

# Morning Brief

Daily | June 24, 2024

## Today's Outlook:

Economic data on the housing market showed US Existing Home Sales fell for the third consecutive month in May as record-high prices and rising mortgage rates kept potential buyers at bay.

US TREASURY YIELD edged higher after the data came out, the 10-year US Treasury yield moved 0.1 basis points higher at 4.255%. The 10-year yield recorded its first weekly gain after 2 consecutive declines.

EUROPE & ASIA MARKETS: EUROPEAN stocks closed lower, pressured by declines in Bank stocks and Technology stocks on the backdrop of economic data showing EURO ZONE business growth slowed sharply this month. JAPAN data on Friday indicated that demand-driven inflation in the country slowed in May, dimming the prospects of further interest rate hikes from the Bank of Japan. Bank of Japan Deputy Governor Shinichi Uchida said on Friday that the central bank is willing to raise interest rates if the economy and prices move in line with its forecasts, but signs of weakness remain.

The DOLLAR INDEX, which measures the greenback's strength against a basket of other major currencies, rose 0.17% to 105.81; the EURO was down 0.09% at USD 1.069. Against the Japanese YEN, the Dollar strengthened 0.43% to 159.59. Such levels have not been seen since late April when Japanese authorities intervened to stop the Yen's fall.

COMMODITIES: The stronger Dollar helped to lower OIL prices, with US WTI down 0.69% at USD 80.73/barrel and BRENT down 0.55% and settling at USD 85.24/barrel. However, both crude oil benchmarks managed to close up around 3% last week.

## Corporate News

### UOB Indonesia to Release Bonds, Promises Interest Rate of 6.7%-7.5%

PT Bank UOB Indonesia is preparing to issue Sustainable Bonds IV and Subordinated Bonds IV of Bank UOB Indonesia with a target fund to be raised of IDR 2 trillion each. Based on information disclosure, the company offers these two bonds Phase I Year 2024 with a principal amount of IDR 100 billion. "All funds to be obtained from the Sustainable Public Offering of Subordinated Bonds, after deducting the issuance costs, will be used entirely by the company to increase lending," said Bank UOB Indonesia's management report quoted on Friday (21/6/2024). In detail, the Sustainable Bond IV was issued with an interest rate of 6.7% per year and offered at 100% of the principal amount of the bonds. Then, bond interest is paid every three months in accordance with the Bond Interest Payment Date, starting from the Issue Date. The first bond interest payment will be made on September 26, 2024. "The last Bond Interest Payment will be paid together with the repayment of the Bond Principal on the maturity date, which is July 6, 2025. Bond repayment is made in full [bullet payment] at maturity," wrote the management, Thursday (6/20/2024). Meanwhile, the Subordinated Bonds are offered with an interest rate of 7.50% per year. (Bisnis)

## Domestic Issue

### West Java Governor Official Doesn't Want to Issue Regional Bonds While Leading West Java

Acting West Java Governor Bey Triadi Machmudin said he did not want the issuance of regional bonds during his leadership of West Java, so that it would not become a burden to regional finances. "Regional bonds during my tenure are not necessary, because I don't want to (burden)," Bey said in a statement in Bandung, Sunday, June 23, 2024. Bey explained that he took this step, because regional bonds, which are medium to long-term regional loans sourced from the community, need to be considered for their allocation. Regional bonds, continued Bey, must be used as much as possible to finance public sector activities. In addition, it is necessary to provide utilization for the community which is the business of the West Java Provincial Government. Bey does not want the provincial government to be burdened budget-wise, such as from interest costs, sales costs or administrative costs. "So I said bonds are not for my period, please go to the definitive Governor," said Bey. (Tempo)

## Recommendation

US10YT faces the first challenge with MA10 at 4.271% yield; which if passed will lead US10YT yield to the following TARGET: MA20 / yield 4.355%. ADVISE: if the yield breaks resistance then the price will go down. WAIT FOR BREAK OUT before making your investment decision.

ID10YT is still on its way up towards TARGET: back to the previous highest yield point around 7.325%. ADVISE: This means that the price still has a tendency to weaken. HOLD as long as the price is still above the MA10 Support / current yield of 7.031%.

## 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	: 95.69 (+0.05%)
FR0091	: 95.87 (-0.16%)
FR0094	: 96.17 (0.00%)
FR0092	: 100.76 (+0.01%)
FR0086	: 97.94 (+0.03%)
FR0087	: 97.16 (+0.01%)
FR0083	: 102.98 (-0.23%)
FR0088	: 93.36 (+0.10%)

## CDS of Indonesia Bonds

CDS 2yr:	+0.64% to 35.45
CDS 5yr:	+1.08% to 77.55
CDS 10yr:	+0.44% to 125.81

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.14%	0.01%
USDIDR	16,450	0.12%
KRWIDR	11.85	-0.13%

## Global Indices

Index	Last	Chg.	%
Dow Jones	39,150.33	15.57	0.04%
S&P 500	5,464.62	(8.55)	-0.16%
FTSE 100	8,237.72	(34.74)	-0.42%
DAX	18,163.52	(90.66)	-0.50%
Nikkei	38,596.47	(36.55)	-0.09%
Hang Seng	18,028.52	(306.80)	-1.67%
Shanghai	2,998.14	(7.30)	-0.24%
Kospi	2,784.26	(23.37)	-0.83%
EIDO	18.79	0.47	2.57%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,322.0	(38.1)	-1.61%
Crude Oil (\$/bbl)	80.73	(0.56)	-0.69%
Coal (\$/ton)	132.05	(1.85)	-1.38%
Nickel LME (\$/MT)	17,224	(200.0)	-1.15%
Tin LME (\$/MT)	32,671	(415.0)	-1.25%
CPO (MYR/Ton)	3,900	(59.0)	-1.49%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
<b>Monday</b>	-	-	-	-	-	-	-
<i>24 – June</i>							
<b>Tuesday</b>	US	21.00	Conf/ Board Consumer Confidence		June	100.0	102.0
<i>25 – June</i>							
<b>Wednesday</b>	US	18.00	MBA Mortgage Applications		June 21	-	0.9%
<i>26 - June</i>	US	21.00	New Home Sales		May	645k	634k
<b>Thursday</b>	US	19.30	Initial Jobless Claim		June 22	235k	238k
<i>27 – June</i>	US	19.30	GDP Annualized QoQ		1Q	1.4%	1.3%
	US	19.30	Durable Goods Order		May P	-0.2%	0.6%
<b>Friday</b>	US	19.30	Personal Income		May	0.4%	0.3%
<i>28 – June</i>	US	19.30	Personal Spending		May	0.3%	0.2%
	JP	06.50	Industrial Production MoM		May P	2.0%	-0.9%
	KR	06.00	Industrial Production YoY		May	3.0%	6.1%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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