

Morning Briefing

Daily | October 24, 2024

Today's Outlook:

US MARKETS: Amid sluggish trading ahead of the US ELECTION, while Gold prices fell from record highs, dragged down by a rising US Dollar. Investors are also digesting how much the Federal Reserve may need to cut interest rates after the latest US economic data showed a steadily expanding and job-creating economy. The latest market conditions estimate a 92% chance of a 25 basis point cut at the Fed's next meeting in November and another 25 basis point cut by the end of the year. A month ago, traders expected a cut of up to 1% in January. The yield on the benchmark 10-year US Treasury note hit a 3-month high and was last up 3.2 basis points at 4.238%.

US ELECTIONS: Republican candidate Donald Trump's odds of beating Democratic candidate Kamala Harris have recently increased on betting websites, although polls show the race to the White House is still too tight to predict. The prospect of another Trump presidency has become a focus for investors, as his policies include tariffs and restrictions on illegal immigration, among other measures, which are expected to drive inflation.

COMMODITIES: GOLD prices fell after hitting a record high amid a rising US Dollar. Demand for gold as a safe haven asset was partly driven by US election fears and geopolitical tensions in the Middle East and Europe. Gold bullion, which has gained 33% this year, was last down 1.19% at USD 2,715.62/ounce. Gold hit a record high of USD 2,758.37 earlier in the session. Meanwhile, OIL prices fell after data showed US crude inventories rose more than expected even as refining activity recovered. BRENT crude oil prices closed at USD 74.96/barrel, down 1.42%. US WTI crude oil prices closed down 1.35% at USD 70.77.

MIDDLE EAST CONFLICT: US Secretary of State Antony Blinken on Wednesday urged a halt to fighting between Israel and militant groups Hamas and Hezbollah, as Israel launched a major airstrike on the Lebanese port city of Tyre. Market participants expect the Middle East conflict to last longer, with a ceasefire deal potentially deadlocked.

CURRENCY: The DOLLAR INDEX, which measures the greenback's strength against a basket of currencies including the Yen and Euro, rose 0.26% to 104.37, to its highest level since July. Against the Japanese Yen, the Dollar strengthened 1% to 152.57. The euro fell 0.11% to USD 1.0785. Goldman Sachs said in a note on Tuesday that the Euro could fall as much as 10% in a scenario where a Trump presidency ushers in tariffs and large tax cuts.

ASIA & EUROPE MARKETS: South Korea this morning reported their preliminary 3Q GDP estimate which came in at 1.5% yoy, lower than the 2.0% forecast and also the previous quarter's 2.3%. Economic weakness was also seen in JAPAN when they released the au Jibun Bank Japan Manufacturing & Services PMI (Oct) this morning which slipped further into contraction territory (below 50). Later in the day, it's the turn of the GERMAN & EUROZONE PMI which will be in the spotlight for market participants, as well as the UK. Later in the evening, the US will announce the S&P Global PMI figures, as well as the weekly Initial Jobless Claims which this time predicts 243k jobless claims, up 2k from the previous week's 241k.

Corporate News

MEDC: Medco Completes USD150 Million Tender

Medco Energi (MEDC) completed a cash tender for USD150 million of debt securities. It was for the repurchase of USD100 million via Medco Oak Tree Pte. Ltd. And, USD 50 million through Medco Bell Pte. Ltd. Medco Oak Tree's USD100 million senior notes carry an interest rate of 7.375 percent. The bonds, based on the scenario, will mature in 2026. Then, the USD50 million bonds made by Medco Bell are covered with 6.375 percent interest with a maturity date of 2027. The settlement of the tender does not include applicable accumulated interest. Medco Oak Tree, and Medco Bell are subsidiaries with indirect ownership status. "The transaction was carried out on October 21, 2024," said Siendy K. Wisandana, Corporate Secretary of Medco Energy. The 2026 bonds and 2027 bonds are unconditionally and irrevocably guaranteed by the company and several subsidiaries. The transaction has no negative impact on the company. Both in terms of operational, legal, financial condition, and business continuity of the company. (Issuer News)

Domestic News

Government Absorbs IDR 10 Trillion from Sukuk Auction Tuesday (22/10)

