

# Morning Briefing

Daily | September 17, 2024

## Today's Outlook:

**US MARKETS:** Investors are gearing up ahead of this week's FOMC MEETING, where the US central bank is likely to begin the first rate-cutting cycle in 4.5 years. Markets were also somewhat nervous following reports of a second assassination attempt on Republican presidential candidate DONALD TRUMP, although the former president was unharmed.

**MARKET SENTIMENT:** There are two camps of market participants regarding the size of the rate cut: the percentage chance of a 50bps and 25bps cut are both around 50%, according to CME Fedwatch. Wednesday's move is likely to be decisive for the Fed's plans to start easing monetary policy, as the central bank deals with concerns about a slowing economy and labor market. However, the latest economic data shows US CPI remains difficult to fall, on a monthly basis & CORE CPI. Lower interest rates are also expected to provide a more favorable environment for the stock market in the coming months. Later tonight there will be important indicators from the US: Retail Sales (Aug) which is expected to contract, but Industrial & Manufacturing Production (Aug) to grow positively.

**COMMODITIES:** OIL prices rose on Monday ahead of the Fed's rate cut, although fears of sluggish global demand often limit significant upside potential. The BRENT contract rose 1.9% to USD 72.94/barrel, while US WTI crude futures advanced 2.3% to USD 69.29/barrel. Lower interest rates should support economic growth, which in turn could help keep US fuel demand strong in the coming months. Nevertheless, CHINA economic data released over the weekend pointed to further economic weakness in the world's largest oil importer, while crude oil production in the MEXICO Gulf resumed in the aftermath of Hurricane FRANCINE, although nearly a fifth of crude oil production remains idle.

**ASIA & EUROPE MARKETS:** Data released over the weekend showed CHINA'S industrial production and retail sales fell lower than expected in August. Unemployment increased, while house prices fell for the first month in a row. The data raised concerns over a prolonged slowdown in Asia's largest economy, further weakening sentiment towards the country and regional markets. Some ASIAN countries will still have their financial markets closed today due to public holiday since Monday (among them are China & South Korea), therefore market participants' attention will be more centered on EUROPE, where there are ZEW Economic Sentiment (Sept) reports for GERMANY & EUROZONE.

**INDONESIA:** today looking forward to Trade Balance (Aug) data and especially closely monitoring the nation's Export - Import growth where predictions expect both figures to decline compared to July.

## Corporate News

### KETR: Pefindo Affirms KETR Bond Rating idAAA, Here's Why

Pemeringkat Efek Indonesia (Pefindo) affirmed Ketrosden Triasmitra's (KETR) bond rating with idAAA(cg). The rating of the debt instrument, reflecting full coverage to bear principal and coupon payments at maturity from the Credit Guarantee and Investment Facility (CGIF) is unconditional and irrevocable. The rating of the debt instrument may be downgraded if the rating of the insurer is downgraded, or if there is a breach of the insuring covenant which may lead to termination of the insuring. The Company is a telecommunications network infrastructure provider. Ketrosden has two subsidiaries, Jejaring Mitra Persada, which provides developer services for fiber optic cable systems, and Triasmitra Multiniaga Internasional, which provides maintenance, sea patrol, land, data center and collocation services. As the parent company, Ketrosden provides contracting services for land and sea network infrastructure. (Emiten News)

## Domestic Issue

### SUN Auction Today, Government Aims to Raise IDR 33 Trillion Funds

The government is ready to auction off Rupiah-denominated Government Securities (SUN) today, Tuesday (17/9). In this auction, the government is targeting to raise funds of up to IDR 33 trillion. The SUN auction to fulfill part of the financing target in the 2024 State Budget is held today at 09.00 WIB and closes at 11.00 WIB. "Indicative target IDR 22 trillion, maximum target IDR 33 trillion," wrote the announcement of the Directorate General of Risk Management and Financing of the Ministry of Finance (DJPPR Kemenkeu), today. There are seven SUN series being auctioned, namely SPN03241218 (New Issuance), SPN12250918 (New Issuance), FR0104 (Reopening), FR0103 (Reopening), FR0098 (Reopening), FR0097 (Reopening), and FR0102 (Reopening). This auction offers yields of 6.50 percent to 7.12 percent. (IDX Channel)

