

# Morning Briefing

Daily | August 23, 2024

## Today's Outlook:

**US MARKETS:** Investors opted for caution a day before Federal Reserve Chairman Jerome Powell's speech at the Jackson Hole symposium that ends on Aug. 24. Markets widely expect Powell to reiterate the central bank's dovish stance, which paves the way for a rate cut in September, although it is not yet clear whether the Fed chief will explicitly signal a cut in September. In a similar vein, Kansas City Fed President Jeffrey Schmid said he needs to see more economic data before supporting any decision to start reducing rates.

**ECONOMIC INDICATORS:** Data released earlier on Thursday showed that the number of Americans filing jobless claims rose by 4,000 to 232,000 in the latest week, adding to concerns about a cooling US labor market. This followed revised Payroll data on Wednesday's showing, where the US economy created 818,000 fewer jobs than previously reported in the 12-month period to March 2024. This actual growth was almost 30% lower than initially reported, with the revised payroll total being the largest since 2009. Adding to concerns about the economy, manufacturing activity declined more than expected, although fortunately it was still backed up by the services sector so overall the S&P GLOBAL US COMPOSITE PMI was still able to strengthen in expansionary territory. Housing market growth also picked up with EXISTING HOME SALES (Jul) recorded at 3.95 million, higher than expected & previous period. Analysts at Citi said they see a 50 bps reduction as their baseline scenario for September, especially after the FED MEETING MINUTES released on Wednesday showed more central bank officials leaning towards lower interest rates. Speaking of the property market, the NEW HOME SALES (Jul) data is the most awaited later tonight around 2100hrs.

**ASIA & EUROPE MARKETS:** PMI data is scattered across the globe, starting yesterday from JAPAN which reported that both manufacturing and services sectors managed to grow in Aug from the previous month. However, the opposite situation occurred in GERMANY, causing their Composite PMI to fall further into contraction. Weak manufacturing conditions also occurred in EUROZONE but they were helped by the strengthening of the services sector, therefore the Composite PMI could still grow in expansionary territory. The champion of all was the UK which recorded expansionary growth across all sectors, both manufacturing and services. Specific to the ASIAN continent, SOUTH KOREA's central bank set interest rates to remain unchanged at 3.50% as expected. This morning saw the release of Japan's NATIONAL CPI (Jul) figures which saw Core Inflation strengthen in line with expectations to 2.7% yoy.

**COMMODITIES:** OIL prices rose more than 1% on Thursday, as expectations of a US rate cut in the coming weeks fueled a price recovery after 4 days of declines. BRENT crude oil futures closed up 1.54%, to USD 77.22/barrel, while US WTI gained 1.5%, to USD 73.01. The US DOLLAR fell recently amid concerns regarding the weakening economy, which supported the buying interest of oil buyers from non-US countries. In the Middle East, Iran-allied Houthi militants continued to attack international commercial vessels in solidarity with Palestinians in the war between Israel and Hamas. A Greek-flagged oil tanker carrying 150,000 tons of crude oil that was evacuated by its crew after being attacked in the Red Sea now poses an environmental hazard, according to a report by the European Union navy "Aspides" stationed in the Red Sea.

## Corporate News

### BFIN: BFI Finance Offers IDR 600 Billion Bonds, Check the Schedule

PT. BFI Finance Indonesia Tbk (BFIN) is offering sustainable bonds VI phase I in 2024 with a principal amount of IDR 600 billion. In its summary prospectus on Thursday (22/8), BFIN management stated that this Bond is part of the sustainable Bond VI with a target fund to be collected of IDR 6 trillion. The bonds offered consist of 3 series but the amount and interest have not been determined and have a term of 370 Calendar Days from the Issuance Date for Series A and a term of 2 years for Series B and Series C with a term of 3 years from the Issuance Date. The funds obtained from the results of this Public Offering, after deducting issuance costs, will be used by the Company entirely for working capital in the form of investment financing, working capital and multi-purpose (other than sharia-based financing) as determined by the permits held by the Company based on applicable provisions and laws. Fitch Rating Indonesia assigns an idAA- rating to this bond where the underwriters of the bond issuance are PT BCA Sekuritas, PT BRI Danareksa Sekuritas, PT Mandiri Sekuritas and PT Trimegah Sekuritas Indonesia Tbk and PT. Bank Tabungan Negara Tbk. (BBTN) acts as trustee. The initial offering period will take place on August 22 and September 4, 2024 and the public offering period on September 18 to 22, 2024 while the Electronic Bond Distribution date is September 25, 2024 and the Bond listing on the IDX is on September 26, 2024. (Emiten News)

