

# Morning Briefing

Daily | September 11, 2024

## Today's Outlook:

Market participants are bracing for the CPI report from the US Department of Labor, as well as the first debate between Vice President Kamala Harris and former President Donald Trump, who are in a tight race for the White House. Data from China showing a surge in exports appears to be priced in anticipation of stricter tariffs from trading partners, including the new US administration.

## MARKET SENTIMENT:

- Wednesday's US CPI report is expected to show inflation approaching the Federal Reserve's 2% target, the fourth consecutive month that Core CPI growth has slowed; thus reflecting Fed Chairman Jerome Powell's belief that price growth is under control, and weakness in the labor market hints at the time for a rate cut. Financial markets are pricing in a 71% probability that the central bank will lower its target Fed funds rate by 25 basis points at the end of its monetary policy meeting next week, with a 31% probability of a larger rate cut of 50 basis points, according to the CME FedWatch survey.

- Citi analysts in their latest note revealed: The Fed may be preparing to cut interest rates by a deeper-than-expected amount to prop up the economy. Citi also expects Fed officials to significantly update their Summary of Economic Projections next week, in which the Unemployment Rate by the end of this year will be revised up and the path of policy rates revised down. Analysts expect the Fed to consider 100 basis points of cuts this year; compared to the "dot plot" in June which showed only one rate cut of 25 basis points, with the following strategy: first cut in Sept at 50bps, followed by 2x more rate cuts in Nov & Dec at 25bps each.

- The US PRESIDENT CANDIDATE DEBATE is eagerly awaited by the public where currently Harris & Trump show a fairly balanced chance in the fight for the US presidency. The debate will begin at 9pm local time, with current electability polls slightly favoring a Trump victory.

ASIA & EUROPE MARKETS: CHINA reported annualized Import growth plunged to just 0.5% in August, leading market participants to shrug off the good news that Exports grew at their fastest pace in 1.5 years. WHAT TO EXPECT TODAY: UK: GDP (Jul), Industrial & Manufacturing Production (Jul). CHINA: New Loans (Aug): forecast CNY 810 billion versus previous CNY 260 billion.

FIXED INCOME & CURRENCIES: US bond yields fell ahead of the US presidential debate and Wednesday's US CPI report. The benchmark US10YT bond price was last up 14/32 at a yield of 3.6479%, down from 3.699% at the end of Monday. The 30-year US Treasury note price was last up 20/32 at a yield of 3.9648%, down from 3.999% at the end of Monday. The US DOLLAR was last up slightly against a basket of world currencies; where the DXY last closed up 0.06%, and the EURO fell 0.07% to USD 1.1026. The JAPAN YEN strengthened 0.60% against the US Dollar at 142.33/USD, while the Pounds Sterling last traded at USD 1.3085, up 0.10%.

INDONESIA: RETAIL SALES data in Indonesia increased 4.5% yoy in July 2024, up from a 2.7% increase in the previous month. This was the third consecutive month of retail turnover growth and the fastest pace since March, supported by the government's cash transfer program. RUPIAH slipped slightly to 15445/USD, where USD in a small attempt to break the 15490-15500 Resistance which has the potential to strengthen it back towards 15670, depending on how DXY moves 1-2 today regarding the release of US Inflation data.

## Corporate News

### PBNB: Credit Expansion, Bank Panin Offers IDR 3.91 Trillion Bonds

Bank Panin (PBNB) will offer bonds worth IDR 3.91 trillion. The bonds are an integral part of the ongoing bonds IV with a projection of IDR 15 trillion. And, the company has just issued phase I sustainable bonds worth IDR 50 billion. Phase II bonds this time were issued scrippless, and have a duration of 5 years. The bonds are wrapped with an interest rate of 7.25 percent per year. Bond interest is paid every 3 months. The first payment is on January 4, 2025. The last payment along with the principal repayment on October 4, 2029. Proceeds from the bonds, after deducting issuance costs, will be used as working capital for business development, especially lending. If the proceeds from the bonds are insufficient to finance the planned use of funds, other sources become alternatives from the company's internal funds. The bonds have received an idAA rating from the Indonesian Securities Rating Agency (Pefindo). (Emiten News)

