

# Morning Brief

Daily | July 31, 2024

## Today's Outlook:

**US ECONOMIC INDICATORS:** On Tuesday, JOLTS JOB OPENINGS kicked off this week's US labor data series, unexpectedly showing there were 8.18 million job openings created in the US in June, down from 8.23 million in May, although still above economists' forecasts of 8 million. Signs of continued labor demand underpinned Consumer Confidence in July, which rose to 100.3 from 97.8 in the previous month. Today will see the ADP Nonfarm Employment Change which forecasts 147k private sector job additions in July, as well as the all-important Chicago PMI (Jul) and Pending Home Sales (Jun) figures which are expected to bounce back to 1.4% mom from the 2.1% contraction in the previous month. So far, the market is betting that it is unlikely that the Fed will change monetary policy at the end of Wednesday's policy meeting, but has fully priced in a 25bps rate cut at the September FOMC MEETING, with a slim chance of a 50 bps cut, and has priced in a total of 66 bps of Fed Fund Rate cuts by the end of this year.

**ASIA & EUROPE MARKETS:** Foreign Direct Investment (FDI) in CHINA plunged further in June, this time contracting 29.1%, up from -28.2% in the previous month, showing how foreign investors do not see China's current condition as a fertile ground for their investments. Further today investors will monitor China's Manufacturing PMI figures in July which are likely to remain in contractionary territory, while the market also expects China to keep their Services activity staying in expansionary territory. SOUTH KOREA & JAPAN have started their Industrial Production (Jun) data this morning where both managed to post better than expected results, which is likely to be a positive sentiment for Asian markets today. BANK OF JAPAN is not expected to change its interest rate policy where the rate is currently at 0.1%.

**Fresh worries emerged in GERMANY, when they released the preliminary Inflation estimate (Jul) which turned out to be up 0.1% to 2.3% yoy, but 2Q GDP still stayed in recessionary territory with negative economic growth of 0.1% yoy.** On the other hand, EUROZONE as a whole managed to book 2nd quarter economic growth which is expected to rise 0.6% yoy in line with expectations, but awaiting further review as this is still a preliminary estimate. German unemployment and Eurozone Inflation data will follow later this afternoon, sure to serve as sentiment moving European markets.

**COMMODITIES:** GOLD futures prices rose 1% as traders looked to the precious metal as a safe-haven asset after Israel launched a targeted counterattack on Beirut, sparking fears of an escalation of the Israel-Lebanon war. Speaking of this MIDDLE EAST CONFLICT, that sentiment has helped shape OIL prices recently, offsetting sluggish demand from China; while OPEC+ seems to be sticking to plans to increase supply. In the meantime, BRENT and US WTI prices are both down around 1.4% which is the lowest closing price for both crude oil benchmarks since June 5 and puts them in technically oversold territory for a second day. US crude futures for diesel and gasoline also closed at their lowest levels since early June. Traders should take note of the combined sentiment between: manufacturing activity in China which is expected to shrink for the third month in July, Israeli airstrikes (retaliation) on Beirut targeting a senior Hezbollah commander, OPEC+ key ministers meeting, plus the release of US weekly crude stockpiles later tonight, as well as the imposition of the latest US economic sanctions on Venezuela related to the Latin country's presidential election; will certainly shape sentiment regarding Crude Oil prices going forward.

## Corporate News

### KIJA: Optimistic to Reach Target, Jababeka is Ready to Repay USD180 Million Bonds

PT Jababeka Tbk (KIJA) sets a target of increasing sales from land development & property by at least IDR 2.5 trillion by 2024. The target supports the plan to repurchase bonds worth USD180 million, with the aim of achieving a cash balance of IDR 4 trillion. PT Jababeka Tbk is an industrial estate issuer with mature land stock in various strategic locations, including Jababeka Estate in Cikarang, Kendal Special Economic Zone (SEZ), Tanjung Lesung SEZ, and Morotai SEZ. Project progress in various regions. Founder and President Director of PT Jababeka Tbk, Setyono Djuandi (SD) Darmono, stated that to achieve a property sales target of at least IDR 2.5 trillion in 2024, Jababeka will rely on the sale of mature land in the four townships owned by the company. (Emiten News)

