

# Morning Briefing

Daily | September 2, 2024

## Today's Outlook:

**MARKET SENTIMENT: CORE PCE PRICE INDEX** came in as expected at 0.2% mom and 2.6% yoy in July. **CHICAGO PMI** in Aug improved slightly although still in contraction territory. US CONSUMER SPENDING increased solidly in July, suggesting the economy remains strong while prices rose moderately. Important economic data this week includes the August employment report from the Labor Department, due on Friday. Money markets suggest most investors expect the Fed to cut interest rates by 25 basis points in September, with the possibility of a 50 basis point cut diminishing after Friday's Private Output data, according to the CME FedWatch tool. However, current conditions are being interpreted as soft-landing symptoms. The ideal "Goldilocks" economy has steady growth, but not so much that it triggers excessive inflation.

**FIXED INCOME: The US 10-year bond yield**, which moves opposite to prices, rose 4.2 basis points on Friday to 3.909%. The yield on the 2-year bond, which typically moves in tandem with interest rate expectations, rose 2.4 basis points to 3.9165%.

**ASIA & EUROPE MARKETS: CHINA** reports Manufacturing PMI (Aug) which is again still below expansionary territory. **EUROZONE CPI (Aug)** released their preliminary estimate at 2.2%, easing from 2.6% in the previous month. towards the ECB's 2% Target.

A number of important economic data are highlighted today: **au Jibun Bank Japan Manufacturing PMI (Aug)** appears to be creeping higher approaching expansionary territory at 49.8. **INDONESIA Nikkei Manufacturing PMI (Aug)** fell back to 48.9 from 49.3, will certainly be the talk of the market today; in addition to August INFLATION which is predicted at 2.12% yoy. **CHINA PMI** is also in the spotlight as it is expected to enter the expansionary area of 50.0 from 49.8 previously. From **EUROPE: GERMAN Retail Sales & Manufacturing PMI, ENGLAND Manufacturing PMI.**

## Corporate News

### Pay off Debt, Provident (PALM) Offers IDR 1.1 Trillion Bonds

Provident Investasi (PALM) will issue IDR 1.1 trillion bonds. The issuance of debt securities is part of the ongoing bonds II with a target of IDR 5 trillion. Well, this time the bonds will be offered in two series, namely A, and B. Series A bonds worth IDR 512.29 billion with a fixed interest rate of 8 percent per year, with a term of 367 calendar days. Then, series B amounting to IDR 587.71 billion with a fixed interest rate of 9.75 percent per year, with a duration of 3 years from the date of issuance. Bond interest is paid quarterly. Where the first bond interest will be paid on December 18, 2024. While the last bond interest as well as repayment will be paid on September 25, 2025 for series A bonds, and September 18, 2027 for series B bonds. The repayment of each bond series will be made in full at maturity. All proceeds from the bonds after deducting issuance costs, to make an accelerated payment of principal debt to United Overseas Bank Limited (UOB Bank) based on the USD75 million revolving credit facility agreement on August 31, 2023. (Emiten News)

## Domestic Issue

### Here are 7 Series of Government Securities (SUN) Auctioned Tomorrow Tuesday (3/9)

The government will hold an auction of rupiah-denominated Government Bonds (SUN) on Tuesday (3/9). At the SUN auction this time, the government set an indicative target of IDR 22 trillion - IDR 33 trillion. Based on information from the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance, there are seven (7) SUN series that will be auctioned starting at 09.00 WIB until 11.00 WIB. The auction aims to fulfill part of the financing target in the 2024 State Budget. The following are details of the seven SUN series that will be offered at the auction next week, Tuesday (3/9): SPN03241204 (New Issuance) will mature on December 4, 2024 with a discounted yield, SPN12250904 (New Issuance) will mature on September 4, 2025 with a discounted yield, FR0104 will mature on July 15, 2030 with a yield of 6.50%, FR0103 will mature on July 15, 2035 with a yield of 6.75%, FR0098 will mature on June 15, 2038 with a yield of 7.12%, FR0097 will mature on June 15, 2043 with a yield of 7.12% and FR0102 will mature on July 15, 2054 with a yield of 6.87% The sale of the SUN will be carried out using an auction system organized by Bank Indonesia (BI). The auction is open (open auction), using the multiple price method. The SUN to be auctioned has a nominal value per unit of IDR 1 million. (Kontan)

## Recommendation

**US10YT** finally bounced back above MA10 & MA20 after 2 weeks, a little more to touch the Resistance upper channel 3.96% which will determine the future of short term yield, whether to end this downtrend or be beaten back to the range of Support yield 3.816% - 3.783%. ADVISE: HOLD; WAIT & SEE.

