

Morning Brief

Daily | July 29, 2024

Today's Outlook:

US MARKETS: The release of PCE PRICE INDEX Inflation data encouraging optimism that the Federal Reserve will soon start lowering interest rates.

ECONOMIC INDICATORS: The US Federal Reserve's favorite inflation benchmark, the PCE PRICE INDEX data, rose 0.2% on a monthly basis in June and 2.6% on an annual basis, roughly in-line with expectations. Market calculated odds of a 25 bps cut at the Sept FOMC Meeting held steady at around 88% after the PCE price index reading, according to CME FedWatch monitoring. Traders are still largely optimistic of a second rate cut in December, as LSEG data shows. This rate cut optimism is also one of the reasons fueling buying in Tech stocks and lower US TREASURY yields. UNIVERSITY OF MICHIGAN noted that Inflation Expectations for the next 5 years rose 0.1% to 3.0%, but was accompanied by Consumer Expectations & Sentiment (Jul) which also increased going forward, although there tends to still be pessimism in the current conditions.

ASIA MARKETS: JAPAN reported Tokyo Core CPI and CPI (Jul) which were both more or less in-line with expectations with annual growth of 2.2% each.

COMMODITIES: OIL prices were poised to rise on Monday, trimming last week's losses, on fears of widening conflict in the Middle East following a rocket attack on the Israeli-occupied Golan Heights, for which both Israel and the United States accused the Lebanese armed group Hezbollah of responsibility. BRENT futures rose 0.3%, to USD 81.33/barrel; while US WTI edged up 0.1%, to USD 77.25/barrel. Last week, Brent fell 1.8% while WTI fell 3.7% due to CHINA's declining demand and emerging hopes of a Gaza War ceasefire deal. But recent developments say otherwise: on Sunday, Israel's security cabinet authorized Prime Minister Benjamin Netanyahu's government to decide on the "manner and timing" of the response to Saturday's rocket attack on the Golan Heights that killed 12 teenagers and children. Iran-backed Hezbollah denied responsibility for the attack, which was the deadliest on Israel or an Israeli-annexed territory since an Oct. 7 attack by Palestinian militant group Hamas sparked the war in Gaza. Israel has vowed to retaliate against Hezbollah in Lebanon, and Israeli jets struck targets in southern Lebanon on Sunday.

Corporate News

MFIN: Mandala Finance Prepares Internal Cash to Pay Maturing Bonds IDR 500 Billion

PT Mandala Multifinance Tbk (MFIN) will pay off bonds maturing in the second semester of 2024 with a total value of IDR 500 billion. The bonds will be repaid using the company's internal cash. The bonds that will mature are Mandala Multifinance IV Sustainable Bonds Phase III Year 2021 Series B worth IDR 150 billion, which will mature on August 6, 2024. In addition, Mandala Multifinance IV Sustainable Bonds Phase IV Year 2021 Series B worth IDR 350 billion will mature on December 3, 2024. "Mandala Finance plans to use funds from the company's internal cash," said Managing Director of Mandala Finance, Christel Lasmana, in a statement to Bisnis, Sunday (07/28/2024). Christel explained that the use of internal cash is part of the company's financial management strategy to ensure financial stability and health. "Until now the company has good liquidity, so the use of internal cash is considered the most efficient option," she added. (Bisnis)

Domestic Issue

Government Auctions State Sukuk on July 30, Indicative Target IDR 8 Trillion

The government will hold an auction of State Sharia Securities (SBSN) or State Sukuk on Tuesday, (30/7/2024). The SBSN series to be auctioned are the SPN-S (Surat Perbendaharaan Negara - Syariah) and PBS (Project Based Sukuk) series with an indicative target of IDR 8 trillion which will be allocated to meet part of the financing target in the 2024 State Budget. In this auction, the PBSG001 series is offered again, which is a green sukuk series offered through an auction in the domestic primary market. The SBSN auction will be carried out using an auction system organized by Bank Indonesia as SBSN Auction Agent. The auction is open (open auction) and uses the multiple price method. However, in its implementation, the submission of purchase offers must go through a Primary Dealer that has been approved by the Ministry of Finance. SBSN SPN-S series will be issued using the Ijarah Sale and Lease Back contract based on the fatwa of the National Sharia Council - Indonesian Ulema Council (DSN-MUI) number 72/DSN-MUI/VI/2008. Meanwhile, the PBS series SBSN will use the Ijarah Asset to be Leased contract based on the DSN -MUI fatwa number 76/DSNMUI/VI/2010. (Pasardana)

