

Morning Briefing

Daily | October 03, 2024

Today's Outlook:

In Wednesday's trading (02/10/24), the US Dollar strengthened while oil prices trimmed previous gains as investors digested US economic data and anxiously awaited Israel's response to Iran's missile attack the day before. US President Joe Biden stated he would not support an Israeli attack on Iran's nuclear sites and urged Israel to act "proportionally" in response to Iran's largest direct attack on Israel, though the US also mentioned there would be "severe consequences" for Tehran's actions. After firing ballistic missiles at Israel on Tuesday, Iran announced on Wednesday morning that its attacks had ended unless further provocation occurred. Israeli Prime Minister Benjamin Netanyahu promised to retaliate against Tehran's airstrikes, stating in a statement that Iran "made a grave mistake" and "will pay for it."

ECONOMIC INDICATORS:

- The ADP NONFARM EMPLOYMENT CHANGE reported that US private payrolls increased by 143,000 in September, exceeding expectations of 124,000 and the August figure of 103,000, indicating underlying strength in the economy. Richmond Fed President Barkin stated on Wednesday that the Fed's policy outlook for the remainder of 2024 includes a potential cut of 50 basis points. With only two meetings left this year, the chances continue to favor a 25 basis point rate cut at the November FOMC Meeting, according to Investing.com's FFR survey.
- Later tonight at around 7:30 PM WIB, the weekly INITIAL JOBLESS CLAIMS data will be anticipated, followed by the S&P Global Composite PMI (Sept), which is more focused on the services sector, expected to remain resilient at 55.4. The ISM Non-Manufacturing PMI data will also follow and hopefully show that the US services sector remains solidly in the expansion territory.
- The EUROZONE recorded an Unemployment Rate (Aug) steady at 6.4%, in line with expectations and unchanged from the previous month. Amid China and South Korea enjoying National Day holidays, JAPAN released Services PMI data from au Jibun Bank Japan this morning, which remained stable in the expansion zone despite showing slight weakening. Following this, European countries will release their Composite & Services PMIs, including GERMANY, the EUROZONE, and the UK, with averages predicted to show contraction.

COMMODITIES: Oil prices rose due to concerns that further escalation in the MIDDLE EAST CONFLICT could threaten oil supplies from the region, a major oil-producing area; however, price increases were capped by a significant rise in US crude oil inventories. A strike involving 45,000 dockworkers halting shipments at East Coast and Gulf Coast ports in the US entered its second day on Wednesday, with no scheduled negotiations between both parties, according to Reuters sources. In the energy market, US WTI closed up 0.39% at USD 70.10 per barrel, and BRENT ended the session at USD 73.90 per barrel, up 0.46%. In precious metals, spot GOLD fell 0.14% to USD 2,659.22 per ounce.

CURRENCY & FIXED INCOME : The US DOLLAR reached a three-week high against the Euro after the ADP EMPLOYMENT CHANGE national employment report showed US private sector jobs increased more than expected in September, with this data released ahead of the highly anticipated NONFARM PAYROLL report on Friday. Yields on longer-term US government bonds rose after data indicated a stable labor market while investors monitored the conflict in the Middle East. Given the private payroll data, the bond market may not expect a 50 basis point rate cut at the next FOMC Meeting. The yield on the 10-year US TREASURY rose 4 basis points to 3.783%, up from 3.743% on Tuesday afternoon, while the yield on the 30-year US bond increased 4.9 basis points to 4.1299%. The yield on the 2-year bond, which typically moves in line with interest rate expectations, rose 1.4 basis points to 3.6352%, compared to 3.621% on Tuesday afternoon. In terms of currency observation, the DOLLAR INDEX (DXY), which measures the strength of the greenback against a basket of currencies including the Yen and Euro, rose 0.34% to 101.60. The Euro fell 0.16% to USD 1.1049 while the Dollar strengthened 2% against the Japanese Yen to 146.43.

Corporate News

MFIN: PEFINDO Assigns idAAA Rating for MFIN's Maturing Bonds

PEFINDO assigned an idAAA rating to the IDR 350 billion Shelf Registration Bond IV Phase IV Series B issued by PT Mandala Multifinance Tbk (Mandala Finance) (IDX: MFIN), which will mature on December 3, 2024. In a PEFINDO release, Monday (30/9) stated, the rating period is valid from September 26, 2024 - December 03, 2024. Mandala Finance plans to pay off the bonds using internal funds, with a cash and cash equivalent position recorded at IDR 511.6 billion at the end of June 2024. It is known that Mandala Finance focuses on financing new and used motorbikes. (Pasar Dana)