## Domestic Issue

### Government absorbs IDR 8 trillion in funds from auction of 7 SBSN series

The government absorbed funds worth IDR 8 trillion from the auction of seven series of State Sharia Securities (SBSN) on September 10, 2024. In an official statement received by Indonesia Window here on Tuesday, the Directorate General of Financing and Risk Management (DJPFR) of the Ministry of Finance (Kemenkeu) revealed that the total incoming bid was recorded at IDR 21.27 trillion. The seven series auctioned include SPNS01042025 (reopening), SPNS09062025 (new issuance), PBS032 (reopening), PBS030 (reopening), PBS004 (reopening), PBS039 (reopening), and PBS038 (reopening). The auction was conducted through the Bank Indonesia (BI) auction system. The largest absorption came from the PBS038 series which won IDR 2.4 trillion from an incoming bid of IDR 4.83 trillion. The weighted average yield won by this series is 6.95988 percent. The next absorption was from the SPNS09062025 series which won IDR 1.4 trillion. The incoming bid for this series amounted to IDR 4.02 trillion with a weighted average yield won of 6.49897 percent. (Antara News)

## Recommendation

US10YT yield is at a 15-month low or exactly Jun 2023, as it just made a New Low yield of 3.635% compared to this year's low at 3.667% yield. Despite the indication of the RSI negative divergence, it seems that the 10-year US Treasury yield is following the prevailing trend related to the FFR cut projection with a 50bps, meaning that chances seem to be increasing. Therefore, the downtrend in this Channel pattern may lead the yield to a lower target of 3.390% - 3.30%.

ID10YT is trying to make a base (bottoming) at the Support level of 6.58% yield, while waiting for what sentiment is able to make the yield break the MA10 & MA20 Resistance to the top of the yield of 6.63% - 6.645%, before facing the NECKLINE of 6.683% which is the decisive level whether the yield can continue to advance towards the Target of 6.77% - 6.81%. ADVISE: WAIT & SEE (sell bonds on breaking the resistance)

## PRICE OF BENCHMARK SERIES

FR0090 : 97.09 (+0.07%)  
FR0091 : 98.54 (+0.00%)  
FR0094 : 96.80 (+0.00%)  
FR0092 : 103.13 (+0.01%)

FR0086 : 98.59 (+0.01%)  
FR0087 : 99.51 (+0.06%)  
FR0083 : 106.35 (+0.02%)  
FR0088 : 96.68 (+0.04%)

## CDS of Indonesia Bonds

CDS 2yr: +1.17% to 31.63  
CDS 5yr: +1.19% to 71.64  
CDS 10yr: +1.03% to 121.52

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.62%	-0.005%
USDIDR	15,450	-0.03%
KRWIDR	11.50	-0.23%

## Global Indices

Index	Last	Chg.	%
Dow Jones	40,736.96	(92.63)	-0.23%
S&P 500	5,495.52	24.47	0.45%
FTSE 100	8,205.98	(64.86)	-0.78%
DAX	18,265.92	(177.64)	-0.96%
Nikkei	36,159.16	(56.59)	-0.16%
Hang Seng	17,234.09	37.13	0.22%
Shanghai	2,744.19	7.70	0.28%
Kospi	2,523.43	(12.50)	-0.49%
EIDO	22.04	0.10	0.46%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,516.7	10.4	0.41%
Crude Oil (\$/bbl)	65.75	(2.96)	-4.31%
Coal (\$/ton)	138.75	(2.90)	-2.05%
Nickel LME (\$/MT)	15,741	(162.0)	-1.02%
Tin LME (\$/MT)	30,550	(268.0)	-0.87%
CPO (MYR/Ton)	3,885	(10.0)	-0.26%

## 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)	150.24	145.40	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	2.12%	2.13%	Cons. Confidence*	123.40	123.30

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
<b>Monday</b>	JP	06.50	GDP Annualized SA QoQ	2.9%	2Q F	3.2%	3.1%
09 – September	JP	06.50	BoP Current Account Balance	¥3193.0	2Q F	¥2496.0	¥1533.5
<b>Tuesday</b>	GE	13.00	CPI MoM	-	Aug F	-0.1%	-0.1%
10 – September	GE	13.00	CPI YoY	-	Aug F	1.9%	1.9%
<b>Wednesday</b>	US	18.00	MBA Mortgage Applications	-	Sep 6	-	1.6%
11 – September	US	19.30	CPI MoM	-	Aug	0.2%	0.2%
	US	19.30	CPI YoY	-	Aug	2.6%	2.9%
<b>Thursday</b>	US	19.30	PPI Final Demand MoM	-	Aug	0.2%	0.1%
12 – September	US	19.30	Initial Jobless Claims	-	Sep 7	-	227k
<b>Friday</b>	JP	11.30	Industrial Production MoM	-	Jul F	-	2.8%
13 – September	US	21.00	University of Michigan Sentiment	-	Sep P	69.0	67.9

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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