

# Morning Brief

Daily | August 8, 2024

## Today's Outlook:

**FIXED INCOME:** The US government sold USD 42 billion worth of 10-year government bonds on Wednesday at a higher yield than expected as demand declined. The bonds gave a 3.960% yield, 3.1 bps above the expected yield, or the at-issue rate of 3.929%, but below the highest 4.276% yield seen in the previous auction. The weak auction pushed US government bond yields higher, with the 10-year bond trading at a yield of 3.951%, up 6bps.

**ECONOMIC INDICATORS:** Not much economic data to look forward to; as usual, every Thursday the weekly Initial Jobless Claims figure will be monitored where this time it is predicted that there will be 241k jobless claims in the latest week, compared to the surprising 249k in the previous week.

**ASIA & EUROPE MARKETS:** CHINA posted higher growth in Imports than their Exports which appeared to weaken in July. Meanwhile, INDONESIA reported July Foreign Exchange Reserves at USD 145.4bn, managing to move higher from the previous month at USD 140.2bn. The amount was the largest since last December, supported by the government's global sukuk issuance as well as tax and service revenues.

**COMMODITIES:** Energy stocks led the market higher, supported by a surge in OIL prices after data showed US crude stockpiles fell more than expected in the week ended August 2. The Energy Information Agency (EIA) reported on Wednesday that US crude stockpiles fell by 3.7 million barrels in the week to August 2, compared with estimates of a decline of just 1.6 million barrels. US WTI managed to crawl up to USD 75.36/barrel, bouncing back from a low of USD 71.7 earlier in the week that was rocked by recession fears.

## Corporate News

### ADHI: Adhi Karya Repays IDR 473.5 Billion Bonds

PT Adhi Karya Tbk (ADHI) announced that it will pay off its Sustainable Bonds III Phase II in 2021 series B worth IDR 473.5 billion, which will mature on August 24, 2024. Bani Iqbal, Finance Director of ADHI in a press release in Jakarta, yesterday said that the funds for the bond repayment came from the proceeds from the issuance of sustainable bonds IV in 2024 and the company's cash. As is known, ADHI Sustainable Bonds III Phase II Year 2021 worth IDR 673.5 billion was issued on August 19, 2021. This is part of ADHI's Public Offering of Sustainable Bonds III with a total value of IDR 5 trillion. ADHI's bonds consist of series A with a principal amount of IDR 200 billion having a tenor of 370 days and a fixed interest rate of 7.50% per annum, and series B worth IDR 473.5 billion with a fixed interest rate of 9.55% per annum with a period of three years. (Neraca)

## Domestic Issue

### Government to Auction SBSN August 13, 2024, Indicative Target IDR 8T

The government plans to conduct an auction of State Sharia Securities (SBSN) or State Sukuk on Tuesday (13/8/2024). There are at least 7 series that will be auctioned with an indicative target of IDR 8 trillion, to meet the 2024 State Budget financing target. The SBSN series to be auctioned are SPN-S (Surat Perbendaharaan Negara - Syariah) and PBS (Project Based Sukuk) to meet part of the financing target in the 2024 State Budget. A press release from the Directorate of Sharia Financing of the Ministry of Finance of the Republic of Indonesia on Tuesday (6/8/2024) stated that there are 7 series that will be auctioned with an indicative target of IDR 8 trillion and a settlement date of August 15, 2024. Here is the list: SPNS 02022025 (reopening) maturity date February 2, 2025, SPNS 29052025 (reopening) maturity date May 29, 2025, PBS032 (reopening) maturity date July 15, 2026, PBS030 (reopening) maturity date July 15, 2028, PBS004 (reopening) maturity date February 15, 2037, PBS039 (reopening) maturity date July 15, 2041 and PBS038 (reopening) maturity date December 15, 2049. Non-competitive Purchase Allocation for SPNS 02022025 and SPNS 29052025 series amounted to 75% of the amount won while the other series were 30% of the amount won. (Emiten News)

## Recommendation

**US10YT hit lower channel resistance around 3.977% high yield yesterday, seems to be nervously approaching the psychological level of 4.0% which is also carried by MA10.** POTENTIAL: yield will still be highly volatile, possibly even slipping back to the Support area of 3.816% - 3.78%.

**ID10YT retreated back to the Support area around 6.81% after several attempts to break the Resistance above the yield of 6.915% up to the psychological level of 7.0%.** POTENTIAL: yield needs to undergo a bottoming process in this phase to have the energy for a solid rebound. While RSI has been standing by near the Oversold region, Wait & See for further developments.

## PRICE OF BENCHMARK SERIES

FR0090 : 96.36 (-0.02%)  
FR0091 : 97.63 (+0.05%)  
FR0094 : 96.80 (+0.03%)  
FR0092 : 101.30 (-0.06%)

FR0086 : 98.43 (+0.04%)  
FR0087 : 98.76 (-0.05%)  
FR0083 : 104.78 (+0.03%)  
FR0088 : 95.26 (+0.05%)

## CDS of Indonesia Bonds

CDS 2yr: -0.85% to 35.01  
CDS 5yr: -1.67% to 78.88  
CDS 10yr: -0.87% to 132.07

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.81%	-0.01%
USDIDR	16,035	-0.80%
KRWIDR	11.66	-0.63%

## Global Indices

Index	Last	Chg.	%
Dow Jones	38,763.45	(234.21)	-0.60%
S&P 500	5,199.50	(40.53)	-0.77%
FTSE 100	8,166.88	140.19	1.75%
DAX	17,615.15	260.83	1.50%
Nikkei	35,089.62	414.16	1.19%
Hang Seng	16,877.86	230.52	1.38%
Shanghai	2,869.83	2.55	0.09%
Kospi	2,568.41	46.26	1.83%
EIDO	20.04	0.17	0.86%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,382.2	(7.9)	-0.36%
Crude Oil (\$/bbl)	75.23	2.03	2.77%
Coal (\$/ton)	145.00	(0.50)	-0.34%
Nickel LME (\$/MT)	16,296	(89.0)	-0.54%
Tin LME (\$/MT)	29,991	340.0	1.15%
CPO (MYR/Ton)	3,697	(8.0)	-0.22%

## 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	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*	123.30	125.20

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
<b>Monday</b>	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
<b>Tuesday</b>	US	19.30	Trade Balance	-\$73.1B	Jun	-\$ 72.5B	-\$75.1B
06 – August							
<b>Wednesday</b>	US	18.00	MBA Mortgage Applications	-	Aug 2	-	-3.9%
07 – August							
<b>Thursday</b>	JP	06.50	BoP Current Account Balance	-	Jun	¥1864B	¥2849.9B
08 – August	US	19.30	Initial Jobless Claims	-	Aug 3	243k	249k
<b>Friday</b>	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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