

# Morning Briefing

Daily | August 15, 2024

## Today's Outlook:

**US MARKETS:** The US CPI (Jul) data released as expected further convincing investors that the Federal Reserve will be able to start cutting US interest rates next month. US CONSUMER PRICES rose modestly in July, with the annual increase in inflation slowing below 3% for the first time since early 2021 (2.9% yoy to be precise). On a monthly basis, both CPI and CORE CPI were able to be released in-line with the consensus of 0.2% mom. This data complements the US PPI that came out the day before, also showing inflation continues to moderate, although it has yet to reach the US central bank's 2% target. Financial markets now see a 55% chance of a 25 bps rate cut at the Fed's September 17-18 meeting, according to the CME FedWatch Tool. Prior to this data, investors were almost evenly split between a 25-bps and 50-bps cut. Macquarie economists are even more confident that a rate cut could happen in the 3 FOMC Meeting opportunities in Sept, Nov, and Dec; provided that the disinflation trend is maintained. The Fed's annual meeting in Jackson Hole, which will be held on August 22-24, will give Fed Chairman Jerome Powell the opportunity to flesh out his views on interest rates. Other indicators that market participants will be monitoring today are: Weekly Initial Jobless Claims and US Retail Sales to gauge the strength of the US economy in general.

**ASIA & EUROPE MARKETS:** It was not only the US that released Inflation figures, the UK also announced their CPI for July at 2.2% yoy yesterday, which was below economists' forecast of 2.3% but actually warmed up from June at 2.0%. On the other hand, their CORE CPI cooled slightly by 0.2% to 3.3% yoy (Jul) from 3.5% previously, even though the actual figure was lower than forecast. The UK's 2Q GDP figure should be released this afternoon, following the EUROZONE which yesterday reported its preliminary estimate of 2Q GDP at 0.6% yoy, as estimated up 0.2% from the previous quarter. However, this figure will still be reviewed later as EUROZONE's Industrial Production (Jun) still slips deeper into contraction territory. This morning JAPAN led the way with good news in the ASIA region, as they released 2Q GDP figures which strengthened to 3.1% yoy, higher than the 2.1% forecast and managed to turn things around from negative 2.3% growth in the previous quarter. Next up this morning it's CHINA's job to provide economic data around: Industrial Production, Retail Sales, and Unemployment Rate (Jul); where these data are believed to help shape Asian market sentiment throughout the day. Domestically, INDONESIA'S TRADE BALANCE surplus figure will be in the spotlight for market participants, most importantly monitored is the Export - Import growth where it is forecasted that the surplus is contributed by Exports which will be higher than Imports.

**COMMODITIES:** OIL prices pared gains and ended lower on Wednesday, as a surprise increase in US crude stockpiles pointed to reduced demand for summer travel. BRENT futures fell 1.2% to USD 79.76/barrel, while US WTI dropped 1.8% and ended at USD 76.98/barrel. Data from the Energy Information Agency (EIA) showed US oil inventories actually rose by 1.4 million barrels in the week ending August 9, against an expected decline of 1 million barrels.

## Corporate News

### TINS: Timah Repays Bonds Right on Time

PT TIMAH Tbk (TINS) said that it had completed the repayment of bonds and sukuk worth IDR 806 billion on time. Corporate Secretary of PT TIMAH Tbk, Abdullah Umar, in a written statement on Wednesday (14/8) said that this repayment included sustainable bonds I Timah Phase II Year 2019 Series B amounting to IDR 493 billion and Sukuk Ijarah Berkelanjutan I Timah Phase II Year 2019 amounting to IDR 313 billion. The bonds and Sukuk Ijarah are the result of a Sustainable Public Offering conducted by the Company in 2019 with a 5-year tenor and a coupon or yield of 8.75% per year. (Emiten News)

