

# Morning Brief

Daily | June 5, 2024

## Today's Outlook:

**US MARKETS: A drop in job openings to 3-year lows points to the fact that the US economy is growing, but on the other hand also raises hopes of a Federal Reserve interest rate cut this year.** In a way this helped reinforce some players' speculation that the Federal Reserve may finally have a reason to cut interest rates twice this year. The odds of the first pivot occurring in September jumped to 55% from 44.9% last week, as reported by Investing.com's Fed Rate Monitor Tool. In response, the US TREASURY YIELD was dragged down to a 2-week low, after US manufacturing activity was released to have slumped for the second consecutive month in May. The benchmark 10-year US Treasury yield fell 7 basis points to 4.332% and reached a low of 4.314% the lowest since May 16. The 2-year yield fell 5 basis points to 4.773% after hitting a low of 4.749%, also the lowest since May 16. Later tonight it's the turn of the ADP Nonfarm Employment Change labor data that will be in the spotlight, forecasts predict that the addition of jobs in the private sector will experience a decline in May, to just 173 thousand from 192 thousand created in the previous month. At the same time, US services sector figures according to the S&P Global Services PMI are predicted to strengthen further in expansionary territory.

**EUROPEAN & ASIAN MARKETS: In terms of economic indicators, unemployment data in GERMANY increased more than expected in May, while inflation in SWISS remained stable in May, raising market expectations that the Swiss National Bank will cut interest rates later this month.** Wall Street's "fear index", or VIX, rose the most in a week, similar to the sharp rise in the Euro STOXX volatility index to the highest level in 1 month. In Europe, investors expect the EUROPEAN CENTRAL BANK on Thursday to cut its benchmark interest rate by 25 basis points to 3.75%. In INDIA, the stock market saw a sharp sell-off after early vote counts showed Prime Minister Narendra Modi's Bharatiya Janata Party (BJP) alliance was unlikely to head for a landslide victory as expected. Modi's victory was expected to be positive for the country's financial markets, with hopes that India would undertake further economic reforms. The dwindling prospects of the Modi alliance winning a majority of votes shook investors' confidence.

**CURRENCY: The US DOLLAR hit a 2-month low against the Euro and Pound Sterling, amid ideas the US economic slowdown will justify a rate cut this year.** The US Dollar fell 1% against the Yen, which is otherwise seen by many as a safe-haven asset due to low interest rates. The Yen was at 154.71/USD, around a two-week low and down more than 3% from April's multi-year high of 160.03. The DOLLAR INDEX, which measures the greenback's strength against a basket of other major trading partners' currencies, rose 0.1% to 104.15.

**COMMODITIES: OIL, COPPER, GOLD weakened as the US currency strengthened. US WTI crude oil fell 1.2% to USD 73.33/barrel. BRENT crude also fell 1% to USD 77.56.** Both price benchmarks hit a four-month low on Monday after the Organization of the Petroleum Exporting Countries (OPEC) and its allies, known as OPEC+, agreed to begin reducing a number of voluntary production cuts starting in October. There was also an increase in US crude oil stockpiles by 4 million barrels for the week ended May 29, an unexpected surprise from an expected decline of 1.9 million barrels; as reported by the American Petroleum Institute. GOLD fell 1% to USD 2,326.98/ounce, while COPPER, which hit a record high last month, fell 1.5% to USD 10,193 per ton.

## Corporate News

### Indomobil Finance Indonesia Releases Bonds Worth IDR 2.83 Trillion

PT Indomobil Finance Indonesia will issue sustainable bonds V phase III in 2024 worth IDR 2.83 trillion. This sustainable bond V is part of a series of bond issuances that have been released since 2022, with a target fund of IDR 5 trillion. In phase III, the bond issuer with the IMFI code released three series. Series A was released for IDR 1.4 trillion with an interest rate of 6.85% per year with a tenor of 370 days. Series B was offered IDR 611.16 billion with an interest of 7.15% and a tenor of three years. Meanwhile, series C was released for IDR 814.87 billion with a five-year tenor, plus a coupon of 7.4%. The bond public offering period is set for June 12-14, allotment on June 19, order refund and bond distribution on June 21. Meanwhile, the listing on the IDX is set for June 24. If this issuance is successful, Indomobil Finance has issued IDR 4.71 trillion and has left an issuance allotment of around IDR 290 billion until this year. This bond received an idAA- rating from Pefindo. (Kontan)

