

Today's Outlook:

US FEDERAL RESERVE: US central bank policymakers on Monday rejected the notion that weaker-than-expected July jobs data indicated the US economy is falling into recession, although it must be acknowledged there is an economic slowdown. Analysts also think that one monthly data does not necessarily conclude the opinion of a recession; especially when there is not much other supporting economic data this week so market participants should actually wait for further developments. BANK OF AMERICA in their note to customers on Tuesday, identified 4 reasons why the US economy is believed not to fall into a hard-landing scenario. First, the Fed's reaction has been increasingly dovish. Second, while there has been weakness in the labor sector, it is almost certain that the Fed will implement a rate cut in Sept. Thirdly, with lower interest rates, the risk of bad loans will be further reduced. Fourth, even if the US economy is severely shaken, bonds will benefit from this as investors seek safe-haven assets. In conclusion, Bank of America generally maintains an optimistic outlook, although there are many challenges ahead, the 4 factors above are believed to provide a safeguard against hard-landing concerns.

CURRENCY & FIXED INCOME: The US DOLLAR recovered against other major currencies, the Japanese Yen stabilized around 7-month highs against the US currency following a recent rebound in highs. The DOLLAR INDEX, which measures the greenback's strength against a basket of other world currencies including the Yen and Euro, rose 0.07% to 102.94. Against the Japanese Yen, the US Dollar strengthened 0.4% to 144.74 while the Euro fell 0.2% to USD 1.093. US Treasury yields rose as concerns that the US economy is rapidly entering a recession were deemed exaggerated, while safe-haven demand for US bonds also diminished as stock prices began to recover. The yield on the 10-year Treasury note rose 12 bps to 3.903%, from 3.783% late Monday. The yield on the 30-year bond rose 12.1 bps to 4.1924%. Meanwhile, the 2-year US Treasury yield, which usually moves in tandem with interest rate expectations, rose 10.9 bps to 3.9936%, from 3.885% on Monday night.

U.S. POLITICAL MAP: Vice President Kamala Harris, who has received the full support of the US Democratic Party to run for the US Presidential Election against Donald Trump, is running with Minnesota Governor Tim Walz as her presidential candidate.

ASIA & EUROPE MARKETS: GERMAN Factory Orders (Jun) and UK S&P Global Construction PMI (Jul) data which rose above expectations seemed to have helped maintain positive sentiment in European markets. Today, Halifax housing price index data from the UK and Industrial Production will be highlighted by market participants. Meanwhile from the Asian continent, CHINA Import-Export data will be closely monitored as consensus investors expect growth in July in the international trade activities of the world's second largest economy.

COMMODITIES: OIL prices closed higher on Tuesday after hitting multi-month lows on Monday, as traders' attention turned to supply tightness as financial markets recovered, easing concerns about the outlook for energy demand. US WTI crude oil prices closed up 0.36% to USD 73.20/ barrel while BRENT closed at USD 76.48/barrel, up 0.24%. In terms of precious metals, GOLD prices melted on the strengthening US Dollar and rising bond yields, although expectations of a US rate cut in September and escalating CENTRAL EAST CONFLICT limited losses. It is known that the Lebanese armed group Hezbollah launched a series of drone and rocket attacks on northern Israel, in retaliation for the killing of one of their generals in Iranian territory. Gold spot price fell 0.82% to USD 2,387.88/ounce, which yesterday's low point has tested the first support at USD 2364/ounce. If the Gold price breaks the second Support layer at USD 2350, it is certain that the Gold price will continue to slide down towards USD 2290-2280 / ounce.

INDONESIA: Today, we will monitor the Foreign Exchange Reserves (Jul) figure which was last at USD 140.2 billion.

Corporate News

KAI: Buy Locomotives and Flat Wagons, KAI Issues IDR 1 Trillion Bonds

PT Kereta Api Indonesia (Persero) or KAI is offering bonds and sukuk worth a total of IDR 1 trillion to fund the purchase of wagons and locomotives for the state-owned company. The bonds consist of Shelf Registration Bonds I Kereta Api Indonesia Phase II Year 2024 with a principal of IDR 700 billion and Shelf Registration Sukuk Ijarah I Kereta Api Indonesia Phase II Year 2024 with the remaining ijarah reward of IDR 300 billion. KAI bonds offer coupon rates of 6.9% for a 3-year tenor, 7.2% for a 5-year tenor, and 7.3% per annum for a 7-year term. The public offering period for KAI bonds and sukuk will be held on August 7, 2024 and allotment will be made on August 8, 2024. The bonds will be listed on the Indonesia Stock Exchange on August 12, 2024. With the bond issuance, KAI has the potential to pocket fresh funds worth IDR 1 trillion from the corporate bond market. (Bisnis)

