

Today's Outlook:

Bitcoin hit their All-Time-High and the US Dollar posted its biggest daily surge in 4 years after DONALD TRUMP WAS ELECTED US PRESIDENT. The landslide victory of Trump, 78, hit long-term US Treasuries and revived the "Trump Trades"; rising yields anticipated that Trump would raise tariffs as he had promised, thereby increasing the US deficit and inflation and causing the Federal Reserve to cut interest rates less than it should. A massive rally in risky assets such as the stock market was immediately seen, especially small-cap stocks as Trump's ideas were seen as favorable for companies. The market is also watching whether the Republicans can maintain a majority in the House of Representatives after taking control of the US Senate, which would be useful to reduce opposition to Trump's agenda.

CURRENCY & FIXED INCOME: DOLLAR INDEX (DXY) rallied 1.7% and recorded its best day since March 2020. **EURO** was hurt by potential tariffs and the widening gap between US and European tariffs. The euro was down 1.8% at USD 1.0730, set for its biggest daily decline since the 2016 Brexit referendum and on top of a 1.2% drop in POUNDSTERLING. The US DOLLAR jumped 2% to 154.59 Japanese YEN, and rose 1.4% against the YUAN to 7.1969 Yuan on reports of CHINA banks selling Dollars to slow the Yuan's decline.

- **US borrowing costs surged especially for long-term bonds, indicating concerns from investors about the path of the US deficit.** The 10-year US TREASURY YIELD rose 14 basis points to 4.4343%, its biggest daily gain in nearly 7 months. The 30-year US Treasury yield jumped 16 bps to 4.6085%, also the biggest daily gain since the March 2020 pandemic-induced volatility. Although markets still believe the FEDERAL RESERVE will cut interest rates by 25 basis points at the conclusion of the two-day FOMC MEETING on Thursday (Friday morning GMT), they have slightly reduced bets on further easing in December. Markets reacted to the election results by cutting bets on the Fed's rate cut plans next year, where the FED FUND RATE is expected to remain above 4% until May 2025. The market had expected a cut of around 42 bps this year and another 62 bps reduction in 2025. The estimate for next year is already down from around 90 bps a few weeks ago, based on LSEG data.

ASIA MARKETS:

- **CHINA looks to be at the forefront of tariff risks, and its currency is trading full of high volatility against the Dollar, around its record area as well.** People's expect key policymakers meeting in Beijing this week to approve the refinancing and spending of local government debt. This morning will see Trade Balance data as well as China's Export-Import growth for Oct.

INDONESIA: Today will release Foreign Exchange Reserves (Oct) info which will be compared to the previous month's position of USD 149.9bn. **NHKSI RESEARCH** thinks Trump's leadership will pose the following challenges for Indonesia: first, there is a potential that Trump will increase tariffs on imported Indonesian products by 20%. Based on Sept 2024 data, Indonesia's second largest export is to the US market, so there is a possibility that Indonesia's exports to the US will fall. Secondly, Trump is also considered to prioritize investment & development in the country, therefore it is difficult to expect FDI from the US to increase compared to the Biden administration. Currently, capital outflows are starting to flee the Indonesian equity market again, where yesterday's Foreign Net Sell of IDR 1.09 trillion (RG market) was recorded, making the YTD foreign net sell position back up to IDR 7 trillion. The rise of USD has made the RUPIAH exchange rate floundered at 15,828 / USD and it is possible that it will soon head towards 16,000-16,300 at the end of the year as the demand for Dollar tends to increase in the 4th quarter. Thirdly, the price of green energy related commodities such as Nickel is expected to fall as Trump is said to be planning to revoke the electric car mandate, while Tesla already produces their EV batteries with Lithium, a Nickel substitute.

Domestic News

Ministry of Finance to Issue ORI and Sukri in the Near Future, to Fund the 2025 State Budget?

