

# Morning Briefing

Daily | September 24, 2024

## Today's Outlook:

**MARKET SENTIMENT:** US policymakers' comments were in the spotlight and sort of supported the market's bullish aura after the Fed last week began its easing policy with a half-point rate cut. Three Fed Presidents from different states: Kashkari, Goolsbee, and Bostic agreed that last week's decision was the right one to take and they expect many more rate cuts in the next year, as the US economy has approached normal Inflation & Unemployment levels. Fed Fund Rate futures have priced in a 54% chance of a smaller cut of 25 basis points at the November meeting, with a 46% chance of a larger easing of 50 basis points, according to the LSEG survey. For 2024, futures indicate a total cut of about 78 basis points. CITI GROUP strategists expect the Federal Reserve to cut interest rates by 50 basis points in November, a decision that will be heavily influenced by this Sept's employment report.

## ECONOMIC INDICATORS:

- S&P Global showed the EUROZONE PMI contracted sharply this month as the bloc's dominant services industry stagnated, while the decline in the manufacturing sector accelerated. In contrast, the US PMI stabilized in September, but average prices for goods and services rose at the fastest pace in 6 months, which may point to accelerating inflation in the coming months.

- What To Expect This Week: CB Consumer Confidence (tonight), final US GDP Q2 figure (expected to be close to the 3.0% preliminary figure), US Durable Goods Orders, and the main highlight: Personal Consumption Expenditure (PCE) price index on Friday.

## CURRENCY & FIXED INCOME:

- The DOLLAR INDEX (DXY), which measures the strength of the US Dollar against a basket of other world currencies including the YEN and EURO, rose 0.14% to 100.92. Against the Japanese Yen, the Dollar weakened 0.21% to 143.61.

- US TREASURY YIELD with a maturity of 7 to 30 years - earlier rose to the highest level in 3 weeks. This further widened the yield curve, which is a barometer of the US economic outlook, with the spread between 2- and 10-year yields reaching 17.9 basis points, the steepest since June 2022. The yield on the benchmark 10-year US Treasury note rose 2.3 basis points to 3.751%, from 3.728% at the end of Friday.

**ASIAN MARKETS:** Investors are debating whether global monetary easing may have started too late to stop the symptoms of recession. CHINA'S central bank finally cut its 14-day repo rate (while injecting liquidity) by 10 basis points, days after disappointing markets by not lowering long-term rates. BANK OF JAPAN is the only world central bank to raise rates, investors will be looking to Governor Kazuo Ueda's speech on Tuesday for clues on the pace and extent of tightening. The BOJ left rates unchanged on Friday and signaled it was in no hurry to raise them again. But before the speech, market participants are looking forward to the Manufacturing & Services PMI (Sep) data due later this morning. Early this morning SOUTH KOREA has reported PPI which deflated 0.1% mom in Aug, thus on an annualized basis PPI fell to 1.6% yoy, from 2.6% previous period.

**EUROPEAN MARKETS:** SWISS NATIONAL BANK meets on Thursday and the market is fully pricing in a quarter point rate cut to 1.0%, with a 41% chance of a 50 basis point easing. The GERMAN IFO BUSINESS CLIMATE INDEX (Sept) will be in the spotlight as yesterday's Eurozone PMI figures came in disappointing, thus a pessimistic outlook is already predicted for the next 6 months of business expectations in Europe's largest economy.

## Corporate News

**HRTA: Releases IDR 900M Bonds, with 6.75-7.75% Interest Rate**

Gold jewelry trading company PT Hartadinata Abadi Tbk (HRTA) offers Hartadinata Abadi Phase I Sustainable Bonds II Year 2024 worth IDR 900 billion. This bond is part of the bond issuance with a target of IDR 1 trillion. HRTA Corporate Secretary Ong Deny said in an official statement on Monday (23/9) that the bonds are planned to be issued in two series, namely Series A with an interest rate of 6.75%-7.50% and Series B with a bond rate of 7.00%-7.75%. "Series A has a term of 3 (three) years from the Issue Date, and Series B has a term of 5 (five) years from the Issue Date. Principal payments of Series B Bonds in full will be made on the Series B Repayment Date, which is November 5, 2029," he said. The bonds have obtained an idAAAcg (Triple A, Corporate Guarantee) rating from PEFINDO. (Emiten News)