## Domestic Issue

### Government secures IDR 8 trillion in funds from auction of seven SBSN series

The government absorbed IDR 8 trillion in funds from the auction of seven series of State Sharia Securities (SBSN) on August 13, 2024. In an official statement here on Tuesday, the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance (Kemenkeu) revealed that the nominal bid entered at this auction reached IDR 17.97 trillion. Through the Bank Indonesia (BI) auction system, the Government auctioned the SPNS02022025 (reopening), SPNS29052025 (reopening), PBS032 (reopening), PBS030 (reopening), PBS004 (reopening), PBS039 (reopening), and PBS038 (reopening) series. In this auction, the Government absorbed funds of IDR 800 billion from the SPNS02022025 series which received incoming bids of IDR 2.26 trillion. The weighted average yield won by this series is 6.45000%. Furthermore, the Government won a nominal amount of IDR 550 billion from the SPNS29052025 series which received an incoming bid of IDR 3.46 trillion, with a weighted average yield won of 6.56000%. From the PBS032 series, the Government absorbed IDR 1 trillion in funds from an incoming bid of IDR 5.01 trillion. The weighted average yield won by this series is 6.66988%. Next, the Government won a nominal IDR 2.65 trillion from the PBS030 series, being the largest absorption at this auction. This series received an incoming bid of IDR 2.85 trillion with a weighted average yield won of 6.66757%. From the PBS004 series, IDR 900 billion was absorbed from an incoming bid of IDR 1.11 trillion, with a weighted average yield won of 6.86622%. Meanwhile, from the PBS039 series, the Government won funds of IDR 150 billion from an incoming bid of IDR 160 billion. The weighted average yield won by this series is 6.91700%. Finally, the Government won a nominal amount of IDR 1.95 trillion from the PBS038 series which received an incoming bid of IDR 3.11 trillion, with a weighted average yield won of 7.03955%. (Antara News)

## Recommendation

**US10YT:** as expected, the US10YT yield slid back to the Support floor around 3.816% - 3.78%, continuing to be pressured below the MA10 Resistance especially after the US Inflation data came out cooled as expected. POTENTIAL: Technically, this position allows for further yield consolidation all the way to 3.73% - 3.67%; thus further strengthening in price.

**ID10YT** also retreated deeper along the Support lower channel in the yield downtrend. Even though RSI has now entered Oversold territory, it is not a guarantee that yield will not continue to slide below 6.74%. POTENTIAL: There will only be a meaningful trend reversal if the yield manages to break above the first Resistance: MA10 which is currently at 6.8%. Until that happens, the downtrend in yields should be assumed to remain intact.

## PRICE OF BENCHMARK SERIES

FR0090 : 96.42 (+0.03%)  
FR0091 : 98.00 (+0.09%)  
FR0094 : 96.80 (+0.00%)  
FR0092 : 101.67 (-0.29%)

FR0086 : 98.46 (-0.01%)  
FR0087 : 99.08 (+0.15%)  
FR0083 : 105.87 (+0.16%)  
FR0088 : 95.29 (+0.01%)

## CDS of Indonesia Bonds

CDS 2yr: -0.52% to 33.79

CDS 5yr: -0.84% to 76.86

CDS 10yr: -0.38% to 128.38

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.75%	-0.03%
USDIDR	15,678	-0.98%
KRWIDR	11.54	-0.42%

## Global Indices

Index	Last	Chg.	%
Dow Jones	40,008.39	242.75	0.61%
S&P 500	5,455.21	20.78	0.38%
FTSE 100	8,281.05	45.82	0.56%
DAX	17,885.60	73.55	0.41%
Nikkei	36,442.43	209.92	0.58%
Hang Seng	17,113.36	(60.70)	-0.35%
Shanghai	2,850.65	(17.29)	-0.60%
Kospi	2,644.50	23.00	0.88%
EIDO	21.30	0.30	1.43%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,447.9	(17.3)	-0.70%
Crude Oil (\$/bbl)	76.98	(1.37)	-1.75%
Coal (\$/ton)	145.75	(1.15)	-0.78%
Nickel LME (\$/MT)	16,276	(45.0)	-0.28%
Tin LME (\$/MT)	31,430	231.0	0.74%
CPO (MYR/Ton)	3,723	33.0	0.89%

## Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	6.25%	6.25%	Real GDP	5.05%	5.11%
FX Reserve (USD bn)	145.41	140.20	Current Acc (USD bn)	-2.16	-1.29
Trd Balance (USD bn)	2.39	2.93	Govt. Spending Yoy	1.42%	19.90%
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	2.13%	2.51%	Cons. Confidence*	123.40	123.30

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
<b>Monday</b>							
12 – August							
<b>Tuesday</b>	US	19.30	PPI Final Demand MoM	0.1%	Jul	0.2%	0.2%
13 – August							
<b>Wednesday</b>	US	18.00	MBA Mortgage Applications	16.8%	Aug 9	-	6.9%
14 – August	US	19.30	CPI YoY	2.9%	Aug 9	-	6.9%
	US	19.30	CPI MoM	0.2%	Aug 9	-	6.9%
<b>Thursday</b>	US	19.30	Empire Manufacturing	-	Aug	-6.0	-6.6
15 – August	US	19.30	Retail Sales Advance MoM	-	Jul	0.3%	0.0%
	US	19.30	Industrial Production MoM	-	Jul	0.0%	0.6%
	US	19.30	Initial Jobless Claims	-	Aug 10	-	233k
<b>Friday</b>	US	21.00	University of Michigan Sentiment	-	Aug P	67.2	66.4
16 – August							

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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