

Today's Outlook:

US MARKETS: US monthly employment data aka **NONFARM PAYROLLS** surprisingly came in stronger, thereby dimming hopes that the Federal Reserve will soon follow suit in cutting interest rates **EUROZONE & CANADA**; causing US Treasury yields to surge higher. The world's largest economy added 272,000 jobs last month, beating economists' predictions of 185,000 jobs and shattering investors' consensus that the job market had weakened enough to push Inflation rates lower. While this is a plus for the economy and corporate earnings, the report could have a negative impact in terms of prospects for interest rate cuts this year.

FIXED INCOME: The benchmark 10-year US Treasury yield, which is the benchmark for borrowing rates globally, jumped more than 15 basis points after the Nonfarm Payrolls data was released, to 4.4335%; the biggest daily jump in 2 months. While the 2-year yield, which best reflects interest rate expectations, rose nearly 17 basis points to 4.8868%, following 6 consecutive days of declines until Thursday. Bond yields rise as prices fall.

Market participants expect the Fed to start lowering interest rates from their 23-year high of 5.25-5.5% in November. Meanwhile, the odds of a Fed rate cut of 25 basis points in September fell to 56%, from about 70% on Thursday, according to LSEG's Fedwatch. The September forecast had been steadier the previous day, especially after the European Central Bank (ECB) made a decision to cut its deposit rate from a record 4% to 3.75% on Thursday. The Bank of Canada on Wednesday became the first G7 country to cut its key policy rate, following cuts by Sweden's Riksbank and the Swiss National Bank. Following the employment report, EUROZONE interest rate forecasts also saw an adjustment, with investors now expecting 55 bps of rate cuts in the region this year, down from 58 bps before the data was released. EUROZONE Bond prices were also sluggish on Friday, with the German 10-year Bund yield rising 8 bps to 2.618%. On the other hand, the US DOLLAR instantly gained 0.8% against a number of currencies after the labor data was released.

COMMODITIES: BRENT futures fell 0.6% to USD 79.36/barrel. Dollar strength weighed on spot GOLD prices, which slid 3.6% to USD 2,290.59/ounce.

ASIA MARKETS: market participants were actually focused on important data from JAPAN: 1Q GDP which turned out to be still immersed in recession territory with growth of -1.8% yoy, slightly better than last period's -2.0%. Unfortunately, the quarterly economic growth also turned out to be as bad as expected, minus 0.5% compared to the slight positive 0.1% that was at least possible in the previous quarter.

INDONESIA: May Consumer Confidence Index data will be announced, although it is unclear if it will be stronger than April's 127.7 reading.

Corporate News

PTPP Offers IDR 1.5T Bonds to Pay Off Maturing Debt

PT PP Tbk (PTPP) announced a corporate action plan through the issuance of debt securities in the form of Shelf Registration Bond IV PTPP Phase I Year 2024 with a value of IDR 1.5 trillion. This bond is part of a Sustainable Public Offering which has a target fund of IDR 3 trillion. The proceeds obtained from this bond offering, after deducting issuance costs, will be allocated IDR 1.1 trillion for the full repayment of the bond principal, while the rest will be used as the company's working capital. (Emiten News)

Domestic Issue

SBR013 Officially Launches Today, Check the Coupon Amount and Purchase Procedure

The retail government securities (SBN) SBR013 series will officially launch today, Monday (10/6/2024). The coupon or yield of SBR013 has been set at 6.45%, up to 6.60%. Investors can purchase SBR013 through 27 distribution partners (midis) that have been appointed by the Ministry of Finance's DJPPR. Referring to the official website of the DJPPR of the Ministry of Finance, SBR013 was launched in two tenors, namely SBR013-T2 for 2 years with a coupon of 6.45%, and SBR013-T4 for 4 years with a coupon of 6.60% per year. "The coupon type is floating with a minimum coupon rate or floating with floor with the Bank Indonesia Rate [BI-Rate] benchmark interest rate," wrote the Ministry of Finance's DJPPR on its official website, quoted Monday (10/6/2024). This means that the coupon rates of 6.45% and 6.60% apply as a minimum coupon rate (floor) and the minimum coupon rate does not change until maturity. If the BI benchmark interest rate rises, the SBR013 coupon has the potential to rise, while if the BI interest rate falls, the SBR013 coupon will not fall lower than the minimum limit. (Bisnis)

