

# Morning Briefing

Daily | September 13, 2024

## Today's Outlook:

### MARKET SENTIMENT:

- US PPI for August rose 0.2% mom, above the forecast of 0.1%. July's figure was also revised down to show that PPI was unchanged at 0% flat, instead of edging up 0.1% as the preliminary figure, according to the US Bureau of Labor Statistics. Meanwhile, in the 12 months to August, the figure rose by 1.7% yoy after a 2.1% increase in the previous month. The Federal Reserve is expected to cut interest rates at the upcoming FOMC MEETING on September 17-18 in response to signs of labor market weakness, although there is uncertainty whether the central bank will cut the FFR by 25 basis points or a deeper reduction of 50 bps. Recently released producer-level inflation data has reinforced the possibility that the Fed will opt for a quarter bps reduction.

- INITIAL JOBLESS CLAIMS: last week's jobless claims came in at 230k, 3k higher than the estimate of 227k and 2k higher than the previous week's figure of 228k.

WHAT TO EXPECT TODAY: not many economic indicators at the end of the week, other than the economic outlook from the University of Michigan, and weather conditions affected by Hurricane Francine.

U.S. POLITICAL MAP: The latest Reuters/Ipsos poll shows Kamala Harris ahead at 47% to Donald Trump's 42%, a slight increase from the previous poll. Harris is considered to have won in the recent debate, where she provoked Trump to be aggressive. A Harris victory is predicted to favor low-income households, but increase corporate taxes and reduce protectionism and climate change.

### ASIA & EUROPE MARKETS:

- EUROPEAN CENTRAL BANK as expected cut interest rates on Thursday to 3.65%, from 4.25% previously; ahead of the Fed's rate cut next week. Both of these conditions could support higher 'risk on' appetite in Asian markets.

- YEN recorded a new high this year against the Dollar. However, if the strengthening of the Yen continues, the outlook for Japanese stocks becomes uncertain again as the BOJ may have another reason to raise interest rates.

- CHINA: Honestly, there is no bright spot of economic fundamentals that could reverse this sluggish state. The Chinese government will release house price, investment, industrial production and retail sales figures for August on Saturday, and economists polled by Reuters generally expect the numbers to be weaker than July's readings.

PRECIOUS METALS: GOLD broke a new historical record at the close of trading on Thursday local time, by shooting up 1.8% to USD 2556.86/ounce, even the Futures contract gained 1.7% at USD 2585.2/ounce; triggered by US economic data consistent with soft-landing symptoms especially from the INITIAL JOBLESS CLAIMS figure and the easing Inflation trend. In terms of other commodities, PALADIUM also recorded significant gains, the price climbed 2.7% to USD 1035.69/ounce, the highest level in more than 2 months; triggered by Russian President Vladimir Putin's comments suggesting restrictions on uranium, titanium and nickel exports as retaliation against Western countries. Palladium is a by-product of Russia's nickel production. SILVER & PLATINUM prices did not want to be left behind, rising 2.3% and 1.8% respectively, showing the classic trend of hunting precious metals in the face of global economic uncertainty.

### Corporate News

#### WSBP: Pefindo Releases Waskita Beton Credit Rating: idB with Stable Outlook

PT Pemeringkat Efek Indonesia (Pefindo) has released PT Waskita Beton Precast Tbk's (stock code: WSBP) corporate and bond credit rating of idB with a stable outlook. This stability reflects WSBP's commitment in implementing prudent corporate management and oriented towards sustainable performance growth. "WSBP is optimistic that it can improve its credit rating by carrying out business transformation by strengthening financial fundamentals and improving the company's cash flow as well as timely fulfillment of financial obligations under the homologation agreement as we have always done," said Fandy Dewanto, Corporate Secretary of WSBP. This rating is given based on WSBP's established position in the Precast and Readymix concrete industry. WSBP also continuously strives to strengthen the company's financial fundamentals, implement restructuring schemes, and improve cash flow. WSBP has shown good performance through the successful implementation of all financial restructuring schemes agreed in the Peace Agreement. (Antara News)

