

Morning Briefing

Daily | October 22, 2024

Today's Outlook:

MARKET SENTIMENT:

- ISRAEL'S military continued its offensive against Lebanon's Hezbollah militant group, with hundreds of Beirut residents fleeing their homes on Sunday night as explosions rocked the Lebanese capital. As a result this latest development in the MIDDLE EAST CONFLICT lifted Gold & Oil prices north.

- US ELECTIONS: Investors are also keeping an eye on the US presidential election, with polls showing improving odds for former President Donald Trump, the Republican candidate.

ECONOMIC INDICATORS: This week is expected to be relatively quiet in terms of the US & global economic calendar in general, but investors will get an update on the health of the housing sector in reports due on existing and new home sales. There are also reports on durable goods orders, consumer sentiment and initial jobless claims. On Wednesday, the Fed will publish the Beige Book, a report on economic conditions in the central bank's 12 districts. Market participants will also get a chance to hear from several regional Federal Reserve officials during the week, including Minneapolis Fed President Neel Kashkari, Kansas City Fed President Jeffrey Schmid, San Francisco Fed President Mary Daly, Philadelphia Fed President Patrick Harker, and Richmond Fed President Thomas Barkin.

COMMODITIES: GOLD prices surged to a record high on Monday and were little changed at USD 2,719.33/ounce. US gold futures prices closed 0.3% higher at USD 2,738.9. Oil prices closed up nearly 2% after a more than 7% drop last week. BRENT crude oil prices closed up 1.68% at USD 74.29/barrel, while US WTI crude oil prices gained 1.94% at USD 70.56/barrel.

FIXED INCOME & CURRENCIES: The market estimates the chance of a 25 basis points (bps) rate cut at the Fed's November meeting at 89.3%, with the chance of the central bank keeping rates on hold at 10.7%, according to CME FedWatch. The 10-year US TREASURY YIELD rose 11.9 basis points to 4.194% (12-week high). The yield on the 2-year US Treasury note, which is sensitive to central bank policy, jumped 7 basis points to 4.025%; investors are holding back on what the future path of rate cuts will be. The US DOLLAR strengthened, driven by rising US bond yields. The Euro was down 0.46% at USD 1.0815, while the Pound sterling weakened 0.51% to USD 1.2982. Against the Japanese Yen, the Dollar strengthened 0.86% to 150.79. The DOLLAR INDEX, which tracks its performance against a basket of currencies including the Yen and Euro, rose 0.49% to 103.97.

EUROPEAN & ASIAN MARKETS: THE EUROPEAN CENTRAL BANK (ECB) last week cut interest rates for the third time this year. Data on Monday showed GERMAN producer-level prices (PPI) fell more deeply than expected in September.

Corporate News

ISAT: Indosat Ready to Pay IDR 34 Billion Bonds

PT Indosat Tbk (ISAT), a company in the telecommunications sector, announced the readiness of funds for the repayment of Indosat Phase II 2017 Shelf Registration Bonds Series D and Indosat Phase II 2017 Shelf Registration Sukuk Ijarah Series D. The repayment is scheduled for October 21, 2024. The repayment is scheduled to take place on October 21, 2024. Corporate Secretary of PT Indosat Tbk, Reski Damayanti, explained that the company has prepared funds to pay off its financial obligations amounting to IDR 34 billion. "We have prepared funds to pay off the principal of Indosat Sustainable Bonds II Phase II Year 2017 Series D amounting to IDR 21 billion and the principal of Sukuk Ijarah Berkelanjutan II Indosat Phase II Year 2017 Series D amounting to IDR 13 billion," said Reski in the disclosure of information from the Indonesia Stock Exchange (IDX), quoted on Tuesday (22/10). Both obligations will mature on November 9, 2024. The preparation of these funds is part of Indosat's strategic steps in maintaining its commitment to bond and sukuk holders. (Katadata)

Domestic News

What are the duties of the National Economic Council led by Luhut?

