

Morning Briefing

Daily | August 30, 2024

Today's Outlook:

US MARKETS: Stronger US economic data helped ease recession fears. GDP growth for the second quarter came in at 3%, surpassing expectations and up from 1.4% in the first quarter. Unemployment benefit claims last week came in at 231,000, slightly below estimates.

MARKET SENTIMENT: Let's not forget that there will be important data closely monitored by market participants and the US central bank on Friday evening, namely the US PCE PRICE INDEX, Personal Spending, as well as the inflation outlook & consumer sentiment from the esteemed University of Michigan.

ASIAN MARKETS: Financial market trading in Asia on Friday may be volatile, with investors facing a range of important data releases. Today's economic calendar includes: India's second quarter GDP, South Korea's retail sales and industrial production, Hong Kong's retail sales, data from Japan including Tokyo's retail sales, industrial production, unemployment and inflation. India's economic growth likely slowed to 6.9% in the April-June quarter. On the corporate front, earnings reports from Industrial and Commercial Bank of China, CITIC, and China Construction Bank will also be released. This morning SOUTH KOREA has reported Industrial Production & Retail Sales which weakened further in July. On the other hand, JAPAN announced Tokyo Inflation which rose above expectations, but was not accompanied by Industrial Production & Retail Sales which also strengthened; the Unemployment Rate instead rose 0.2% to 2.7% in July, indicating symptoms of stagflation beginning to creep into the Japanese economy.

EUROPEAN MARKETS: From continental Europe, today will see: Retail Sales and Unemployment figures from GERMANY, preliminary estimate of August CPI and Unemployment rate from EUROZONE.

CURRENCY: During the almost-ended month of August, the DOLLAR INDEX fell 2.6%, the Yen rose 3.7%, and the Chinese Yuan rose 1.5%.

COMMODITIES: Oil prices settled up by more than a dollar a barrel on Thursday as supply disruptions in Libya and plans to lower output in Iraq raised fears of tighter global supplies. Brent crude futures gained USD 1.29, or 1.6%, to settle at USD 79.94 a barrel. U.S. West Texas Intermediate crude futures rose USD 1.39, or 1.9%, to USD 75.91 a barrel. More than half of Libya's oil production was offline on Thursday and exports were halted at several ports due to a standoff between rival political factions. About 700,000 barrels per day of oil output is offline in the country, according to Reuters calculations.

Corporate News

ASRI: Eliminate US Dollar Debt, ASRI Pays Global Bonds

PT Alam Sutera Realty Tbk (ASRI) eliminated its debt in US dollars. This was done by paying off the global bonds owned by Alam Sutera. Investor Relations ASRI, Tassa Remisha said, ASRI received a loan from PT Bank Central Asia Tbk (BBCA) of IDR 3.9 trillion on June 6, 2024. This loan is used to pay off global bonds maturing in 2025. On July 15, 2024, ASRI made an accelerated repayment of the US dollar-denominated global bonds amounting to USD 251 million. "This was done as part of the company's efforts to strengthen its balance sheet position," said Tassa in a public expose on Thursday (29/8). Until the End of 2024 Just so you know, ASRI recorded sales, service revenues, and other businesses recorded IDR 1.88 trillion in the first semester of 2024. This figure is up 17.7% on an annual basis, aka year on year (YoY) from IDR 1.59 trillion. (Bisnis)

Domestic Issue

Government Says Indonesia's Debt is Not That Big

The Coordinating Ministry for Economic Affairs stated that the total government debt is not large. However, Indonesia's tax ratio is still low. Expert Staff of the Coordinating Minister for Economic Affairs, Raden Pardede said that Indonesia's debt ratio still remains at a safe limit, which is below 60% of gross domestic product (GDP). For information, government debt as of the end of July 2024 reached IDR 8,502.69 trillion. This amount increased by IDR 57.82 trillion from the previous month's debt position of IDR 8,444.87 trillion. The government debt ratio as of July 2024 reached 38.68% of GDP, down slightly from the previous month which touched 39.13% of GDP. This position is below the safe limit of 60% of GDP that has been set according to Law (UU) Number 17 of 2003 concerning State Finance. Raden said Indonesia's debt ratio compared to other countries was not too large. Even so, when viewed from the fiscal burden, it is relatively large because the tax ratio is still low. Therefore, the problem is not Indonesia's large government debt, but the low tax ratio. He compared the tax ratio with other countries, such as Cambodia, where the tax ratio is 15% of GDP. (Detik Finance)

