

Morning Briefing

Daily | October 14, 2024

Today's Outlook:

MARKET SENTIMENT:

- The US Labor Department reported US PPI was unchanged on a monthly basis in September, compared with a 0.1% increase expected by economists polled by Reuters. On an annualized basis, the producer-level price index increased by 1.8%, lower than the upwardly revised figure of 1.9% in August, meaning inflation is definitely slowing. Friday's US PPI data followed Thursday's US CPI reading, which was slightly higher than expected, although weekly jobless claims rose more than expected.

- The UNIVERSITY OF MICHIGAN's October consumer sentiment index came in at 68.9, compared to analysts' estimates of 70.8. With last week's data above, traders remain betting with a probability of around 88% that THE FED will cut rates by 25 basis points at the November FOMC MEETING, and a 12% chance that the Fed will leave rates unchanged, according to CME FedWatch.

EUROPE & ASIA MARKETS:

- ENGLAND GDP for Aug managed to grow as expected 0.2% mom, although on an annualized basis it only came in at 1.0% yoy, not as strong as the 1.4% expected, although it still grew 0.1% over the previous month. The culprit could be their Industrial & Manufacturing Production, some of which still fell lower than expected although the pace of decline is slowing down. Speaking of Inflation, GERMAN CPI (Sept) continued to slide below the ECB Target level of 2%, this time in Sept came in at 1.6% yoy as expected (lower than 1.9% in the previous month).

- CHINA: pledged on Saturday to significantly increase debt to revive its flagging economy, but left investors wondering about the overall size of the stimulus package. CHINA'S YUAN strengthened to 7.0669/USD on Friday evening as markets await further explanation of their arguably largest stimulus package since the COVID Pandemic. Finance Minister Lan Fo'an told a press conference that the Chinese government will help local governments address their debt problems, offer subsidies to people with low incomes, support the property market, and replenish the capital of state banks, among other measures. The lack of clear figures is sure to make investors nervous again as they wait for a clearer policy roadmap until China's next legislative meeting, the date of which has yet to be announced. Asian markets today will also see a slew of economic indicators from China, one of which is their Trade Balance and Export - Import developments for Sept, as well as New Loans figures for the same month.

COMMODITIES

- OIL prices fell on Friday but rose for a second straight week as traders weighed possible supply disruptions in the Middle East and the impact of Hurricane Milton on fuel demand in Florida. Brent crude fell 0.45% to settle at USD 79.04 a barrel EDT. US WTI crude fell 0.38% to settle at USD 75.56 a barrel

- GOLD prices rose in Asia on Friday, as investors digested strong U.S. producer inflation, offsetting weak labor market readings. Among industrial metals, COPPER prices rose sharply in anticipation of more cues from China on fiscal stimulus. Metals prices were supported overall by a weaker DOLLAR, which fell from a 2-month high amid bets the Federal Reserve will continue to cut interest rates in the coming months, albeit at a slower pace. However, gold remains well below its recent peak. Spot gold prices rose 1.4% to USD 2,645.6/ounce, while futures for December rose 1.4% to USD 2,662.50/ounce.

Corporate News

ISSP: Prepare IDR 100M Maturing Notes Repayment

PT Steel Pipe Industry of Indonesia Tbk (ISSP) is facing debt repayment obligations that will mature on December 2, 2024. These obligations consist of Sustainable Bonds I Phase I Year 2021 Series B amounting to IDR 49 billion (IdA rating) and Sustainable Sukuk Ijarah I Phase I Year 2021 Series B amounting to IDR 51 billion (IdA(sy) rating). ISSP plans to repay these bonds through a refinancing scheme for the Shelf Registration Bonds, while the Sukuk Ijarah repayment will be done using internal funds. The internal funds will be prepared two weeks before maturity. As of June 30, 2024, ISSP has a cash balance of IDR 91.8 billion and projected EBITDA of IDR 818 billion, demonstrating the company's capacity to meet its obligations. (Emiten News)