Domestic Issue

Sri Mulyani Optimistic Indonesia's Debt Rating Will Improve in 2025

Finance Minister Sri Mulyani Indrawati is optimistic that Indonesia's credit rating can improve next year. This is by considering good fiscal and macroeconomic conditions and economic growth next year which is maintained. "We are optimistic that R&I will provide a rating increase next year, by looking at good fiscal and macroeconomic conditions, as well as the next government's commitment to creating high and stable economic growth," Ms Indrawati said in her official statement, Wednesday (2/10). Meanwhile, Rating and Investment Information, Inc (R&I) affirmed the Republic of Indonesia's Sovereign Credit Rating (SCR) at BBB+, two levels above investment grade, with a positive outlook, on September 30, 2024. Previously reported by KONTAN, there are several benefits if Indonesia's credit rating increases. Chief Economist of Bank Syariah Indonesia (BSI) Banjaran Surya Indrastomo assessed that an improved credit rating will help improve the investment climate and ultimately help Indonesia in realizing Advanced Indonesia 2045.

Recommendation

- US10YT High point yield yesterday right touched MA50 Resistance at a yield of 3.83%, although the Closing position took a step back to 3.789% but well above MA10 & MA20. It looks like the yield is in a more stable position to try to break the Resistance again in the next few days, moreover it will be triggered by US labor data which is the justification. POTENTIAL: the price will drop faster if the yield Resistance of 3.83% is exceeded, get ready to reduce positions.

- ID10YT has surpassed the first Resistance / MA10 which reversed its role to become the current support at 6.46% yield. The second challenge will be MA20 / yield 6.53%; which if successfully broken will stop ID10YT from the upward price trend so far; at least until the yield reaches MA50 Resistance / 6.66%.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.25%	Real GDP	5.05%	5.11%
FX Reserve (USD bn)	150.24	145.40	Current Acc (USD bn)	-3.02	-2.16
Trd Balance (USD bn)	2.90	0.47	Govt. Spending Yoy	1.42%	19.90%
Exports Yoy	7.13%	6.46%	FDI (USD bn)	4.89	6.03
Imports Yoy	9.46%	11.07%	Business Confidence	104.82	104.30
Inflation Yoy	1.84%	2.12%	Cons. Confidence*	124.40	123.40

PRICE OF BENCHMARK SERIES

FR0090 : 97.569 (-0.01%)
FR0091 : 99.702 (-0.20%)
FR0094 : 97.28 (+0.00%)
FR0092 : 103.169 (-0.68%)

FR0086 : 98.932 (-0.01%)
FR0087 : 100.732 (-0.12%)
FR0083 : 106.704 (-0.41%)
FR0088 : 97.355 (-0.02%)

CDS of Indonesia Bonds

CDS 2yr: -1.94% to 34.13
CDS 5yr: -1.31% to 68.98
CDS 10yr: -1.55% to 109.76

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.50%	0.01%
USDIDR	15,200	0.40%
KRWIDR	11.47	-0.44%

Global Indices

Index	Last	Chg.	%
Dow Jones	42,196.52	39.55	0.09%
S&P 500	5,709.54	0.79	0.01%
FTSE 100	8,290.86	14.21	0.17%
DAX	19,164.75	(48.39)	-0.25%
Nikkei	37,808.76	(843.21)	-2.18%
Hang Seng	22,443.73	1310.05	6.20%
Shanghai	3,336.50	0.00	0.00%
Kospi	2,561.69	(31.58)	-1.22%
EIDO	22.31	(0.35)	-1.54%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,658.7	(4.5)	-0.17%
Crude Oil (\$/bbl)	70.10	0.27	0.39%
Coal (\$/ton)	140.25	(1.40)	-0.99%
Nickel LME (\$/MT)	18,153	442.0	2.50%
Tin LME (\$/MT)	33,893	14.0	0.04%
CPO (MYR/Ton)	4,196	190.0	4.74%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	US	20.45	MNI Chicago PMI	46.6	Sep	46.8	46.1
30 – September							
Tuesday	US	20.45	S&P Global US Manufacturing PMI	47.3	Sep F	47.0	47.0
01 – October	US	21.00	ISM Manufacturing	47.2	Sep	47.6	47.2
Wednesday	US	18.00	MBA Mortgage Applications	-1.3%	Sep 27	-	11.0%
02 – October	US	19.15	ADP Employment Change	143k	Sep	123k	99k
Thursday	US	19.30	Initial Jobless Claims	-	Sep 28	-	218k
03 – October	US	21.30	Factory Orders	-	Aug	0.2%	5.0%
	US	21.00	Durable Goods Orders	-	Aug F	-	0.0%
	US	21.00	ISM Services Index	-	Sep	51.5	51.5
Friday	US	19.30	Change in Nonfarm Payrolls	-	Sep	140k	142k
04 – October	US	19.30	Unemployment Rate	-	Sep	4.2%	4.2%

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

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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Jakarta