The government absorbed IDR 10 trillion in funds from the auction of State Sharia Securities (SBSN) which took place on Tuesday (22/10). The Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance reported that this SBSN auction had seven series on offer. Of the seven series, the total incoming bids reached IDR 17.4 trillion. "While the total nominal won from the seven series offered is IDR 10 trillion," wrote DJPPR on its website, Tuesday (10/22). As for the seven SBSN series offered, PBS038 became the series with the highest incoming bid of IDR 4.95 trillion. Unfortunately PBS038 was not the highest series absorbed by the government. Furthermore, here are the details of the SBSN auction results on Tuesday (10/22): SPNS01042025 recorded incoming bids reaching IDR 2.715 trillion with a nominal amount won of IDR 2.250 trillion. This is the series with the second highest nominal amount absorbed by the government. SPNS07072025 recorded incoming bids of up to IDR 3,397 trillion. The nominal amount absorbed by the government was IDR 3,050 trillion, marking the series with the highest nominal amount won by the government. PBS032 series recorded an incoming bid of IDR 1.71 trillion, with the nominal amount won by the government being IDR 0.7 trillion. PBS030 series recorded an incoming bid of IDR 2.68 trillion with a total bid won of IDR 1 trillion for this series. PBS029 series recorded an incoming bid of IDR 1.140 trillion with a winning bid of IDR 0.9 trillion. PBS004 series recorded an incoming bid of IDR 0.864 trillion with a winning bid of IDR 0.150 trillion for this series and PBS038 series recorded an incoming bid of IDR 4.953 trillion, with a winning bid of IDR 1.95 trillion. (Kontan)

Recommendation

As expected, US10YT is moving northward towards the TARGET yield of 4.305%. It is not certain that the yield will stop rising once it reaches the target; as long as it is still moving above the MA10, it is estimated that the yield will still maintain the Uptrend and thus bond prices continue to weaken. Current closest yield support: MA10 / 4.11%.

ID10YT finally arrived at the yield of 6.83% according to the Target where there lies the Resistance trendline pull from the beginning of the year. With the current RSI negative divergence, there is an indication that the yield will pullback to the nearest support: MA10 / 6.70% or MA20 / yield 6.635%. But if, instead, the yield pushes forward to break 6.835%, then the decline in bond prices will continue until the yield reaches the next target at 6.93% - 7.0% psychological level, then 7.07%.

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 : 97.21 (-0.07%)
FR0091 : 98.14 (-0.48%)
FR0092 : 102.17 (-0.01%)
FR0094 : 97.25 (+0.25%)

FR0086 : 98.79 (-0.06%)
FR0087 : 99.34 (-0.25%)
FR0083 : 104.75 (-0.45%)
FR0088 : 96.61 (-0.03%)

CDS of Indonesia Bonds

CDS 2yr: +0.49% to 32.55
CDS 5yr: +0.21% to 70.05
CDS 10yr: +0.34% to 121.29

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.79%	0.11%
USDIDR	15,620	0.39%
KRWIDR	11.31	0.20%

Global Indices

Index	Last	Chg.	%
Dow Jones	42,514.95	(409.94)	-0.96%
S&P 500	5,797.42	(53.78)	-0.92%
FTSE 100	8,258.64	(47.90)	-0.58%
DAX	19,377.62	(44.29)	-0.23%
Nikkei	38,104.86	(307.10)	-0.80%
Hang Seng	20,760.15	261.20	1.27%
Shanghai	3,302.80	16.94	0.52%
Kospi	2,599.62	28.92	1.12%
EIDO	22.24	(0.14)	-0.63%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,715.6	(33.5)	-1.22%
Crude Oil (\$/bbl)	70.77	(0.97)	-1.35%
Coal (\$/ton)	145.25	0.55	0.38%
Nickel LME (\$/MT)	16,308	(8.0)	-0.05%
Tin LME (\$/MT)	30,906	(1.0)	0.00%
CPO (MYR/Ton)	4,486	100.0	2.28%

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	3.84m	Sep	3.90m	3.86m
23 – October	US	18.00	MBA Mortgage Applications	-6.7%	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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