

Today's Outlook:

MARKET SENTIMENT: - Investors will also be keeping a close eye on the US POLITICAL situation, with a WSJ poll on Wednesday putting former President DONALD TRUMP, the Republican presidential candidate, ahead of his Democratic rival Kamala Harris with 47% to 45% of the vote; suggesting that the November 5 US ELECTION battle will be tight.

FIXED INCOME & CURRENCIES: The benchmark 10-year US TREASURY YIELD ended lower by 3.4 basis points at 4.208% after reaching 4.26% on Wednesday, which was the highest since July 26. While the yield has risen in recent weeks partly because the US presidential election has created an increased money supply from both candidates, which will widen the deficit. Investment managers consider that an increase in the budget deficit will certainly require more government debt and more supply of government debt will automatically push up yields, especially 10-year sovereign bond yields. US DOLLAR weakened as indications so far support a slower pace of rate cuts by the Fed. The US Dollar weakened 0.6% against the Japanese YEN at 151.84. EURO was up 0.44% at USD 1.0828, while POUNDSTERLING strengthened 0.42% to USD 1.29874. The DOLLAR INDEX (DXY), which measures the greenback's strength against a basket of currencies including the Yen and Euro, fell 0.4% to 104.02.

ECONOMIC INDICATORS: INITIAL JOBLESS CLAIMS unexpectedly fell to 227,000 last week, from 242,000 in the previous week, on the one hand indicating the strength of the labor force is still solid but it turns out that the number of people claiming unemployment benefits in mid-October was the highest in nearly three years, indicating that it is increasingly difficult for those who have lost their jobs to find new positions. The Federal Reserve's BEIGE BOOK report released on Wednesday illustrated that employment had increased slightly in early October, and the strong payrolls helped the market reassess the likely size of future rate cuts by the Federal Reserve.

- The housing market is also looking strong with NEW HOME SALES in Sept rising above expectations at 738k, higher than both estimates and the previous month's 709k. Speaking of PMIs, the composite S&P GLOBAL PMI issued a preliminary estimate that US manufacturing & services business activity in Oct all simultaneously strengthened, showing signs of a US economy far from recession.

- For today, market participants will look forward to Durable Goods Orders (Sept) data and an outlook on Inflation and consumer sentiment in the next 6 months from the renowned University of Michigan.

EUROPE & ASIA MARKETS: In Europe, the EUROZONE business activity stagnated again this month, staying in contractionary territory as both domestic and foreign demand fell despite firms barely raising their prices. In the UK, optimism among British companies has slumped, according to two surveys published on Thursday, 6 days before Finance Minister Rachel Reeves tries to map out a way between raising taxes and boosting growth in the new government's first budget. Today from GERMANY will be monitored the German Ifo Business Climate Index (Oct) which sheds light on how market sentiment will be in the next 6 months.

- On the Asian continent, JAPAN has released TOKYO CPI figures this morning which came in at 1.8% yoy for both headline and core CPI, which although higher than the expectation of 1.7%, but in a downward trend compared to the previous month above 2 percent.

Corporate News

Due to Debt Restructuring, Pefindo Downgrades PP Properti (PPRO) Rating

PT Pemeringkat Efek Indonesia (Pefindo) downgraded the rating of a subsidiary of state-owned company PT PP Properti Tbk (PPRO) due to the postponement of debt payment obligations (PKPU) or debt restructuring. Based on its report, Pefindo downgraded PPRO's rating to idSD from idBB-. An idSD rating indicates that the obligor has failed to pay one or more of its maturing financial obligations, either for rated or non-rated obligations. "PP Properti's rating was lowered because it was related to the PKPU experienced," said Pefindo Analyst Agung Iskandar in a press conference on Thursday (24/10/2024). Then PPRO's sustainable bonds II phase IV rating was downgraded to idD from idBB-. Pefindo also downgraded PPRO's sustainable bonds II phase I and phase III to idCCC from idBB-. The downgrade reflects the very high probability that PPRO will not fulfill its coupon payment obligations at maturity due to the company's PKPU status. The court decision did determine PPRO's status to be in a temporary PKPU period for a period of 45 days until November 21, 2024. With the temporary PKPU status, PPRO is in a state of debt standstill and is not allowed to make payments to all lenders, including the payment of the sustainable bonds II phase IV coupon due on October 14, 2024. (Bisnis)

