

Today's Outlook:

Investors prepared for a crucial week in which Americans will elect a new president and the Federal Reserve will announce its interest rate decision. Presidential candidates DONALD TRUMP and KAMALA HARRIS both struggled to gain the upper hand in the final day of a very tight race. The market is already pricing in a near 100% chance that the Fed will cut the FED FUND RATE by 25 bps at the FOMC MEETING on Nov 7-8, with the CME FedWatch Tool survey showing a 98% chance of that, and a 2% chance of the US central bank keeping rates on hold.

**THE US PRESIDENTIAL ELECTION EFFECT:** Predictions of a Trump victory gave rise to what the market called "Trump Trades" which drove up the US DOLLAR & US TREASURY YIELD as it was expected that his administration would come up with policies that would reignite Inflation; however after recent polls showed Harris, the Democratic vice presidential nominee, ahead in critical Iowa, it immediately triggered a decline in the USD & US bond yields. Analysts believe Trump's policies around immigration, tax cuts, and the imposition of import tariffs could reignite Inflation, bond yields, and the US Dollar; while Harris is seen as the candidate to succeed the current policies. Analysts also indicated that the outcome could have a significant impact on market performance, especially the Big Tech sector which has been supporting the Wall Street rally. In particular, according to Wedbush analysts, a potential Trump victory raises concerns among global tech investors in expectation of an escalation of the US-China tech conflict and increased tariffs. Major changes in tariffs and a tougher stance towards China are believed to have a significant impact on NVIDIA's semi-conductor chip supply chain, as well as Beijing's retaliatory impact on Apple/Tesla, and slowing the pace of the AI Revolution.

**ECONOMIC INDICATORS:** US Factory Orders (Sept) turned out to be a bigger drop than expected. Today investors will monitor US Trade Balance data as well as their Export-Import growth; not forgetting Composite & Services PMI data from both S&P GLOBAL and ISM.

**FIXED INCOME & CURRENCY:** The benchmark 10-year US TREASURY YIELD was last down 6.4 bps at 4.299%, after initially falling as much as 10 bps. The 2-year US Treasury yield fell for the first time in 6 days, dropping 2.8bps to 4.1743%. Volatile trading is expected until the US presidential election results are out and investors are clearer on monetary policy. The 10-year yield had fallen for 5 consecutive months before surging about 48 bps in October. MSCI global stock indices ended flat, while the DOLLAR INDEX (DXY), which measures the greenback's strength against a basket of currencies, was also unchanged at 103.86.

**EUROPEAN & ASIAN MARKETS:** Manufacturing PMI in GERMANY & EUROZONE improved in Oct, even better than expected (though still below the 50 expansion mark). Later this afternoon the UK will announce their Services activity growth & Composite PMI for Oct.

- CHINA'S National People's Congress standing committee meetings this week are of key interest to investors. The NPC opens meetings from Monday to Friday, and further details on a series of recently announced stimulus measures are in focus. China's top stock rose 1.4%, with the Shanghai Composite Index gaining 1.2%. Reuters reported that at the NPC meeting, China considered approving the issuance of more than 10 trillion yuan (\$1.4 trillion) in additional debt in the next few years to revive its fragile economy, a fiscal package that is expected to be further strengthened if Trump wins the election. China this morning will also monitor their CAIXIN Services PMI figures for Oct.

- The BANK OF ENGLAND, which meets on Thursday, is also expected to cut rates by 25 bps. The decision has been complicated by the sell-off in government bonds following last week's Labor government budget. Sterling rose 0.3% to \$1.295, helped by a weaker dollar. Sterling fell 0.3% last week.

Corporate News

**KAI: Issuing Bonds and Sukuk IDR 2 T, Here are the Coupons**

PT Kereta Api Indonesia (Persero) or KAI will carry out the issuance of Sustainable Bonds II Phase I/2024 with a principal amount of IDR 1.5 trillion and Sustainable Sukuk Ijarah II Phase I/2024 with a principal amount of IDR 500 billion. Each of these debt securities will be offered in 3 series. The principal amount and coupons offered with three tenor series are Series A with a tenor of 3 (three) years and an estimated yield of 6.20%-6.90%, Series B with a tenor of 5 (five) years and an estimated yield of 6.25%-7.20% and Series C with a tenor of 7 (seven) years with an estimated yield of 6.35%-7.30%. The public offering will be held on November 13, 2024 and the listing on the Indonesia Stock Exchange on November 20, 2024. In the prospectus submitted, KAI will use as much as IDR 1 trillion of the proceeds from the bond issuance to refinance the 2017 Bonds I Series B. The rest will be used for partial refinancing of Bonds II Year 2019 Series A. Meanwhile, the proceeds from the sukuk issuance will be used to refinance Bonds II Year 2019 Series A. The rest will be used to procure freight transportation infrastructure in South Sumatra. (CNBC Indonesia)