Recommendation

Thanks to the Nonfarm Payroll data which came in stronger than expected, US10YT is likely to continue the upward swing in yield after surging beyond MA10 & MA20 Resistance, making 4.43% yield the closest Support at the moment. As soon as it goes through the second Resistance which is MA50 / yield 4.45%, US10YT will be more free to go to the TARGET upper channel in the range of yield 4.585%. ADVISE: anticipate the weakening of US bond prices that is now occurring, still ongoing until the US TREASURY yield reaches its short-term target, which is estimated to be perfect timing with the Fed's FOMC MEETING schedule next June 12.

ID10YT actually still has the potential for yields to rise to TARGET 7.0% if not 7.325% according to the Parallel Channel pattern that has broken the downtrend. However, ID10YT needs to take a decisive step above the yield Resistance of 6.93% - 6.953% to start the series of upward swing. ADVISE: Anticipate a drop in bond prices when yields are seen attempting a Resistance breakout.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	6.25%	6.25%	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)	6.03	4.82
Imports Yoy	4.62%	-12.76%	Business Confidence	104.82	104.30
Inflation Yoy	2.84%	3.00%	Cons. Confidence*	127.70	123.80

PRICE OF BENCHMARK SERIES

FR0090 : 96.12 (+0.04%)
FR0091 : 97.15 (+0.09%)
FR0094 : 96.20 (+0.00%)
FR0092 : 101.72 (+0.01%)

FR0086 : 98.23 (-0.15%)
FR0087 : 98.15 (+0.14%)
FR0083 : 105.63 (+0.19%)
FR0088 : 94.77 (+0.00%)

CDS of Indonesia Bonds

CDS 2yr: -0.23% to 32.06
CDS 5yr: -0.07% to 71.61
CDS 10yr: -0.28% to 121.26

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.90%	-0.01%
USDIDR	16,195	-0.40%
KRWIDR	11.86	-0.40%

Global Indices

Index	Last	Chg.	%
Dow Jones	38,798.99	(87.18)	-0.22%
S&P 500	5,346.99	(5.97)	-0.11%
FTSE 100	8,245.37	(39.97)	-0.48%
DAX	18,557.27	(95.40)	-0.51%
Nikkei	38,683.93	(19.58)	-0.05%
Hang Seng	18,366.95	(109.85)	-0.59%
Shanghai	3,051.28	2.49	0.08%
Kospi	2,722.67	33.17	1.23%
EIDO	19.77	(0.34)	-1.69%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,293.8	(82.3)	-3.46%
Crude Oil (\$/bbl)	75.53	(0.02)	-0.03%
Coal (\$/ton)	131.45	(2.90)	-2.16%
Nickel LME (\$/MT)	18,031	(500.0)	-2.70%
Tin LME (\$/MT)	31,452	(746.0)	-2.32%
CPO (MYR/Ton)	3,975	15.0	0.38%

Date	Country	Hour	Event	Period	Actual	Consensus	Previous
Monday	JP	6.50	BoP Current Account Balance	1QF	1737.6B		3398.8B
10 – June	JP	6.50	GDP Annualized SA QoQ	1QF	-2%		-2%
	JP	6.50	GDP SA QoQ	1QF	-0.5%		-0.5%
Tuesday	-	-	-	-	-		-
11 – June							
Wednesday	JP	06.50	PPI YoY	May	2%		0.9%
12 - June	KR	06.00	Unemployment Rate SA	May	2.9%		2.8%
	GE	13.00	CPI YoY	May	2.7%		2.9%
	US	18.00	MBA Mortgage Applications	Jun 7	-		-5.2%
	US	19.30	CPI YoY	May	3.4%		3.4%
	US	19.30	CPI MoM	May	0.1%		0.3%
Thursday	US	19.30	PPI Final Demand MoM	May	0.1%		0.5%
13 – June	US	01.00	FOMC Rate Decision (Upper Bound)	Jun 12	5.50%		5.50%
	US	19.30	Initial Jobless Claim	Jun 8	--		229k
Friday	US	21.00	U of Michigan Sentiment	Jun P	73.0		69.1
14 – June							

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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