

Morning Brief

Daily | August 9, 2024

Today's Outlook:

US MARKETS: Better-than-expected labor market data, easing fears of a US recession. Labor data showed the number of Americans filing jobless claims reached 233,000 for the week ending August 3. This was below expectations of 241,000, and down from a revised 250,000 in the previous week, which was an 11-month high. The report thus eased concerns about weakness in the labor market leading to a potential recession, following the release of last week's weak Nonfarm Payrolls report. As noted, Wall Street's major indices have experienced sharp declines over the past few weeks, with the NASDAQ having entered correction territory as it plunged 10% from its highs. Facing mounting market pressure regarding the Federal Reserve's urgency to cut interest rates soon, Richmond Fed President Thomas Barkin on Thursday defended the central bank's position by seemingly downplaying calls for urgent rate-cutting action, and said that the Fed has time to assess the pace of the economic slowdown. Bets on a 50bps cut in September fell to 56% from 72% a day earlier, according to Investing.com's Fed Monitor Tool.

ASIA & EUROPE MARKETS: Amidst the absence of important economic indicators from the US at the end of this week for market reference, market participants will direct their focus to CHINA and GERMANY inflation figures, both for July. China is known to be struggling to stimulate its economy, thus expecting inflation (Jul) to be able to rise slightly by at least 0.1% to 0.3% yoy; while Germany is actually maintaining the pace of falling inflation towards the ECB target of 2%, a step away from the 2.2% that occurred in the previous month. Domestically, INDONESIA will release data on retail sales (Jun) as well as Motorcycle Sales (Jul).

COMMODITIES: Oil prices rose on Thursday for the third consecutive session, after US weekly jobless claims data eased demand concerns and continued complications of the MIDDLE EAST CONFLICT helped prices recover from Monday's 8-month low. BRENT crude oil futures closed up 1.06% to USD 79.16/barrel, while US WTI closed up 1.28% to USD 76.19. Citi analysts said Brent has upside potential to the USD 80's range on the back of market risks, from US oil reserve stocks dropping more than expected and this has lasted 6 consecutive weeks, to the escalation of geopolitical risks in North Africa and the Middle East, as well as the possibility of weather-related disruptions during the hurricane season.

Corporate News

KAI: PT KAI Prepares to Refinance IDR 1.9 Trillion Bond Maturity

PT Kereta Api Indonesia (Persero) or KAI is preparing to refinance ahead of the maturity of bonds amounting to IDR 1.9 trillion in 2024. PT KAI will face the maturity of the 2017 Kereta Api Indonesia Bonds I Series B on November 21, 2024 worth IDR 1 trillion, and the 2019 Kereta Api Indonesia Bonds II Series A which falls on December 13, 2024 with a value of IDR 900 billion. PT KAI Vice President of Public Relations Anne Purba said that along with the maturity of bonds worth IDR 1.9 trillion at the end of 2024, the state-owned transportation company plans to refinance or refinance through bond issuance. "Refinancing with the issuance of new bonds. KAI continues to explore, optimize, and balance financing sources according to company needs and macroeconomic conditions, one of which is bonds," he told Bisnis, quoted on Thursday (8/8/2024). KAI is known to issue bonds and sukuk with a total value of IDR 1 trillion. Based on the disclosure of company information, the funds will be used to pay for the procurement of 54 locomotives and the procurement of flat carriage assets in South Sumatra. In detail, KAI issued Shelf Registration Bonds I Kereta Api Indonesia Phase II Year 2024 with a principal amount of IDR 700 billion. The bonds, which are guaranteed on a full commitment basis, consist of three series. (Bisnis)

Domestic Issue

Ma'ruf Amin Proposes Biodiversity Funding Scheme, Sukuk to Bonds

Vice President Ma'ruf Amin has called for the mobilization of funding for adequate and collaborative biodiversity development. This is because biodiversity management is one of the instruments to realize the Golden Indonesia 2045. Biodiversity is vital for human survival. Starting from the need for food, energy, water, to the entire life system on earth depends on the preservation of its ecosystem. According to Ma'ruf Amin, Indonesia's biodiversity can not only support food and energy security, but also as a source of new economic growth through the development of the green and blue economy. "Develop innovative financing schemes to issue green and blue bonds, green sukuk, ecology-based fiscal transfers," said Ma'ruf Amin at the launch of the Indonesia Biodiversity Strategy & Action Plan (IBSAP) 2025-2045 at the Vice Presidential Palace, Jakarta, Thursday (8/8). In addition, Ma'ruf Amin also proposed various incentives for the private sector in conserving biodiversity. He also requested that multi-stakeholder synergy and collaboration be improved. "The support of the private sector, philanthropy, and the international community is very important not only in helping manage biodiversity in Indonesia, but also in maintaining the preservation and balance of the global ecosystem," he said. (Kumparan)

Recommendation

US10YT is still trying to break through MA10 Resistance at a yield of 3.990% but does not look confident to return to the head 4 area. This psychological level will determine the future of US10YT yield movement. Next Target/Resistance: MA20 / yield 4.106% and MA50 / yield 4.235%. ADVISE: WAIT & SEE).

Following the movement of US10YT, ID10YT also appears to have tried several times to rise above MA10 Resistance / yield 6.867%. This will be a crucial first step to determine where ID10YT yield will go next. Next Target/Resistance: MA20 / yield 6.91% and MA50 / yield 6.98% up to the psychological level of 7.0%. ADVISE: WAIT & SEE.

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

PRICE OF BENCHMARK SERIES

FR0090 : 96.39 (+0.02%)
FR0091 : 97.75 (+0.13%)
FR0094 : 96.80 (+0.00%)
FR0092 : 101.93 (+0.63%)

FR0086 : 98.43 (+0.00%)
FR0087 : 98.87 (+0.11%)
FR0083 : 104.93 (+0.15%)
FR0088 : 95.41 (+0.16%)

CDS of Indonesia Bonds

CDS 2yr: -2.27% to 34.21

CDS 5yr: -1.21% to 77.93

CDS 10yr: -1.76% to 129.75

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.79%	-0.03%
USDIDR	15,895	-0.87%
KRWIDR	11.54	-0.99%

Global Indices

Index	Last	Chg.	%
Dow Jones	39,446.49	683.04	1.76%
S&P 500	5,319.31	119.81	2.30%
FTSE 100	8,144.97	(21.91)	-0.27%
DAX	17,680.40	65.25	0.37%
Nikkei	34,831.15	(258.47)	-0.74%
Hang Seng	16,891.83	13.97	0.08%
Shanghai	2,869.90	0.07	0.00%
Kospi	2,556.73	(11.68)	-0.45%
EIDO	20.50	0.46	2.30%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,427.5	44.6	1.87%
Crude Oil (\$/bbl)	76.19	0.96	1.28%
Coal (\$/ton)	145.50	0.50	0.34%
Nickel LME (\$/MT)	16,143	(153.0)	-0.94%
Tin LME (\$/MT)	30,494	503.0	1.68%
CPO (MYR/Ton)	3,704	7.0	0.19%

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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