

Morning Brief

Daily | July 18, 2024

Today's Outlook:

US MARKETS: The US administration seems to be considering expanding the ban on companies exporting chip-making equipment to China, Bloomberg Businessweek reported on Tuesday; dragging down the Philadelphia SE Semiconductor index by 6.8%, which is the biggest daily decline since March 2020. In addition to Biden, Donald Trump also raised geopolitical tensions by stating that Taiwan should pay the US for supplying defense equipment because Taiwan "gives the US nothing," causing Taiwan Semiconductor Manufacturing, Taiwan's largest stock and the world's largest chipmaker, to fall nearly 8%. While Q2 earnings season continues to color the stock market turmoil, Fed officials signaled an interest rate cut is getting closer as Federal Reserve Governor Christopher Waller stated on Wednesday, as recent data showed more moderate economic growth and easing inflationary pressures.

ECONOMIC INDICATORS: US Housing Starts & Building Permits data rose unexpectedly; while Industrial Production in June also increased double above expectations. The Federal Reserve also released the Beige Book which describes US economic activity running at a moderate pace from late May to early July, amid indications that the labor market is starting to weaken, in line with soft landing symptoms. Currently, financial markets are almost 100% price-in the probability that the Fed will hold a rate cut in Sept, as quoted from CME Fed Watch.

ASIA & EUROPE MARKETS: Taiwan & China's relationship is a sensitive topic, as China continues to call for reunification with Taiwan; while the US is Taiwan's largest arms supplier even though they have no official diplomatic agreement. As is well known, Donald Trump was famous for his trade war moves against China during his presidency in 2010. News from home: INDONESIA held its interest rate at 6.25% at BI's RDG yesterday. Speaking of interest rates, it's the ECB's turn today to make a rate decision which the public expects will also be held at 4.25%. EUROZONE reported CPI (June) at the estimated 2.5% yoy, slightly down from 2.6% in May; while UK CPI (June) still could not be lower than 2.0% yoy which is the central bank's target.

COMMODITIES: GOLD prices rose to record highs in Asian trading on Wednesday, extending recent strong gains amid growing optimism that the Federal Reserve will cut interest rates in September. Spot gold prices rose 0.2% to a record high of USD 2,478.65/ounce, while gold futures expiring in August hit a record high of USD 2,483.65/ounce. The DOLLAR INDEX slumped to month lows amid prospects of interest rate cuts, further benefiting precious metals prices. Other precious metals also rose following the weakening dollar, with PLATINUM futures up 0.1%, while SILVER futures 0.3%.

OIL prices rose around 2% on Wednesday thanks to a larger-than-expected drop in US crude weekly stocks, plus a weaker US DOLLAR, while signs of lower economic growth in China remained a dark cloud looming. BRENT futures rose 1.6%, to USD 85.08/barrel, while US WTI advanced 2.6%, to USD 82.85. The weakening of the US Dollar due to the increasingly feasible prospect of a Fed rate cut, is expected to increase interest in buying crude oil from non-US countries.

Corporate News

TRIM: Trimegah Sekuritas (TRIM) Repays IDR 100 Billion Phase I Bonds Series A

PT Trimegah Sekuritas Indonesia Tbk (TRIM) has paid off its Bonds I Phase I Year 2023 Series A totaling IDR 100 billion. The bond repayment was carried out on July 16, 2024 with a period of 370 Calendar Days from the Issue Date. The Company's Phase I Bonds I Series A were issued on July 6, 2023 with a principal amount of IDR 100 billion with a fixed interest rate of 6.75 percent. For information, the bonds are part of the Sustainable Public Offering of Sustainable Bonds I with a target fund of IDR 1.1 trillion. In the Phase I bond issuance with a principal amount of IDR 358.8 billion, TRIM offered bonds in 2 series. The principal amount for series A is IDR 100 billion with a coupon of 6.75 persen per year and series B is IDR 308.8 billion with a coupon of 9.25 per year. (IDX Channel)

