

Today's Outlook:

MARKET SENTIMENT: Market sentiment also weakened as the Institute for Supply Management (ISM) explained US manufacturing data remained sluggish in contraction territory for August despite a slight improvement from July's 8-month low. US Construction Spending (Jul) also contracted worse than expected. Furthermore, September is widely regarded as one of the worst months for stock market performance based on available data since the 1950s. Market participants await several labor market reports ahead of the Nonfarm Payrolls data for August due later on Friday. **The September 17-18 FOMC MEETING will be closely watched after Fed Chairman Jerome Powell recently endorsed easing monetary policy.** The odds of a 25 basis points rate cut stand at 63%, according to the CME FedWatch Tool, while the odds of a larger pivot of 50 bps stand at 37%. It is understandable why investors would be quite nervous this week ahead of the US labor data, given that the early August sell-off was triggered by payroll numbers that did not meet expectations; especially when the equity market is still around its peak and the Tech sector started its initial collapse. On the other hand, Citi analysts think that the weakness in the US labor market will continue in the August data, which might be a reason for the Fed to cut rates by 50 basis points. Later tonight JOLTS JOB OPENINGS (Jul) will kick off the US labor data series.

ASIAN MARKET: Weak PMI data from CHINA & US are setting the negative tone, and more PMI reports from Asia - Pacific are scheduled for release on Wednesday, including China's 'unofficial' Caixin service sector PMI. China's 'official' PMI figures at the weekend showed that manufacturing activity slumped to a 6-month low in August as manufacturer prices fell and factory owners struggled to secure orders. Shanghai stocks opened on Wednesday at a 7-month low.

COMMODITIES: During a volatile trading session on Tuesday, OIL prices plummeted to their lowest level since mid-December, with BRENT futures down 4.9% to USD 73.75 per barrel, and US WTI down 4.4% to USD 70.34 per barrel. This sell-off in oil prices came on news of a potential resolution to the dispute in Libya that has caused a halt in the country's crude oil production and exports. It was reported that Libya's legislature has agreed to appoint a new central bank governor within 30 days, following discussions sponsored by the United Nations. On Monday, Libya's main port halted oil exports, and production was halted across the country due to a standoff between factions vying for control of the central bank and access to oil revenues. The impact of the dispute on Libya's oil production has been striking. The National Oil Corporation (NOC) reported that total production dropped dramatically to a little over 591,000 barrels per day (bpd) on August 28, down from nearly 959,000 bpd two days earlier, according to Reuters. This marks a significant drop from around 1.28 million bpd on July 20, indicating the severity of production cuts.

Corporate News

BAF: Bussan Auto Finance (BAF) Prepares IDR 625 Billion to Pay Off Maturing Bonds

Multifinance company PT Bussan Auto Finance announced a plan to repay maturing bonds. Sustainable Bonds I Phase III Year 2021 Series B will mature on September 28 with a principal of IDR 625 billion and IDR 8.98 billion in interest. Director of Bussan Auto Finance Sigit Sembodo revealed that the delivery plan to the payment agent is scheduled for September 27. "The company said that the company has prepared funds to repay the principal and final interest of the first sustainable public offering with details of principal IDR 625 billion, maturity date September 28, 2024, interest IDR 8.98 billion, and the planned delivery date to the payment agent September 27, 2024," Sigit wrote in his statement in an information disclosure quoted on Tuesday (3/8/2024). Previously, Bussan Auto Finance had also made the last principal and interest repayment of Sustainable Bonds I Phase II Year 2021 Series B and Sustainable Bonds II Phase III Year 2023 Series A with a principal amount of IDR 725 billion each with a 12th interest amount of IDR 12.5 billion which matures on April 27, 2024, and IDR 401 billion with a 4th interest amount of IDR 6.66 billion which matures on April 28, 2023. Bussan Auto Finance also still has one bond maturing on December 15, 2024, namely Sustainable Bonds I Phase IV Year 2021. (Bisnis)

