

Morning Brief

Today's Outlook:

US MARKET: Investors took a wait-and-see stance ahead of the presidential debate and a closely monitored inflation report by the Federal Reserve. In addition to the first presidential debate this Thursday, market participants are looking forward to several important economic data releases scheduled this week, culminating in Friday's PCE (Personal Consumption Expenditures) price index, the Federal Reserve's favorite inflation indicator in order to determine the direction of monetary policy. The market is currently divided into two camps, either expecting the Fed to make just one rate cut this year in December; or there is also a camp that sees 2 cuts by the end of the year, where the first 25 bps rate cut has a 56.3% chance of occurring in September, according to the LSEG interest rate probability application.

ECONOMIC INDICATORS: US New Home Sales fell 11.3% mom in May where the number shrank to 619k (lower than expectations of 636k), compared to the previous month of almost 700k. Similarly, Building Permits contracted 2.8% mom although this figure recorded a slowing pace of decline. Later tonight will be awaited a number of important economic indicators such as: Durable Goods Orders (May), the third estimate (or final number) of US GDP Q1 which is likely to still state the sluggish US economic growth at 1.3% qoq; and not forgetting the weekly Initial Jobless Claims which is predicted to be around 236k.

ASIA & EUROPE MARKETS: This morning JAPAN reported several data related to Retail Sales (May) which strengthened 3.0% yoy, which is good news amidst a surge in foreign selling in their bond and stock markets. Following in the morning, CHINA will publish Industrial Profit YTD (May) to compare if there was an increase in profits from the industrial sector in the previous month of 4.3%. Later in the afternoon, the EUROZONE region will report several data on business climate & consumer expectations such as Business Climate & Consumer Survey (Jun), Consumer Confidence & Inflation Expectation (Jun), Services & Industrial Sentiment (Jun).

COMMODITIES: OIL prices finally closed higher after weakening earlier triggered by US Crude Oil Inventories data which showed US crude oil stockpiles had swelled by 3.6m barrels, far missing Reuters analyst estimates of a 2.6m barrel drawdown; again raising concerns of sluggish demand this summer. Initially, this brought unfavorable sentiment for Energy stocks, but it turned out that the development of geopolitical tension in Israel vs Lebanon (which was feared to spill over to the oil producing country, Iran) was more dominating sentiment. BRENT futures rose 0.3% to USD 85.25/barrel, while US WTI futures appreciated just 7 cents to USD 80.9/barrel. UBS analysts expect oil prices to rise in the coming weeks, although traders are concerned about weak US gasoline consumption during the country's peak summer road trip season. Gasoline use in the US represents about 10% of the world's total oil consumption, and gasoline demand in the country last week fell 3.6% year-on-year to about 8.9 million barrels/day. Fuel stocks also increased unexpectedly even as refineries reduced production.

Corporate News

LTL5 Offers Sustainable Bonds IV Phase I Year 2024 Worth IDR 276 Billion

PT Lautan Luas Tbk (IDX: LTL5) offered Sustainable Bonds IV phase I in 2024 worth IDR 276.415 billion to investors on June 26-28, 2024. The bonds are part of the LTL5 Sustainable Bonds IV Public Offering worth a total of IDR 1 trillion. "The LTL5 bond interest is set at 8.75% per year with a three-year term. The remaining principal amount of IDR 23.585 billion is guaranteed with full responsibility," said the LTL5 Board of Directors in the additional information of the bond public offering prospectus announced in Jakarta, Tuesday (25/6). The bonds of this distributor of basic and special chemicals will be listed on the IDX on July 05, 2024. "The proceeds from the bond issuance, after deducting issuance costs, are entirely for LTL5' working capital. LTL5 working capital that will be financed from the proceeds of this bond issuance is related to the cost of goods sold and services, as well as operating expenses," said the LTL5 Board of Directors. (Pasardana)

Domestic Issue

Government to Hold SBSN Auction Next Week to Meet 2024 State Budget Target

The government, on Tuesday, July 2, 2024, will hold another auction of trillion State Sharia Securities (SBSN) to meet part of the financing target in the 2024 State Budget. A press release from the Directorate of Sharia Financing of the Ministry of Finance stated that there are 7 series that will be auctioned with an indicative target of IDR 11 trillion and a settlement date of July 4, 2024. The following series will be auctioned: SPNS 20012025 (reopening) maturity date on January 20, 2025; SPNS 01042025 (new issuance) maturity date April 1, 2025; PBS032 (reopening) maturity date July 15, 2026; PBS030 (reopening) maturity date July 15, 2028; PBSG001 (reopening) maturity date September 15, 2029; PBS004 (reopening) maturity date February 15, 2037 and PBS038 (reopening) maturity date December 15, 2049. The Non-competitive Purchase allocation for the SPNS series is 75% of the amount won. While the PBS series is 30% of the amount won. In this auction, the PBSG001 series was offered again, which is a green sukuk series offered through an auction in the domestic primary market. The issuance of the Green Sukuk series through this auction complements the Green sukuk issuance program which has been carried out 6 times in the global market since 2018 and 6 times in the domestic market through retail green sukuk since 2019. (Emiten News)

Recommendation

US10YT finally rebounded from the Support lower channel, even directly breaking through the Resistance of two Moving Averages at once to the upper yield of 4.31%. POTENTIAL: The next TARGET is MA50 / yield 4.44%, followed by the upper channel around 4.52%.

ID10YT: The uptrend is still on track to reach a TARGET yield of 7.325%. POTENTIAL: when break out Resistance yield 7.23% - 7.28% then the price will continue to decline.

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 : 95.72 (+0.02%)
FR0091 : 96.11 (+0.10%)
FR0094 : 96.09 (0.00%)
FR0092 : 100.00 (0.00%)

FR0086 : 97.97 (0.00%)
FR0087 : 97.32 (-0.02%)
FR0083 : 103.22 (+0.01%)
FR0088 : 93.39 (-0.09%)

CDS of Indonesia Bonds

CDS 2yr: -0.46% to 36.03

CDS 5yr: -0.29% to 79.03

CDS 10yr: -0.45% to 127.43

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.11%	0.02%
USDIDR	16,405	0.18%
KRWIDR	11.82	0.14%

Global Indices

Index	Last	Chg.	%
Dow Jones	39,127.80	15.64	0.04%
S&P 500	5,477.90	8.60	0.16%
FTSE 100	8,225.33	(22.46)	-0.27%
DAX	18,155.24	(22.38)	-0.12%
Nikkei	39,667.07	493.92	1.26%
Hang Seng	18,089.93	17.03	0.09%
Shanghai	2,972.53	22.53	0.76%
Kospi	2,792.05	17.66	0.64%
EIDO	18.66	(0.06)	-0.32%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,298.2	(21.4)	-0.92%
Crude Oil (\$/bbl)	80.90	0.07	0.09%
Coal (\$/ton)	132.00	(2.10)	-1.57%
Nickel LME (\$/MT)	17,056	(111.0)	-0.65%
Tin LME (\$/MT)	32,012	(239.0)	-0.74%
CPO (MYR/Ton)	3,879	20.0	0.52%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	-	-	-	-	-	-	-
<i>24 – June</i>							
Tuesday	US	21.00	Conf/ Board Consumer Confidence	100.4	June	100.0	102.0
<i>25 – June</i>							
Wednesday	US	18.00	MBA Mortgage Applications	0.8%	June 21	-	0.9%
<i>26 - June</i>	US	21.00	New Home Sales	619k	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



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