Recommendation

US10YT yields started to slowly creep up, attempting to break the initial resistance, **MA10 & MA20**, to the upper yields of **3.835% - 3.865%**. Anticipating tonight's US PCE PRICE Index announcement from the US it looks like the Fed's favorite Inflation benchmark will shape the direction of US TREASURY yields and prices in the near term.

On the other hand, **ID10YT** still has no strong motivation to break the nearest Resistance which is **6.64%** yield and still leaves room for further consolidation towards the bottom target around **6.53%**. ADVISE: HOLD, WAIT & SEE

PRICE OF BENCHMARK SERIES

FR0090 : 97.01 (+0.02%)
FR0091 : 98.63 (+0.07%)
FR0094 : 96.80 (+0.00%)
FR0092 : 103.14 (+0.06%)

FR0086 : 98.57 (+0.01%)
FR0087 : 99.61 (-0.04%)
FR0083 : 106.57 (-0.06%)
FR0088 : 96.57 (+0.02%)

CDS of Indonesia Bonds

CDS 2yr: -0.89% to 29.64

CDS 5yr: -0.27% to 67.41

CDS 10yr: -0.64% to 115.63

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.62%	-0.01%
USDIDR	15,415	-0.06%
KRWIDR	11.57	0.28%

Global Indices

Index	Last	Chg.	%
Dow Jones	41,335.05	243.63	0.59%
S&P 500	5,591.96	(0.22)	0.00%
FTSE 100	8,379.64	35.79	0.43%
DAX	18,912.57	130.28	0.69%
Nikkei	38,362.53	(9.23)	-0.02%
Hang Seng	17,786.32	93.87	0.53%
Shanghai	2,823.11	(14.32)	-0.51%
Kospi	2,662.28	(27.55)	-1.02%
EIDO	21.85	(0.21)	-0.95%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,521.4	16.8	0.67%
Crude Oil (\$/bbl)	75.91	1.39	1.87%
Coal (\$/ton)	145.00	0.00	0.00%
Nickel LME (\$/MT)	17,003	(16.0)	-0.09%
Tin LME (\$/MT)	32,345	(260.0)	-0.80%
CPO (MYR/Ton)	3,940	20.0	0.51%

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)	4.89	6.03
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
Monday	GE	15.00	IFO Business Climate	86.6	Aug	86.0	87.0
26 – August	US	21.00	Durable Goods Order	9.9%	Jul P	3.9%	-6.7%
Tuesday	US	21.00	Conf. Board Consumer Confidence	103.3	Aug	100.0	100.3
27 – August							
Wednesday	US	18.00	MBA Mortgage Applications	0.5%	Aug 23	-	-10.1%
28 – August							
Thursday	GE	19.00	CPI EU Harmonized YoY	2.0%	Aug P	2.3%	2.6%
29 – August							
	US	19.30	Initial Jobless Claims	231k	Aug 24	-	232k
	US	19.30	GDP Annualized QoQ	3.0%	2Q S	2.8%	2.8%
Friday	JP	06.30	Jobless Rate	-	Jul	2.5%	2.5%
30 – August	JP	06.30	Tokyo CPI Ex-Fresh Food YoY	-	Jul	1.23	1.23
	US	19.30	Personal Income	-	Jul	0.2%	0.2%
	US	19.30	Personal Spending	-	Jul	0.5%	0.3%
	US	20.45	MNI Chicago PMI	-	Aug	-	45.3
	US	21.00	University of Michigan Sentiment	-	Aug F	67.8	67.8

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury

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Indonesia 10 Years Treasury

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