

Morning Brief

Daily | July 02, 2024

Today's Outlook:

US MARKETS: JOLTS JOB OPENINGS (May) due out on Tuesday (forecast: 7.86 million new jobs, vs previous: 8.06 million) and further clues on monetary policy should be the initial focus of investors this week ahead of June Nonfarm Payrolls data due out on Friday. The resilience of the labor sector is a key consideration for the Fed in its interest rate cut decision. Ahead of the Nonfarm Payrolls data, the Federal Reserve will release the June FOMC Meeting Minutes, where many are waiting to get fresh clues on the US central bank's monetary policy outlook after the Federal Reserve signaled that it now expects only 1 cut this year, from a previous forecast of 3 cuts. Fed Chairman Jerome Powell will be at the European Central Bank's annual forum in Portugal on Tuesday, but Powell is not expected to say much about monetary policy, other than continuing to emphasize that they will continue to hold on to economic indicators before gaining enough confidence to start lowering interest rates, Deutsche Bank predicted in a recent note. Speaking of economic indicators, ISM data showed US manufacturing activity unexpectedly fell further into contraction territory in June, with a reading of 48.5, below the 49.2 forecast. As noted, a reading below 50 indicates contraction.

FIXED INCOME: The sharp rise in US Treasury yields has the potential to trip up regional and emerging equity markets in particular. The 10-year US Treasury yield jumped 13 basis points to 4.50% on Monday - the highest yield and biggest one-day gain in a month - as investors priced in the potential impact on inflation of contentious fiscal, tariff and immigration policies under Donald Trump.

ASIA & EUROPEAN MARKETS: A similar situation hit the JAPANESE YEN again as the currency fell to a 38-year low, at 161/USD. There is no sign of the Japanese central bank making a move, to the extent that analysts expect them to wait for the 4th of July holiday when the market is quiet for an optimal market reaction. CHINA markets opened the new quarter with a glimmer of hope as the S&P Global PMI (May) recorded the manufacturing sector at its fastest pace of growth for 3 years; although the data was 180 degrees opposite to the official government PMI data which came out on Sunday showing a contraction in manufacturing activity. On the other hand, China is still struggling to nourish their Property sector as new home prices in June turned out to be stagnant in the last 5 months. SOUTH KOREA released its Inflation data (June) on Tuesday morning with the result of goods & services prices falling (deflation) 0.2% mom and rising 2.4% yoy, both figures were lower than the previous Reuters poll. Yesterday GERMANY announced preliminary estimates of CPI (June) at 2.2% yoy and 0.1% mom, both figures were lower than expected. Later this afternoon follows the preliminary EUROZONE CPI (June) estimate with a forecast: 2.5% yoy, expected to cool slightly from 2.6% last period.

COMMODITIES: OIL prices rose about 2% to a 2-month high on Monday on hopes of increased demand during the northern hemisphere summer driving season and concerns that the conflict in the Middle East could spread and disrupt global oil supplies; plus the threat of major hurricane Hurricane Beryl to hit oil-producing areas in the Gulf of Mexico. BRENT futures rose 1.9%, to USD 86.60/barrel, while US West Texas Intermediate (WTI) crude rose 2.3% to USD 83.38. It was the highest close for Brent since April 30 for 3 consecutive days and the highest for WTI since April 26.

Corporate News

RMK Energy (RMKE) Issues Bonds of IDR 1.5 Trillion for Expansion

RMK Energy Tbk (RMKE) will issue bonds amounting to IDR 1.5 trillion in the near future which will be used for expansion outside South Sumatra. Investor & Public Relations RMKE Julius Caesar Samosir said the issuance of rupiah bonds was carried out as capital to expand outside South Sumatra. The issuance of bonds in rupiah is also done because the costs incurred and RMKE's financial statements are recorded in rupiah. According to Julius, rupiah bonds are safer than issuance in other currencies. Quoting Bloomberg, potential underwriters will be announced soon. The expansion outside South Sumatra is part of the company's target to increase its logistics capacity to 20 million tons by 2028 from the current 7.6 million tons. (Bisnis)