## Domestic Issue

### Government Receives IDR 24.68 Trillion Offers at Sukuk Auction on Tuesday (7/30)

The Ministry of Finance (MoF) reports that the Government's debt position has carried out an auction of State Sharia Securities (SBSN) or state Sukuk on Tuesday (30/7). The Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance revealed that the total incoming bid at the sukuk auction in the fourth week of July amounted to IDR 24.68 trillion. From the total incoming bid, the government won the bid according to the indicative target of IDR 8 trillion. Of the seven SBSN series offered, PBS032 is the best-selling series with the highest total incoming bid. PBS032 series is also the series with the highest nominal won by the government. PBS032 recorded an incoming bid of IDR 6.37 trillion with a total bid won of IDR 2.1 trillion for this series. The weighted average yield won by the PBS032 series was 6.72%. PBS032 will mature on July 15, 2026 with a reward rate of 4.87%. (Kontan)

## Recommendation

**US10YT is testing Support from the previous Low level at 4.145% yield.** There is no divergence on RSI indicator, opening the possibility that this consolidation will continue towards the lower channel Support around 4.08% yield, in the channel pattern that has been seen downtrend since May, since the projection of rate cut in Sept is increasingly feasible and especially if the Fed can give clearer direction regarding this matter in the July FOMC Meeting decision on Thursday morning WIB. ADVISE: WAIT & SEE.

**ID10YT also seems to have more chance to test the Support from the previous Low level around 6.90% yield.** Looking at the behavior of US10YT, it is not impossible that ID10YT will also follow the consolidation prospect that will drag the yield down further to the longer time-frame Support, which is at 6.83% - 6.80% yield. MA Resistance is stacked towards yield 6.95% - 6.98%, up to the round number 7.0% psychological level will be the closest barrier, thus keeping the price on the uptrend. ADVISE: WAIT & SEE.

## PRICE OF BENCHMARK SERIES

FR0090 : 96.31 (+0.03%)  
FR0091 : 97.07 (+0.05%)  
FR0094 : 96.23 (+0.00%)  
FR0092 : 100.41 (+0.02%)

FR0086 : 98.35 (+0.04%)  
FR0087 : 98.41 (+0.00%)  
FR0083 : 103.95 (-0.02%)  
FR0088 : 94.78 (+0.02%)

## CDS of Indonesia Bonds

CDS 2yr: +1.01% to 34.96

CDS 5yr: +1.11% to 75.34

CDS 10yr: +0.89% to 127.51

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.94%	-0.01%
USDIDR	16,300	0.12%
KRWIDR	11.77	-0.03%

## Global Indices

Index	Last	Chg.	%
Dow Jones	40,743.33	203.40	0.50%
S&P 500	5,436.44	(27.10)	-0.50%
FTSE 100	8,274.41	(17.94)	-0.22%
DAX	18,411.18	90.51	0.49%
Nikkei	38,525.95	57.32	0.15%
Hang Seng	17,002.91	(235.43)	-1.37%
Shanghai	2,879.30	(12.55)	-0.43%
Kospi	2,738.19	(27.34)	-0.99%
EIDO	19.89	(0.17)	-0.85%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,410.8	26.6	1.12%
Crude Oil (\$/bbl)	74.73	(1.08)	-1.42%
Coal (\$/ton)	139.25	(0.85)	-0.61%
Nickel LME (\$/MT)	16,071	234.0	1.48%
Tin LME (\$/MT)	28,779	(517.0)	-1.76%
CPO (MYR/Ton)	3,915	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)	2.39	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
<b>Monday</b>							
29 – July							
<b>Tuesday</b>	JP	06.30	Jobless Rate	-	Jun	2.6%	2.6%
30 – July	US	21.00	Conf. Board Consumer Confidence	-	Jul	99.7	100.4
<b>Wednesday</b>							
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
<b>Thursday</b>							
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
<b>Friday</b>							
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



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