

Today's Outlook:

**US MARKETS:** There is speculation from some market strategists that **FED CHAIRMAN JEROME POWELL** may be uncomfortable cutting rates before the Presidential Election, although that reluctance could be overridden by concrete economic data that makes it clear that the **US economy is clearly slowing & a rate cut is warranted**. Based on history since 1974, during the 10 months leading up to 13 Presidential Election periods, the Fed has changed interest rates 8 times and held them in place 5 times. More comments from him are awaited by market participants tonight.

**ECONOMIC INDICATORS:** As a complement to CPI, **US PPI (June)** recorded a strengthening to 2.6% yoy (above the forecast of 2.3% & previous period's 2.4%) due to rising service costs; while on a monthly basis also recorded growing 0.2% mom (again above forecast of 0.1% & previous period 0%). Similarly, Core PPI even moved away from the Fed's Inflation Target of 2% at 3.0% yoy, heating up from 2.5% forecast & 2.6% previous period. This latest variation in US Inflation data, naturally overlaid with the less optimistic July Inflation & Consumer Expectations from the University of Michigan view, fell to its lowest level in 8 months, despite expectations of improved Inflation for next year and so on.

**ASIA & EUROPE MARKETS:** **CHINA** reports a **Trade Balance (June)** that managed to deliver an above-expected surplus, this achievement was supported by rising Exports while Import growth was negative. June's New Loan disbursements were also more than double the previous period's amount as well as the estimate. However, CHINA's Q2 GDP forecast to be released this morning is still doubtful to surpass the 5.3% of the previous quarter, so the economic growth prediction will only be 5.1%. This is certainly related to the condition of China's Industrial Production & Retail Sales which are expected to remain weak. Speaking of Trade Balance, today is INDONESIA's turn to report a surplus which is expected to be at USD 2.98 billion for June, as well as expectations of stronger Exports & Imports. JAPAN'S NIKKEI 225 fell 2.3% last week after hitting an all-time high... EUROPEAN stocks also reached their highest level in a month as investors focused on the latest inflation data from the US. Today they will be faced with the reality of GERMAN Retail Sales & EUROZONE Industrial Production data.

**COMMODITIES:** **OIL** futures prices closed marginally lower on Friday as traders weighed weakening US consumer sentiment amid rising hopes of a Federal Reserve interest rate cut in September. BRENT crude oil futures fell to USD 85.03/barrel. While US WTI futures deflated 0.5%, to close at USD 82.21/barrel.

Corporate News

**MDKA: Merdeka Copper (MDKA) Issues IDR 2.22 Trillion Bonds, Offers 9% Coupon**

PT Merdeka Copper Gold Tbk (MDKA) plans to issue sustainable bonds IV phase VI in 2024 amounting to IDR 2.22 trillion. MDKA management in its prospectus said that these bonds will be issued in two series. Series A, with a principal amount of IDR 250 billion, an interest rate of 7.25% per annum, and a term of 367 calendar days from the date of issuance. Then series B with a principal amount of IDR 1.97 trillion with a fixed interest rate of 9% per year and a term of 3 years from the date of issuance. The proceeds from this bond public offering amounting to IDR 1.08 trillion will be used by MDKA to pay off the principal debt of the Merdeka Copper Gold IV Sustainable Bonds Phase III Year 2023 Series A which will mature on August 11, 2024. Then, USD 60 million or equivalent to IDR 972 billion will be used by the Company for early payment of all principal debt arising under the Facility Agreement for Single Currency Revolving Facility dated March 31, 2022. (Bisnis)