Domestic Issue

Government to Auction Seven Sukuk Series, Target IDR 11 Trillion on Tuesday (2/7)

The government will hold an auction of State Sharia Securities (SBSN) or State Sukuk on Tuesday, July 2, 2024. The government set an indicative target of IDR 11 trillion at the sukuk auction this time. Based on information from the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance, there are seven series of sukuk to be auctioned, namely two series of SPN-S (State Treasury Securities - Sharia) and five series of PBS (Project Based Sukuk). The funds obtained in this sukuk auction will be used by the government to meet part of the financing target in the 2024 State Budget. The following are the seven sukuk series that will be auctioned on Tuesday (2/7). a. SPNS 20012025 will mature on January 20, 2025 with a discount rate, b. SPNS 01042025 (new issuance) will mature on April 1, 2025 with a discount rate, c. PBS032 will mature on July 15, 2026 with a yield of 4.87%, d. PBS030 will mature on July 15, 2026 with a yield of 4.87%. PBS030 will mature on July 15, 2028 with a yield of 5.87%, e. PBSG001 will mature on September 15, 2029 with a yield of 6.62%, f. PBS004 will mature on February 15, 2037 with a yield rate of 6.10% and g. PBS038 will mature on December 15, 2049 with a yield rate of 6.87%. (Kontan)

Recommendation

US10YT has almost reached the TARGET / upper channel resistance of its downtrend, at a yield of 4.52% and will wait for the next catalyst such as a number of US employment data which is due to be released this week. The data will determine whether the yield confirm can break the resistance, or turn down again. ADVISE: WAIT & SEE.

ID10YT is still running on a short-term upward path, safely above MA20 Support which keeps the yield above the psychological level of 7.0%. POTENTIAL: breakout above MA10 Resistance / yield 7.1% will make the price turn weak, especially if the previous High level of 7,243% is successfully passed, it will immediately fulfill the TARGET yield at 7,325%. ADVISE: WAIT & SEE.

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	2.51%	2.84%	Cons. Confidence*	125.20	127.70

PRICE OF BENCHMARK SERIES

FR0090 : 96.08 (+0.18%)
FR0091 : 96.23 (-0.04%)
FR0094 : 96.07 (-0.02%)
FR0092 : 99.99 (-0.11%)

FR0086 : 98.03 (-0.01%)
FR0087 : 97.25 (-0.14%)
FR0083 : 103.73 (+0.17%)
FR0088 : 93.97 (+0.12%)

CDS of Indonesia Bonds

CDS 2yr: -0.12% to 36.14
CDS 5yr: +0.07% to 78.42
CDS 10yr: -0.42% to 131.05

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.08%	0.00%
USDIDR	16,322	-0.32%
KRWIDR	11.80	-0.85%

Global Indices

Index	Last	Chg.	%
Dow Jones	39,169.52	50.66	0.13%
S&P 500	5,475.09	14.61	0.27%
FTSE 100	8,166.76	2.64	0.03%
DAX	18,290.66	55.21	0.30%
Nikkei	39,631.06	47.98	0.12%
Hang Seng	17,718.61	2.14	0.01%
Shanghai	2,994.73	27.33	0.92%
Kospi	2,804.31	6.49	0.23%
EIDO	19.44	0.17	0.88%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,331.9	5.2	0.22%
Crude Oil (\$/bbl)	83.38	1.84	2.26%
Coal (\$/ton)	132.10	(1.35)	-1.01%
Nickel LME (\$/MT)	17,291	188.0	1.10%
Tin LME (\$/MT)	32,739	531.0	1.65%
CPO (MYR/Ton)	3,979	63.0	1.61%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	US	20.45	S&P Global US Manufacturing PMI	51.6	Jun F	51.7	51.7
01 – July	US	21.00	ISM Manufacturing	48.5	Jun	49.2	48.7
	JP	07.30	Jibun Bank Japan PMI Mfg	50.0	Jun F	-	50.1
	ID	07.30	S&P Global Indonesia PMI Mfg	50.7	Jun	-	52.1
	ID	11.00	CPI YoY	2.51%	Jun	2.7%	2.84%
	GR	19.00	CPI YoY	2.2%	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



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