**ID10YT** made another Resistance breakout attempt to prevent the yield from falling to the bottom target of 6.53%. But actually the new yield can neutralize the threat above and move more freely to the Target / next resistance 6.70% or around 6.77% if it has successfully broken 6.63%. ADVISE: HOLD; WAIT & SEE.

## PRICE OF BENCHMARK SERIES

FR0090	: 97.01 (+0.00%)
FR0091	: 98.67 (+0.04%)
FR0094	: 96.80 (+0.00%)
FR0092	: <b>103.12 (-0.02%)</b>
FR0086	: 98.62 (+0.05%)
FR0087	: <b>99.59 (-0.02%)</b>
FR0083	: <b>106.54 (-0.03%)</b>
FR0088	: 96.58 (+0.01%)

## CDS of Indonesia Bonds

CDS 2yr: +0.52% to 29.79

CDS 5yr: **-0.02% to 67.39**

CDS 10yr: +0.22% to 115.89

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.63%	0.01%
USDIDR	15,455	0.26%
KRWIDR	11.55	<b>-0.20%</b>

## Global Indices

Index	Last	Chg.	%
Dow Jones	41,563.08	228.03	0.55%
S&P 500	5,648.40	56.44	1.01%
FTSE 100	8,376.63	<b>(3.01)</b>	<b>-0.04%</b>
DAX	18,906.92	<b>(5.65)</b>	<b>-0.03%</b>
Nikkei	38,647.75	285.22	0.74%
Hang Seng	17,989.07	202.75	1.14%
Shanghai	2,842.21	19.11	0.68%
Kospi	2,674.31	12.03	0.45%
EIDO	21.77	<b>(0.08)</b>	<b>-0.37%</b>

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,503.4	<b>(18.0)</b>	<b>-0.71%</b>
Crude Oil (\$/bbl)	73.55	<b>(2.36)</b>	<b>-3.11%</b>
Coal (\$/ton)	146.20	1.20	0.83%
Nickel LME (\$/MT)	16,766	<b>(237.0)</b>	<b>-1.39%</b>
Tin LME (\$/MT)	32,346	1.0	0.00%
CPO (MYR/Ton)	3,977	37.0	0.94%

## 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)	<b>-3.02</b>	<b>-2.16</b>
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	2.13%	2.51%	Cons. Confidence*	123.40	123.30

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
<b>Monday</b>	JP	07.30	Jibun Bank Japan PMI Mfg	-	Aug	-	49.5
02 – September	GE	14.55	HCOB Germany Manufacturing PMI	-	Aug F	42.1	42.1
<b>Tuesday</b>	US	20.45	S&P Global US Manufacturing PMI	-	Aug F	48.1	48.0
03 – September	US	21.00	ISM Manufacturing	-	Aug	47.5	46.8
<b>Wednesday</b>	US	18.00	MBA Mortgage Applications	-	Aug 30	-	-0.5%
04 – September	US	19.30	Trade Balance	-	July	-\$78.5B	-\$73.1
	US	21.00	Factory Orders	-	July	4.6%	-3.3%
	US	21.00	Durable Goods Order	-	Jul F	-	9.9%
<b>Thursday</b>	US	19.15	ADP Employment Change	-	Aug	145k	122k
05 – September	US	19.30	Initial Jobless Claims	-	Aug 31	-	231k
<b>Friday</b>	GE	13.00	Industrial Production SA MoM	-	Jul	-0.4%	1.4%
06 – September	US	20.45	Change In Nonfarm Payrolls	-	Aug	160k	114k
	US	21.00	Unemployment Rate	-	Aug	4.2%	4.3%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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