

Morning Briefing

Daily | October 28, 2024

Today's Outlook:

US MARKETS: the latest **ECONOMIC INDICATORS** revealed that **Durable Goods Orders for Sept** still fell by the same magnitude, minus **0.8% as Aug. Despite the contraction, the figure was better than the -1.1% forecast.** On the other hand, Univ. Of Michigan has more optimism on Consumer Expectations & Sentiment going forward, even they see economic conditions starting this Oct has also improved. Their US Inflation Expectations for the next 1 year & 5 years range from 2.7% - 3.0%.

U.S. POLITICAL MAP: Former Republican President **DONALD TRUMP** and Democratic Vice President **KAMALA HARRIS** are neck-and-neck in key states ahead of the **November 5 election.** Investors are nervous about the outcome which is expected to shake world markets and create new geopolitical uncertainties. Chief investment officers consider that the market is still somewhat uncertain and partly due to the fact that the US market has gained 6 consecutive weeks and posted gains 10 out of 11 months this year. Historically, volatility in election years tends to spike in October, with market participants now nervous ahead of the key date. On Sunday, Republican presidential candidate Donald Trump led a rally at Madison Square Garden, New York; in an effort to boost the electability of Republican candidates in the New York congressional elections. The state has seven competitive seats that could help determine whether the party will have a majority in the US House of Representatives next year. The event could also bolster Trump's support particularly in northeastern Pennsylvania, a battleground state increasingly home to New York commuters.

FIXED INCOME & CURRENCY: **US TREASURY YIELD** edged higher as investors await next week's key employment data for fresh clues on the likelihood of a **Federal Reserve interest rate cut.** Traders estimate the odds of a 25 basis point rate cut at the Fed's November meeting at nearly 95%, according to CME FedWatch. The yield on the benchmark 10-year US Treasury note rose 3.8 basis points to 4.24%.

- **THE DOLLAR strengthened and is poised for a fourth weekly gain against the Japanese YEN, as an uncertain market backdrop kept the Yen near a 3-month low ahead of the general election in Japan over the weekend.** The Dollar gained 0.26% against the Yen at 152.22. The Euro was down 0.29% at USD 1.0796. The **DOLLAR INDEX (DXY)**, which measures the greenback's strength against a basket of currencies including the Yen and Euro, rose 0.24% to 104.30.

COMMODITIES: On Friday, **BRENT crude oil closed up 2.25% at USD 76.05/barrel. US WTI crude oil closed up 2.27% to USD 71.78. Both crude oil futures ended last week with gains of around 4%.** However, this quickly reversed on Monday. Oil prices plummeted nearly USD 4/barrel this morning after the world received reports that **ISRAEL'S retaliatory strikes on IRAN** over the weekend missed Tehran's oil and nuclear infrastructure, thereby not disrupting energy supplies, thus easing **GEOPOLITICAL CONFLICT** in the Middle East. At the time of writing, **BRENT crude oil prices** have slipped USD 3.89, or 5.1%, to USD 72.16/barrel, while **US WTI crude oil** is priced at USD 68.02/barrel, a drop of USD 3.76, or 5.2%.

- **GOLD prices rose in directionless trade after dropping from record highs. Spot gold rose 0.28% to USD 2,743.31/ounce. Prices had reached an all-time high of USD 2,758.37 on Wednesday.** Portfolio managers assess that in the short term, there is no doubt that the market is being swayed by political developments and expectations, as well as the general perception that Trump will be more market friendly than Harris.

Corporate News

Indonesia Infrastructure Finance (IIF) to List IDR 1 Trillion Bonds

PT Indonesia Infrastructure Finance (IIF) will list the bonds that have been successfully offered on October 28, 2024. In this offering, IIF issued bonds worth IDR 1 trillion. These bonds are titled sustainable bonds II phase II in 2024. These bonds were released in four series. First, series A bonds with a tenor of 370 days with a value of IDR 200 billion and paying a coupon of 6.3%. Series B has a principal value of IDR 250 billion with a fixed interest rate of 6.55% for a period of three years. In series C, IIF issued IDR 300 billion with a fixed interest rate of 6.95% with a seven-year tenor. While finally series D was offered with an interest rate of 7.05% with a 10-year term, IDR 250 billion was sold. IIF obtained an idAAA rating from Pefindo for the bond issuance plan. While the underwriters who assisted the bond public offering included PT BRI Danareksa Sekuritas, PT Indo Premier Sekuritas and PT Mandiri Sekuritas. (Kontan)

Domestic News

Pefindo Receives IDR 41.6 Trillion Debt Securities Mandate

PT Pemeringkat Efek Indonesia (Pefindo) received a mandate to issue debt securities with a total value of nearly IDR 41.6 trillion that have not been listed on the Indonesia Stock Exchange (IDX) until September 30, 2024. Pefindo analyst Martin Pandiangan explained that the mandate was dominated by five major industrial sectors, with pulp, mining, banking, multifinance, and holding companies as the main players. "Of the IDR 41.6 trillion mandate we received, the pulp and paper products industry, as well as mining, topped the list of sectors planning to issue debt securities," he explained in Pefindo's Media Update, Thursday (24/10/2024). According to Martini, this shows that the two sectors still play a big role in raising funds in the capital market, followed by the banking and finance sectors. As for the type of instrument, the majority of debt securities to be issued are in the form of Sustainable Public Offerings (PUB) bonds with a value of around IDR 24 trillion, followed by PUB Sukuk of IDR 5.7 trillion and regular bonds worth IDR 5.4 trillion. Furthermore, Pefindo noted that most of the issuers come from non-SOE companies, with 18 companies planning to issue debt securities worth IDR 29.4 trillion. Meanwhile, state-owned companies, subsidiaries of state-owned companies, and regional-owned enterprises (BUMD) plan to issue debt securities worth IDR 12.2 trillion through 14 companies. (Investor Daily)

