

**Today's Outlook:**

**US MARKETS:** Investors are paying close attention to important employment data due on Friday. Markets are seen jittery ahead of the release of comprehensive NONFARM PAYROLLS data - which is likely to be the benchmark for the Federal Reserve to start cutting interest rates later this month. Earlier in the session, Wall Street's main indexes rallied as economic indicators helped ease concerns over a declining labor market. A survey from the Institute for Supply Management showed service sector activity increased in August while jobless claims declined last week, according to data from the Labor Department.

**ECONOMIC INDICATORS:** ADP NONFARM EMPLOYMENT CHANGE explained that in August, US private companies hired the fewest workers since January 2021 and data for the previous month was revised down, which may hint at a sharp deterioration in the labor market. This further reinforces the view that the weakness in the labor sector, which began to emerge in the July report, will continue into subsequent periods. New private sector employment rose by 99k in August, compared to a downwardly revised total of 111k in July. Economists had expected the figure to reach 144k, up from July's preliminary figure of 122k. Meanwhile, the number of Americans applying for unemployment benefits for the first time stood at 227k in the week ending August 31, down 5k from the previous week's revised (upward) level of 232k. Previous estimates suggested this figure would be in line with last week's INITIAL JOBLESS CLAIMS preliminary figure of 231,000. Both data, released ahead of Friday's Nonfarm Payrolls report, reinforced speculation of a larger Fed rate cut of 50bps at this September's FOMC Meeting, which is now estimated to hold a 45% chance with a total of 111bps of policy easing expected by the end of the year.

**FIXED INCOME:** The 10-year US Treasury yield fell 3.9 basis points to 3.729%, from 3.768% on Wednesday afternoon, while the 30-year yield fell 4.7 basis points to 4.0207%. Meanwhile, the 2-year US TREASURY yield, which usually moves in line with interest rate expectations, fell 2.2 basis points to 3.7476%, from 3.77% on Wednesday afternoon.

**U.S. POLITICAL MAP:** The latest national survey conducted by Emerson College Polling revealed that Vice President Kamala Harris holds a narrow lead over former President Donald Trump in the US presidential race, with 49% supporting Harris and 47% supporting Trump. In the broader political landscape, the general congressional ballot showed that 48% of voters supported Democratic candidates, while 44% supported Republican candidates. Popularity surveys for Harris and Trump are very evenly matched, with 51% viewing Harris positively and 49% unfavorably, and Trump holding a 47% favorability score with 53% viewing him negatively.

**ASIA & EUROPE MARKETS:** SOUTH KOREA reported 2Q GDP at a rate of 2.3% yoy, although this was in line with expectations the economy actually slowed compared to 1st quarter growth at a rate of 3.3%. JAPAN'S NIKKEI is already down 5% this week, and could fall further if the YEN continues to strengthen. The Dollar dipped below 143.00 Yen on Thursday for the first time since August 5th and from the momentum it looks set to continue its decline. With a stronger currency in their pockets, Japanese investors are accumulating assets overseas. Thursday's economic data showed that there was net buying in foreign bonds for the fifth week, and net buying in foreign stocks for the third week. With the prospect of a Fed rate cut and the inclination of further monetary policy tightening from the BOJ, this is a combination recipe for further Yen strength. Japanese household spending data for July was released on Friday morning, following figures on Thursday that showed real wages rose in July for a second month. Apparently household spending fell in July by 1.7%, lower than the 0.2% contraction economists had expected, showing a weakening trend from the 0.1% growth in the previous month. At least this data may slightly restrain the BOJ from raising interest rates again, while limiting further Yen gains. From the rest of the world, EUROZONE 2Q GDP figures will be of interest to European markets today.

**Corporate News**

**ADMF: Adira Finance Prepares to Repay Maturing Bonds Debt of IDR 190 Billion**

PT Adira Dinamika Multi Finance Tbk (ADMF) or Adira Finance announced the repayment of maturing bonds next month. Adira Finance has Sustainable Bonds IV Adira Finance Phase VI Year 2019 Series C which will mature on October 4, 2024 with a value of IDR 190 billion and an interest rate yield of IDR 3.84 billion. "The Board of Directors of Adira Dinamika Multi Finance Tbk informs the securities holders that in connection with the implementation of securities redemption payments," wrote Adira Finance Head of Corporate Secretary Regulatory Andreas Kurniawan, quoted from information disclosure, on Thursday (5/9/2024). (Bisnis)