Recommendation

US10YT sloped back towards Support from the previous Low level at a yield of 4.144%, when a Doji-shaped candle started a temporary revival of yield until it touched MA20 Resistance. That is the exact Moving Average that is still blocking US10YT's upside potential: at the current yield of 4.246%. ADVISE: WAIT & SEE; Sideways trend.

On the other hand, on **ID10YT** there is an attempt to break the Resistance of all three MAs at once and jump the yield to the current 7.08%, although it looks like the 7.003% Gap will be closed again, so anticipate the yield will still be volatile (as well as the price). ADVISE: WAIT & SEE further to ensure the certainty of this break out.

PRICE OF BENCHMARK SERIES

FR0090 : 96.26 (+0.07%)
FR0091 : 96.85 (+0.07%)
FR0094 : 96.22 (-0.02%)
FR0092 : 100.33 (+0.03%)

FR0086 : 98.22 (+0.13%)
FR0087 : 98.25 (+0.02%)
FR0083 : 103.98 (-0.05%)
FR0088 : 94.78 (+0.03%)

CDS of Indonesia Bonds

CDS 2yr: -2.60% to 34.43

CDS 5yr: -2.37% to 74.91

CDS 10yr: -2.05% to 125.89

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.98%	-0.00%
USDIDR	16,290	0.25%
KRWIDR	11.78	0.25%

Global Indices

Index	Last	Chg.	%
Dow Jones	40,589.34	654.27	1.64%
S&P 500	5,459.10	59.88	1.11%
FTSE 100	8,285.71	99.36	1.21%
DAX	18,417.55	118.83	0.65%
Nikkei	37,667.41	(202.10)	-0.53%
Hang Seng	17,021.31	16.34	0.10%
Shanghai	2,890.90	4.16	0.14%
Kospi	2,731.90	21.25	0.78%
EIDO	20.11	0.17	0.85%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,387.2	22.6	0.96%
Crude Oil (\$/bbl)	77.16	(1.12)	-1.43%
Coal (\$/ton)	134.80	0.05	0.04%
Nickel LME (\$/MT)	15,794	25.0	0.16%
Tin LME (\$/MT)	29,571	155.0	0.53%
CPO (MYR/Ton)	3,942	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							
29 – July							
Tuesday	JP	06.30	Jobless Rate	-	Jun	2.6%	2.6%
30 – July	US	21.00	Conf. Board Consumer Confidence	-	Jul	99.7	100.4
Wednesday							
31 - July	US	18.00	MBA Mortgage Applications	-	July 26	-	-2.2%
	US	19.15	ADP Employment Change	-	Jul	168k	150k
	US	20.45	MNI Chicago PMI	-	Jul	44.0	47.4
	US	20.45	MNI Chicago PMI	-	Jul	44.0	47.4
Thursday							
01 – August	JP	07..30	Jibun Bank Japan PMI Manufacturing	-	July F	-	49.2
	ID	07.30	S&P Global Indonesia PMI Mfg	-	July	-	50.7
	ID	11.00	CPI YoY	-	July	2.40%	2.51%
	US	01.00	FOMC Rate Decision (Upper Bound)	-	July 31	5.50%	5.50%
	US	19.30	Initial Jobless Claims	-	July 27	-	235k
	US	20.45	S&P Global US Manufacturing PMI	-	July F	-	49.5
	US	21.00	ISM Manufacturing	-	July	49.0	48.5
Friday							
02 – August	US	19.30	Change In Nonfarm Payrolls	-	July	175k	206k
	US	19.30	Unemployment Rate	-	July	4.1%	4.1%
	US	21.00	Factory Orders	-	June	0.5%	-0.5%
	US	21.00	Durable Goods Order	-	June F	-	-6.6%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



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

A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
Jakarta