

Morning Brief

Daily | June 11, 2024

Today's Outlook:

US MARKETS: The US CPI report for May will be released on Wednesday along with the conclusion of the Fed's 2-day FOMC Meeting. The US central bank, which will release its latest economic and policy projections, is expected to hold interest rates steady, but the main focus of investors will be looking for clues as to when it will start to cut rates. Citi economists are currently pricing in the chance that the Federal Reserve will cut 75bps in September, November and December. Meanwhile, the financial markets generally expect at least two cuts of 25bps each this year, down from three in March. Inflation data is the Fed's biggest consideration in adjusting interest rates, and the data could move markets ahead of Fed Chairman Jerome Powell's speech. So far, US CPI in May is expected to remain flat at around 3.4% yoy, but is expected to cool on a monthly basis by 0.1%, compared to 0.3% previously.

FIXED INCOME: US TREASURY yields, which move inversely to prices, rose on Monday, reflecting expectations of higher US interest rates over the longer term. The 10-year US benchmark bond yield rose 4.1 bps to 4.469%, from 4.428% at the end of Friday, while the 30-year US Treasury yield rose 4.8 bps to 4.5958%. The 2-year US Treasury yield, which usually moves with interest rate expectations, rose 1.5 bps to 4.8846%, from 4.87% at the end of Friday. The DOLLAR INDEX, which measures the greenback's strength over other major world currencies including the Euro & Japanese Yen, edged up 0.08% to 105.14.

EUROPEAN & ASIAN MARKETS: Adding to the uncertainty factor in this busy week is the latest political issue in FRANCE, the second largest economy in EUROZONE has to hold elections. The EURO fell to its lowest level in a month against the US DOLLAR, while European stocks fell. Today labor data from the UK will play a role, as they release Average Wage and Unemployment Rate (Apr) data. In Asia, the BANK OF JAPAN (BOJ) will also hold a 2-day meeting this week regarding their monetary policy, and it is expected that market participants will be able to provide updated guidance on how they plan to reduce their large bond purchases.

COMMODITIES: OIL prices rose to a 1-week high on hopes of increased fuel demand this summer, although the gains were capped by a stronger US Dollar and receding expectations of a US rate cut. US WTI jumped 2.93% at USD 77.74/barrel, while BRENT closed at USD 81.63/barrel, up 2.52%. GOLD prices rebounded after suffering the biggest drop in 3.5 years in the previous session, as investors awaited inflation data and the Fed's policy statement. Gold prices on the spot market crept up 0.72% to USD 2,309.15/ounce.

Corporate News

Samator Indo (AGII) Prepares Funds to Pay Off IDR 250 Billion Notes

PT Samator Indo Gas Tbk (AGII) has prepared funds for the repayment of Bonds and Sustainable Sukuk Ijarah II Aneka Gas Industri Phase III Year 2021 Series B. Director of AGII, Nini Liemjanto, in a written statement on Monday (10/6), said that the company had prepared IDR 145 billion to pay off bonds with the code AGII02BCN3 and IDR 105 billion to pay off Sukuk Ijarah with the code SIAGII02BCN3, which will mature on July 6, 2024. "Funds for principal repayment and interest payments on the Bonds are available in the Company's bank account," he said. (Emiten News)

Domestic Issue

Government Targets IDR 33 Trillion at Government Securities Auction, Tuesday (11/6)

The government will hold an auction of rupiah-denominated Government Bonds (SUN) on Tuesday (11/6). At this SUN auction, the government set an indicative target of IDR 22 trillion - IDR 33 trillion. Based on information from the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance, there are seven (7) SUN series that will be auctioned starting at 09.00 WIB until 11.00 WIB. The auction aims to fulfill part of the financing target in the 2024 State Budget. The following are details of the eight SUN series that will be offered at auction today, Tuesday (11/6): SPN03240911 with a discount rate, SPN12250612 (New Issuance) with a discount rate, FR0101 with a yield of 6.87%, FR0100 with a yield of 6.62%, FR0098 with a yield of 7.12%, FR0097 with a yield of 7.12% and FR0102 with a yield of 6.87%. (Emiten News)

Recommendation

US10YT is in a Wait & See position, awaiting the 2-day FOMC Meeting decision, while still clamped between Support yield 4.43% and Resistance 4.50%. ADVISE: wait for the chosen yield breakout direction, then determine the price-related action.

ID10YT finally seems to be more determined to start its upward swing towards the TARGET yield of 7.325% according to the channel pattern of the broken downtrend. The 3 layer Moving Average support should keep the yield no lower than 6.92% - 6.88%, therefore the price is expected to weaken further in the future, especially when the yield has passed the psychological level of 7.0%.

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 : 96.09 (-0.03%)
FR0091 : 96.76 (-0.40%)
FR0094 : 96.31 (+0.11%)
FR0092 : 101.63 (-0.09%)

FR0086 : 98.13 (-0.10%)
FR0087 : 97.82 (-0.33%)
FR0083 : 105.19 (-0.41%)
FR0088 : 94.77 (+0.00%)

CDS of Indonesia Bonds

CDS 2yr: +0.17% to 32.11

CDS 5yr: +0.04% to 71.64

CDS 10yr: -0.15% to 121.08

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.90%	-0.01%
USDIDR	16,280	0.52%
KRWIDR	11.83	-0.25%

Global Indices

Index	Last	Chg.	%
Dow Jones	38,868.04	69.05	0.18%
S&P 500	5,360.79	13.80	0.26%
FTSE 100	8,228.48	(16.89)	-0.20%
DAX	18,494.89	(62.38)	-0.34%
Nikkei	39,038.16	354.23	0.92%
Hang Seng	18,366.95	(109.85)	-0.59%
Shanghai	3,051.28	2.49	0.08%
Kospi	2,701.17	(21.50)	-0.79%
EIDO	19.88	0.11	0.56%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,310.9	17.1	0.75%
Crude Oil (\$/bbl)	77.74	2.21	2.93%
Coal (\$/ton)	131.85	0.40	0.30%
Nickel LME (\$/MT)	17,891	(140.0)	-0.78%
Tin LME (\$/MT)	32,001	549.0	1.75%
CPO (MYR/Ton)	3,919	(56.0)	-1.41%

Date	Country	Hour	Event	Period	Actual	Consensus	Previous
Monday	JP	6.50	BoP Current Account Balance	1QF	¥2050.5B	¥1737.6B	¥3398.8B
10 – June	JP	6.50	GDP Annualized SA QoQ	1QF	-1.8%	-2%	-2%
	JP	6.50	GDP SA QoQ	1QF	-0.5%	-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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