Domestic News

IDX records issuance of corporate bonds reaching IDR 108.9 trillion

The Indonesia Stock Exchange (IDX) noted that the total issuance of corporate bonds and sukuk until October 11, 2024 has reached IDR 108.9 trillion. IDX Corporate Secretary Kautsar Primadi Nurahmad said that the total bond and sukuk emissions that have been recorded throughout the current year 2024 consist of 118 emissions from 71 issuers worth IDR 108.90 trillion. "With this listing, the total bond and sukuk emissions recorded on the IDX amounted to 594 emissions with an outstanding nominal value of IDR 473.35 trillion and USD 76.80 million, issued by 132 issuers," he explained in an official statement, Saturday (11/10/2024). On the other hand, the IDX also noted that 118 emissions from 65 issuers of debt and sukuk securities (EBUS) had been issued. The funds raised from this corporate action amounted to IDR 109.6 trillion. Going forward, there are still 13 emissions from 10 EBUS issuers that are currently in the Exchange pipeline. (Bisnis)

Recommendation

US10YT appears to be still on track towards its strengthening target around 4.305% yield, especially after its unstoppable run after crossing the psychological 4.0% level, making that level as the closest yield support at the moment (in case of a temporary pullback as the chances of a 25bps rate cut at the FOMC MEETING next Nov. become more and more firm).

ID10YT seems to be waiting for MA10 Support to rise to support the current consolidation position, sideways motionless around 6.68% yield. Yield still has the potential to pullback to 6.61% (before continuing its upward swing again, especially after breaking Resistance 6.80%), therefore anticipate temporary price strengthening.

PRICE OF BENCHMARK SERIES

FR0090 : 97.40 (-0.05%)
FR0091 : 98.87 (+0.14%)
FR0092 : 102.21 (+0.08%)
FR0094 : 97.01 (+0.00%)

FR0086 : 98.90 (+0.00%)
FR0087 : 99.88 (-0.01%)
FR0083 : 105.45 (+0.04%)
FR0088 : 96.55 (-0.01%)

CDS of Indonesia Bonds

CDS 2yr: +0.19% to 31.73

CDS 5yr: -0.39% to 68.96

CDS 10yr: -0.16% to 119.34

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.68%	-0.01%
USDIDR	15,580	-0.54%
KRWIDR	11.53	-0.37%

Global Indices

Index	Last	Chg.	%
Dow Jones	42,863.86	409.74	0.97%
S&P 500	5,815.03	34.98	0.61%
FTSE 100	8,253.65	15.92	0.19%
DAX	19,373.83	162.93	0.85%
Nikkei	39,605.80	224.91	0.57%
Hang Seng	21,251.98	0.00	0.00%
Shanghai	3,217.74	(84.19)	-2.55%
Kospi	2,596.91	(2.25)	-0.09%
EIDO	21.90	0.25	1.15%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,656.6	26.9	1.02%
Crude Oil (\$/bbl)	75.56	(0.29)	-0.38%
Coal (\$/ton)	146.70	(1.30)	-0.88%
Nickel LME (\$/MT)	17,864	323.0	1.84%
Tin LME (\$/MT)	33,212	395.0	1.20%
CPO (MYR/Ton)	4,350	117.0	2.76%

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)	149.92	150.20	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	1.84%	2.12%	Cons. Confidence*	123.50	124.40

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	-	-	-	-	-	-	-
14 – October							
Tuesday	JP	11.30	Industrial Production MoM	-	Aug F	-	-3.3%
15 – October							
	GE	16.00	ZEW Survey Expectations	-	Oct	10.0	3.6
	GE	16.00	ZEW Survey Current Situation	-	Oct	-84.0	-84.5
	US	19.30	Empire Manufacturing	-	Oct	0.0	11.5
Wednesday	ID	14.20	BI Rate	-	Oct 16	6.00%	6.00%
16 – October							
	US	18.00	MBA Mortgage Applications	-	Oct 11	-	-5.1%
Thursday	US	19.30	Initial Jobless Claims	-	Oct 12	-	258k
17 – October							
	US	19.30	Industrial Production MoM	-	Sep	-0.1%	0.8%
	US	19.30	Retail Sales Advance MoM	-	Sep	0.2%	0.1%
Friday	US	19.30	Housing Starts	-	Sep	1350k	1356k
18 – October							

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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