

Morning Brief

Daily | June 26, 2024

Today's Outlook:

The market players are also looking forward to Friday's PCE price index data, which could provide further clues about the US Inflation picture and when the Federal Reserve might start cutting interest rates. They are also looking forward to the start of elections in France this weekend and the first US presidential debate on Thursday. The US reported Consumer Confidence (June) at 100.4, slightly better than expectations of 100.0 although this figure was lower than the previous month's consumer confidence of 101.3. Later tonight we will look forward to New Home Sales (May) and US oil reserves figures from the government.

CURRENCY: The US DOLLAR strengthened, supported by hawkish comments from Fed official Michelle Bowman who said that stable interest rates "for a while" are likely to be sufficient to control inflation. She also reiterated her readiness to raise borrowing costs when necessary. The DOLLAR INDEX, which measures the strength of the dollar against a basket of other major currencies, rose 0.11% to 105.63, while the Euro fell 0.19% to USD 1.0712.

FIXED INCOME: The yield curve between 2-year and 10-year bonds widened to more than 50 basis points for the first time this year; partly due to high demand for 2-year bond auctions.

COMMODITIES: OIL prices fell still dogged by fears of sluggish demand after a slow start to the US summer driving season. This was evidenced by the unexpected addition of 914k barrels of US oil stocks, contrary to the prediction of 3 million barrels disappearing from reserves. BRENT futures for August closed down to USD 85.01/barrel, while US WTI futures also closed lower at USD 80.83. Spot GOLD prices fell 0.6% to USD 2,318.82/ounce.

ASIA MARKETS: JAPAN reports BoJ Core CPI Inflation rose to 2.1% yoy, beating forecasts & prior period at 1.9% and 1.8% but this has not lifted the YEN from around a 2-month low of around 160 Yen to the Dollar; leaving traders wary of any further signs of intervention from Japanese authorities to prop up the currency.

Corporate News

PTPP: Paying Debt, PTPP Offers IDR 434.62 Billion Bonds

PT PP (PTPP) will offer debt securities worth IDR 434.62 billion. The issuance of debt securities is an integral part of the sustainable bonds IV with a projection of IDR 3 trillion. The first phase of the bonds this time has an interest rate of 10.25 percent per year with a duration of 3 years. Bond interest is paid every 3 months from the date of issuance. The first bond interest payment will be made on September 28, 2024, and the last bond interest payment as well as the maturity of the bonds will be made on June 28, 2027. All proceeds from the bond offering, after deducting issuance costs, will be used for partial repayment of the principal of PTPP Phase 1 Year 2021 Series A Sustainable Bonds III with the following details. The total nominal principal repayment of bonds amounted to IDR 850 billion. IDR 430.29 billion will be repaid with bond proceeds. Then, the remaining IDR 419.70 billion will be paid using the company's internal cash. (Emiten News)

Domestic Issue

Government Absorbs IDR 23 Trillion Funds from Seven SUN Series Auction

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

The Ministry of Finance (Kemenkeu) will auction Rupiah-denominated Government Securities (SUN) to meet part of the financing target in the State Budget. The government will absorb IDR 23 trillion in funds from the auction of seven series of Government Bonds (SUN) on June 25, 2024. In an official statement here on Tuesday, the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance revealed that the total incoming bids at this auction reached IDR 56.39 trillion. The seven SUNs auctioned include the SPN03240925 series (new issuance), SPN12250612 (reopening), FR0101 (reopening), FR0100 (reopening), FR0098 (reopening), FR0097 (reopening), and FR0102 (reopening). The auction was conducted through the Bank Indonesia (BI) auction system. The largest absorption came from the FR0100 series which won IDR 9.8 trillion. The number of incoming bids for this series was IDR 22.63 trillion with a weighted average yield won of 7.09090%. The next absorption came from the FR0101 series with a nominal amount won of IDR 6.7 trillion from an incoming bid of IDR 15.51 trillion. The weighted average yield won by this series was 6.99992%. From the FR0097 series, the Government raised IDR 3.5 trillion from an incoming bid of IDR 5.36 trillion, with a weighted average yield won of 7.15996%. The government won IDR 2.55 trillion in funds from the FR0098 series which received an incoming bid of IDR 6.19 trillion. The weighted average yield won by this series is 7.13991%. Furthermore, the government absorbed IDR 350 billion in funds from the SPN03240925 series. The incoming bid value for this series is IDR 2.19 trillion with a weighted average yield won of 6.58571%. The last absorption was from the FR0102 series which won IDR 100 billion from an incoming bid of IDR 1.35 trillion, with a weighted average yield won of 7.16857%. As for the SPN12250612 series, the Government decided not to absorb funds despite receiving an incoming bid of IDR 3.15 trillion. (Antara News)

Recommendation

US10YT is one step away from anticipating the break out of MA10 Resistance / yield 4.247%, which will free the yield to strengthen to TARGET: MA20 / yield 4.321%, or even MA50 / yield 4.446%. ADVISE: if the yield rises, then be ready for bond prices to fall. On the reverse side, also prepare for the possibility if the yield turns out to break the Support down to 4.188%.

ID10YT tried to surpass the yield Resistance from the highest point a few days ago at 7.243% but failed. Therefore, it is possible that ID10YT yield will test MA10 Support / around 7.09% yield which should be the platform for this yield uptrend, at least for the short term. ADVISE: anticipate temporary price strengthening amidst the yield uptrend which could still continue again.

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 (+0.00%)
FR0091 : 96.01 (+0.04%)
FR0094 : 96.09 (+0.00%)
FR0092 : 100.00 (-0.34%)

FR0086 : 97.97 (+0.07%)
FR0087 : 97.34 (+0.14%)
FR0083 : 103.21 (+0.11%)
FR0088 : 93.47 (+0.05%)

CDS of Indonesia Bonds

CDS 2yr: +0.74% to 36.20

CDS 5yr: +0.91% to 79.26

CDS 10yr: +0.72% to 128.01

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.09%	-0.02%
USDIDR	16,375	-0.12%
KRWIDR	11.80	0.01%

Global Indices

Index	Last	Chg.	%
Dow Jones	39,112.16	(299.05)	-0.76%
S&P 500	5,469.30	21.43	0.39%
FTSE 100	8,247.79	(33.76)	-0.41%
DAX	18,177.62	(147.96)	-0.81%
Nikkei	39,173.15	368.50	0.95%
Hang Seng	18,072.90	45.19	0.25%
Shanghai	2,950.00	(13.10)	-0.44%
Kospi	2,774.39	9.66	0.35%
EIDO	18.72	(0.15)	-0.79%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,319.6	(15.0)	-0.64%
Crude Oil (\$/bbl)	80.83	(0.80)	-0.98%
Coal (\$/ton)	134.10	1.15	0.86%
Nickel LME (\$/MT)	17,167	(158.0)	-0.91%
Tin LME (\$/MT)	32,251	(495.0)	-1.51%
CPO (MYR/Ton)	3,859	(39.0)	-1.00%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	-	-	-	-	-	-	-
24 – June							
Tuesday	US	21.00	Conf/ Board Consumer Confidence	100.4	June	100.0	102.0
25 – June							
Wednesday	US	18.00	MBA Mortgage Applications		June 21	-	0.9%
26 – June	US	21.00	New Home Sales		May	645k	634k
Thursday	US	19.30	Initial Jobless Claim		June 22	235k	238k
27 – June	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%
28 – June	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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