

# Morning Briefing

Daily | September 3, 2024

## Today's Outlook:

US stock markets were closed for the Labor Day holiday, but that didn't stop market sentiment coming in from Asian & European exchanges. EUROZONE PMI remained in contractionary territory at 45.8 in August, although this figure was slightly better than forecast but the manufacturing sector was noticeably depressed by continued weak activity in Germany & France, according to a report by Hamburg Commercial Bank and S&P Global. In contrast in the UK, the Manufacturing PMI there increased to a 26-month high, at 52.5 in August signaling healthy expansion. Meanwhile, Asia Pacific markets digested stronger manufacturing activity data from CHINA & JAPAN. The Caixin Manufacturing PMI finally successfully crossed back into expansionary territory at 50.4 in August (from 49.8 the previous month), while the au Jibun Bank Japan Manufacturing PMI climbed for the third consecutive month, possibly crossing over to an expansionary 50 from 49.8 this August. This morning it's SOUTH KOREA's turn to take the spotlight with their CPI (Aug) data which seems to be in line with expectations of 2.0% yoy. Later in the evening, it is the US that will reveal a number of Manufacturing PMI data where predictions place the sector's activity will still be in contraction territory but at a lower pace. Overall market sentiment is also still around the US PCE PRICE INDEX report last Friday which rose 0.2% mom and 2.5% yoy as expected by economists and will greatly influence the Fed's interest rate movement at the FOMC Meeting on Sept 17-18.

**CURRENCY: The US DOLLAR experienced a slight decline but remained near its highest level in almost 2 weeks, with investors' attention turning to the US labor report throughout this week.** The most anticipated report, Nonfarm Payroll, due to be released on Friday, is considered to play an important role in shaping the Federal Reserve's monetary policy, especially after Fed Chair Jerome Powell signaled a shift from focusing on inflation to preventing job losses. Morgan Stanley economists put forward the current thinking: stronger-than-expected Payroll numbers and a lower Unemployment Rate will likely give markets greater confidence that recession risks have abated, paving the way for equity market valuations to remain elevated and potentially allowing laggard stocks to catch up with their performance.

**COMMODITIES: World crude oil prices recorded another decline at the close of trading on Monday (02/09/24) local time, as traders became increasingly concerned about the planned increase in oil production by OPEC + scheduled to start next October, at a time when global demand, especially from the world's two largest consumers, China & the US, still looks sluggish.** US WTI prices for Oct delivery fell 0.7% to USD 73.05/barrel on the New York Mercantile Exchange. Meanwhile, BRENT prices for Nov delivery slipped 0.7% to USD 76.37/barrel on the London ICE Futures Exchange. The decline continues last week's negative trend, where Brent fell 0.3% and US WTI plunged 1.7%. The eight OPEC+ members are scheduled to increase production by 180k bpd starting Oct (until 2025), as part of a plan to reduce voluntary cuts of 2.2m bpd, previously implemented during the pandemic. Another report late last week showed that manufacturing activity in China fell to a 6-month low on Aug, while factory product prices plummeted and factory owners struggled to secure orders; prompting policymakers to brainstorm stimulus measures that are more targeted at household spending. Meanwhile in the US, oil consumption in June fell to the lowest level for summer since the COVID 19 pandemic in 2020, according to data from the US Energy Information Administration; even though summer is a time when there are usually many road trips / traveling activities by land.

**INDONESIA: Domestically, the emergence of the Nikkei Manufacturing PMI (Aug) report which dropped again this time to 48.9 (the lowest level since Oct 2021) raised market concerns on Indonesia's fundamentals.** Supporting sentiment was more or less represented by Inflation figures (Aug) at 2.12 yoy as expected, cooling 0.01% from July, even recorded deflation of 0.03% on a monthly basis; but on the other hand Core Inflation crept up to 2.02% yoy.

## Corporate News

### MPMF: MPM Finance Siapkan Dana Pelunasan Obligasi Sebesar IDR 18 Miliar

PT JACCS Mitra Pinasthika Mustika Finance (MPMF) telah menyiapkan dana sebesar IDR 18 miliar untuk melunasi pokok dan bunga Obligasi MPM Finance I Tahun 2019 Seri C. Kesiapan dana untuk pelunasan Obligasi MPM finance I tahun 2019 seri C tersebut disampaikan manajemen MPMF Finance melalui keterbukaan informasi Bursa Efek Indonesia pada Jumat (30/8). "Bersama ini kami sampaikan bahwa perseroan telah menyediakan dana pelunasan pokok dan bunga untuk Obligasi MPM Finance I Tahun 2019 Seri C sebesar Rp 18 miliar yang akan jatuh tempo pada 24 September 2024 kepada pemegang obligasi," tulis manajemen MPMF dalam keterangan resminya, Jumat (30/8). Pelunasan pokok dan bunga ini telah sesuai dengan ketentuan IV.2.11 dari Peraturan Bursa Efek Indonesia No I-E yang berlaku sejak 21 Januari 2021. Obligasi Seri C merupakan bagian dari Penawaran Umum Obligasi MPM Finance I Tahun 2019 dengan total nilai penerbitan sebesar IDR 800 miliar. Ini adalah penawaran obligasi pertama yang diterbitkan oleh perusahaan untuk diversifikasi pendanaan. (Emiten News)

