

Today's Outlook:

US MARKETS: US bond yields rose on Tuesday amid market uncertainty ahead of the US ELECTION as well as the prospect of an interest rate cut in the same November. Democratic Vice President Kamala Harris holds a narrow 46% to 43% lead over Republican Donald Trump, according to a Reuters/Ipsos poll, in the two candidates' battle for control of a swing state ahead of the November 5 presidential election. Chief market strategists think that rising bond yields could bring problems to the equity market, as they see the biggest yield increase in the 10-year US TREASURY, after 30 years of interest rate cuts. They estimate that it may be difficult to expect THE FED to cut rates by another 50bps at the next FOMC MEETING. The odds of the US central bank delivering a quarter-point cut at its November 7 meeting are 92%, while the odds of no rate cut are 8%, according to CME FedWatch. As a market-moving sentiment US Existing Home Sales (Sept) data will also be awaited by market participants.

FIXED INCOME & CURRENCY: Speculation that Trump has an increased chance of winning also helped to push up the yield on long-term bonds, especially when both presidential candidates would want to spend a lot of money in their presidential campaigns and it would have an unfavorable impact on the fiscal budget deficit. The benchmark 10-year US TREASURY yield rose 2.2 bps to 4.204%, after reaching 4.222%, the highest level since July 26. The US DOLLAR rose to a fresh 2.5-month high on expectations of a Fed rate cut. The DOLLAR INDEX, which measures the Dollar's strength against a basket of currencies, including the Yen and Euro, rose 0.13% to 104.09, after reaching 104.10, which is the highest level since August 2. Against the Japanese YEN, the Dollar strengthened 0.21% to 151.14. The POUNDSTERLING weakened 0.05% to USD 1.2978, while the EURO was down 0.17% at USD 1.0797.

ASIA & EUROPE MARKETS: Rising US TREASURY yields caused the US DOLLAR to rally, above the 151 Yen level for the first time in 3 months, and the Japanese Yen turned back into the worst performing Asian currency this year. The weakness of the Yen is not doing the Japanese equity market any favors either, with the NIKKEI at a 3-week low, a sign that domestic investors are putting their money in other instruments. The economic calendar in continental ASIA is quite light this week, so investors may shift focus to the BRICS meeting in Kazan, Russia, as well as the IMF & WORLD BANK annual meetings in Washington. Investors are also keeping an eye out for several official statements in Washington due on Wednesday, including from EUROPEAN CENTRAL BANK President Christine Lagarde, BANK OF ENGLAND Governor Andrew Bailey, BANK OF JAPAN Governor Kazuo Ueda, and New Zealand Central Bank Governor Adrian Orr. On Tuesday, the IMF published its World Economic Outlook, which cut GDP forecasts for China and Japan. The change in Japan's outlook, from 0.7% to 0.3% growth, was the largest downgrade of any major economy, and second only to Mexico's downgrade of 0.7 percentage points.

Corporate News

BALI: Disclose Principal Repayment of Sustainable Sukuk Ijarah Year 2023

PT Bali Towerindo Sentra Tbk (IDX: BALI), a provider of telecommunication towers, services and networks, submitted a report of information or material facts in connection with the 4th payment of installments of Sustainable Sukuk Ijarah I Bali Towerindo Sentra Phase II Year 2023 and the principal repayment of Sustainable Sukuk Ijarah I Bali Towerindo Sentra Phase II Year 2023 on October 21, 2024. "Based on PT Bursa Efek Indonesia Regulation No.I-E and the Company's Letter No. 076/BTS-CORSEC/XI/2023 regarding information on the Readiness of Sukuk Ijarah Berkelanjutan I Bali Towerindo Sentra Phase II Year 2023. The company has paid the principal payment of Sukuk Ijarah Berkelanjutan I Bali Towerindo Sentra Phase II Year 2023 amounting to IDR 425 billion and the 4th installment of Sukuk Ijarah Berkelanjutan I Bali Towerindo Sentra Phase II Year 2023," said Lily Hidayat as Corporate Secretary of BALI in the IDX information disclosure, Tuesday (22/10). (Pasardana)

Domestic News

Latest IMF Projection: Economic Growth in Prabowo's Era Should Be 5.1 % at Maximum

The International Monetary Fund (IMF) projects that Indonesia's economic growth will still be 5.1% in 2029. Meanwhile, Indonesia's economic growth in 2024 is expected to remain 5.0% or stagnant from last year. This is stated in the October 2024 edition of the World Economic Outlook published by the IMF or International Monetary Fund today, Tuesday (22/10/2024). The report is entitled "Policy Pivot, Rising Threats" which means Policy Shift, Rising Threats. In the report, the IMF projects that Indonesia's economic growth this year will reach 5.0%. As in previous years, economic growth is expected to remain on a 5% trend. Unfortunately, the IMF's future forecasts for Indonesia's economic growth do not show a significant increase. For example, in 2025 the economic rate is expected to only reach 5.1%. In fact, the IMF projects that in 2029 Indonesia's economic growth will remain at 5.1%. As is known, 2029 is the end of the term of office of President Prabowo Subianto and his vice president, Gibran Rakabuming Raka. In fact, Prabowo aspires to boost Indonesia's economic growth to 8%. The IMF projection seems to show that Prabowo's ambition is still likely to be difficult to achieve. (Bisnis)

Recommendation

The sell-off that occurred in US bonds made the US10YT yield firmed up towards the TARGET of 4.305%. Yield always moves above MA10, signaling a strong Uptrend in yields, conversely a downtrend in prices. Support yield: 4.088% (for now).

ID10YT finally made a decision by breaking MA10 Resistance to above 6.682% yield, after using the other two MAs to bounce at Support yield around 6.613%. Short term target: yield back to previous high around 6.80% up to 6.83%. ADVISE: Anticipate further bonds price weakness.

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

PRICE OF BENCHMARK SERIES

FR0090 : 97.28 (-0.13%)
FR0091 : 98.61 (-0.73%)
FR0092 : 102.19 (-0.11%)
FR0094 : 97.01 (-0.25%)

FR0086 : 98.85 (-0.02%)
FR0087 : 99.59 (-0.34%)
FR0083 : 105.22 (-0.31%)
FR0088 : 96.61 (-0.03%)

CDS of Indonesia Bonds

CDS 2yr: +2.40% to 32.39
CDS 5yr: +1.73% to 69.90
CDS 10yr: +1.79% to 120.88

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.68%	0.04%
USDIDR	15,560	0.42%
KRWIDR	11.29	0.39%

Global Indices

Index	Last	Chg.	%
Dow Jones	42,924.89	(6.71)	-0.02%
S&P 500	5,851.20	(2.78)	-0.05%
FTSE 100	8,306.54	(11.70)	-0.14%
DAX	19,421.91	(39.28)	-0.20%
Nikkei	38,411.96	(542.64)	-1.39%
Hang Seng	20,498.95	20.49	0.10%
Shanghai	3,285.87	17.76	0.54%
Kospi	2,570.70	(34.22)	-1.31%
EIDO	22.38	(0.09)	-0.40%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,749.0	29.2	1.07%
Crude Oil (\$/bbl)	71.74	1.70	2.43%
Coal (\$/ton)	144.70	(0.90)	-0.62%
Nickel LME (\$/MT)	16,316	(389.0)	-2.33%
Tin LME (\$/MT)	30,907	(109.0)	-0.35%
CPO (MYR/Ton)	4,386	87.0	2.02%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	US	21.00	Leading Index	-0.5%	Sep	-0.3%	-0.2%
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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