

Morning Brief

Daily | July 22, 2024

Today's Outlook:

US MARKETS: DOLLAR INDEX rose and is on track for its first weekly gain in 3 weeks, bouncing back on strong latest US economic data and concerns about recent tech disruptions. The dollar index, which measures the dollar's strength against a basket of currencies including the Yen and Euro, rose 0.21% to 104.36, where the Euro was down 0.14% at USD 1.0881. Against the Japanese Yen, the Dollar strengthened 0.06% to 157.46.

The Federal Reserve is scheduled for its next policy announcement at the end of July. The market is almost fully price-in for a cut at the September FOMC Meeting, according to the CME FedWatch survey. US Treasury yields rose as investors awaited this week's important PCE PRICE INDEX data update. The yield on the benchmark 10-year US Treasury note rose 5.5 basis points to 4.243%, from 4.188% at the end of Thursday.

COMMODITIES: OIL prices fell more than USD 2 on Friday at their lowest level since mid-June, as traders eyed the possibility of a ceasefire in Gaza, while the strengthening US Dollar pushed buying interest in oil down further. BRENT crude oil prices fell 2.9%, to USD 82.63/barrel. US WTI futures fell 3.3%, to USD 80.13.

ASIA & EUROPE MARKETS: Today it's the turn of CHINA's central bank to set interest rates where they are still expected to remain the same: at 3.95% for long term, and 3.45% for short term. While in GERMANY, the German Retail Sales (May) figure will be monitored which plays an important role regarding the European region's inflation, especially after they reported a heating PPI in June. In the UK, last Friday they announced their Retail Sales which turned out to be a contraction as a result of the economic slowdown.

Corporate News

MDKA: Ready to Pay Principal and Interest on Maturing Bonds

PT Merdeka Copper Gold Tbk (MDKA) has prepared funds for the principal repayment and fourth interest payment of the Shelf Registration Bond IV Phase III Year 2023 Series A. Adi Adriansyah Sjoekri, Corporate Secretary of MDKA, in a written statement on Friday (19/7), stated that the funds will be used for the principal repayment and fourth interest payment of bonds maturing on August 11, 2024, with an interest rate of 6.75%. For information, Merdeka Copper Gold Phase III 2023 Shelf Registration Bond IV Series A (MDKA04ACN3) has a nominal value of IDR 1,084,485,000,000.00 with a fixed interest rate of 6.75% per annum and a period of 367 calendar days. "The funds will be paid to PT Kustodian Sentral Efek Indonesia (KSEI) on August 11, 2024," Adi said. (Emiten News)

Domestic Issue

Israel Attacks Yemen, SUN Yield This Week Increases

The yield of government securities (SUN) is expected to increase this week due to the increasingly heated geopolitical situation in the Middle East following Israel's attack on Yemen. PT Pemeringkat Efek Indonesia (Pefindo) Fixed Income Analyst Ahmad Nasrudin estimates that the 10-year SUN yield will move in the range of 6.8%-7.2%. "The geopolitical situation seems to be getting hotter, I see it will lead to more speculation this week," he told Investor Daily, Sunday (07/21/2024). Nasrudin said that the 10-year SUN yield rose from 6.944% on Friday (12/7/2024) to 6.950% on Friday (19/7/2024). Although the movement is still in line with predictions, namely 6.8%-7.2%, the yield had dropped to the 6.2% level in line with Jerome Powell's statement which implied a dovish attitude because inflation had almost touched the target at the 2% level. He said the Fed's dovish stance increased expectations of interest rate cuts, which Bank Indonesia (BI) is likely to follow. Ahmad Nasrudin said that his party maintains the 10-year SUN yield prediction range of 6.8%-7.2% this week with a slightly higher trend compared to the previous week's closing at 6.944%. Going forward, the increasingly heated geopolitical conflict will be a concern for investors. The latest news is that Israeli airstrikes on Yemeni Houthis have further inflamed the situation between the two sides. In addition, tensions between the United States (US) and China are also heating up as military training by Taiwan's military forces increases. (Berita Satu)

Recommendation

US10YT has started to break the first Resistance: MA10 / yield 4.214% which is now the nearest Support; after the strengthening of this yield was indicated by the previous RSI positive divergence. Prices are expected to start experiencing weakness, especially if the yield continues to advance towards the next Resistance: MA20 / 4.282% and A50 / 4.336%.

ID10YT: Green candle after an Inverted Hammer or Gravestone Doji-like candle followed by a green candle; indicating further rebound potential. However, the thick resistance with 3 layer MA around the yield (psychological level) of 7.0% is quite a challenge. This means that for now the price is still fairly intact in its strengthening trend, unless the yield has begun to break through the first Resistance: 6.97% - 6.98%. Support: yield 6.90%.

PRICE OF BENCHMARK SERIES

FR0090 : 96.14 (+0.06%)
FR0091 : 96.79 (-0.07%)
FR0094 : 96.23 (+0.06%)
FR0092 : 100.54 (-0.11%)

FR0086 : 98.06 (-0.10%)
FR0087 : 98.09 (+0.04%)
FR0083 : 104.21 (-0.11%)
FR0088 : 94.51 (-0.31%)

CDS of Indonesia Bonds

CDS 2yr: +2.53% to 35.72

CDS 5yr: +3.54% to 76.90

CDS 10yr: +1.84% to 129.73

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.95%	0.02%
USDIDR	16,190	0.20%
KRWIDR	11.64	-0.27%

Global Indices

Index	Last	Chg.	%
Dow Jones	40,287.53	(377.49)	-0.93%
S&P 500	5,505.00	(39.59)	-0.71%
FTSE 100	8,155.72	(49.17)	-0.60%
DAX	18,171.93	(182.83)	-1.00%
Nikkei	40,063.79	(62.56)	-0.16%
Hang Seng	17,417.68	(360.73)	-2.03%
Shanghai	2,982.31	5.18	0.17%
Kospi	2,795.46	(28.89)	-1.02%
EIDO	20.19	(0.08)	-0.39%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,400.8	(44.3)	-1.81%
Crude Oil (\$/bbl)	80.13	(2.69)	-3.25%
Coal (\$/ton)	135.10	0.10	0.07%
Nickel LME (\$/MT)	16,256	(167.0)	-1.02%
Tin LME (\$/MT)	31,050	(554.0)	-1.75%
CPO (MYR/Ton)	3,961	24.0	0.61%

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)	2.39	2.93	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							
22 – July							
Tuesday	US	21.00	Existing Home Sales	-	Jun	4.00 m	4.11 m
23 – July							
Wednesday	JP	07..30	Jibun Bank Japan PMI Manufacturing	-	July P	-	50.0
24 - July	GE	14.30	HCOB Germany Manufacturing PMI	-	July P	44.5	43.5
	US	18.00	MBA Mortgage Applications	-	July 19	-	3.9%
	US	19.30	S&P Global US Manufacturing PMI	-	Jun	-	51.6
	US	21.00	New Home Sales	-	Jun	640k	619k
Thursday	GE	15.00	IFO Business Climate	-	July	89.0	88.6
25 – July	US	19.30	Initial Jobless Claims	-	July 20	-	243k
	US	19.30	Durable Goods Order	-	June P	0.5%	0.1%
	US	19.30	GDP Annualized QoQ	-	2Q A	1.8%	1.4%
Friday	US	19.30	Personal Spending	-	June	0.2%	0.2%
26 - July	US	19.30	Personal Income	-	June	0.4%	0.5%
	US	21.00	US Of Michigan Sentiment	-	July F	-	66.0

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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