Recommendation

US10YT stalled right at the **TARGET** yield of around **4.305%, giving rise to a SHOOTING STAR-like candle (in the resistance area), even as RSI showed a slowdown in buying momentum.** All indications point towards **ADVISE** in anticipation of a pullback in yields, possibly towards the nearest Support: **MA10 / 4.18%** which is still safe to support this yield uptrend, unless the level is broken and will cause the yield to slide down to the next Support: **MA20 / 4.074%** currently, up to **4.022%.** **POTENTIAL:** anticipate bond price strengthening soon.

ID10YT continued to weaken yield once it was stopped by the trendline resistance around **6.83%. with RSI negative divergence, it is natural that yield should pullback first even to the third Moving Average Support: 6.711% up to 6.615%.** **ADVISE:** anticipate temporary price strengthening, when yield continues consolidation.

PRICE OF BENCHMARK SERIES

FR0090 : 97.23 (+0.00%)
FR0091 : 98.53 (+0.04%)
FR0092 : 101.96 (+0.10%)
FR0094 : 97.26 (+0.00%)

FR0086 : 98.77 (+0.00%)
FR0087 : 99.50 (+0.09%)
FR0083 : 105.13 (+0.25%)
FR0088 : 96.93 (+0.07%)

CDS of Indonesia Bonds

CDS 2yr: **-0.47% to 31.69**

CDS 5yr: **-0.29% to 68.83**

CDS 10yr: **-0.41% to 118.63**

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.75%	-0.01%
USDIDR	15,640	0.36%
KRWIDR	11.24	-0.47%

Global Indices

Index	Last	Chg.	%
Dow Jones	42,114.40	(259.96)	-0.61%
S&P 500	5,808.12	(1.74)	-0.03%
FTSE 100	8,248.84	(20.54)	-0.25%
DAX	19,463.59	20.59	0.11%
Nikkei	37,913.92	(229.37)	-0.60%
Hang Seng	20,590.15	100.53	0.49%
Shanghai	3,299.70	19.44	0.59%
Kospi	2,583.27	2.24	0.09%
EIDO	21.90	(0.25)	-1.13%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,747.6	11.4	0.42%
Crude Oil (\$/bbl)	71.78	1.59	2.27%
Coal (\$/ton)	144.90	(0.60)	-0.41%
Nickel LME (\$/MT)	16,167	(128.0)	-0.79%
Tin LME (\$/MT)	31,325	190.0	0.61%
CPO (MYR/Ton)	4,536	(67.0)	-1.46%

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	-	-	-	-	-	-	-
28 – October							
Tuesday	JP	06.30	Jobless Rate	-	Sep	2.5%	2.5%
29 – October	US	21.00	Conf Board Consumer Confidence	-	Oct	98.8	98.7
Wednesday	US	18.00	MBA Mortgage Applications	-	Oct 25	-	-6.7%
30 – October	US	18.00	ADP Employment Change	-	Oct	98k	143k
	US	18.00	GDP Annualized QoQ	-	3Q A	-	3.0%
Thursday	US	19.30	Initial Jobless Claims	-	Oct 26	-	227k
31 – October	US	20.45	MNI Chicago PMI	-	Oct P	-	46.6
	US	20.45	Personal Income	-	Oct P	0.4%	0.2%
	US	21.00	Personal Spending	-	Sep	0.4%	0.2%
Friday	US	19.30	Change in Nonfarm Payrolls	-	Oct	120k	254k
01 – November	US	19.30	Unemployment Rate	-	Oct	4.1%	4.1%
	US	20.45	S&P Global US Manufacturing PMI	-	Oct F	-	47.8
	US	21.00	ISM Manufacturing	-	Oct	47.6	47.2

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



Research Division

Head of Research

Liza Camelia Suryanata

Equity Strategy, Macroeconomics,
Technical
T +62 21 5088 ext 9134

Analyst

Axell Ebenhaezer

Mining, Property
T +62 21 5088 ext 9133
E Axell.Ebenhaezer@nhsec.co.id

Analyst

Ezaridho Ibnutama

Consumer Goods, Poultry, Healthcare
T +62 21 5088 ext 9126
E ezaridho.ibnutama@nhsec.co.id

Analyst

Richard Jonathan Halim

Technology, Transportation
T +62 21 5088 ext 9128
E Richard.jonathan@nhsec.co.id

Analyst

Leonardo Lijuwardi

Banking, Infrastructure
T +62 21 5088 ext 9127
E leonardo.lijuwardi@nhsec.co.id

Research Support

Amalia Huda Nurfalah

Editor & Translator
T +62 21 5088 ext 9132
E amalia.huda@nhsec.co.id

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PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51st Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 5088 9102

Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15311

Indonesia

Telp : +62 21 509 20230

Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 860 22122

Branch Office Bandengan (Jakarta Utara):

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

Branch Office Kamal Muara (Jakarta Utara):

Rukan Exclusive Mediterania

Blok F No.2

Jakarta Utara 14470

Indonesia

Telp : +62 24 844 6878

Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 1330

Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

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