## Domestic Issue

**State Sukuk Auction on September 24, 2024: Here are the Details of the 7 Series of SBSN Offered**

The government held an auction of State Sharia Securities (SBSN) or State Sukuk in rupiah currency on Tuesday (24/9). Based on the announcement of the Directorate General of Debt Management of the Ministry of Finance, the government has set an indicative target of IDR 8 trillion. There will be seven series of SBSN auctioned on September 24, 2024, consisting of the SPN-S (State Treasury Bills-Sharia) and PBS (Project Based Sukuk) series. The funds obtained will be used to meet part of the financing target in the 2024 State Budget. The auction will open on Tuesday (24/9) at 09.00 WIB and close at 11.00 WIB. The auction settlement date is Thursday, September 26, 2024. SPNS01042025 (reopening), SPNS09062025 (reopening), PBS032 (reopening), PBS030 (reopening), PBS004 (reopening), PBS029 (reopening) and PBS038 (reopening). Auction winners who submit competitive bids will pay according to the submitted yield. Auction winners who submit non-competitive bids will pay according to the weighted average yield of the declared winning competitive bids. SBSN series SPN-S will be issued using the Ijarah Sale and Lease Back contract based on the fatwa of the National Sharia Council - Indonesian Ulema Council (DSN-MUI) number 72/DSN-MUI/VI/2008. Meanwhile, the PBS series SBSN uses the Ijarah Asset to be Leased contract based on the DSN-MUI fatwa number 76/DSN-MUI/VI/2010. (Data Indonesia)

## Recommendation

**US10YT YIELD** responded to the release of solid US PMI data and a number of economic indicators that were originally scheduled this week, by preparing to break the Resistance of the medium-term downtrend at a yield of 3.75% - 3.80%. Investors are advised to be prepared to reduce bond positions if yields break above the current MA50/yield of 3.865%, especially if economic data is supportive with indications of accelerating Inflation still lurking. Potential yield increase: 4.0% / 4.30%. On the other hand, if the yield reverses to below Support: 3.73% - 3.70%, then the strengthening of bond prices will continue.

**ID10YT YIELD** also seems to be solidifying bottoming around 6.40%, while a technical rebound is lurking, where the closest TARGET is the MA10 & MA20 range on the yield: 6.543% - 6.586% for now. Please note that these two MAs are crucial to determine the future of ID10YT yield, as they are the ones that stopped the yield's upward path for the past 2.5 months & kept the upward trend of bond prices intact. ADVISE: if the yield manages to break 6.60% then next TARGET: 6.73% - 6.80%.

## Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	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

## PRICE OF BENCHMARK SERIES

FR0090 : 97.38 (+0.01%)  
FR0091 : 99.69 (-0.08%)  
FR0094 : 96.92 (-0.03%)  
FR0092 : 104.25 (+0.43%)

FR0086 : 98.98 (-0.04%)  
FR0087 : 100.90 (-0.11%)  
FR0083 : 107.30 (+0.14%)  
FR0088 : 97.74 (-0.15%)

## CDS of Indonesia Bonds

CDS 2yr: +2.48% to 34.71  
CDS 5yr: +1.08% to 69.89  
CDS 10yr: +1.93% to 111.39

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.47%	0.03%
USDIDR	15,200	0.33%
KRWIDR	11.39	0.17%

## Global Indices

Index	Last	Chg.	%
Dow Jones	42,124.65	61.29	0.15%
S&P 500	5,718.57	16.02	0.28%
FTSE 100	8,259.71	29.72	0.36%
DAX	18,846.79	126.78	0.68%
Nikkei	37,723.91	0.00	0.00%
Hang Seng	18,247.11	(11.46)	-0.06%
Shanghai	2,748.92	12.10	0.44%
Kospi	2,602.01	8.64	0.33%
EIDO	23.41	0.22	0.95%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,628.7	6.8	0.26%
Crude Oil (\$/bbl)	70.37	(0.63)	-0.89%
Coal (\$/ton)	139.50	0.00	0.00%
Nickel LME (\$/MT)	16,544	34.0	0.21%
Tin LME (\$/MT)	32,295	168.0	0.52%
CPO (MYR/Ton)	3,977	30.0	0.76%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
<b>Monday</b>	US	20.45	S&P Global US Manufacturing PMI	47.0	Sep P	48.6	47.9
23 – September							
<b>Tuesday</b>	JP	07.30	Jibun Bank Japan PMI Manufacturing	-	Sep P	-	52.9
24 – September	US	21.00	Conf. Board Consumer Confidence	-	Sep	102.9	103.3
<b>Wednesday</b>	US	18.00	MBA Mortgage Applications	-	Sep 20	-	14.2%
25 – September	US	19.30	New Home Sales	-	Aug	690k	739k
<b>Thursday</b>	US	19.30	GDP Annualized QoQ	-	2Q T	2.9%	3.0%
26 – September	US	19.30	Durable Goods Order	-	Aug P	-2.8%	9.8%
	US	19.30	Initial Jobless Claims	-	Sep 21	-	219k
<b>Friday</b>	GE	14.55	Unemployment Change (000's)	-	Sep	15.0k	2.0k
27 – September	US	19.30	Personal Income	-	Aug	0.4%	0.3%
	US	19.30	Personal Spending	-	Aug	0.3%	0.5%

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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