

Morning Brief

Daily | June 25, 2024

Today's Outlook:

ECONOMIC INDICATORS: Investors are hoping to get more clues on the Federal Reserve's next move in an effort to fight inflation without hurting the economy too much, aka working the US economy towards a soft-landing. The US Personal Consumption Expenditures (PCE) price index will be released on Friday. Annual growth in the core index is expected to slow in May, but still above the Fed's 2% target. Market participants will also be watching the first quarter US GDP estimate for the third time, which is due to be released on Thursday. Analysts consider that the biggest concern for the market is stagflation; or in other words, the economy weakens as inflation rises higher. Nevertheless, the market still expects two rate cuts this year, with a more than 60% chance of a 25 basis point pivot in September, according to LSEG's FedWatch.

FIXED INCOME: The benchmark 10-year US Treasury yield fell 2.7 basis points to 4.23%, from 4.257% at the end of Friday.

GLOBAL POLITICAL MAP: Investors will be watching the first US presidential debate on Thursday and the start of French elections on Sunday. US President Joe Biden will face a debate with rival Donald Trump, espousing new policies on immigration and border areas, which his supporters hope will boost his electability among skeptical voters. Meanwhile, France's far-right National Rally (RN) Party and its allies are seen leading the first round of parliamentary elections with 35.5% of the vote, according to a poll published on Sunday.

EUROPE & ASIA MARKETS: Japan's top currency watchdog official, Masato Kanda, said authorities will take necessary measures in case of excessive foreign exchange movements, and the addition of Japan to the US Treasury Department's watch list will not limit their actions. The DOLLAR ended down 0.07% at 159.68 Yen after briefly touching 160. The DOLLAR INDEX, which measures the greenback's strength against a basket of other major currencies, fell 0.38% to 105.48. EURO was up 0.38% at USD 1.0732.

COMMODITIES: US crude oil futures (US WTI) rose 90 cents to USD 81.63/barrel and BRENT rose 77 cents to USD 86.01; supported by positive sentiment last week of stronger demand indications from the US, the world's largest oil consumer. Both benchmark oil prices rose about 3% last week after data from the Energy Information Association showed a large decline in US crude stockpiles, thereby indicating healthy demand as the summer driving season begins. The market also received support from deteriorating geopolitical conditions due to the increased risk of a major war between Israel and Hezbollah, which is a continuation of the conflict with Hamas, adding to expectations of supply disruptions in the Middle East. Not to mention the continued clashes between Russia and Ukraine, where Kyiv targeted attacks on major Russian refineries, also fueled concerns over global supply disruptions.

Corporate News

Refinancing, Barito Pacific (BRPT) Offers IDR 1 Trillion Bonds

Barito Pacific (BRPT) will offer bonds worth IDR 1 trillion. The issuance of debt securities is an integral part of the sustainable bonds III with a projection of IDR 3 trillion. So, this year the issuer made by Prajogo Pangestu, released phase III bonds with two series. Series A is priced at 8.25 percent interest per year with a duration of 3 years. Then, series B has a 5-year term with a coupon rate of 9 percent per year. Based on the scenario, interest on bonds is paid quarterly from the date of issuance. Where, the first bond interest will be paid on October 10, 2024. The last bond interest and maturity will be paid on July 10, 2027 for Series A bonds, and on July 10, 2029 for Series B bonds. Bond repayments are made in full at maturity. (Emiten News)

Domestic Issue

Government to Auction SUN Next Tuesday, Target to Raise IDR 33 Trillion Funds

The Ministry of Finance (Kemenkeu) will auction Rupiah-denominated Government Bonds (SUN) to fulfill part of the financing target in the 2024 State Budget on Tuesday today. In this case, the government is targeting to raise IDR 33 trillion. There are seven series of SUN ready for auction, namely SPN03240925 (New Issuance), SPN12250612 (Reopening), FR0101 (Reopening), FR0100 (Reopening), FR0098 (Reopening), FR0097 (Reopening), and FR0102 (Reopening). "The indicative target is IDR 22 trillion, and the maximum target is IDR 33 trillion," said the Directorate General of Financing and Risk Management of the Ministry of Finance in its official statement, Jakarta, Sunday (23/6). The government offers coupon rates or yields to investors ranging from 6.62 percent to 7.12 percent. The SUN auctioned has a nominal value of IDR 1 million per unit. The SUN auction will be held on Tuesday (25/6) at 09.00 WIB and closed at 11.00 WIB. While the settlement date is Thursday (27/6). The SUN sales will be carried out using an auction system organized by Bank Indonesia. The auction is open (open auction), using the multiple price method. (IDX Channel)