Domestic Issue

SUN Auction Bids on Tuesday (3/9) Reached IDR 45.49 Trillion

The Government Securities (SUN) auction was quite solid amid expectations of a US interest rate cut and stable domestic economy. Investors were observed to bid a lot on 6 and 11 year tenor SUN. Director of Government Securities at the Directorate General of Financing and Risk Management of the Ministry of Finance Deni Ridwan said that investor interest in this week's SUN auction was supported by indications of a soft landing of the United States (US) economy. This is because the US PCE inflation rate has stabilized at 2.5% yoy, thus driving expectations of a Fed Fund Rate cut of 25bps from the previous 50bps. Meanwhile, positive sentiment from domestic came from August 2024 inflation data at 2.12% yoy or maintained within the target range of 2.5±1%. As a result, the total incoming bid value at the SUN auction this time reached IDR 45.49 trillion or 2.07 times the indicative target. "Investor interest in today's SUN auction is still quite solid," Deni said in a statement distributed, Tuesday (3/9). Deni noted that overall investor demand is still dominant in 6-year and 11-year tenor bonds, namely the FR0104 and FR0103 series. The contribution of incoming bids and awarded bids from the two series amounted to 64.79% of total incoming bids and 81.59% of total awarded bids, respectively. In addition, the interest of foreign investors in this SUN auction is also still very good with total incoming bids reaching IDR 12.4 trillion. The majority of the incoming bids were on 11-year SUN amounting to IDR 6.11 trillion or 49.31% of the total incoming bids of foreign investors, and won IDR 4.85 trillion or 22.1% of the total awarded bids. Meanwhile, in line with the relatively stable Government Securities (SBN) market in the last two weeks, the weighted average yield (WAY) of state bonds won at today's SUN auction fell by 2 to 4 bps, when compared to the WAY level of the previous SUN auction.(Kontan)

Recommendation

US10YT is very much obedient to the upper channel resistance that prevents yields from breaking this downtrend. Instead, yields are resorting back to their support levels around yields of 3.82-3.78%, while waiting for the US Payroll economic indicators to be released this week. ADVISE: WAIT & SEE.

If US10YT reverses at resistance, ID10YT continues to rebound from lower channel support and further strengthens to break initial resistance: MA10 / yield 6.63%, and is now even at the second doorstep: MA20 / yield 6.69%. ADVISE: WAIT & SEE, Anticipate further price weakness as the yield strengthens.

PRICE OF BENCHMARK SERIES

FR0090	: 97.04 (+0.05%)
FR0091	: 98.50 (-0.06%)
FR0094	: 96.80 (+0.00%)
FR0092	: 102.98 (-0.05%)
FR0086	: 98.61 (+0.02%)
FR0087	: 99.45 (-0.04%)
FR0083	: 106.41 (-0.01%)
FR0088	: 96.50 (-0.03%)

CDS of Indonesia Bonds

CDS 2yr	: +3.28% to 30.98
CDS 5yr	: +1.96% to 68.92
CDS 10yr	: +2.71% to 119.51

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.67%	0.01%
USDIDR	15,525	0.00%
KRWIDR	11.58	-0.14%

Global Indices

Index	Last	Chg.	%
Dow Jones	40,936.93	(626.15)	-1.51%
S&P 500	5,528.93	(119.47)	-2.12%
FTSE 100	8,298.46	(65.38)	-0.78%
DAX	18,747.11	(183.74)	-0.97%
Nikkei	38,686.31	(14.56)	-0.04%
Hang Seng	17,651.49	(40.48)	-0.23%
Shanghai	2,802.98	(8.06)	-0.29%
Kospi	2,664.63	(16.37)	-0.61%
EIDO	21.59	(0.18)	-0.83%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,492.9	(6.6)	-0.26%
Crude Oil (\$/bbl)	70.34	(3.21)	-4.36%
Coal (\$/ton)	142.00	(1.90)	-1.32%
Nickel LME (\$/MT)	16,462	(163.0)	-0.98%
Tin LME (\$/MT)	30,745	(639.0)	-2.04%
CPO (MYR/Ton)	3,931	(2.0)	-0.05%

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)	-3.02	-2.16
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
Monday	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
Tuesday	US	20.45	S&P Global US Manufacturing PMI	47.9	Aug F	48.1	48.0
03 – September	US	21.00	ISM Manufacturing	47.2	Aug	47.5	46.8
Wednesday	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%
Thursday	US	19.15	ADP Employment Change	-	Aug	145k	122k
05 – September	US	19.30	Initial Jobless Claims	-	Aug 31	-	231k
Friday	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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