

Morning Briefing

Daily | September 27, 2024

Today's Outlook:

The positive economic data came a day before the PCE PRICE index data - the Fed's favorite inflation gauge - (which is predicted to flatten to 2.3% yoy for Aug) and is likely to be an important consideration in the Federal Reserve's next monetary policy plan. Fed Chairman Jerome Powell did not deliver any notable comments on monetary policy on Thursday, although US Treasury Secretary Janet Yellen said the labor market suggests that the economy is on track for a soft landing.

ECONOMIC INDICATORS:

- Weekly Initial Jobless Claims fell more than anticipated, signaling a stable labor market,
- The final US GDP reading confirmed that the US economy grew 3% in the second quarter, marking the largest gain in 2 quarters.
- Durable Goods Orders increased unexpectedly in August.

COMMODITIES: METAL prices were boosted after China pledged to use necessary fiscal spending. The market sentiment revolving around CHINA STIMULUS and the announcement of the support the government is willing to provide to help improve the health of consumers there and reduce the structural problems surrounding the real estate sector. However, energy stocks fell 2%, tracking crude OIL prices which slumped on expectations of greater supply by OPEC+.

ASIA & EUROPE MARKETS: This morning saw Tokyo Core CPI (Sept) come out as expected at 2.0% yoy, and later in the afternoon data from EUROPE: GERMAN Employment Rate (Sept) which is expected to remain stuck at 6.0%.

Corporate News

PNM: Release Bonds and Sukuk PUB in Early 2025

PT Permodalan Nasional Madani (PNM) revealed that the decline in the Bank Indonesia (BI) interest rate or BI Rate to 6% will have a positive impact on the company. The decline in the benchmark interest rate will provide opportunities for PNM to obtain funding with more competitive interest rates from both banks and the capital market. The reason is, as a Non-Bank Financial Institution, the company in fulfilling its working capital financing comes from banks, capital markets and government agencies. "Taking into account market conditions and company needs, PNM plans to reissue a new PUB [Sustainable Public Offering] in early 2025 using audited financial statements for the December 2024 period," Sunar told Bisnis, Wednesday (25/9/2024). Sunar said that PNM's PUB Bonds and PUB Sukuk Bonds that are running this year have expired their issuance deadline in June 2024. (Bisnis)

Domestic Issue

Regional Bond Issuance Constrained by DPRD Approval

The Financial Services Authority (OJK) admits that there are still obstacles for local governments in issuing regional bonds. Even though OJK has issued OJK Regulation Number 10 of 2024 concerning the Issuance and Reporting of Regional Bonds and Regional Sukuk (POJK 10/2024) to expand local government fiscal financing sources through the utilization of funding sources in the capital market. Head of the Investment Management and Regional Capital Market Supervision Department of the Financial Services Authority (OJK) Edi Broto Suwarno said the process of issuing regional bonds until now still faces various significant obstacles, especially related to regional autonomy and regional legislative approval. "The main problem faced by local governments (Pemda) in issuing bonds is the difference in views between the Pemda and DPRD," he said, Thursday (26/9/2024). According to Edi, Regional Bonds are a financing instrument that can be used to overcome budget shortages in regional development. However, the process of issuing these bonds requires strong support from the DPRD, which is often difficult to achieve. He admits that one of the biggest problems is DPRD approval. The issuance of regional bonds requires a guarantee of repayment, which often involves regional assets, and the DPRD often does not agree with the local government in this regard. (Bisnis)

Recommendation

US10YT finally began to break out of the downtrend channel and seems to be moving towards the **TARGET / next resistance: MA50 / 3.87%**; before finally moving towards a more advanced **TARGET: yield 4.0% / 4.30%**. **ADVISE:** anticipate a price drop, especially if the yield breaks above 3.87%.

ID10YT made an attempt to test **MA10 & MA20** Resistance again although it has not resulted in breaking the current yield **Resistance of 6.5% - 6.56%**. But considering the Inverted Hammer candle that formed, it indicates that a potential bullish reversal will be attempted again. If finally **ID10YT** is able to break the two MAs then this short-term downtrend will begin to end and the yield moves towards the **TARGET / next resistance: MA50 / yield 6.70%**. **ADVISE: SPECULATIVE SELL** now (bond price), sell more if yield moves up to break out the Resistance level above.

PRICE OF BENCHMARK SERIES

FR0090 : 97.59 (+0.07%)
FR0091 : **99.65 (-0.14%)**
FR0094 : 97.28 (+0.00%)
FR0092 : **104.11 (-0.15%)**

FR0086 : **98.99 (-0.07%)**
FR0087 : **100.76 (-0.11%)**
FR0083 : **107.23 (-0.18%)**
FR0088 : **97.19 (-0.38%)**

CDS of Indonesia Bonds

CDS 2yr: **-0.73% to 33.87**
CDS 5yr: **-1.31% to 68.81**
CDS 10yr: **-0.61% to 109.18**

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.46%	0.02%
USDIDR	15,166	0.44%
KRWIDR	11.51	1.88%

Global Indices

Index	Last	Chg.	%
Dow Jones	42,175.11	260.36	0.62%
S&P 500	5,745.37	23.11	0.40%
FTSE 100	8,284.91	16.21	0.20%
DAX	19,238.36	319.86	1.69%
Nikkei	38,925.63	1055.37	2.79%
Hang Seng	19,924.58	795.48	4.16%
Shanghai	3,000.95	104.65	3.61%
Kospi	2,671.57	75.25	2.90%
EIDO	23.20	0.01	0.04%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,672.4	15.5	0.58%
Crude Oil (\$/bbl)	67.67	(2.02)	-2.90%
Coal (\$/ton)	139.60	(0.15)	-0.11%
Nickel LME (\$/MT)	16,745	(51.0)	-0.30%
Tin LME (\$/MT)	32,435	333.0	1.04%
CPO (MYR/Ton)	4,152	109.0	2.70%

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

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	US	20.45	S&P Global US Manufacturing PMI	47.0	Sep P	48.6	47.9
23 – September							
Tuesday	JP	07.30	Jibun Bank Japan PMI Manufacturing	49.6	Sep P	-	49.8
24 – September	US	21.00	Conf. Board Consumer Confidence	98.7	Sep	102.9	103.3
Wednesday	US	18.00	MBA Mortgage Applications	11.0%	Sep 20	-	14.2%
25 – September	US	19.30	New Home Sales	716k	Aug	690k	739k
Thursday	US	19.30	GDP Annualized QoQ	3.0%	2Q T	2.9%	3.0%
26 – September	US	19.30	Durable Goods Order	0%	Aug P	-2.8%	9.8%
	US	19.30	Initial Jobless Claims	218k	Sep 21	223k	219k
Friday	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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