

Today's Outlook:

**US MARKETS:** Fed Chairman Jerome Powell said recent inflation data has added to the central bank's confidence that inflation is safely under control, and therefore could make the Fed more willing to cut interest rates (even though inflation has not yet reached the Fed's target of 2%). The assassination attempt on Republican presidential candidate DONALD TRUMP is expected to boost his chances of victory, which will result in more ambitious trade policies as well as more lenient regulations on certain industries and issues related to climate change and cryptocurrencies. This is also expected to be able to boost the US DOLLAR going forward. Trump has also announced his vice presidential running mate, James David Vance.

THE DOLLAR INDEX weakened slightly on Monday after dovish comments from Fed Chairman Jerome Powell; in contrast cryptocurrencies rallied (Bitcoin rose >6% and Ether jumped >7%) after news of Trump's assassination attempt broke. Trump has been a known supporter of cryptocurrencies. As for the market, it has fully priced in a rate cut of at least 25 basis points (bps) from the Fed in September, according to the CME FedWatch Tool, after data last week showed consumer prices fell on a monthly basis for the first time in 4 years in June. Later tonight there is a supporting economic indicator that is also closely monitored which is Retail Sales (Jun).

**ASIA & EUROPE MARKETS:** THE BANK OF JAPAN (BoJ) is thought to have intervened in the market in a bid to prop up the Japanese currency last week, after a lower-than-expected US inflation report. Data from the central bank showed that authorities may have spent up to 3.57 trillion yen (USD 22.4 billion) in doing so on Thursday. CHINA brought another cloud over Asian market sentiment after releasing 2Q GDP at 4.7%, below forecasts of 5.1% and this year's target of around 5%. No wonder Industrial Production and house prices there are also on a downward trend. This data further emphasizes the need for greater monetary and fiscal policy support from the Chinese government which is holding a large meeting every 5 years to draw a big map of their long-term social & economic policies. The 2nd quarter GDP results made several economists cut China's economic growth forecasts going forward; BARCLAYS predicts growth in the second semester will only be around 4.5%, while JP MORGAN cut the year-end outlook to 4.7% from 5.2%; backed by several reasons, including: China's economic imbalances continue to increase in a dangerous direction, due to trade tensions from various directions, not to mention later if Trump wins the presidential election. Therefore, it is expected that a correction direction will be inevitable. Meanwhile, from the European continent, GERMANY & EUROZONE will release the ZEW Economic Sentiment (Jul) which will say whether market participants have better optimism in the next 6 months about current business conditions. Note that yesterday the Eurozone released Industrial Production (May) which slipped further into negative territory, contracting 0.6% from -0.1% in the previous month.

**COMMODITIES:** GOLD has gotten another boost from the forecast of CITIGROUP analysts who say that the precious metal has the potential to go up to USD 3000/ounce as financial fund flows show significant expansion/buying potential going forward. The Citi analysts highlighted the impact of previous Fed rate cuts on precious metals prices, noting that "the median return for precious metals was 13% in the 6-month period following the Fed's first rate cut" in the last 4 cycles. They further emphasized that "12-month returns have averaged 20%+ over the past 2 episodes," aligning with their gold price target of USD 2,800 to USD 3,000/ounce and SILVER price target of USD 38 to USD 40/ounce by mid to late 2025. In other commodities, global OIL prices depreciated at the close of trading on Monday, due to the strengthening of the US Dollar as a result of the assassination attempt on presidential candidate Donald Trump. US WTI crude oil futures for August 2024 delivery dropped 0.3% to US\$81.96/barrel, on the New York Mercantile Exchange. Meanwhile, BRENT futures for September 2024 delivery, deflated 0.16% to reach US\$81.96/barrel, on the London ICE Futures Exchange. The strengthening of the US Dollar makes dollar-denominated oil prices more expensive for non-US buyers and therefore will suppress buying interest. FYI, last week Brent prices fell more than 1.7% after 4 consecutive weeks of gains, while US WTI fell 1.1% due to weak oil demand in China. China's crude oil imports fell 2.3% in the first half of the year to 11.05 million barrels/day. This was due to disappointing fuel demand and production cuts by independent refineries due to less attractive profit margins.

**INDONESIA:** reported Trade Balance (June) surplus for the 50th consecutive month at USD 2.39bn, lower than expected, and the previous month at around USD 2.9bn. This was due to weaker Export growth than rising Imports. The sluggishness of China's economy also affected our Export performance as China, U.S and India account for 43% of Indonesia's Export market.

