

Morning Brief

Daily | July 10, 2024

Today's Outlook:

US MARKETS: Federal Reserve Chairman Jerome Powell told lawmakers that more "good" economic data would strengthen the case for an interest rate cut. In testimony before Congress, Powell said that while inflation "remains above" the 2% soft-landing target, it has evidently flattened in recent months as the labor market eases to pre-Covid pandemic levels. While he said "more good data would strengthen" the case for a rate cut, the US central bank chairman also reiterated that he could not promise when a rate cut could materialize. On its own the market continues to expect a 50 basis point cut for this year, while seeing a nearly 72% chance of a 25 bps cut at the September FOMC Meeting, according to CME FedWatch. Of course, US inflation data for June to be released this week (CPI on Thursday and PPI on Friday) will be decisive in giving a clearer idea of the market forecast.

ASIA & EUROPE MARKETS: Not much data from either continent will be on the radar of markets, apart from the important inflation data from CHINA (June) due this morning; with the Chinese economy expected to deliver goods & services price growth of 0.4% yoy at the consumer level (expected up from 0.3% in the previous period), and deflation easing to -0.8% yoy at the producer level (compared to -1.4% in the previous period).

INDONESIA: Reported Retail Sales (May) grew positively by 2.1%, compared to -2.7% in the previous month. June car sales also still fell 11.8% but at least the pace of decline has started to slow down from 13.3% in May. There will be more economic data to watch today such as Consumer Confidence and motorcycle sales.

COMMODITIES: US WTI OIL futures prices slipped even as the American Petroleum Institute reported a larger-than-expected drop in domestic weekly crude stockpiles as an indication that summer demand is picking up. US WTI futures traded at USD 80.94/barrel, slipping further after earlier dropping 1.1% to USD 81.41/barrel. US crude oil inventories fell by around 1.9 million barrels for the week ending July 5, following a decline of 9.2 million barrels reported by the API in the previous week. This amount of decline was much larger than economists' forecasts of 250,000, and came even as refineries in the oil-rich state of Texas experienced limited disruptions, following the impact of Hurricane Beryl that made landfall on Monday. API data also showed that gasoline stocks dropped by 3 million barrels. The next official US government inventory report will be released later on Wednesday.

Corporate News

BRPT: Barito Pacific to Offer IDR 1 Trillion Bonds, See the Schedule

Barito Pacific (BRPT) will offer bonds worth IDR 1 trillion. The issuance of debt securities is an integral part of the sustainable bonds III with a projection of IDR 3 trillion. So, the issuer made by Prajogo Pangestu, will release phase III bonds with two series this year. Series A is priced at 8.25 percent interest per year with a duration of 3 years. Then, series B has a 5-year term with a coupon rate of 9 percent per year. Based on the scenario, interest on bonds is paid quarterly from the date of issuance. Where, the first bond interest will be paid on October 16, 2024. While the last bond interest as well as maturity will be paid on July 16, 2027 for series A bonds, and on July 16, 2029 for Series B bonds. Bond repayment is made in full at maturity. All proceeds from the bond public offering, after deducting issuance costs, will be used to fulfill payment obligations to related parties. (Emiten News)

Domestic Issue

Corporate Bond Issuance Increases 33.29% in the First Semester of 2024

PT Pemeringkat Efek Indonesia (Pefindo) recorded a total outstanding issuance of corporate debt and sukuk securities (EBUS) of IDR 484.8 trillion until June 2024. President Director of Pefindo Irmawati Amran said, the total outstanding grew 0.7% with the new issuance of EBUS amounting to IDR 60.1 trillion during the first semester of 2024. Issuances were made from 34 issuers. The issuance was dominated by the financing institution sector by 39%, followed by the banking sector 9%, and the mining sector 7%. "The purpose of use, mainly for working capital at 63%," said Irmawati, Tuesday (9/7). Based on the sector, the multifinance sector is the sector with the largest bond issuance of IDR 13.24 trillion, followed by the pulp and paper sector of IDR 12.74 trillion. Then, the special financial institutions sector contributed IDR 7.68 trillion, then holding companies amounting to IDR 6.93 trillion, and banking IDR 5.7 trillion. Until the end of the year, Pefindo noted that the maturity value of corporate bonds reached IDR 150.5 trillion. The multifinance sector dominates at IDR 26.3 trillion. Therefore, Pefindo also projects that the issuance of corporate debt securities in the second semester of 2024 will still be vibrant. This is also in line with the mandate received by Pefindo of IDR 58.2 trillion until the first semester.

