

Morning Brief

Daily | July 24, 2024

Today's Outlook:

US MARKETS: Market participants were quite nervous waiting for the PCE PRICE INDEX report, the Federal Reserve's favorite measure of inflation, to be released on Friday. The 10-year US benchmark bond yield fell 0.9 basis points to 4.251%.

ECONOMIC INDICATORS: US reported June Existing Home Sales plunged deeper, -5.4% mom compared to May which had already started into -0.7% contraction territory. Later tonight investors await further data from the Property sector, namely Building Permits and New Home Sales (June); along with PMI data.

ASIA & EUROPE MARKETS: SOUTH KOREA this morning kicked off its economic data series with the release of Consumer Confidence (Jul) which grew to 103.6, from 100.9 in June. In addition from the Asian continent, JAPAN is next to announce the au Jibun Bank Japan Manufacturing & Services PMI (Jul) where the initial forecast is for it to remain in expansionary territory albeit growth remains subdued. Today being PMI Day, continental Europe will also follow with a number of preliminary estimates measuring manufacturing & services activity in July from GERMANY, EUROZONE, UK.

2024 US PRESIDENTIAL: US Vice President Kamala Harris will campaign in the battleground state of Wisconsin on Tuesday after receiving the endorsement of a majority of Democratic National Convention delegates, making her the party's presumptive nominee. Donald Trump had been leading the electability of the 2024 US presidential election where surveys said that he was 6% ahead of Biden/Harris (54% vs. 47%) based on a survey conducted July 19-21 among 2753 people; up 2% from the July 13-15 survey. After Biden withdrew and handed the nomination to Harris, their electability lead reversed to 44% vs. 42%, based on the July 22-23 survey; although Trump had boasted that it would be easier for him to beat Harris than Biden. Harris still has a long way to go in her bid for the US presidency in 2024, where she must be formally nominated by her party at the Democratic National Convention in August. Harris (age 59), a former California Attorney General, must also decide on a vice presidential running mate. Biden's withdrawal is something that the market has supported, based on Reuters polling that 83% of voters expected him to make the decision especially after members of his own Democratic Party voiced concerns regarding his mental health and ability to fight against Trump.

CURRENCY: The DOLLAR strengthened across the board, while the Yen gained for the second consecutive day against the greenback. The DOLLAR INDEX, which measures the greenback's strength against a basket of currencies, was up 0.14% at 104.45, and the Euro was down 0.37% at USD 1.0849. The yen strengthened 0.9% against the greenback at 155.63/USD.

COMMODITIES: Crude OIL prices are set to rebound after dropping around 2% to a 6-week low on rising expectations of a ceasefire in Gaza and growing concerns about sluggish demand from China. After hours, the American Petroleum Institute (API) showed an unexpected drop in weekly oil stocks; falling by around 3.9m barrels for the week ended 19 July, missing estimates of an additional 700k barrels. This shrinkage follows the disappearance of 4.4m barrels in the previous week. US WTI futures which had closed 1.8% lower at USD 76.96, traded up to USD 77.28/barrel. Meanwhile from other commodities, GOLD prices edged higher, where spot gold added 0.43% to USD 2,407.87/ounce.

Corporate News

TBIG: Tower Bersama (TBIG) Repays IDR 1 Trillion Bonds

Telecommunications tower issuer PT Tower Bersama Infrastructure Tbk (TBIG) said that the company had paid off the principal and interest of the Tower Bersama Infrastructure VI Sustainable Bonds Phase I Year 2023 series A on July 22, 2024. Director of TBIG, Helmy Yusman Santoso, in a written statement on Monday (22/7) said that TBIG had made a principal payment of IDR 1 trillion and the 4th interest which will mature on July 21, 2024. For information, the bonds have an interest rate of 5.90% with Bank Tabungan Negara Tbk (BBTN) as trustee and received an IdAA+ rating from Fitch Ratings Indonesia. (Emiten News)

Domestic Issue

Government Bags IDR 22 Trillion from Auction of 7 Series of Government Securities

The government pocketed IDR 22 trillion in fresh funds from the auction of seven series of Government Securities (SUN) on Tuesday (23/7/2024). The seven series auctioned include SPN03241023 (new issuance), SPN12250710 (reopening), FR0101 (reopening), FR0100 (reopening), FR0098 (reopening), FR0097 (reopening), and FR0102 (reopening). The auction is conducted through the Bank Indonesia (BI) auction system. The Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance (Kemenkeu) revealed that the nominal incoming bid was recorded at IDR 57.19 trillion. The largest absorption came from the FR0100 series which won IDR 10.30 trillion. This series received incoming bids of IDR 15.05 trillion with a weighted average yield won of 7.00998 percent. (Kompas)

Recommendation

US10YT is still not yet able to confirm the breakout of the nearest Resistance: MA20 / yield 4.28% and stagnant above Support MA10 / yield 4.212%. ADVISE: WAIT & SEE waiting for important economic data in the US this week (US GDP 2Q & PCE price index) causing prices to remain sideways, pay attention to the direction of yield movement later to determine investment decisions on US10YT.

Similarly, ID10YT is retreating below the same resistance: MA20 at a yield of 7.012%, after spiking to 7.10% yesterday. It is reasonable for the yield position to stagnate while waiting for further developments from important US economic data, while maintaining MA50 & MA10 Support in the yield range of 6.983% - 6.955%. ADVISE: WAIT & SEE.

PRICE OF BENCHMARK SERIES

FR0090	: 96.11 (0.00%)
FR0091	: 96.61 (-0.05%)
FR0094	: 96.23 (+0.05%)
FR0092	: 100.43 (-0.02%)
FR0086	: 98.06 (+0.03%)
FR0087	: 97.93 (+0.07%)
FR0083	: 104.01 (-0.07%)
FR0088	: 94.42 (-0.09%)

CDS of Indonesia Bonds

CDS 2yr	: -3.44% to 33.52
CDS 5yr	: -4.22% to 72.29
CDS 10yr	: -2.66% to 123.34

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.00%	0.00%
USDIDR	16,210	-0.06%
KRWIDR	11.70	0.11%

Global Indices

Index	Last	Chg.	%
Dow Jones	40,358.09	(57.35)	-0.14%
S&P 500	5,555.74	(8.67)	-0.16%
FTSE 100	8,167.37	(31.41)	-0.38%
DAX	18,557.70	150.63	0.82%
Nikkei	39,594.39	(4.61)	-0.01%
Hang Seng	17,469.36	(166.52)	-0.94%
Shanghai	2,915.37	(48.85)	-1.65%
Kospi	2,774.29	10.78	0.39%
EIDO	20.24	(0.10)	-0.49%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,409.6	13.1	0.54%
Crude Oil (\$/bbl)	76.96	(1.44)	-1.84%
Coal (\$/ton)	134.70	(0.30)	-0.22%
Nickel LME (\$/MT)	16,021	(169.0)	-1.04%
Tin LME (\$/MT)	29,418	(470.0)	-1.57%
CPO (MYR/Ton)	3,969	(16.0)	-0.40%

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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