$140.40B
	EU	13:00	Industrial Production SA MoM	Mar	-1.0%	2.1%	
Thursday	US	19:30	Initial Jobless Claims	May 4	—	—	208K
9 – May	CH	—	Trade Balance	Apr	—	—	\$58.55B
	KR	06:00	BoP Current Account Balance	Mar	—	—	\$6858.3B
Friday	US	21:00	U. of Mich. Sentiment	May P	77.0	77.2	
10 – May	—	—	—	—	—	—	—

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury

Published on Investing.com, 5 May 2024 - 23:13:13 GMT. Powered by TradingView.
United States 10 Year, United States, NYSE:US10YT-X, D



Indonesia 10 Years Treasury

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