Domestic Issue

BI Board of Governors Decides to Keep BI Rate at 6.25%

The Board of Governors of Bank Indonesia decided to maintain the BI Rate at 6.25%. Meanwhile, the Deposit Facility rate was also maintained at 5.50% and the Lending Facility rate was maintained at 7.00%. "The Bank Indonesia Board of Governors Meeting (RDG) on July 16-17, 2024 decided to maintain the BI Rate at 6.25%," BI Governor Perry Warjiyo said in a press conference at the BI office, Jakarta, Wednesday, (17/7/2024). Perry said this decision is consistent with pro-stability monetary policy as a pre-emptive and forward looking step to ensure inflation remains under control within the target of 2.5±1% in 2024 and 2025. Perry said short-term monetary policy will be directed to strengthen the effectiveness of Rupiah exchange rate stabilization and attract foreign capital inflows. Meanwhile, he said, macroprudential and payment system policies remain pro-growth to support sustainable economic growth. "Loose macroprudential policies continue to be pursued to encourage bank credit or financing to businesses and households," he said. Perry said the payment system policy was directed at strengthening the reliability of the infrastructure and structure of the payment system industry, as well as expanding the acceptance of payment system digitization. (CNBC Indonesia)

Recommendation

A Doji candle appears in the Support area on the US10YT chart, while the RSI shows a positive divergence; signaling the potential for an immediate technical rebound in yield (= limited upside potential in price). The first resistance that it will try to break is MA10 / yield 4.23%, followed by 4.286% / 4.35% from MA20 & MA50.

As expected, ID10YT continues yield consolidation towards 6.84% / 6.76% - 6.74%. Resistance: yield 7.0% psychological level. POTENTIAL: potential for price to strengthen temporarily.

PRICE OF BENCHMARK SERIES

FR0090 : 96.05 (-0.10%)
FR0091 : 96.92 (+0.18%)
FR0094 : 96.23 (+0.00%)
FR0092 : 100.47 (+0.03%)

FR0086 : 98.05 (-0.01%)
FR0087 : 98.05 (+0.19%)
FR0083 : 104.10 (+0.15%)
FR0088 : 94.59 (+0.11%)

CDS of Indonesia Bonds

CDS 2yr: +2.04% to 34.34

CDS 5yr: +1.17% to 73.25

CDS 10yr: +1.64% to 125.92

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.93%	-0.03%
USDIDR	16,100	-0.49%
KRWIDR	11.66	-0.15%

Global Indices

Index	Last	Chg.	%
Dow Jones	41,198.08	243.60	0.59%
S&P 500	5,588.27	(78.93)	-1.39%
FTSE 100	8,187.46	22.56	0.28%
DAX	18,437.30	(80.73)	-0.44%
Nikkei	41,097.69	(177.39)	-0.43%
Hang Seng	17,739.41	11.43	0.06%
Shanghai	2,962.86	(13.45)	-0.45%
Kospi	2,843.29	(22.80)	-0.80%
EIDO	20.13	0.05	0.25%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,458.8	(10.3)	-0.42%
Crude Oil (\$/bbl)	82.85	2.09	2.59%
Coal (\$/ton)	134.75	0.35	0.26%
Nickel LME (\$/MT)	16,457	(137.0)	-0.83%
Tin LME (\$/MT)	32,950	(221.0)	-0.67%
CPO (MYR/Ton)	3,932	7.0	0.18%

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

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	US	19.30	Empire Manufacturing	-6.6	Jul	-7.6	-6
15 – July							
Tuesday	US	19.30	Retail Sales Advance MoM	0.0%	Jun	-0.2%	0.1%
16 – July	GE	16.00	ZEW Survey Expectations	41.8	Jul	41	47.5
Wednesday	US	18.00	MBA Mortgage Applications	3.9%	July 12	-	-0.2%
17 - July	US	19.30	Housing Starts	1353k	Jun	1300k	1277k
	US	20.15	Industrial Production MoM	0.6%	Jun	0.3%	0.9%
Thursday	US	19.30	Initial Jobless Claims	-	Jul 13	-	222k
18- July	US	19.30	Leading Index	-	Jun	-0.3%	-0.5%
Friday	JP	06.30	Natl CPI YoY	-	Jun	2.9%	2.8%
19 – July							

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury

Published on Investing.com, 17/Jul/2024 - 23:26:40 GMT. Powered by TradingView
United States 10 Year, United States, NYSE:US10YT=A.O



Indonesia 10 Years Treasury

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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

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PT. NH Korindo Sekuritas Indonesia

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

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

Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

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Jakarta