

Today's Outlook:

Economic data released Thursday morning showed the US economy slowing down, with Initial Jobless Claims reaching 238,000, above the forecast of 235,000, while HOUSING STARTS slumped 5.5% in May. A number of Fed officials have expressed caution about expecting too rapid a rate cut, and are looking for more evidence that inflation is under control before the central bank approves easing monetary policy. US Treasury yields initially retreated from their highest levels following the economic data, before resuming their rise. The market is looking forward to next week's auction of about \$183 billion of two-, five- and seven-year US government bonds. Investors tend to sell Treasuries before the auction to raise yields before buying them back at a lower price, a practice called concessioning. The yield on 10-year US Treasuries rose 3.7 basis points from the end of Tuesday to 4.254%. The yield on the 30-year bond rose 3.7 basis points to 4.3908%. The yield on the 2-year note, which usually moves in line with interest rate expectations, rose 2.7 basis points to 4.7308%.

The DOLLAR INDEX, which measures the greenback's strength against a basket of currencies including the Yen and the Euro, rose 0.4% to 105.63, while the Euro fell 0.34% and closed at \$1.0703.

ASIA & EUROPE MARKETS : CHINA & UK central banks maintained dovish sentiment by holding their interest rates in place, which was followed by BANK INDONESIA by not changing BI7DRR at 6.25%. Combined with the previous rate cut by the Swiss National Bank, it seems to provide maneuvering room for the Fed to time its first rate cut. Expectations for an immediate rate cut in September have faded slightly. Financial markets now estimate a 57.9% chance of a 25 basis point rate cut in September, down from 61.1% a week ago, according to CME FedWatch. MSCI's index of worldwide stocks hit a record high but closed down 0.15% at 803.89. Emerging market stocks were down 0.06%. MSCI's broadest index of Asia Pacific shares outside Japan closed 0.16% lower, while Japan's Nikkei rose 0.16%.

COMMODITIES: US WTI crude oil rose 0.74% to \$82.17 per barrel and BRENT rose to \$85.71 per barrel, up 0.75% on the day. Spot GOLD rose 1.36% to \$2,359.22 per ounce.

Corporate News

Mitratel Issues IDR 3 Trillion Sustainable Bonds and Sukuk

Telecommunications tower issuer, PT Dayamitra Telekomunikasi Tbk (MTL) plans to issue the first phase of sustainable bonds and sukuk. The total target funds raised from this berkelanjutan public offering are as much as IDR 3 trillion. In detail, the value is divided into a bond issuance target of IDR 2.5 trillion and a sustainable sukuk of IDR 500 billion. As the initial stage of the public offering, this subsidiary of Telkom Indonesia will offer Sustainable Bonds I Dayamitra Telekomunikasi Phase I Year 2024 with a maximum principal amount of IDR 400 billion and sustainable sukuk of IDR 100 billion. The bonds and sukuk ijarah sustainable phase I have received ratings from PT Pemeringkat Efek Indonesia (Pefindo), respectively idAAA for bonds and idAAA (sy) for sukuk. (Katadata)

Domestic Issue

Multifinance Prefer to Issue Bonds, Here's Why

PT Pemeringkat Efek Indonesia (Pefindo) revealed the reason why multifinance companies prefer to issue bonds or debt securities compared to other options. Pefindo Fixed Income Analyst Ahmad Nasrudin said this was because multifinance funding options were relatively limited. As a result, Ahmad said multifinance relies more on two main sources of external funding, namely bank loans and debt securities, as well as internal capital. He also explained that when viewed from the balance sheets of multifinance companies, the portion of bank loans was much larger, reaching IDR 272.28 trillion as of February 2024. Meanwhile, outstanding funding through bonds reached IDR 60.37 trillion or only around 22.17% of total funding from banks. When compared to funding from banks, the actual growth of funding from bonds is relatively lower. As of February 2024, funding growth from bonds was only around 12.98% Year on Year (YoY). Meanwhile, funding growth from banks grew 16.86% YoY, he said. Regarding the performance of multifinance debt securities issuance, Ahmad said that the achievement until May 2024 was only around 29.49% of the achievement throughout 2023 which amounted to IDR 32.76 trillion. He said the figure was relatively low. This is because the multifinance business at the beginning of the year was relatively slow compared to the previous year. (Kontan)