Coordinating Minister for Maritime Affairs and Investment in the Joko Widodo (Jokowi) era, Luhut Binsar Pandjaitan, has been appointed as Chairman of the National Economic Council by President Prabowo Subianto. So what are the duties of the National Economic Council led by Luhut? The provisions of the National Economic Council are regulated in Presidential Decree No. 144/1999 on the National Economic Council. This regulation was enacted during the era of the 4th President Abdurrahman Wahid. Based on CNNIndonesia's monitoring, there has been no recent regulation regarding the National Economic Council. Article 1 states that the National Economic Council has the function of advising the president in the economic field, in an effort to accelerate crisis management and national economic recovery, as well as readiness in responding to the dynamics of globalization. In carrying out its functions, the National Economic Council is tasked with studying economic issues as input for advice to the president for suggestions for further action; responding to economic issues that are alive in the community to be submitted to the president; and carrying out other assignments in the economic field from the president related to the functions of the National Economic Council. Meanwhile, Luhut also revealed the duties of the National Economic Council through a post on his Instagram account shortly after he was inaugurated. The institution he leads, he said, is tasked with providing advice and recommendations so that priority programs in the economic sector can be achieved properly. Moreover, the future economic challenges faced by Indonesia are not light, such as food security, energy transition, technological developments including AI, climate change, and increasingly complex geopolitical dynamics. "The National Economic Council formed by President Prabowo is an economic think tank that will be filled with economic experts," Luhut said. (CNN Indonesia)

Recommendation

As expected, US10YT resumed its upward swing based on MA10 / yield of 4.08% which is the closest support now, towards TARGET yield of 4.305%. ADVISE: assume bullishness on yield (= thus weakness on bond price) is still intact as long as it moves above MA10.

ID10YT is still in a consolidation framework, moving between Support - Resistance yield as follows: 6.60% - 6.680%. ADVISE: WAIT & SEE where the breakout direction is before determining investment decisions. TARGET yield: 6.80% (= anticipation for bond price weakening again).

PRICE OF BENCHMARK SERIES

FR0090 : 97.41 (+0.08%)
FR0091 : 99.33 (-0.02%)
FR0092 : 102.29 (+0.03%)
FR0094 : 97.01 (+0.00%)

FR0086 : 98.87 (+0.03%)
FR0087 : 99.93 (+0.04%)
FR0083 : 105.55 (-0.01%)
FR0088 : 96.64 (+0.06%)

CDS of Indonesia Bonds

CDS 2yr: +0.09% to 31.64
CDS 5yr: +0.05% to 68.71
CDS 10yr: +0.00% to 118.76

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.64%	-0.02%
USDIDR	15,495	0.19%
KRWIDR	11.24	-0.59%

Global Indices

Index	Last	Chg.	%
Dow Jones	42,931.60	(344.31)	-0.80%
S&P 500	5,853.98	(10.69)	-0.18%
FTSE 100	8,318.24	(40.01)	-0.48%
DAX	19,461.19	(196.18)	-1.00%
Nikkei	38,954.60	(27.15)	-0.07%
Hang Seng	20,478.46	(325.65)	-1.57%
Shanghai	3,268.11	6.55	0.20%
Kospi	2,604.92	11.10	0.43%
EIDO	22.47	(0.09)	-0.40%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,719.9	(1.6)	-0.06%
Crude Oil (\$/bbl)	70.56	1.34	1.94%
Coal (\$/ton)	145.60	0.20	0.14%
Nickel LME (\$/MT)	16,705	(192.0)	-1.14%
Tin LME (\$/MT)	31,016	(297.0)	-0.95%
CPO (MYR/Ton)	4,299	44.0	1.03%

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	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)	3.26	2.90	Govt. Spending Yoy	1.42%	19.90%
Exports Yoy	6.44%	7.13%	FDI (USD bn)	4.89	6.03
Imports Yoy	8.55%	9.46%	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	US	21.00	Leading Index	-	-	-	-
21 – October							
Tuesday	-	-	-	-	-	-	-
22 – October							
Wednesday	US	21.00	Existing Home Sales	-	Sep	3.90m	3.86m
23 – October	US	18.00	MBA Mortgage Applications	-	Oct 18	-	-17.0%
Thursday	US	19.30	Initial Jobless Claims	-	Oct 19	259k	258k
24 – October	US	20.45	S&P Global US Manufacturing PMI	-	Oct P	-	47.3
	US	21.00	New Home Sales	-	Sep	713k	716k
Friday	US	19.30	Durable Goods Order	-	Sep P	-1.0%	0.0%
25 – October	US	21.00	University of Michigan Sentiment	-	Oct F	69.5	68.9

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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