

Morning Briefing

Daily | October 09, 2024

Today's Outlook:

MARKET SENTIMENT:

- The market is currently awaiting the US CPI data, which will be released this Thursday (in addition to the FED MINUTES) for further clues on the Fed's interest rate and review of the deteriorating labor market. If the CPI comes out as expected, it signals a 25 bps rate cut at the November FOMC Meeting, which market participants have now priced in a nearly 87.3% chance of, and a 12.7% chance that the central bank will not cut rates at all, according to CME FedWatch. The Fed Funds Rate is still leaning towards easing another 50 bps until the end of the year.

- Markets are also still focused on the rising risk of MIDDLE EAST CONFLICT as Israel continues to step up its military incursions into Lebanon to combat Hezbollah, while continuing the war with Hamas in Gaza.

ASIA & EUROPE MARKETS:

- CHINA stocks briefly rallied to a 2-year high after the Golden Week holiday, but lost traction after the Chinese government provided no details of stimulus implementation to maintain market optimism. Government economic planner Zheng Shanjie told reporters that China was "very confident" of achieving its economic targets for 2024 and would withdraw 200 billion Yuan (USD 28.36 billion) from next year's budget to spend on investment projects and support local governments. But the failure to adequately detail the new measures sparked concerns about China's commitment to pulling their economy out of its current slump.

- JAPAN'S Household Spending improved on a monthly basis in Aug, rising 2.0% mom and this was higher than the 0.5% forecast; although on an annualized basis it still contracted 1.9% yoy. On the flip side, INDONESIA reported slumping Sept Motorcycle Sales and Consumer Confidence which again fell from the previous month, this Sept at 123.5, lower than 124.4 in Aug. A better performance came from the EUROPEAN continent, where GERMAN Industrial Production appeared to strengthen in Aug.

COMMODITIES: OIL prices fell sharply following a potential ceasefire after the recent rally triggered by the escalation of the MIDDLE EAST CONFLICT, which raised concerns of supply disruptions. US WTI & BRENT crude both fell 4.63% to USD 73.57/barrel, and USD 77.18/barrel respectively. Israeli Prime Minister Benjamin Netanyahu said their airstrikes had killed two of Hezbollah's successors, as Israel expanded its offensive against the Iran-backed group. The comments came hours after Hezbollah's deputy leader opened the door to negotiating a ceasefire. Furthermore, API Weekly Crude Oil Stock data revealed a surge in US crude oil inventories by 10.9 million barrels, well above the forecast of 1.95 million barrels, following a withdrawal of 1.458 million barrels in the previous week.

CURRENCY & FIXED INCOME: The US DOLLAR edged up 0.05% against the Japanese Yen and 0.67% against the Chinese Yuan on Tuesday. The 10-year US TREASURY YIELD held above 4% for a second day.

Corporate News

BCAP: Affirming BCAP's idBBB+ Rating, Pefindo Points to This Argument

Pemeringkat Efek Indonesia (Pefindo) affirmed the rating of MNC Kapital Indonesia (BCAP) with idBBB+. The rating also applies to the company's outstanding bonds. The outlook on the company's rating is stable. The rating reflects the moderate credit quality of the main subsidiary, and a conservative capital structure. However, the rating is limited by cash flow protection, weak liquidity, and challenges in the transformation of the subsidiary's business. The ratings could be upgraded if the company's core subsidiaries can continue to significantly strengthen their business and financial indicators through the continuation of digital ecosystem synergies with MNC Group. The rating could be downgraded if the company's cash flow significantly weakens due to the deteriorating credit profile of the core subsidiaries. (Emiten News)

