

Morning Briefing

Daily | October 29, 2024

Today's Outlook:

MARKET SENTIMENT:

- This week will also be full of October's US labor reports with NONFARM PAYROLL on Friday, where consensus says employment growth slowed to 111,000 in October, reflecting the impact of strikes and weather-related disruptions from Hurricanes Helene and Milton. The UNEMPLOYMENT RATE is expected to remain unchanged at 4.1%. GOLDMAN SACHS expects the hurricanes to reduce employment by 40-50k this month, and the Bureau of Labor Statistics reported that strikes impacted 41,000 people. The US labor data series will start with JOLTS JOB OPENINGS (for Sept) this Tuesday, followed on Thursday by INITIAL JOBLESS CLAIMS which will be closely watched for signs of weakness in the labor market.

- US Consumer Confidence (Oct) is one of the most awaited news for market participants today. Q3 US GDP will be released on Wednesday, and Personal Spending report will be released the next day, with PERSONAL CONSUMPTION EXPENDITURE (PCE) price index being the highlight, which is often the Fed's favorite gauge of US Inflation.

- The US presidential election is just a week away on Nov 5th and this major democratic event is expected to be tight. Vice President KAMALA HARRIS, a Democrat, outperforms Republican DONALD TRUMP nationally by a narrow 46% to 43% margin, according to the latest Reuters/Ipsos poll.

CURRENCY & FIXED INCOME: The 10-year US TREASURY YIELD hit a 3-month high ahead of this week's important economic data and the election. Yields were last up 4.4 basis points at 4.274% in afternoon trading in the US. The sale of USD 139 billion worth of 2- and 5-year bonds also put pressure on prices, and automatically pushed up yields. In contrast, the Japanese YEN fell to a 3-month low against the Dollar after the general election in Japan plunged the country into political turmoil. The yen was pressured as the defeat of Japan's ruling coalition increased political and monetary policy uncertainty. Japan's ruling Liberal Democratic Party lost its parliamentary majority. The party won only 215 lower house seats in Sunday's election, well below the 233 seats needed for a majority, as broadcast by NHK. Against the Yen, the Dollar rose 1% to a high of 153.88, the weakest Yen level since late July, following an earlier gain of 0.64% at 153.28. In addition, the DOLLAR INDEX (DXY), which measures the strength of the greenback's exchange rate against a basket of currencies, fell 0.08% to 104.30, and the Euro was up 0.19% at USD 1.0813.

COMMODITIES: OIL prices plummeted as concerns over the escalation of the MIDDLE EAST CONFLICT subsided. BRENT crude oil prices closed at USD 71.42/barrel, shedding USD 4.63 or 6.09%. While US WTI crude oil prices closed at USD 67.38, shedding USD 4.40 or 6.13%.

ASIA & EUROPE MARKETS: Meanwhile, as part of CHINA'S stimulus agenda, the government hopes investors will welcome a planned injection of liquidity into the market ahead of year-end bond maturities, amounting to nearly 3 trillion Yuan, or USD 406 billion.

- From the neighboring Sakura country, JAPAN just reported their Unemployment Rate in Sept at 2.4%.

Corporate News

PBRX: Pan Brothers Arranges Restructuring, See PBRX's Total Bond Debt

Textile giant PT Pan Brothers Tbk (PBRX) is preparing a restructuring scheme plan for creditors in line with the extension of its Debt Payment Obligation Postponement (PKPU) until November 22, 2024. According to PBRX's financial statements in the first quarter of 2024, the company recorded total liabilities of USD 364.98 million or around IDR 5.73 trillion (assuming an exchange rate of IDR 15,710 per USD). Meanwhile, PBRX's long-term liabilities were recorded at USD 176.71 million or around IDR 2.77 trillion. Most of the long-term liabilities came from the bond component of USD 170.65 million or around IDR 2.68 trillion. Previously, international rating agency Fitch Ratings confirmed the long-term issuer default rating for PBRX in RD. Fitch also confirmed the rating of USD 171 million senior unsecured bonds due December 2025, issued by PB International B.V. at C with a Recovery Rating of RR4. (Bisnis)