Corporate News

**BBRI: BRI Stops Issuing Remaining IDR 1.5 Trillion Bonds, What's the Matter?**

PT Bank Rakyat Indonesia (Persero) Tbk. or BRI (BBRI) has stopped the issuance of the Bank BRI Sustainable Environmental Bonds I 2022 Public Offering with a remaining ceiling of IDR 1.5 trillion. Based on the disclosure of information, management said the termination with the remaining target funds that were not raised, was carried out by considering global interest rates are projected to begin to fall at the end of 2024 so that it can affect the cost of funds for issuing securities. "The issuance of long-term instruments is currently considered less than optimal for the Company," wrote BBRI management quoted last Sunday. In addition, another reason is that the management of treasury assets maturing in 2024 will be focused on meeting the liquidity needs of the Company's business activities. (Bisnis)

Domestic Issue

**Prospects for Corporate Bonds in the Second Semester of 2024 are Positive** Investment in corporate bonds is predicted to still be in great demand by investors in the second semester of 2024. This is partly influenced by expectations of cutting the Fed's benchmark interest rate. Head of Pefindo's Economic Research Division Suhindarto explained that high benchmark interest rates have made coupons in the corporate bond market also high, especially after an increase in April 2024, so that it is a reason for investors to enter and grab the high coupons. If interest rates fall at the end of the year, investors may not be able to get back coupons as high as today. In addition, Suhindarto sees that many investors are still looking at corporate bond instruments because they are relatively safer than other instruments such as stocks. Then, the return is also relatively higher compared to government bond instruments. "Plus, corporate bonds are also the same as government bonds, which can provide relatively stable regular income for a period of several years," he said. "So in the second semester of 2024, we see that the attractiveness of investing in the debt securities market, especially the corporate debt securities market, will remain attractive," he said. (Kontan)

Recommendation

**US10YT is yet to move far from the Support region of 4.188% yield, rather hesitant to move upwards to break the nearest Resistance: MA10 & MA20 at 4.27% - 4.30% yield range, let alone MA50 at 4.36% yield.** The bottoming phase is not over yet, however, yield still has the potential to rebound higher due to RSI positive divergence. ADVISE: anticipate technical rebound soon on yield = potential weakness on price.

**ID10YT started to move through the Moving Average Resistance. If able to confirm its stay above 7.07%, then the yield will move towards TARGET: 7.19% - 7.20% / 7.243% / 7.33%. ADVISE:** Average Up accordingly; bond prices have a tendency to weaken.

## 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	1.17%	2.86%	FDI (USD bn)	6.03	4.82
Imports Yoy	7.58%	-8.83%	Business Confidence	104.82	104.30
Inflation Yoy	2.51%	2.84%	Cons. Confidence*	123.30	125.20

## PRICE OF BENCHMARK SERIES

FR0090	: 96.11 (-0.01%)
FR0091	: 96.66 (-0.09%)
FR0094	: 96.23 (+0.00%)
FR0092	: 100.40 (-0.08%)
FR0086	: 98.07 (-0.02%)
FR0087	: 97.77 (-0.12%)
FR0083	: 103.91 (-0.09%)
FR0088	: 94.18 (-0.08%)

## CDS of Indonesia Bonds

CDS 2yr:	+1.44% to 33.17
CDS 5yr:	+1.11% to 71.61
CDS 10yr:	+1.09% to 122.51

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.96%	0.02%
USDIDR	16,170	0.20%
KRWIDR	11.69	-0.36%

## Global Indices

Index	Last	Chg.	%
Dow Jones	40,211.72	210.82	0.53%
S&P 500	5,631.22	15.87	0.28%
FTSE 100	8,182.96	(69.95)	-0.85%
DAX	18,590.89	(157.29)	-0.84%
Nikkei	41,190.68	(1033.34)	-2.45%
Hang Seng	18,015.94	(277.44)	-1.52%
Shanghai	2,974.01	2.72	0.09%
Kospi	2,860.92	3.92	0.14%
EIDO	20.16	(0.35)	-1.71%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,422.3	10.8	0.45%
Crude Oil (\$/bbl)	81.91	(0.30)	-0.36%
Coal (\$/ton)	134.95	1.10	0.82%
Nickel LME (\$/MT)	16,701	(155.0)	-0.92%
Tin LME (\$/MT)	33,246	(449.0)	-1.33%
CPO (MYR/Ton)	3,895	(20.0)	-0.51%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
<b>Monday</b>	US	19.30	Empire Manufacturing	-6.6	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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