### Domestic Issue

#### Economist Fears Economic Setback if Prabowo Picks Non-Professional Finance Minister

The Center of Economic and Law Studies (CELIOS) warns that Indonesia's economy could deteriorate if President-elect Prabowo Subianto chooses a non-professional finance minister. CELIOS Public Policy Director Media Wahyudi said the replacement for Finance Minister Sri Mulyani must have an attitude that is able to curb the president's ambitions in order to safeguard state finances. "Since the last few decades, the finance minister has always been a professional. So if Prabowo chooses a non-professional today, I am worried that this will actually exacerbate and potentially be the beginning of Indonesia's economic decline," he said in a public discussion on Joko Widodo's 10 Fiscal Holes, Thursday (12/9). Media said that President Jokowi currently has an interest in incorporating a number of parties around him into Prabowo's government. Not only Jokowi, Prabowo is also surrounded by parties who have an interest in entering the government. According to him, if these parties enter the government, especially as finance ministers, it will determine future government policies, including subsidies and infrastructure development. Prabowo-Gibran TKN Expert Council Laode M Kamaluddin previously revealed the criteria for Prabowo's ideal finance minister. The figure of the finance minister needed by Prabowo is an expert professional and has a political background. (CNN Indonesia)

### Recommendation

US10YT seems to hold on to the Support from the previous Low level around 3.66% yield. With indications of RSI POSITIVE DIVERGENCE then wait for a technical rebound soon, to test the first row of Resistance: MA10 & MA20 in the yield range: 3.734% - 3.79%, up to 3.83% which is the current medium term yield Resistance. Thus, the LIMITED DOWNSIDE POTENTIAL on bond prices can later be used as an opportunity to BUY ON WEAKNESS before prices are projected to strengthen again.

ID10YT on the brinks of technical rebound with Inverted Hammer-like candle in Support area and RSI POSITIVE DIVERGENCE indication. POTENTIAL: when the yield manages to break 6.63% then it is a sign to reduce positions (= sell bonds) because there will be a potential strengthening of yield towards the TARGET of 6.80% / 6.90%, up to the psychological level of 7.0%.

## PRICE OF BENCHMARK SERIES

FRO090 : 97.14 (+0.01%)

FRO091 : 98.61 (-0.04%)

FRO094 : 96.80 (+0.00%)

FRO092 : 103.23 (+0.05%)

FRO086 : 98.55 (-0.03%)

FRO087 : 99.60 (-0.04%)

FRO083 : 106.52 (+0.06%)

FRO088 : 96.69 (+0.09%)

## CDS of Indonesia Bonds

CDS 2yr: -2.37% to 31.36

CDS 5yr: -2.42% to 70.84

CDS 10yr: -1.80% to 120.71

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.59%	0.00%
USDIDR	15,430	0.19%
KRWIDR	11.51	0.06%

## Global Indices

Index	Last	Chg.	%
Dow Jones	41,096.77	235.06	0.58%
S&P 500	5,595.76	41.63	0.75%
FTSE 100	8,240.97	47.03	0.57%
DAX	18,518.39	188.12	1.03%
Nikkei	36,833.27	1213.50	3.41%
Hang Seng	17,240.39	131.68	0.77%
Shanghai	2,717.12	(4.67)	-0.17%
Kospi	2,572.09	58.72	2.34%
EIDO	22.30	0.16	0.72%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,557.9	46.1	1.84%
Crude Oil (\$/bbl)	68.97	1.66	2.47%
Coal (\$/ton)	138.15	(0.85)	-0.61%
Nickel LME (\$/MT)	16,136	24.0	0.15%
Tin LME (\$/MT)	31,406	462.0	1.49%
CPO (MYR/Ton)	3,852	(49.0)	-1.26%

## 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	-0.1%	Aug F	-0.1%	-0.1%
10 – September	GE	13.00	CPI YoY	1.9%	Aug F	1.9%	1.9%
<b>Wednesday</b>	US	18.00	MBA Mortgage Applications	1.4%	Sep 6	-	1.6%
11 – September	US	19.30	CPI MoM	0.2%	Aug	0.2%	0.2%
	US	19.30	CPI YoY	2.5%	Aug	2.6%	2.9%
<b>Thursday</b>	US	19.30	PPI Final Demand MoM	0.2%	Aug	0.2%	0.1%
12 – September	US	19.30	Initial Jobless Claims	230k	Sep 7	226k	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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