Domestic News

**November 5, 2024 State Sukuk Auction: Here are the Details of 7 SBSN Series Offered**

The government held an auction of rupiah-denominated State Sharia Securities (SBSN) or State Sukuk on Tuesday (5/11). Based on the announcement of the Directorate General of Debt Management of the Ministry of Finance, the government set an indicative target of IDR 9 trillion. There will be seven series of SBSN auctioned on November 5, 2024, consisting of the SPN-S series (Surat Perbendaharaan Negara-Syariah) and PBS (Project Based Sukuk). The proceeds will be used to meet part of the financing target in the 2024 State Budget. The auction will open on Tuesday (5/11) at 09.00 WIB and close at 11.00 WIB. The auction settlement date is on Thursday, November 7, 2024. The following are the details of SBSN that will be auctioned on November 5, 2024: SPNS29052025 (reopening), SPNS04082025 (new issuance), PBS032 (reopening), PBS030 (reopening), PBS004 (reopening), PBS039 (reopening) and PBS038 (reopening). (Data Indonesia)

Recommendation

**US10YT yields still appear stuck around the Target/Resistance yield area of 4.407%.** ADVISE: set your TRAILING STOP, use MA10 & MA20 as the trigger = if the yield closes below 4.275% - 4.180% then buy bonds gradually as the price increase begins.

**ID10YT is moving up in the form of a RISING WEDGE pattern, the uptrend is still maintained on the short-term support path.** ADVISE: As long as the yield is still playing above MA10 & MA20 (= 6.735% current support), bond prices will still be consistently in a weakening trend. Resistance: 6.87% - 6.91%.

## 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	1.71%	1.84%	Cons. Confidence*	123.50	124.40

## PRICE OF BENCHMARK SERIES

FR0090 : 96.96 (-0.04%)  
FR0091 : 97.78 (+0.01%)  
FR0092 : 101.24 (+0.05%)  
FR0094 : 97.01 (+0.00%)

FR0086 : 98.700 (+0.01%)  
FR0087 : 98.830 (+0.06%)  
FR0083 : 104.919 (+0.08%)  
FR0088 : 95.979 (+0.11%)

## CDS of Indonesia Bonds

CDS 2yr: -0.06% to 33.505  
CDS 5yr: +1.16% to 72.778  
CDS 10yr: -0.22% to 123.550

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.78%	-0.00%
USDIDR	15,753	0.21%
KRWIDR	11.45	0.33%

## Global Indices

Index	Last	Chg.	%
Dow Jones	41,794.60	(257.59)	-0.61%
S&P 500	5,712.69	(16.11)	-0.28%
FTSE 100	8,184.24	7.09	0.09%
DAX	19,147.85	(107.12)	-0.56%
Nikkei	38,053.67	0.00	0.00%
Hang Seng	20,567.52	61.09	0.30%
Shanghai	3,310.21	38.19	1.17%
Kospi	2,588.97	46.61	1.83%
EIDO	21.16	0.06	0.28%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,736.8	0.3	0.01%
Crude Oil (\$/bbl)	71.47	1.98	2.85%
Coal (\$/ton)	143.90	(0.05)	-0.03%
Nickel LME (\$/MT)	16,007	63.0	0.40%
Tin LME (\$/MT)	32,150	426.0	1.34%
CPO (MYR/Ton)	4,891	23.0	0.47%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
<b>Monday</b>	US	22.00	Factory Orders	-0.5%	Sep	-0.5%	-0.2%
04 – November	US	21.00	Durable Goods Orders	-0.7%	Sep F	-0.8%	-0.8%
<b>Tuesday</b>	US	20.30	Trade Balance	-	Oct	-USD 84.1B	-USD 70.4B
05 – November	US	22.00	ISM Services Index	-	Oct	53.8	54.9
<b>Wednesday</b>	US	18.00	MBA Mortgage Applications	-	Nov 1	-	-0.1%
06 – November							
<b>Thursday</b>	US	19.30	Initial Jobless Claims	-	Nov 2	223k	216k
07 – November							
<b>Friday</b>	US	02.00	FOMC Rate Decision (Upper Bound)	-	Nov 7	4.75%	5.00%
08 – November	US	22.00	University of Michigan Sentiment	-	Nov P	71.0	70.5

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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