## Recommendation

**US10YT:** ahead of the Fed Fund Rate cut, will the US10YT yield continue to fall towards the Support lower channel in the range of 3.30-3.25%? So far the yield has been moving according to the downtrend channel pattern (pink) since April-May peak. ADVISE: As long as yield is unable to pass at least the first Resistance: MA10 / yield 3.676% (for now), yield is consistently in a downtrend and bond prices are in an uptrend.

**ID10YT** is a bit away from reaching the lower channel support at 6.525% yield, while RSI positive divergence; indicating a potential technical rebound (on yield) is in sight. RDG BI will take place this week on Sept 18th, a few hours before the FOMC MEETING announcement. There is a discourse of rate cut by BI considering Indonesia's Inflation is safely under control and Rupiah exchange rate has been strengthening lately, but from the safe side we see it is likely that BI will still keep the BI7DRR benchmark rate at 6.25%. ADVISE: WAIT & SEE; there are indications of limited upside potential in the price, use the momentum to reduce positions and more if the yield breaks resistance.

## PRICE OF BENCHMARK SERIES

FR0090 : 97.14 (+0.00%)  
FR0091 : 98.70 (+0.09%)  
FR0094 : 96.80 (+0.00%)  
FR0092 : 103.27 (+0.04%)

FR0086 : 98.54 (-0.01%)  
FR0087 : 99.70 (+0.10%)  
FR0083 : 106.57 (+0.05%)  
FR0088 : 96.97 (+0.29%)

## CDS of Indonesia Bonds

CDS 2yr: -0.43% to 30.29

CDS 5yr: -1.33% to 68.16

CDS 10yr: -0.46% to 117.24

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.58%	-0.02%
USDIDR	15,400	-0.19%
KRWIDR	11.58	0.66%

## Global Indices

Index	Last	Chg.	%
Dow Jones	41,622.08	228.30	0.55%
S&P 500	5,633.09	7.07	0.13%
FTSE 100	8,278.44	5.35	0.06%
DAX	18,633.11	(66.29)	-0.35%
Nikkei	36,581.76	(251.51)	-0.68%
Hang Seng	17,422.12	53.03	0.31%
Shanghai	2,704.09	(13.03)	-0.48%
Kospi	2,575.41	3.32	0.13%
EIDO	22.42	0.09	0.40%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,582.5	4.8	0.18%
Crude Oil (\$/bbl)	70.09	1.44	2.10%
Coal (\$/ton)	137.25	(0.65)	-0.47%
Nickel LME (\$/MT)	16,284	340.0	2.13%
Tin LME (\$/MT)	31,929	124.0	0.39%
CPO (MYR/Ton)	3,813	(39.0)	-1.01%

## 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*	124.40	123.40

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
<b>Monday</b>	US	19.30	Empire Manufacturing	11.5	Sep	-4.0	-4.7
16 – September							
<b>Tuesday</b>	US	13.00	Retail Sales Advance MoM	-	Aug	-0.2%	1.0%
17 – September	US	13.00	Industrial Production MoM	-	Aug	0.1%	-0.6%
<b>Wednesday</b>	US	18.00	MBA Mortgage Applications	-	Sep 13	-	1.4%
18 – September	US	19.30	Housing Starts	-	Aug	1305k	1238k
<b>Thursday</b>	US	19.30	FOMC Rate Decision (Upper Bound)	-	Sep 18	5.25%	5.50%
19 – September	US	19.30	Initial Jobless Claims	-	Sep 14	-	230k
	US	19.30	Existing Home Sales	-	Aug	3.90m	3.95m
<b>Friday</b>	JP	06.30	National CPI YoY	-	Aug	3.00%	2.80%
20 – September							

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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