## Domestic Issue

### Government to Auction SBSN Next Week with a Target

The government will conduct an auction of State Sharia Securities (SBSN) or State Sukuk on Tuesday, August 27, 2024. The SBSN series to be auctioned are the SPN-S (Surat Perbendaharaan Negara - Sharia) and PBS (Project Based Sukuk) series to meet part of the financing target in the 2024 State Budget. Quoting a statement from the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance, the SBSN series to be auctioned include; SPNS 03032025, SPNS 29052025, PBS032, PBS030, PBSG001, PBS004, and PBS038. In more detail, SPNS 03032025 and SPNS 29052025 have discounted rewards. Then PBS032 at 4.875%, PBS030 at 5.875%. In addition, PBSG001 at 6.625%, PBS004 at 6.1%, and PBS038 at 6.875%. From the auction, the government set an indicative target of IDR 8 trillion. As for this auction, the PBSG001 series was offered again, which is a green sukuk series offered through auction in the domestic primary market. (Emiten News)

## Recommendation

US10YT created a green candle right after the DOJ candle that appeared in the Support area of 3.816% - 3.78% yield. Preparations to break MA10 Resistance or 3.87% yield will be largely determined by Fed Chairman Jerome Powell's comments at the Jackson Hole symposium this 23rd. If there is further strengthening, it is expected to test the yield level: 3.93% / 4.0%.

ID10YT in its Resistance test attempt intends to try to break back the 6.67% Resistance that is now right in the way. A break of this level will bring ID10YT yield back to face MA10 or yield 6.708%. Conversely, the failure of the yield to advance upwards will drag it back down towards the bottom target: 6.55% - 6.53%.

## PRICE OF BENCHMARK SERIES

FRO090	: 96.88 (-0.01%)
FRO091	: 98.35 (-0.27%)
FRO094	: 96.80 (+0.00%)
FRO092	: 102.76 (+0.05%)
FRO086	: 98.55 (-0.02%)
FRO087	: 99.60 (-0.30%)
FRO083	: 106.41 (-0.07%)
FRO088	: 96.28 (+0.20%)

## CDS of Indonesia Bonds

CDS 2yr	: -0.18% to 31.21
CDS 5yr	: -0.70% to 70.52
CDS 10yr	: -0.15% to 120.56

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.65%	0.04%
USDIDR	15,600	0.74%
KRWIDR	11.61	-0.04%

## Global Indices

Index	Last	Chg.	%
Dow Jones	40,712.78	(177.71)	-0.43%
S&P 500	5,570.64	(50.21)	-0.89%
FTSE 100	8,288.00	4.57	0.06%
DAX	18,493.39	44.44	0.24%
Nikkei	38,211.01	259.21	0.68%
Hang Seng	17,641.00	249.99	1.44%
Shanghai	2,848.77	(7.81)	-0.27%
Kospi	2,707.67	6.54	0.24%
EIDO	21.29	(0.67)	-3.05%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,484.8	(27.8)	-1.11%
Crude Oil (\$/bbl)	73.01	1.08	1.50%
Coal (\$/ton)	146.75	0.85	0.58%
Nickel LME (\$/MT)	16,603	(307.0)	-1.82%
Tin LME (\$/MT)	32,316	(379.0)	-1.16%
CPO (MYR/Ton)	3,826	72.0	1.92%

## 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)	-3.02	-2.16
Trd Balance (USD bn)	0.47	2.39	Govt. Spending Yoy	1.42%	19.90%
Exports Yoy	6.46%	1.17%	FDI (USD bn)	6.03	4.82
Imports Yoy	11.07%	7.58%	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>	JP	06.50	Core Machine Orders MoM	2.1%	Jun	0.9%	-3.2%
19 – August	US-	21.00	Leading Index	-0.6%	Jul	-0.3%	-0.2%
<b>Tuesday</b>	-	-	-	-	-	-	-
20 – August							
<b>Wednesday</b>	ID	14.20	BI - Rate	6.25%	Aug 21	6.25%	6.25%
21 – August	US	18.00	MBA Mortgage Applications	-10.1%	Aug 16	-	16.8%
<b>Thursday</b>	US	19.30	Initial Jobless Claims	232k	Aug 17	-	227k
22 – August							
	US	19.30	S&P Global US Manufacturing PMI	48.0	Aug P	-	49.6
	US	21.00	Existing Home Sales	3.95m	Jul	3.90m	3.89m
<b>Friday</b>	JP	06.30	National CPI YoY	-	Jul	2.7%	2.8
23 – August	US	21.00	New Home Sales	-	Jul	631k	617k

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

**Axell Ebenhaezer**

Mining, Property  
T +62 21 5088 ext 9133  
E Axell.Ebenhaezer@nhsec.co.id

### Analyst

**Ezaridho Ibnutama**

Consumer Goods, Poultry, Healthcare  
T +62 21 5088 ext 9126  
E ezaridho.ibnutama@nhsec.co.id

### 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

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## PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

### JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51<sup>st</sup> 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

Telp : +62 22 860 22122

### 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

Telp : +62 411 360 4650

### Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

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