## Domestic Issue

### Sri Mulyani Claims Indonesia's Debt is Still Under Control, Developed Countries Actually Increase by 112%

Finance Minister Sri Mulyani Indrawati said that Indonesia's debt is relatively under control amid global uncertainty and high geopolitical tensions in the world. She said that debt in various developed countries has jumped from 70% to 112% of gross domestic product (GDP). Meanwhile, the increase in post-pandemic debt in developing countries from 47% in early 2000 is now 71% of GDP "So if seen from this perspective, Indonesia is still relatively safe," said Sri Mulyani in a Working Meeting with Committee IV of the Regional Representative Council (DPD) in Jakarta, Monday (3/9). It is known that until the end of July 2024, the debt ratio has fallen again to 38.68%, which means it is still far below the safe limit of 60% as stipulated in Law Number 17 of 2003 concerning State Finance. According to Sri Mulyani, the spike in debt in various countries was caused by the increasingly narrowing fiscal and monetary space due to conditions throughout the world that have not fully recovered from the pandemic, and the occurrence of war and geopolitical tensions. Globally, she said, the conditions in 2024 have not shown any improvement or optimism because the global situation is still the same and even tends to worsen due to geopolitical tensions and wars in a number of countries. (Katadata)

## Recommendation

**US10YT is exactly stalled at the upper channel Resistance (of its downtrend) at 3.941% yield, waiting for the next trigger that will make the yield break this critical Resistance; is it from the employment data that will be released a lot this week? ADVISE: HOLD; WAIT & SEE. Support yield: 3.875% - 3.855%.**

**ID10YT seems to be preparing itself for a trend reversal, which is valid after the yield rebounded from the support area of the lower channel around 6.60%, when the RSI showed a positive divergence (= meaning that momentum began picking up on the yield, while the price is preparing to weaken / consolidate). POTENTIAL: if yield is able to stay above MA10 / 6.63% then the next target is MA20 at 6.70% benchmark, and after that is MA50 around 6.86% yield.**

## PRICE OF BENCHMARK SERIES

FR0090	: 97.00 (+0.00%)
FR0091	: <b>98.57 (-0.10%)</b>
FR0094	: 96.80 (+0.00%)
FR0092	: <b>103.04 (-0.08%)</b>
FR0086	: <b>98.59 (-0.03%)</b>
FR0087	: <b>99.50 (-0.09%)</b>
FR0083	: <b>106.42 (-0.11%)</b>
FR0088	: 96.79 (+0.21%)

## CDS of Indonesia Bonds

CDS 2yr	: +0.67% to 29.99
CDS 5yr	: +0.29% to 67.59
CDS 10yr	: +0.40% to 116.35

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.66%	0.02%
USDIDR	15,525	0.45%
KRWIDR	11.60	0.45%

## Global Indices

Index	Last	Chg.	%
Dow Jones	41,563.08	0.00	0.00%
S&P 500	5,648.40	0.00	0.00%
FTSE 100	8,363.84	(12.79)	-0.15%
DAX	18,930.85	23.93	0.13%
Nikkei	38,700.87	53.12	0.14%
Hang Seng	17,691.97	(297.10)	-1.65%
Shanghai	2,811.04	(31.18)	-1.10%
Kospi	2,681.00	6.69	0.25%
EIDO	21.77	0.00	0.00%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,499.5	(3.9)	-0.16%
Crude Oil (\$/bbl)	73.55	0.00	0.00%
Coal (\$/ton)	143.90	(2.30)	-1.57%
Nickel LME (\$/MT)	16,625	(141.0)	-0.84%
Tin LME (\$/MT)	31,384	(962.0)	-2.97%
CPO (MYR/Ton)	3,933	(44.0)	-1.11%

## 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	2.12%	2.13%	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	49.8	Aug	-	49.5
02 – September	GE	14.55	HCOB Germany Manufacturing PMI	42.4	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



## Research Division

### Head of Research

**Liza Camelia Suryanata**

Equity Strategy, Macroeconomics,  
Technical  
T +62 21 5088 ext 9134

### Analyst

**Axell Ebenhaezer**

Mining, Property  
T +62 21 5088 ext 9133  
E Axell.Ebenhaezer@nhsec.co.id

### Analyst

**Ezaridho Ibnutama**

Consumer Goods, Poultry, Healthcare  
T +62 21 5088 ext 9126  
E ezaridho.ibnutama@nhsec.co.id

### Analyst

**Richard Jonathan Halim**

Technology, Transportation  
T +62 21 5088 ext 9128  
E Richard.jonathan@nhsec.co.id

### Analyst

**Leonardo Lijuwardi**

Banking, Infrastructure  
T +62 21 5088 ext 9127  
E leonardo.lijuwardi@nhsec.co.id

### Research Support

**Amalia Huda Nurfalih**

Editor & Translator  
T +62 21 5088 ext 9132  
E amalia.huda@nhsec.co.id

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## PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

### JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51<sup>st</sup> Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 5088 9102

### Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15311

Indonesia

Telp : +62 21 509 20230

### Branch Office Medan :

Jl. Asia No. 548 S

Medan – Sumatera Utara 20214

Indonesia

Telp : +62 614 156500

### Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

### Branch Office Bandengan (Jakarta Utara):

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

### Branch Office Kamal Muara (Jakarta Utara):

Rukan Exclusive Mediterania  
Blok F No.2

Jakarta Utara 14470

Indonesia

Telp : +62 24 844 6878

### Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 1330

### Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

### Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

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Jakarta