

Today's Outlook:

US MARKET: Investors digested data showing US inflation cooled in May in line with expectations, while US bond yields turned higher. Uncertainty surrounding the imminent US and FRENCH legislative elections helped offset the initial reaction in the bond market to the US inflation data. The Fed's favorite inflation indicator, the Personal Consumption Expenditures (PCE) price index, showed that annual price growth was 2.6% in May, as expected by economists, down from 2.7% in April. Investors were also still digesting comments made during Thursday night's US presidential debate between Democratic President Joe Biden and his Republican rival Donald Trump ahead of the November elections.

FIXED INCOME: The latest 10-year US Treasury yield was up 4.9 basis points at 4.337% versus 4.288% at the end of Thursday.

CURRENCY: The DOLLAR INDEX, which measures the greenback's strength against a basket of currencies, was down 0.07% at 105.82 following the PCE data. Against the Japanese Yen, the Dollar was almost unchanged at 160.71. The Yen's decline to a 38-year low has fueled expectations of intervention by Japanese authorities to stem the currency's weakness. On the other hand, the Euro was up 0.12% at USD 1.0714, with investors awaiting the outcome of the French general election. Concerns over the outcome of the two-stage French legislative elections that began on Sunday pushed the risk premium on French government bonds over German bonds to its highest level since the Eurozone debt crisis in 2012.

COMMODITIES: US WTI futures fell 0.24%, and settled at USD 81.54 per barrel. Analysts from Barclays expect BRENT crude to remain in the USD 90/barrel range over the coming months. Oil prices may not change much in the second half of 2024, as concerns over Chinese demand and the prospect of higher supply from major producers will be boosted to counter geopolitical risks, according to a Reuters poll on Friday. The poll also said Brent crude is expected to average USD 83.93/barrel in 2024, while US crude averages USD 79.72. The number of active US oil rigs, which is an early indicator of future production, fell by 6 to 479 on the week, the lowest level since December 2021, as quoted by energy services company Baker Hughes. Money managers increased their net long and options positions in US crude oil futures for the week ended June 25, according to data from the US Commodity Futures Trading Commission (CFTC).

INDONESIA: looking forward to today's Inflation Data (June) and Nikkei Manufacturing PMI.

Corporate News

Issuing IDR 5 Trillion Bonds, Adhi Karya (ADHI) Achieves idA- Rating

Rating agency Pefindo assigned an idA- rating to the issuance of PT Adhi Karya (Persero) Tbk's (ADHI) IDR 5 trillion bonds IV. At the same time, Pefindo also affirmed the idA- rating for ADHI, sustainable bonds (SR) II, and SR III bonds with a stable outlook. The funds obtained from the bond issuance are for refinancing and working capital. "ADHI's rating reflects our view of ADHI's important role for the government, ADHI's strong market position, its benefits as a state contractor, and strong synergies with subsidiaries contribute to its stable limits," wrote Pefindo, Friday (28/6/2024). However, the rating is limited by high leverage and weak cash flow protection measures, execution risk associated with ADHI's order book growth, and a volatile business environment in the construction sector. (IDX Channel)

Domestic Issue

IDX Records Total Bonds and Sukuk throughout 2024 Reach IDR 56.37 Trillion.

The Indonesia Stock Exchange noted that the total issuance of bonds and sukuk throughout 2024 was 53 emissions from 34 issuers worth IDR 56.37 trillion. "The total bonds and sukuk listed on the IDX amounted to 564 emissions with an outstanding value of IDR 467.24 trillion and USD 54,758 million, issued by 131 issuers," said IDX Corporate Secretary Valentina Simon in a release on Sunday (30/6/2024). Government Securities (SBN) listed on the IDX amounted to 186 series with a value of IDR 5,967.14 trillion and USD 502.10 million. A total of 10 Asset-Backed Securities (EBA) emissions were recorded on the IDX with a value of IDR 2.93 trillion. Starting last week, on Monday (24/6/2024) there were 4 bonds and 2 sukuk listed on the Indonesia Stock Exchange (IDX). (IDX Channel)

Recommendation

US10YT appears to be holding back towards MA50 Resistance / yield of 4.42%. After that level, the yield will have the potential to strengthen towards the upper channel Resistance at a yield of 4.51%.However, if the consolidation path is chosen, US10YT will resort back to the MA10 & MA20 Support line at a yield of around 4.31%.ADVISE: WAIT & SEE which direction the yield breakout is chosen, then it will be known where the price movement is.

ID10YT seems to be testing the short term trendline support around yield 7.04% up to psychological level 7.00% which could also be supported by MA20.The short term uptrend can still be maintained if the yield has to consolidate as low as 6.945%. ADVISE: anticipate a brief strengthening in bond prices.

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 : 95.91 (+0.14%)
FR0091 : 96.27 (+0.21%)
FR0094 : 96.09 (0.00%)
FR0092 : 100.10 (+0.07%)

FR0086 : 98.04 (+0.03%)
FR0087 : 97.39 (+0.24%)
FR0083 : 103.56 (+0.27%)
FR0088 : 93.86 (+0.41%)

CDS of Indonesia Bonds

CDS 2yr: +0.17% to 36.19
CDS 5yr: -0.34% to 78.37
CDS 10yr: +3.15% to 131.60

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.07%	-0.05%
USDIDR	16,375	-0.14%
KRWIDR	11.90	0.49%

Global Indices

Index	Last	Chg.	%
Dow Jones	39,118.86	(45.20)	-0.12%
S&P 500	5,460.48	(22.39)	-0.41%
FTSE 100	8,164.12	(15.56)	-0.19%
DAX	18,235.45	24.90	0.14%
Nikkei	39,583.08	241.54	0.61%
Hang Seng	17,718.61	2.14	0.01%
Shanghai	2,967.40	21.55	0.73%
Kospi	2,797.82	13.76	0.49%
EIDO	19.27	0.27	1.42%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,326.8	(1.0)	-0.04%
Crude Oil (\$/bbl)	81.54	(0.20)	-0.24%
Coal (\$/ton)	133.45	0.70	0.53%
Nickel LME (\$/MT)	17,291	188.0	1.10%
Tin LME (\$/MT)	32,739	531.0	1.65%
CPO (MYR/Ton)	3,916	26.0	0.67%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	US	20.45	S&P Global US Manufacturing PMI	-	Jun F	51.7	51.7
01 – July	US	21.00	ISM Manufacturing	-	Jun	49.2	48.7
	JP	07.30	Jibun Bank Japan PMI Mfg	-	Jun F	-	50.1
	ID	07.30	S&P Global Indonesia PMI Mfg	-	Jun	-	52.1
	ID	11.00	CPI YoY	-	Jun	2.7%	2.84%
	GR	19.00	CPI YoY	-	Jun	2.3%	2.4%
	KR	06.00	CPI YoY	-	Jun	2.6%	2.7%
Tuesday							
02 – July							
Wednesday	US	18.00	MBA Mortgage Applications	-	June 28	-	0.8%
03 - July	US	19.15	ADP Employment Change	-	June 21	163k	152k
	US	19.30	Trade Balance	-	May	-\$ 72.2B	-\$ 74.6B
	US	19.30	Initial Jobless Claim	-	June 29	-	233k
	US	21.00	Factory Orders	-	May	0.3%	0.7%
	US	21.00	Durable Goods Orders	-	May F	-	0.1%
Thursday	-	-	-	-	-	-	-
04 – July							
Friday	US	19.30	Change in Nonfarm Payrolls	-	Jun	188k	272k
05 – July	US	19.30	Unemployment Rate	-	Jun	4%	4%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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