**Domestic Issue**

**Government Holds 7 SBSN Auctions Next Week**

The government will hold another auction of State Sharia Securities (SBSN) or State Sukuk on Tuesday, September 10, 2024. The indicative target is set at IDR 8 trillion to meet part of the financing target in the 2024 State Budget. Quoting the official statement of the Directorate of Sharia Financing, Directorate General of Financing and Risk Management, Tuesday (04/9), the SBSN series to be auctioned are the SPN-5 series (State Treasury Securities - Sharia) and PBS (Project Based Sukuk). The auction opens on Tuesday, September 10, 2024 at 09.00 WIB and closes at 11.00 WIB. The following are the principal terms & conditions of SBSN that will be auctioned: SPNS01042025 (reopening), maturity date April 1, 2025 with a discounted yield, SPNS09062025 (reopening), maturity date June 9, 2025 and with a discounted yield, PBS032 (reopening), maturity date July 15, 2026 with a yield of 4.87500%, PBS030 (reopening), maturing on July 15, 2028 and yielding 5.87500%, PBS004 (reopening), maturing on February 15, 2037 and yielding 6.10000%, PBS039 (reopening), maturing on July 15, 2041 and yielding 6.62500% and PBS038 (reopening), maturing on December 15, 2049 and yielding 6.87500%. (Pasar Dana)

**Recommendation**

**US10YT** as expected, continues its consolidation towards 3.667% yield which was the lowest point last Aug. POTENTIAL: limited downside potential, but not ruled out the possibility of the yield continuing to fall following the pattern of the downtrend channel that escorts it, towards a yield of 3.35%. ADVISE: price consolidation continues.

**ID10YT** is also helpless to break the two-layer Moving Average Resistance that prevents the yield from rising above 6.67%. Thus, the downtrend in yield still reigns, although there are indications of limited downside potential until Support 6.58% up to 6.54%.

**PRICE OF BENCHMARK SERIES**

FRO090	: 96.98 (-0.03%)
FRO091	: 98.47 (+0.17%)
FRO094	: 96.80 (+0.00%)
FRO092	: 102.96 (+0.08%)
FRO086	: 98.58 (+0.01%)
FRO087	: 99.47 (+0.09%)
FRO083	: 106.06 (-0.04%)
FRO088	: 96.84 (+0.28%)

**CDS of Indonesia Bonds**

CDS 2yr	: -0.14% to 31.06
CDS 5yr	: +0.77% to 70.19
CDS 10yr	: +0.00% to 119.86

**Government Bond Yields & FX**

	Last	Chg.
Tenor: 10 year	6.64%	-0.030%
USDIDR	15,398	-0.50%
KRWIDR	11.54	-0.42%

**Global Indices**

Index	Last	Chg.	%
Dow Jones	40,755.75	(219.22)	-0.54%
S&P 500	5,503.41	(16.66)	-0.30%
FTSE 100	8,241.71	(27.89)	-0.34%
DAX	18,576.50	(15.35)	-0.08%
Nikkei	36,657.09	(390.52)	-1.05%
Hang Seng	17,444.30	(13.04)	-0.07%
Shanghai	2,788.31	4.04	0.15%
Kospi	2,575.50	(5.30)	-0.21%
EIDO	22.02	0.17	0.78%

**Commodities**

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,516.8	21.0	0.84%
Crude Oil (\$/bbl)	69.15	(0.05)	-0.07%
Coal (\$/ton)	141.00	1.50	1.08%
Nickel LME (\$/MT)	16,078	(136.0)	-0.84%
Tin LME (\$/MT)	30,771	272.0	0.89%
CPO (MYR/Ton)	3,917	31.0	0.80%

**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
<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	47.9	Aug F	48.1	48.0
03 – September	US	21.00	ISM Manufacturing	47.2	Aug	47.5	46.8
<b>Wednesday</b>	US	18.00	MBA Mortgage Applications	1.6%	Aug 30	-	-0.5%
04 – September	US	19.30	Trade Balance	-\$78.8B	July	-\$79.0B	-\$73.1
	US	21.00	Factory Orders	5.0%	July	4.6%	-3.3%
	US	21.00	Durable Goods Order	9.8%	Jul F	9.9%	9.9%
<b>Thursday</b>	US	19.15	ADP Employment Change	99k	Aug	144k	122k
05 – September	US	19.30	Initial Jobless Claims	227k	Aug 31	230k	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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