## Domestic Issue

### SBSN Auction on Tuesday, Government Absorbs IDR 10 Trillion

In the auction of State Sharia Securities on Tuesday (4/6/2024), the government absorbed IDR 10 trillion. The government auctioned SBSN for the SPNS02122024 series (reopening), SPNS03032025 (new issuance). Then, PBS032 (reopening), PBS030 (reopening), PBSG001 (reopening), PBS004 (reopening) and PBS038 (reopening). From the SBSN auction, the total incoming bid amounted to IDR 26.20 trillion. In detail, for the SPNS02122024 series, the number of incoming bids was IDR 2.20 trillion, SPNS03032025 was IDR 3.73 trillion, PBS032 was IDR 9.11 trillion, PBS030 was IDR 1.35 trillion, PBSG001 was IDR 3.27 trillion, PBS004 was IDR 0.77 trillion and PBS038 was IDR 5.75 trillion. For the SPNS02122024 series, the nominal amount won was Rp0.8 trillion, SPNS03032025 amounted to Rp2.35 trillion and PBS032 amounted to Rp2.4 trillion. PBS030 series amounted to Rp0.15 trillion, PBSG001 series amounted to Rp2.6 trillion, PBS004 series amounted to Rp0.3 trillion and PBS038 series amounted to Rp1.4 trillion. Thus the total nominal won at today's SBSN auction amounted to IDR10 trillion. (Emiten News)

## Recommendation

**ID10YT is again faced with a test of the Support area around the yield of 6.90% - 6.83%.** ADVISE: WAIT & SEE to ensure this Support area holds. If the yield rebounds again and is able to close above 6.93%, it will trigger another downward swing in prices.

**US10YT unexpectedly broke the Support yield of 4.41% after the release of weaker than expected US labor data; thus opening up further consolidation opportunities towards a yield of 4.26% for the short term.** ADVISE: prices are slowly starting to crawl back up; therefore accumulate gradually.

## 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)	136.20	140.40	Current Acc (USD bn)	-2.16	-1.29
Trd Balance (USD bn)	3.56	4.47	Govt. Spending Yoy	19.90%	2.81%
Exports Yoy	1.72%	-4.19%	FDI (USD bn)	6.03	4.82
Imports Yoy	4.62%	-12.76%	Business Confidence	104.82	104.30
Inflation Yoy	2.84%	3.00%	Cons. Confidence*	127.70	123.80

## PRICE OF BENCHMARK SERIES

FR0090 : 96.06 (+0.09%)  
FR0091 : **97.37 (-0.08%)**  
FR0094 : 96.02 (+0.00%)  
FR0092 : 101.80 (+0.05%)

FR0086 : 98.45 (+0.25%)  
FR0087 : 98.13 (+0.03%)  
FR0083 : 105.29 (+0.18%)  
FR0088 : 94.78 (+0.11%)

## CDS of Indonesia Bonds

CDS 2yr: +0.14% to 32.20

CDS 5yr: +0.28% to 71.73

CDS 10yr: +0.37% to 121.80

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.88%	-0.02%
USDIDR	16,220	-0.06%
KRWIDR	11.79	-0.01%

## Global Indices

Index	Last	Chg.	%
Dow Jones	38,711.29	140.26	0.36%
S&P 500	5,291.34	7.94	0.15%
FTSE 100	8,232.04	(30.71)	-0.37%
DAX	18,405.64	(202.52)	-1.09%
Nikkei	38,837.46	(85.57)	-0.22%
Hang Seng	18,444.11	41.07	0.22%
Shanghai	3,091.20	12.71	0.41%
Kospi	2,662.10	(20.42)	-0.76%
EIDO	20.12	0.07	0.35%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,327.0	(23.7)	-1.01%
Crude Oil (\$/bbl)	73.25	(0.97)	-1.31%
Coal (\$/ton)	137.95	(2.25)	-1.60%
Nickel LME (\$/MT)	19,068	(354.0)	-1.82%
Tin LME (\$/MT)	31,932	(418.0)	-1.29%
CPO (MYR/Ton)	3,921	(155.0)	-3.80%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	US	20:45	S&P Global US Manufacturing PMI	May F	51.3	—	50.9
03 – June	US	21:00	ISM Manufacturing	May	49.5	49.7	49.2
	GE	14:55	HCOB Germany Manufacturing PMI	May	45.4	45.4	45.4
	EC	15:00	HCOB Eurozone Manufacturing PMI	May	47.3	47.4	47.4
<b>Tuesday</b>	US	21:00	Factory Orders	Apr	0.7%	0.7%	1.6%
04 – June	US	21:00	Durable Goods Orders	Apr	0.6%	0.7%	0.7%
	US	18:00	MBA Mortgage Applications	May 31	—	—	-5.7%
	US	19:15	ADP Employment Change	May	—	175k	192k
	EC	15:00	HCOB Eurozone Manufacturing PMI	May	—	47.4	47.4
<b>Wednesday</b>	—	—	—	—	—	—	—
05 – June							
<b>Thursday</b>	US	19:30	Trade Balance	Apr	—	-\$69.8B	-\$69.4B
06 – June	US	19:30	Initial Jobless Claims	Jun 1	—	—	219k
	EC	19:15	ECB Deposit Facility Rate	Jun 6	—	3.75%	4.00%
	EC	19:15	ECB Main Refinancing Rate	Jun 6	—	4.25%	4.50%
<b>Friday</b>	US	19:30	Change in Nonfarm Payrolls	May	—	180k	175k
07 – June	US	19:30	Unemployment Rate	May	—	3.9%	3.9%
	EC	16:00	GDP SA YoY	1Q F	—	0.4%	0.4%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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