Domestic Issue

**State Sukuk Auction on Tuesday, Government Seeks IDR 10 Trillion**

The government through the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance (Kemenkeu) will auction State Sharia Securities (SBSN) or State Sukuk on Tuesday (16/7). There are seven SBSN series that are ready to be auctioned with a target of raising fresh funds of IDR 10 trillion, citing an official statement from the Ministry of Finance's DJPPR, Jakarta, Sunday (14/7). The SBSN series to be auctioned are two SPN-S series (Surat Perbendaharaan Negara-Syariah) and five PBS series (Project Based Sukuk). The sukuk are offered with yields ranging from 4.87 percent to 6.87 percent. Consisting of SPNS 20012025 (reopening), SPNS 01042025 (reopening), PBS032 (reopening), PBS030 (reopening), PBS004 (reopening), PBS039 (reopening), and PBS038 (reopening). The underlying assets of the SBSN issuance are projects or activities in the 2024 State Budget and State Property (BMN). The SBSN auction will be held using an auction system organized by Bank Indonesia as SBSN Auction Agent. The auction will open on Tuesday, July 16, 2024 at 09.00 WIB and close at 11.00 WIB. The auction results will be announced on the same day. Settlement will be held on July 18, 2024. (IDX Channel)

Recommendation

**US10YT** rebounded on Support yield from the previous low of 4.188%, after being countered by RSI's slightly positive divergence. The nearest resistance is the MA10 & MA20 range at 4.28% - 4.3% yield, followed by MA50 at 4.366%. ADVISE: anticipate a decline in bond price.

**ID10YT** broke the short-term uptrend yield support to below the psychological level of 7.0%. The next yield support is likely to be around: 6.84% - 6.76%. ADVISE: anticipate 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)	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

## PRICE OF BENCHMARK SERIES

FR0090 : 96.13 (+0.01%)  
FR0091 : 96.75 (+0.27%)  
FR0094 : 96.23 (+0.06%)  
FR0092 : 100.48 (+0.12%)

FR0086 : 98.09 (+0.01%)  
FR0087 : 97.90 (+0.28%)  
FR0083 : 104.01 (+0.10%)  
FR0088 : 94.26 (+0.11%)

## CDS of Indonesia Bonds

CDS 2yr: +0.63% to 32.70  
CDS 5yr: +0.22% to 70.82  
CDS 10yr: +0.53% to 121.90

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.94%	-0.06%
USDIDR	16,138	-0.35%
KRWIDR	11.73	-0.58%

## Global Indices

Index	Last	Chg.	%
Dow Jones	40,000.90	247.15	0.62%
S&P 500	5,615.35	30.81	0.55%
FTSE 100	8,252.91	29.57	0.36%
DAX	18,748.18	213.62	1.15%
Nikkei	41,190.68	(1033.34)	-2.45%
Hang Seng	18,293.38	461.05	2.59%
Shanghai	2,971.30	0.91	0.03%
Kospi	2,857.00	(34.35)	-1.19%
EIDO	20.51	0.22	1.08%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,411.4	(4.1)	-0.17%
Crude Oil (\$/bbl)	82.21	(0.41)	-0.50%
Coal (\$/ton)	133.85	0.10	0.07%
Nickel LME (\$/MT)	16,856	47.0	0.28%
Tin LME (\$/MT)	33,695	(971.0)	-2.80%
CPO (MYR/Ton)	3,915	(20.0)	-0.51%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
<b>Monday</b>	US	19.30	Empire Manufacturing	-	Jul	-8.0	-6
15 – July							
<b>Tuesday</b>	US	19.30	Retail Sales Advance MoM	-	Jun	-0.2%	0.1%
16 – July	GE	16.00	ZEW Survey Expectations	-	Jul	43	47.5
<b>Wednesday</b>	US	18.00	MBA Mortgage Applications	-	July 12	-	-0.2%
17 - July	US	19.30	Housing Starts	-	Jun	1300k	1277k
	US	20.15	Industrial Production MoM	-	Jun	0.3%	0.9%
<b>Thursday</b>	US	19.30	Initial Jobless Claims	-	Jul 13	-	222k
18- July	US	19.30	Leading Index	-	Jun	-0.3%	-0.5%
<b>Friday</b>	JP	06.30	Natl CPI YoY	-	Jun	2.9%	2.8%
19 – July							

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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