

# Morning Briefing

Daily | September 18, 2024

## Today's Outlook:

**US MARKETS:** Stronger-than-expected US Retail Sales report, which helped ease fears of an economic recession ahead of the FOMC MEETING decision outcome that has opened. It seems that market participants are taking more of a WAIT & SEE stance ahead of the Fed's monetary policy announcement in the plan to cut the Fed Fund Rate (FFR) for the first time in 4.5 years, in September which is seasonally known as a difficult month in the stock market.

## MARKET SENTIMENT:

- **US RETAIL SALES** rose 0.1% mom in August, eliminating concerns of an expected 0.2% contraction, after rising a revised 1.1% the previous month. This figure helped reassure investors that the consumer remains relatively healthy and could prevent a sharp economic slowdown given the importance of the retail sector to the US economy.

- As such investors are pricing in a 68% chance of a 50 bps cut and a 32% chance of a 25 bps cut, according to the CME Fedwatch survey. Comments from Fed Chairman Jerome Powell will be closely monitored, looking for guidance on the extent to which the easing cycle will bring rates down in the coming months.

- **US INDUSTRIAL & MANUFACTURING (Aug)** also brought relief with a stronger than expected reading, bouncing back to positive growth from a contractionary situation in July. Other economic data awaited today: Building Permits & Housing Starts (Aug) figures.

## EUROPEAN & ASIAN MARKETS:

- **EUROPE'S** economic outlook for the next 6 months remains quite bleak as the **GERMAN & EUROZONE ZEW ECONOMIC SENTIMENT** figures came in well below expectations, implying market participants' pessimism about the economic situation there.

- **The UK** will release **Inflation figures (Aug)** which on an annualized basis is unlikely to move lower than 2.2%, the same as the previous month. As for **EUROZONE**, this 2.2% yoy Inflation rate is what is expected to be achieved for Aug, easing from 2.6% in the previous month.

- While yesterday **CHINA & SOUTH KOREA** were still in public holiday mood, **INDONESIA** released its 52nd consecutive month of **Trade Balance surplus** figures, this time at **USD 2.89bn**, greater than the **USD 1.96bn** forecast and a significant improvement from July's **USD 500mn**. The surplus was supported by a more aggressive growth in Exports than Imports (mostly from the non-oil and gas sector) although both posted above-estimated performance.

- Talking about **Trade Balance**, on the contrary, **JAPAN** seems to be struggling to keep their **Export - Import** growth rate stable, when currently the **August** figures that came out plummeted below estimates. Core Machinery Orders (Jul) still rose on an annualized basis by 8.7% from a contraction of 1.7% last year, but on a monthly basis it grew by a negative 0.1%.

## Corporate News

### Astra Sedaya Finance: Issuing IDR 2.6 Trillion Bonds for Working Capital

PT Astra Sedaya Finance will issue IDR 2.6 trillion bonds in two series. This bond is part of the Astra Sedaya Finance VI Sustainable Bonds with a target fund of IDR 12 trillion. "All proceeds obtained from the bond offering after deducting issuance costs, will entirely be used by the company for working capital for all of the company's business activities which include investment, working capital, multipurpose, operating leases, sharia financing activities, and other financing based on approval from the Financial Services Authority," Astra Sedaya said in a brief supplementary information published on September 13, 2024. Astra Sedaya has issued bonds in three stages with a total value of IDR 6 trillion. Astra Sedaya will issue Shelf Registration Bond VI Astra Sedaya Finance Phase IV Year 2024 in two series. Series A bonds have a principal value of IDR 1.18 trillion. Bonds with a tenor of 370 days offer a fixed interest rate of 6.45% per year. Series B bonds have a principal value of IDR 1.41 trillion. Bonds with a tenor of three years or 36 months offer a fixed interest rate of 6.70% per year. (Kontan)

