

# Morning Brief

Daily | July 05, 2024

## Today's Outlook:

**GLOBAL MARKETS:** Optimism of a US interest rate cut this year could come to fruition after the latest US economic data showed an economic slowdown; while Europe is abuzz with the political process as the UK election situation predicts a historic victory for the Labour Party. Similarly, the French bourse climbed a second day by 0.8% amid more intense efforts by the opposition France National Rally (FRN) to prevent the far-right from taking power. In Europe, GERMAN industrial orders fell unexpectedly in May, while another report showed SWISS inflation fell last month, making markets think that it is unlikely that the Swiss National Bank will cut interest rates again later this year. EUROPEAN CENTRAL BANK officials mostly believe inflation will continue to fall but some are uncomfortable with last month's rate cut given the many negative surprises, based on their meeting results. Today there will be more economic data coming from Europe such as: UK housing data, German Industrial Production, Eurozone Retail Sales.

Talking about **ECONOMIC INDICATORS**, the weakest updated US economic data on labor, grows the chance of the first rate cut happening in September to 74%, growing from 65%, for a total of 47bps of rate cuts over the rest of the year. Later tonight from 19:30 WIB the key US labor data of Nonfarm Payrolls (June), along with average Hourly Wages, and not forgetting the Unemployment Rate; will further shape the thinking of Fed officials in their interest rate decision.

With the US economy heading towards a soft landing, the US DOLLAR retreated regularly against other currencies. The EURO rose to USD 1.0797 from USD 1.0666 lows, while the DOLLAR INDEX hit a 3-week low. Only the YEN has yet to recover from decades of lows, currently trading at 161.11 / Dollar after plummeting to a 38-year bottom: 161.96 / Dollar on Wednesday.

The USD drop benefited COMMODITIES, where GOLD prices rallied to USD 2358 / ounce, from USD 2318 earlier in the week. OIL prices edged lower after a day of gains on the back of a huge unexpected drop in US oil stocks. BRENT retreated 43cents to USD 86.93/barrel, while US WTI deflated 54cents to USD 83.03/barrel.

Meanwhile, INDONESIA market participants today will be waiting for Foreign Exchange Reserves (June) information.

## Corporate News

### WIFI: Bond Issued Successfully, WIFI Boosts Telecommunication Infrastructure

PT Integrasi Jaringan Ekosistem (Weave) raised IDR 600 billion in bond funds. Even the bonds of the subsidiary of Digital Synergy Solutions, aka Surge (WIFI), were oversubscribed 101.5 percent. Weave focuses on expanding telecommunications infrastructure and developing a digital ecosystem in Indonesia. The majority of the bond proceeds will be used for capital expenditure. Precisely, for the expansion of connectivity infrastructure, and a small portion to strengthen the company's working capital. Currently, the company operates 7,000 km of large-capacity fiber optic backbone infrastructure along the railway line, and other routes in Java. (Emiten News)

## Domestic Issue

### Government Holds SUN Auction on July 9, Targeting IDR 24 Trillion Funds

The Directorate of Government Securities at the Directorate General of Financing and Risk Management, Ministry of Finance announced that on Tuesday, July 9, 2024, the Government will conduct an auction of Rupiah-denominated Government Securities (SUN). The auction aims to fulfill part of the financing target in the 2024 State Budget. The indicative target of the auction is set at IDR24 trillion and the maximum target is IDR36 trillion. There are 7 series of SUN to be auctioned, consisting of State Treasury Notes (SPN) and State Bonds (ON), the details are as follows: SPN03241009 (New Issuance) with a maturity date of October 9, 2024 and a discount coupon; SPN12250710 (New Issuance), with a maturity date of July 10, 2025 and a discount coupon; FR0101 (Reopening), with a maturity date of April 15, 2029 and an interest coupon of 6.875%; FR0100 (Reopening), maturity date February 15, 2034 and interest coupon 6.625%; FR0098 (Reopening), maturity date June 15, 2038 and interest coupon 7.125%; FR0097 (Reopening), maturity date June 15, 2043 and interest coupon 7.125% and FR0102 (Reopening), maturity date July 15, 2024 and interest coupon 6.875%.

## Recommendation

US10YT is stuck on MA10 & MA20 Support around yield 4.353% - 4.323% in the course of their consolidation. Nearest Resistance: MA50 / yield 4.412%. ADVISE: anticipate further Support break towards yield 4.20%, then bond prices will appreciate again.

ID10YT started testing short term trendline support accompanied by MA20 around yield 7.05%. Failure to stay above this level will make ID10YT test psychological Support at yield 7.00% in bullish swing towards TARGET yield 7.243% - 7.325%.

## PRICE OF BENCHMARK SERIES

FR0090	: 96.00 (-0.11%)
FR0091	: 96.23 (+0.12%)
FR0094	: 96.09 (0.00%)
FR0092	: 100.01 (+0.04%)
FR0086	: 98.04 (+0.03%)
FR0087	: 97.31 (+0.13%)
FR0083	: 103.70 (+0.02%)
FR0088	: 93.83 (+0.07%)

## CDS of Indonesia Bonds

CDS 2yr	: -1.57% to 34.38
CDS 5yr	: -1.14% to 74.43
CDS 10yr	: -1.14% to 125.98

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.12%	-0.01%
USDIDR	16,370	-0.15%
KRWIDR	11.81	-0.06%

## Global Indices

Index	Last	Chg.	%
Dow Jones	39,308.00	(23.85)	-0.06%
S&P 500	5,537.02	28.01	0.51%
FTSE 100	8,241.26	70.14	0.86%
DAX	18,450.48	75.95	0.41%
Nikkei	40,913.65	332.89	0.82%
Hang Seng	18,028.28	49.71	0.28%
Shanghai	2,957.57	(24.81)	-0.83%
Kospi	2,824.94	30.93	1.11%
EIDO	19.64	0.20	1.03%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,356.7	0.5	0.02%
Crude Oil (\$/bbl)	83.88	1.07	1.29%
Coal (\$/ton)	136.50	1.50	1.11%
Nickel LME (\$/MT)	17,217	(106.0)	-0.61%
Tin LME (\$/MT)	33,158	(205.0)	-0.61%
CPO (MYR/Ton)	4,067	(15.0)	-0.37%

## 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

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
<b>Monday</b> 01 – July	US	20.45	S&P Global US Manufacturing PMI	51.6	Jun F	51.7	51.7
	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%
<b>Tuesday</b> 02 – July	KR	06.00	CPI YoY	2.4%	Jun	2.6%	2.7%
<b>Wednesday</b> 03 - July	US	18.00	MBA Mortgage Applications	-2.6%	June 28	-	0.8%
	US	19.15	ADP Employment Change	150k	June 21	163k	152k
	US	19.30	Trade Balance	-\$ 75.1B	May	-\$ 72.2B	-\$ 74.6B
	US	19.30	Initial Jobless Claim	238k	June 29	-	233k
	US	21.00	Factory Orders	-0.5%	May	0.3%	0.7%
	US	21.00	Durable Goods Orders	0.1%	May F	-	0.1%
<b>Thursday</b> 04 – July	-	-	-	-	-	-	-
<b>Friday</b> 05 – July	US	19.30	Change in Nonfarm Payrolls	-	Jun	188k	272k
	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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