Domestic Issue

Total SUN Auction Bids Reach IDR 66 Trillion on Tuesday (6/8)

The Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance (Kemenkeu) noted an increase in bids at this week's SUN auction. Director of Government Securities of the Ministry of Finance's DJPPR Deni Ridwan revealed that the total incoming bids amounted to IDR 66.97 trillion at the SUN auction on Tuesday (6/8). The number of bids this week was observed to be higher than the bid of IDR 57.19 trillion at the SUN auction two weeks ago. Deni said, the issuance of the new SUN series FR0103 with a tenor of 11 years as a candidate for a 10-year benchmark series for 2025 received a very positive response. This is reflected in the incoming bids for the series which reached IDR 37.1 trillion or 55.4% of the total incoming bids, and won IDR 10.65 trillion or 46.3% of the total awarded bids. Incoming and awarded bids for the FR0103 series were the largest in today's auction. Followed by the 5-year tenor series, FR0101 with an incoming bid of IDR 10.62 trillion and won IDR 3.85 trillion. In addition, the government again offered the Sustainable Development Goals (SDGs) Bond series, FRSDG001, at the SUN auction this time. FRSDG001 also received a positive response from investors with incoming bids of IDR 1.04 trillion or 1.55% of the total incoming bids. Meanwhile, foreign investor interest in yesterday's SUN auction remained strong with total incoming bids of IDR 10.7 trillion. The majority of the incoming bids were on 11-year SUN amounting to IDR 6.42 trillion or 60.03% of the total incoming bids of foreign investors, and won IDR 1.84 trillion or 45.19% of the total awarded bids of foreign investors. (Kontan)

Recommendation

US10YT seems to be confirming the rebound with another rise in yield after the previous day bounced off the lowest level in over a year. The crucial yield resistance starts from 3.955% yield, up to the psychological level of 4.0%, where it will meet the MA10. ADVISE: anticipate price weakness in the near future.

ID10YT encountered Moving Average Resistance which started to block around the yield of 6.915% - 6.983%. In fact, ID10YT has the potential to return to Support yield 6.84% - 6.81%. ADVISE: Hold, Wait & See wait for the direction of yield movement.

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	2.13%	2.51%	Cons. Confidence*	123.30	125.20

PRICE OF BENCHMARK SERIES

FR0090 : 96.38 (-0.02%)
FR0091 : 97.58 (-0.01%)
FR0094 : 96.77 (+0.56%)
FR0092 : 101.35 (+0.14%)

FR0086 : 98.39 (-0.03%)
FR0087 : 98.81 (-0.06%)
FR0083 : 104.75 (-0.05%)
FR0088 : 95.21 (-0.06%)

CDS of Indonesia Bonds

CDS 2yr: -0.41% to 35.31
CDS 5yr: -2.01% to 80.22
CDS 10yr: -0.32% to 133.18

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.82%	0.01%
USDIDR	16,165	-0.12%
KRWIDR	11.73	-0.73%

Global Indices

Index	Last	Chg.	%
Dow Jones	38,997.66	294.39	0.76%
S&P 500	5,240.03	53.70	1.04%
FTSE 100	8,026.69	18.46	0.23%
DAX	17,354.32	15.32	0.09%
Nikkei	34,675.46	3217.04	10.23%
Hang Seng	16,647.34	(51.02)	-0.31%
Shanghai	2,867.28	6.59	0.23%
Kospi	2,522.15	80.60	3.30%
EIDO	19.87	0.31	1.58%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,390.8	(20.0)	-0.83%
Crude Oil (\$/bbl)	73.20	0.26	0.36%
Coal (\$/ton)	145.50	1.80	1.25%
Nickel LME (\$/MT)	16,385	109.0	0.67%
Tin LME (\$/MT)	29,651	167.0	0.57%
CPO (MYR/Ton)	3,705	(82.0)	-2.17%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	ID	11.00	GDP YoY	5.05%	2Q	5.00%	5.11%
05 – August	US	20.45	S&P Global US Manufacturing PMI	55	Jul F	56	56
	US	21.00	ISM Services Index	51.4	Jul	51	48.8
Tuesday	US	19.30	Trade Balance	-\$73.1B	Jun	-\$ 72.5B	-\$75.1B
06 – August							
Wednesday	US	18.00	MBA Mortgage Applications	-	Aug 2	-	-3.9%
07 – August							
Thursday	JP	06.50	BoP Current Account Balance	-	Jun	¥1864B	¥2849.9B
08 – August	US	19.30	Initial Jobless Claims	-	Aug 3	243k	249k
Friday	GE	13.00	CPI YoY	-	Jul F	2.3%	2.3%
09 – August	GE	13.00	CPI MoM	-	Jul F	0.3%	0.3%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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