## Domestic Issue

### Government Receives IDR 22 Trillion from SUN Auction on Tuesday (17/9)

The government received IDR 22 trillion in fresh funds from the auction of Government Securities (SUN) today, Tuesday (17/9/2024). The value won was equivalent to 34.53% of the total incoming bids which reached IDR 63.70 trillion. In the announcement of the Directorate General of Financing and Risk Management of the Ministry of Finance, there were seven SUN series auctioned today. This number includes 2 new series and 5 reopening series. In more detail, the eight SUN series auctioned are SPN03241218 (new issuance), SPN12250918 (new issuance), FR0104 (reopening), FR0103 (reopening), FR0098 (reopening), FR0097 (reopening) and FR0102 (reopening) through the Bank Indonesia auction system. The new issuance of SUN series FR0103 received the largest bid from investors with an accumulation of IDR 26.19 trillion. Meanwhile, the highest and lowest yield ranges for SUN maturing on July 15, 2030 are at 6.42% and 6.40%. Apart from FR0103, SUN series FR0104 is also the target of investors with an incoming bid value of IDR 16.02 trillion. Meanwhile, the total incoming bid amounted to IDR63.70 trillion. The government decided to win a bid of IDR 22 trillion at today's SUN auction. This is considering the reasonable yield of SBN in the secondary market, the planned financing needs in 2024, and the current condition of the state treasury. Director of Government Securities DJPPR Ministry of Finance said overall investor demand is still dominant in 6 and 11 year tenor SUN, with the number of incoming bids and awarded bids amounting to 66.27% of total incoming bids and 67.27% of total awarded bids, respectively. Deni also noted that ahead of the FOMC Meeting this week, the market looks risk-on with a probability of a 50bps cut in the US benchmark interest rate or Fed Fund Rate of 60%. As per market expectation, the US economy started to weaken with the decline in August US CPI inflation rate to 2.5% yoy or the lowest since February 2021 from 2.9% the previous month and August US PPI inflation of 1.7% yoy which is the lowest in the last 6 months from 2.1% the previous month. (Bisnis)

## Recommendation

**US10YT** is set to break the first resistance of yield: **MA10 / 3.666%**, based on **RSI positive divergence** indication. ADVISE: with the potential for temporary price weakness, we can use this momentum as an opportunity to **BUY ON WEAKNESS** while the yield may move up towards Resistance 3.783%.

Similarly, **ID10YT** has limited downside potential on yield around the current **6.523%** support, based on **RSI positive divergence**. The Resistance line is definitely **MA10 & MA20** which has been blocking the yield increase since July, currently at **6.62%**. ADVISE: in the event of a technical rebound in yield, reduce bond positions especially if yield aggressively breaks through Resistance 6.685%, it will pave the way to **TARGET: 6.77% / 6.90% / 7.00-7.05%**.

## PRICE OF BENCHMARK SERIES

FR0090 : 97.14 (+0.00%)  
FR0091 : 98.80 (+0.11%)  
FR0094 : 96.80 (+0.00%)  
FR0092 : 103.38 (+0.11%)

FR0086 : **98.60 (+0.06%)**  
FR0087 : 99.81 (+0.11%)  
FR0083 : 106.72 (+0.14%)  
FR0088 : 97.16 (+0.19%)

## CDS of Indonesia Bonds

CDS 2yr: **-1.60% to 29.81**

CDS 5yr: **-1.09% to 67.42**

CDS 10yr: **-1.10% to 115.94**

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.57%	-0.01%
USDIDR	15,335	-0.42%
KRWIDR	11.58	-0.70%

## Global Indices

Index	Last	Chg.	%
Dow Jones	41,606.18	(15.90)	-0.04%
S&P 500	5,634.58	1.49	0.03%
FTSE 100	8,309.86	31.42	0.38%
DAX	18,726.08	92.97	0.50%
Nikkei	36,203.22	(378.54)	-1.03%
Hang Seng	17,660.02	237.90	1.37%
Shanghai	2,704.09	(13.03)	-0.48%
Kospi	2,575.41	3.32	0.13%
EIDO	22.65	0.23	1.03%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,569.5	(13.0)	-0.50%
Crude Oil (\$/bbl)	71.19	1.10	1.57%
Coal (\$/ton)	139.65	2.40	1.75%
Nickel LME (\$/MT)	16,188	(96.0)	-0.59%
Tin LME (\$/MT)	31,855	(74.0)	-0.23%
CPO (MYR/Ton)	3,736	(39.0)	-1.03%

## 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)	2.90	0.47	Govt. Spending Yoy	1.42%	19.90%
Exports Yoy	7.13%	6.46%	FDI (USD bn)	4.89	6.03
Imports Yoy	9.46%	11.07%	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	0.1%	Aug	-0.2%	1.0%
17 – September	US	13.00	Industrial Production MoM	0.8%	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	01.00	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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