Domestic News

Pefindo proyeksi penerbitan obligasi korporasi IDR 132 triliun di 2024

PT Pemeringkat Efek Indonesia (Pefindo) melakukan revisi terhadap proyeksi penerbitan surat utang (obligasi) korporasi yaitu berada di rentang IDR 123,07 sampai IDR 143,79 triliun, dengan titik tengah sekitar IDR 132 triliun pada akhir tahun 2024. Revisi tersebut didasarkan atas beberapa hal, di antaranya pemangkasan suku bunga acuan bank sentral Amerika Serikat (AS) The Fed yang akhirnya tidak terjadi pada awal semester II 2024 lalu. "Di dalam negeri, kemarin Bank Indonesia (BI) masih menaikkan suku bunga acuan kembali di bulan April 2024. Jadi, akhirnya suku bunganya lebih tinggi dari perkiraan awal kami, yang kemudian membuat penerbitan juga masih tertahan di sembilan bulan pertama ini," ujar ekonom Pefindo Suhindarto dalam Konferensi Pers Pefindo di Jakarta, Kamis. Ia merinci bahwa sudah ada penerbitan surat utang korporasi sekitar Rp90 triliun per September 2024, yang mana pada Oktober 2024 diproyeksikan akan ada penerbitan senilai IDR 21,5 triliun. "Kemudian, untuk mungkin dua bulan terakhir yaitu November dan Desember totalnya ada sekitar IDR 15 triliun. Mungkin untuk yang di tahun ini sendiri, titik tengah kami akan tercapai di sekitar IDR 130 triliun," ujar Suhindarto. Selain sentimen suku bunga acuan, ia menjelaskan bahwa tahun ini kondisinya agak tricky (rumit) seiring adanya instrumen lain yang menyubstitusi, yaitu Sekuritas Rupiah Bank Indonesia (SRBI). Ia menyebut hadirnya instrumen tersebut membuat persaingan dalam penggalangan dana dari pemerintah meningkat dibandingkan dengan tahun-tahun sebelumnya. (Antara News)

Recommendation

US10YT YIELD reduced its upward speed as it approached the 4.305% resistance area, when the RSI had entered Overbought territory. ADVISE: anticipate a temporary pullback to the nearest support which is : MA10 / yield 4.123%.

ID10YT indeed proved to pull back again after touching the same trendline resistance as last Oct 8th, as already indicated by RSI negative divergence. Yield will most likely seek support at Support: MA10/6.70%, up to MA20/6.65%. ADVISE : anticipate temporary strengthening in bond prices.

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 : 97.24 (+0.03%)
FR0091 : 98.49 (+0.36%)
FR0092 : 101.86 (-0.31%)
FR0094 : 97.26 (+0.00%)

FR0086 : 98.77 (+0.00%)
FR0087 : 99.42 (+0.08%)
FR0083 : 104.88 (+0.12%)
FR0088 : 96.87 (-0.06%)

CDS of Indonesia Bonds

CDS 2yr: -2.20% to 31.84
CDS 5yr: -1.45% to 69.03
CDS 10yr: -1.80% to 119.12

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.76%	-0.03%
USDIDR	15,584	-0.23%
KRWIDR	11.29	-0.18%

Global Indices

Index	Last	Chg.	%
Dow Jones	42,374.36	(140.59)	-0.33%
S&P 500	5,809.86	12.44	0.21%
FTSE 100	8,269.38	10.74	0.13%
DAX	19,443.00	65.38	0.34%
Nikkei	38,143.29	38.43	0.10%
Hang Seng	20,489.62	(270.53)	-1.30%
Shanghai	3,280.26	(22.54)	-0.68%
Kospi	2,581.03	(18.59)	-0.72%
EIDO	22.15	(0.09)	-0.40%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,736.2	20.6	0.76%
Crude Oil (\$/bbl)	70.19	(0.58)	-0.82%
Coal (\$/ton)	145.50	0.25	0.17%
Nickel LME (\$/MT)	16,295	(13.0)	-0.08%
Tin LME (\$/MT)	31,135	229.0	0.74%
CPO (MYR/Ton)	4,603	117.0	2.61%

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	227k	Oct 19	242k	241k
24 – October	US	20.45	S&P Global US Manufacturing PMI	47.8	Oct P	47.5	47.3
	US	21.00	New Home Sales	738k	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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