Recommendation

US10YT made an attempt to break the current closest Resistance which is **MA20** at yield **4.30%**, while holding the minor Support from the previous Low level at yield **4.262%**. ADVISE: wait to see which direction the breakout takes before deciding further moves on the price.

ID10YT maintains its upward yield path where the closest Support is currently the **7.013%** yield. Upside swing will be back in full swing once **MA10** & **MA20** Resistance has been broken above **7.07%** yield; and bond prices will continue its consolidation.

PRICE OF BENCHMARK SERIES

FR0090 : 96.09 (-0.01%)
FR0091 : 96.38 (-0.05%)
FR0094 : 96.19 (-0.02%)
FR0092 : 100.26 (-0.05%)

FR0086 : 98.05 (-0.02%)
FR0087 : 97.41 (-0.06%)
FR0083 : 103.80 (-0.11%)
FR0088 : 94.08 (-0.11%)

CDS of Indonesia Bonds

CDS 2yr: -2.96% to 33.00
CDS 5yr: -2.68% to 71.21
CDS 10yr: -2.29% to 122.09

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.06%	0.03%
USDIDR	16,250	-0.03%
KRWIDR	11.75	-0.09%

Global Indices

Index	Last	Chg.	%
Dow Jones	39,291.97	(52.82)	-0.13%
S&P 500	5,576.98	4.13	0.07%
FTSE 100	8,139.81	(53.68)	-0.66%
DAX	18,236.19	(235.86)	-1.28%
Nikkei	41,580.17	799.47	1.96%
Hang Seng	17,523.23	(0.83)	0.00%
Shanghai	2,959.37	36.92	1.26%
Kospi	2,867.38	9.62	0.34%
EIDO	20.00	0.13	0.65%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,364.1	5.0	0.21%
Crude Oil (\$/bbl)	81.41	(0.92)	-1.12%
Coal (\$/ton)	135.25	0.20	0.15%
Nickel LME (\$/MT)	17,142	(331.0)	-1.89%
Tin LME (\$/MT)	34,350	132.0	0.39%
CPO (MYR/Ton)	3,959	(83.0)	-2.05%

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)	140.18	139.00	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	2.85%	1.72%	FDI (USD bn)	6.03	4.82
Imports Yoy	-8.84%	4.62%	Business Confidence	104.82	104.30
Inflation Yoy	2.51%	2.84%	Cons. Confidence*	123.30	125.20

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	-	-	-	-	-	-	-
08 – July							
Tuesday	-	-	-	-	-	-	-
09 – July							
Wednesday	US	18.00	MBA Mortgage Applications	-	June 28	-	0.8%
10 - July	JP	06.50	PPI YoY	-	Jun	2.9%	2.4%
	KR	06.00	Unemployment Rate SA	-	Jun	2.8%	2.8%
Thursday	US	19.30	CPI MoM	-	Jun	0.1%	0.0%
11- July	US	19.30	CPI YoY	-	Jun	3.1%	3.3%
	US	19.30	Initial Jobless Claims	-	Jul 6	-	238k
	GE	13.00	CPI MoM	-	Jun F	0.1%	0.1%
	GE	13.00	CPI YoY	-	Jun F	2.2%	2.2%
	JP	06.50	Core Machine Orders MoM	-	May	0.8%	-2.9%
Friday	US	19.30	PPI Final Demand MoM	-	Jun	0.1%	-0.2%
12 – July	US	19.30	U. Of Michigan Sentiment	-	Jul P	67.0	68.2
	JP	11.30	Industrial Production MoM	-	May F	-	2.8%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury

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