Recommendation

US10YT looks stuck at MA10 Resistance, making yield unable to advance past 4.254%. But once the level is exceeded, then the yield has a chance to strengthen until TARGET: MA20 / yield 4.34%, or even MA50 / yield 4.452%. ADVISE: watch for a break out in yield to determine whether the price weakens or not.

ID10YT is still fairly on track towards the TARGET yield of 7.325%, as soon as it comes off the Resistance level of the previous High: yield 7.243%. ADVISE: HOLD.

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 : 95.70 (+0.01%)
FR0091 : 95.97 (+0.11%)
FR0094 : 96.09 (-0.11%)
FR0092 : 100.34 (-0.32%)

FR0086 : 97.91 (-0.03%)
FR0087 : 97.20 (+0.05%)
FR0083 : 103.10 (+0.12%)
FR0088 : 93.43 (+0.07%)

CDS of Indonesia Bonds

CDS 2yr: +1.35% to 35.94

CDS 5yr: +1.28% to 78.55

CDS 10yr: +0.44% to 127.10

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.11%	-0.03%
USDIDR	16,394	-0.34%
KRWIDR	11.80	-0.41%

Global Indices

Index	Last	Chg.	%
Dow Jones	39,411.21	260.88	0.67%
S&P 500	5,447.87	(16.75)	-0.31%
FTSE 100	8,281.55	43.83	0.53%
DAX	18,325.58	162.06	0.89%
Nikkei	38,804.65	208.18	0.54%
Hang Seng	18,027.71	(0.81)	0.00%
Shanghai	2,963.10	(35.04)	-1.17%
Kospi	2,764.73	(19.53)	-0.70%
EIDO	18.87	0.08	0.43%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,334.7	12.7	0.55%
Crude Oil (\$/bbl)	81.63	0.90	1.11%
Coal (\$/ton)	132.95	0.90	0.68%
Nickel LME (\$/MT)	17,325	101.0	0.59%
Tin LME (\$/MT)	32,746	75.0	0.23%
CPO (MYR/Ton)	3,898	(2.0)	-0.05%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	-	-	-	-	-	-	-
<i>24 – June</i>							
Tuesday	US	21.00	Conf/ Board Consumer Confidence		June	100.0	102.0
<i>25 – June</i>							
Wednesday	US	18.00	MBA Mortgage Applications		June 21	-	0.9%
<i>26 - June</i>	US	21.00	New Home Sales		May	645k	634k
Thursday	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%
Friday	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



Research Division

Head of Research

Liza Camelia Suryanata

Equity Strategy, Macroeconomics,
Technical
T +62 21 5088 ext 9134

Analyst

Richard Jonathan Halim

Technology, Transportation
T +62 21 5088 ext 9128
E Richard.jonathan@nhsec.co.id

Analyst

Leonardo Lijuwardi

Banking, Infrastructure
T +62 21 5088 ext 9127
E leonardo.lijuwardi@nhsec.co.id

Research Support

Amalia Huda Nurfalah

Editor & Translator
T +62 21 5088 ext 9132
E amalia.huda@nhsec.co.id

Analyst

Axell Ebenhaezer

Mining, Property
T +62 21 5088 ext 9133
E Axell.Ebenhaezer@nhsec.co.id

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51st Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 5088 9102

Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15311

Indonesia

Telp : +62 21 509 20230

Branch Office Medan :

Jl. Asia No. 548 S

Medan – Sumatera Utara 20214

Indonesia

Telp : +62 614 156500

Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 860 22122

Branch Office Bandengan (Jakarta Utara):

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

Branch Office Kamal Muara (Jakarta Utara):

Rukan Exclusive Mediterania

Blok F No.2

Jakarta Utara 14470

Indonesia

Telp : +62 24 844 6878

Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 1330

Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Telp : +62 411 360 4650

Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
Jakarta