Domestic Issue

Auction of Seven SBSN Series: Government Raises IDR 7.75 Trillion in Funds

The government raised IDR 7.75 trillion in fresh funds from the auction of seven series of State Sharia Securities (SBSN) held on Tuesday (8/10/2024). The Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance (MoF) reported that the total incoming bids at this auction reached IDR 14.85 trillion. The largest absorption came from the SPNS07072025 series, which won IDR 2.80 trillion from an incoming bid of IDR 4.36 trillion. The weighted average yield for this series is 6.21443 percent. The next absorption was the PBS032 series, which won IDR 1.75 trillion from a total incoming bid of IDR 2.00 trillion, with a weighted average yield of 6.39921 percent. The government also absorbed IDR 1.65 trillion in funds from the PBS038 series, which received an incoming bid of IDR 3.62 trillion. The weighted average yield for this series was recorded at 7.04972 percent. From the PBS030 series, the government won a nominal amount of IDR 750 billion from an incoming bid of IDR 2.26 trillion, with a weighted average yield of 6.48958 percent. Furthermore, the government managed to absorb funds of IDR 600 billion from the SPNS01042025 series, with incoming bids recorded at IDR 2.15 trillion and a weighted average yield of 6.23000 percent. From the PBS004 and PBS039 series, the government absorbed IDR 100 billion each. The incoming bid for the PBS004 series was recorded at IDR 260 billion with a weighted average yield of 6.79923 percent, while for the PBS039 series, the incoming bid was recorded at IDR 171 billion with a weighted average yield of 6.89581 percent. (Kompas)

Recommendation

Similar to ID10YT, US10YT stalled at the Resistance area of the previous highest High level exactly 2 months ago around the 4.0% yield round figure. The Doji candle that was created yesterday could indicate a potential pullback as RSI is also near the Overbought region. Nearest yield support: MA10/3.875%. POTENTIAL: Anticipate a temporary strengthening of bond prices.

ID10YT halted right at the medium term Resistance line drawn from the beginning of the year. Dark cloud candle overshadowed with potential pullback to Support MA50/yield 6.64%. POTENTIAL: MA10 & MA20 have started to goldencross, should provide a platform to maintain bullish swing in yield. Anticipate price to turn higher for a while.

PRICE OF BENCHMARK SERIES

FRO090 : 97.39 (-0.08%)
FRO091 : 98.59 (+0.31%)
FRO092 : 101.73 (+0.23%)
FRO094 : 97.01 (-0.25%)

FRO086 : 98.83 (-0.04%)
FRO087 : 99.91 (+0.13%)
FRO083 : 105.26 (-0.44%)
FRO088 : 95.90 (-0.29%)

CDS of Indonesia Bonds

CDS 2yr: +0.60% to 34.31
CDS 5yr: +0.43% to 68.66
CDS 10yr: +0.42% to 109.73

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.75%	0.02%
USDIDR	15,645	-0.22%
KRWIDR	11.63	-0.37%

Global Indices

Index	Last	Chg.	%
Dow Jones	42,080.37	126.13	0.30%
S&P 500	5,751.13	55.19	0.97%
FTSE 100	8,190.61	(113.01)	-1.36%
DAX	19,066.47	(37.63)	-0.20%
Nikkei	38,937.54	(395.20)	-1.00%
Hang Seng	20,926.79	(2172.99)	-9.41%
Shanghai	3,489.78	153.28	4.59%
Kospi	2,594.36	(16.02)	-0.61%
EIDO	21.83	0.42	1.96%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,621.8	(20.8)	-0.79%
Crude Oil (\$/bbl)	73.57	(3.57)	-4.63%
Coal (\$/ton)	147.80	(0.70)	-0.47%
Nickel LME (\$/MT)	17,776	(276.0)	-1.53%
Tin LME (\$/MT)	32,867	(1038.0)	-3.06%
CPO (MYR/Ton)	4,271	(72.0)	-1.66%

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)	149.92	150.20	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*	123.50	124.40

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	GE	13.00	Factory Orders MoM	-5.8%	Aug	-2.0%	2.9%
07 – October							
Tuesday	GE	13.00	Industrial Production SA MoM	2.9%	Aug	0.8%	-2.4%
08 – October	US	19.30	Trade Balance	-USD 70.4B	Aug	-USD 70.5B	-USD 78.8B
Wednesday	US	18.00	MBA Mortgage Applications	-	Oct 04	-	-1.3%
09 – October							
Thursday	JP	06.50	PPI YoY	-	Sep	2.3%	2.5%
10 – October	US	19.30	Initial Jobless Claims	-	Oct 5	230k	225k
	US	19.30	CPI MoM	-	Sep	0.1%	0.2%
	US	19.30	CPI YoY	-	Sep	2.3%	2.5%
Friday	GE	13.00	CPI EU Harmonized YoY	-	Sep F	1.8%	1.8%
11 – October	US	19.30	PPI Final Demand MoM	-	Sep	0.1%	0.2%
	US	21.00	University of Michigan Sentiment	-	Oct P	70.5	70.1

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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