Recommendation

US10YT is still holding in the lower channel Support region with RSI positive divergence, signaling a potential technical rebound. ADVISE: wait for the yield to break MA10 first as the nearest Resistance (4.31%) then the yield will go to the following TARGETS: 4.376% / 4.473% / 4.55%.

ID10YT after spiking to touch 7.325% yield which is exactly the previous High point and TARGET area based on the pattern, is now pulling back to around 7.144% yield which is still well above MA10 Support which is around the psychological level of 7.01-7.0% yield. ADVISE: anticipate a wave of price weakness as yield is in an uptrend.

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)	139.00	136.20	Current Acc (USD bn)	-2.16	-1.29
Trd Balance (USD bn)	2.93	3.56	Govt. Spending Yoy	19.90%	2.81%
Exports Yoy	2.86%	1.72%	FDI (USD bn)	6.03	4.82
Imports Yoy	-8.83%	4.62%	Business Confidence	104.82	104.30
Inflation Yoy	2.84%	3.00%	Cons. Confidence*	125.20	127.70

PRICE OF BENCHMARK SERIES

FR0090 : 95.64 (-0.08%)
FR0091 : 96.027(+0.00%)
FR0094 : 96.178 (+0.00%)
FR0092 : 100.749 (-0.07%)

FR0086 : 97.910 (-0.06%)
FR0087 : 97.152 (-0.12%)
FR0083 : 103.213 (-0.21%)
FR0088 : 93.271 (-0.15%)

CDS of Indonesia Bonds

CDS 2yr: +0.97% to 35.230
CDS 5yr: +0.32% to 76.723
CDS 10yr: +0.79% to 125.270

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.14%	-0.06%
USDIDR	16,430	0.40%
KRWIDR	11.87	0.18%

Global Indices

Index	Last	Chg.	%
Dow Jones	39,134.76	299.90	0.77%
S&P 500	5,473.17	(13.86)	-0.25%
FTSE 100	8,272.46	67.35	0.82%
DAX	18,254.18	186.27	1.03%
Nikkei	38,633.02	62.26	0.16%
Hang Seng	18,335.32	(95.07)	-0.52%
Shanghai	3,005.44	(12.61)	-0.42%
Kospi	2,807.63	10.30	0.37%
EIDO	18.32	(0.06)	-0.33%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,360.1	31.9	1.37%
Crude Oil (\$/bbl)	81.29	0.58	0.72%
Coal (\$/ton)	133.90	(0.20)	-0.15%
Nickel LME (\$/MT)	17,424	52.0	0.30%
Tin LME (\$/MT)	33,086	702.0	2.17%
CPO (MYR/Ton)	3,959	39.0	0.99%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 17 – June	US	19.30	Empire Manufacturing	Jun	-6.0	-10.0	-15.6
Tuesday 18 – June	US	19.30	Retail Sales Advance MoM	May	0.1%	0.3%	0.0%
	US	20.15	Industrial Production MoM	May	0.9%	0.3%	0.0%
Wednesday 19 – June	-	-	-	-	-	-	-
Thursday 20 – June	US	19.30	Initial Jobless Claim	Jun 15		235k	242k
	US	19.30	Housing Starts	May		1370k	1360k
Friday 21 – June	US	20.45	S&P Global US Manufacturing PMI	Jun P		51	51.3
	US	20.45	S&P Global US Services PMI	Jun P		54	54.8
	US	21.00	Leading Index	May		-0.3%	-0.6%
	US	21.00	Existing Home Sales	May		4.10m	4.14m

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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