The Ministry of Finance is rumored to be issuing ORI and Sukri in the remainder of this year to finance the country's needs. This was conveyed by the Senior Deputy Governor of Bank Indonesia at the Leading Indonesian Financial Literacy (Like It) event at Gandaria City, Wednesday (6/11/2024). On this occasion, Destry invited young people to take part in meeting the country's financing needs by buying investment instruments provided by the government. In the fourth quarter of 2024, the government is planned to conduct early financing for the 2025 State Budget, aka prefunding. However, Director General of Financing and Risk Management (Dirjen PPR) of the Ministry of Finance Suminto emphasized that the government will indeed still issue the last Retail Government Securities (SBN) for this year, not to finance the 2025 State Budget. Suminto said that the issuance of Retail SBN for the last time this year is in the form of Savings Sukuk. Meanwhile, regarding the prefunding plan for the 2025 State Budget, where financing needs are planned at IDR 775.87 trillion, Suminto has not revealed it. (Bisnis)

Corporate News

By End of November 2024, Bank Mandiri Taspen Ready to Pay Off Series B Bonds Worth IDR 300 Billion

PT Bank Mandiri Taspen (BMTP) announced the planned principal repayment of Shelf Registration Bonds I Phase I Year 2019 Series B which will mature on November 26, 2024. This series B bond has a fixed interest rate of 8.20% per year. Aldien Haekalani, Division Head of Treasury BMTP, in an information disclosure to the Indonesia Stock Exchange (IDX) on Monday (4/11/2024), stated that the company had prepared IDR 300 billion for the principal repayment of the bonds. "Bank Mandiri Taspen will transfer IDR 300 billion of bond principal funds to the Indonesian Central Securities Depository account. We will submit proof of fund transfer at the first opportunity," Aldien wrote in his report. BMTP Sustainable Bonds I Phase I issued on November 27, 2019 has a total value of IDR 1 trillion. (Warta Ekonomi)

Recommendation

The 10-year US TREASURY YIELD shot up to a 4-month high at 4.431% and also touched the long term trendline resistance, while RSI negative divergence. Indicating a possible pullback towards the nearest Support: MA10 / yield 4.30%, or MA20 at yield 4.20%. Indeed, as long as the yield is still moving above MA10, the yield uptrend should be assumed to remain intact; thus the bond price weakness will continue.

ID10YT is still trying to hold above MA20 Support / yield 6.74% and just one step away from breaking MA10 Resistance / yield 6.782% then it will be able to return to the previous High level of 6.87% as the nearest Target, or even 6.90% - 7.0% psychological yield level. Conversely, if the yield chooses to weaken then the next Support that can still be tolerated is 6.70%. ADVISE: WAIT & SEE.

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	4.62%	1.42%
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 : 96.91 (-0.05%)
FR0091 : 97.48 (-0.46%)
FR0092 : 101.22 (-0.16%)
FR0094 : 96.80 (+0.00%)

FR0086 : 98.61 (-0.05%)
FR0087 : 98.48 (-0.41%)
FR0083 : 104.76 (-0.18%)
FR0088 : 95.70 (-0.32%)

CDS of Indonesia Bonds

CDS 2yr: -1.77% to 33.38
CDS 5yr: -0.93% to 72.65
CDS 10yr: -1.41% to 123.47

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.77%	0.03%
USDIDR	15,830	0.60%
KRWIDR	11.30	-0.92%

Global Indices

Index	Last	Chg.	%
Dow Jones	43,729.93	1508.05	3.57%
S&P 500	5,929.04	146.28	2.53%
FTSE 100	8,166.68	(5.71)	-0.07%
DAX	19,039.31	(216.96)	-1.13%
Nikkei	39,480.67	1005.77	2.61%
Hang Seng	20,538.38	(468.59)	-2.23%
Shanghai	3,383.81	(3.18)	-0.09%
Kospi	2,563.51	(13.37)	-0.52%
EIDO	20.82	(0.58)	-2.71%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,659.1	(84.9)	-3.10%
Crude Oil (\$/bbl)	71.69	(0.30)	-0.42%
Coal (\$/ton)	141.10	(1.80)	-1.26%
Nickel LME (\$/MT)	16,127	4.0	0.02%
Tin LME (\$/MT)	31,347	(1002.0)	-3.10%
CPO (MYR/Ton)	4,917	111.0	2.31%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	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%
Tuesday	US	20.30	Trade Balance	-USD 84.4B	Oct	-USD 84.1B	-USD 70.4B
05 – November	US	22.00	ISM Services Index	56.0	Oct	53.8	54.9
Wednesday	US	18.00	MBA Mortgage Applications	-	Nov 1	-	-0.1%
06 – November							
Thursday	US	19.30	Initial Jobless Claims	-	Nov 2	223k	216k
07 – November							
Friday	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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