Domestic News

Government Auctions Eight Series of Government Securities Today, Coupons start at 6.5 Percent

The government through the Ministry of Finance will auction eight series of Government Securities or SUN on Tuesday, October 29, 2024. Tomorrow's auction offers series with coupon rates starting from 6.5 percent and auctioned at a nominal value per unit of IDR 1 million. Citing the official website of the Ministry of Finance, the government is targeting a maximum of IDR 33 trillion in this auction. "The government will conduct a SUN auction in Rupiah to meet part of the financing target in the 2024 State Budget," said the Directorate General of Financing and Risk Management, Monday, October 28, 2024. The auction will open today at 09.00-11.00 WIB. The eight series of bonds being auctioned are reopening. The eight series of state bonds are SPN03250129 and SPN12251030 new issuance or new issuance, then FR0104, FRSDG001, FR0103, FR0098, FR0097, FR0105 reopening or reopening series. The eight series have various maturities, ranging from January 29, 2025 to July 15, 2064. The coupons offered range from 6.5 percent to 7.3 percent. The SUN sales will be carried out using an auction system organized by Bank Indonesia. The auction is open, using a mixed price method. Auction winners who submit competitive bids will pay according to the proposed yield. (Tempo)

Recommendation

Technically, US10YT is indeed "destined" to reach the TARGET yield of 4.30% in the short term uptrend since bottoming last Sept, as the yield continues to move above the MA10 (= closest support is the current yield of 4.18%). With the appearance of a SHOOTING STAR-like candle in this Resistance area, US10YT seems to be waiting for a trigger/decision to determine the next direction of movement, but here we can say, bond price weakness may be temporarily restrained while waiting for developments this week which are full of information from various angles.

On the other hand, ID10YT seems to be more convinced that the northward path is the choice of yield movement for now; when the attempt to break the 6.83% Resistance is still intense, even though there is a negative RSI divergence. This should be an indication of weakening momentum for yield to retreat to Support 6.73% - 6.68%, but we believe it is not urgent to call for immediate yield weakening in sight. ADVISE: HOLD; WAIT & SEE.

PRICE OF BENCHMARK SERIES

FRO090	: 97.16 (-0.08%)
FRO091	: 98.09 (-0.45%)
FRO092	: 101.22 (-0.72%)
FRO094	: 97.26 (+0.00%)
FRO086	: 98.74 (-0.03%)
FRO087	: 99.13 (-0.37%)
FRO083	: 104.74 (-0.38%)
FRO088	: 96.93 (+0.00%)

CDS of Indonesia Bonds

CDS 2yr	: -0.36% to 31.58
CDS 5yr	: -0.38% to 68.57
CDS 10yr	: -0.39% to 118.16

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.82%	0.07%
USDIDR	15,725	0.54%
KRWIDR	11.35	1.02%

Global Indices

Index	Last	Chg.	%
Dow Jones	42,387.57	273.17	0.65%
S&P 500	5,823.52	15.40	0.27%
FTSE 100	8,285.62	36.78	0.45%
DAX	19,531.62	68.03	0.35%
Nikkei	38,605.53	691.61	1.82%
Hang Seng	20,599.36	9.21	0.04%
Shanghai	3,322.20	22.50	0.68%
Kospi	2,612.43	29.16	1.13%
EIDO	21.73	(0.17)	-0.78%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,742.5	(5.1)	-0.19%
Crude Oil (\$/bbl)	67.38	(4.40)	-6.13%
Coal (\$/ton)	144.50	(0.40)	-0.28%
Nickel LME (\$/MT)	16,015	(152.0)	-0.94%
Tin LME (\$/MT)	31,429	104.0	0.33%
CPO (MYR/Ton)	4,529	(7.0)	-0.15%

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



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