

Today's Outlook

MARKET SENTIMENT:

The **FEDERAL RESERVE** finally cut interest rates by 25 basis points to 4.50% - 4.75% on Thursday, as expected, noting that the labor market has generally eased, while inflation is moving towards the 2% target and economic activity also continues to expand at a solid pace, as well as confirming that price pressures have made progress. The next question from market participants is whether the Fed will cut again in December, and what impact will the Trump administration's policies have on the future of the FFR? In the press conference following the announcement, Fed Chairman JEROME POWELL said the election results would not impact policy decisions in the near term. He also said some downside risks to the economy have diminished amid stronger economic data. The market now expects that the Fed is likely to stop cutting interest rates after two more rate cuts of 25 bps each in the first half of 2025, so the Fed Funds Rate will be in the range of 3.75%-4%. Prior to the election results, the market expected a rate cut of around 190 basis points by the end of next year. Economists judged Powell's comments to be generally dovish, and are still comfortable with the expectation of another 25 bp cut in December.

**ECONOMIC INDICATORS:** In response to Powell's comments on labor, **INITIAL JOBLESS CLAIMS** for the latest week came in at **221k** latest jobless claims, up 3k from the previous week, although still below the forecast of 223k. Further tonight will be monitored the views of the Univ. Of Michigan views on Inflation & consumer expectations in the next 6 months.

ASIA & EUROPEAN MARKETS:

- **CHINA** reported above-expected Trade Balance surplus figures, supported by faster growth in Exports than Imports which actually seemed to drop in Oct, signaling weak domestic demand. With Trump on board, China's stock market is arguably vulnerable to the threat of tariffs from Washington, but on the one hand it could hasten a stronger policy response from Beijing, which might actually support local stocks. Investors are focused on awaiting the outcome of the National People's Congress Standing Committee meeting that ends on Friday. Any stimulus surprises from the meeting will likely help lift market sentiment in Chinese stocks. Investors will also pay close attention to China's Inflation data on Saturday. The annual rate of consumer inflation is expected to remain steady at 0.4% in October, according to a Reuters poll, while producer price deflation is seen easing only slightly to -2.5% from -2.8%.

- **Ahead of the Fed's decision**, the **BANK OF ENGLAND** has cut interest rates by 25bps on Thursday for the second time since 2020. The UK central bank said future reductions are likely to be gradual, as it sees higher inflation after the new government's first budget last week. **POUNDSTERLING** extended its gains slightly after the decision and was last up 0.8% at USD 1.2986, following a 1.24% decline on Wednesday.

**FIXED INCOME & CURRENCY:** **US TREASURY YIELD** continued to decline after the Fed's rate cut, although some investors warned that interest rates may not fall as steadily as expected under a second-term Trump administration. The latest benchmark 10-year US Treasury yield was at 4.3355%, down 9 basis points on the day, after a 14 basis point increase on Wednesday, and the latest 30-year yield was at 4.5393%, down more than 6 basis points after a 15 basis point increase the previous day.

- The **YUAN** on Thursday bounced back slightly from a 3-month low reached the previous day. The Yuan's decline in the spot market of around 1% on Wednesday, in direct reaction to Trump's election victory, was its biggest drop since February 2020.

- The **EURO** rose 0.7% to USD 1.0803 after a 1.8% drop on Wednesday, as investors also digested the political turmoil in GERMANY where Chancellor Olaf Scholz fired Finance Minister Christian Lindner, causing the ruling three-party coalition to collapse and setting the stage for an impromptu general election. Deutsche Bank analysts said that although it is still early, the development could be positive for the Euro due to the potential confidence boost from a more stable German government and the immediate economic impact of a potentially more proactive fiscal stance. German 10-year government bond yields were last up 4.8 basis points at 2.441%. As supporting economic indicators, GERMANY reported their Industrial Production dropped deeper than expected, as well as not being able to create a Trade Balance surplus as expected, both in Sept.

**INDONESIA:** reported Oct Foreign Exchange Reserves at USD 151.2bn, up from Sept at USD 149.9bn. Today we will wait for Motor & Car Sales data for Oct.

Domestic News

SUN Auction November 12, Government Targets to Raise Funds up to IDR33 Trillion

The government will conduct an auction of Rupiah-denominated Government Securities (SUN) to fulfill part of the financing target in the 2024 State Budget. The auction will be held on Tuesday, November 12, 2024. Quoted from the official statement of the Directorate of Government Securities, Directorate General of Financing and Risk Management, Ministry of Finance, Thursday (7/11/2024), there are 8 series of SUN that will be auctioned. The settlement date is set for Thursday, November 14, 2024 with an indicative target of IDR 22 trillion and a maximum target of IDR 33 trillion. The main terms & conditions of the SUN that will be auctioned are as follows: SPN12250213 (Reopening) will mature on February 13, 2025 with a discounted interest rate, SPN12251113 (New Issuance) will mature on November 13, 2025 with a discounted interest rate, FR0104 (Reopening) will mature on July 15, 2030 with an interest rate of 6.5%, FR0103 (Reopening) will mature on July 15, 2035 with an interest rate of 6.75%, FR0098 (Reopening) will mature on June 15, 2038 with a coupon rate of 7.125%, FR0097 (Reopening) will mature on June 15, 2043 with a coupon rate of 7.125%, FR0102 (Reopening) will mature on July 15, 2054 with a coupon rate of 6.875% and FR0105 (Reopening) will mature on July 15, 2064 with a coupon rate of 6.875%. (Pasardana)

Corporate News

BNLI: Bank Permata Achieves idAAA Rating, Here's Pefindo's Explanation

PT Bank Permata Tbk (BNLI) received an "idAAA" rating from Pemeringkat Efek Indonesia (Pefindo) with a stable outlook, valid until October 1, 2025. In its statement, Pefindo stated that this highest rating reflects the strong support from BNLI's parent company, Bangkok Bank Public Company Limited. "Bank Permata's standalone credit profile shows a very strong market position and solid capitalization," said Pefindo, Thursday (7/11). However, Pefindo also noted that BNLI's rating is limited by moderate asset quality and intense competition in the banking industry. This rating may be downgraded if there is a decrease in support from shareholders as indicated by a significant reduction in BNLI's portfolio or if Pefindo assesses a weakening of support from shareholders. (Emiten News)

Recommendation

The 10yr US TREASURY YIELD stopped its upward path right at the long term trendline Resistance at 4.46% High, after THE FED cut the FED FUND RATE 25bps as expected. US10YT is testing the first Support: MA10 / yield 4.308% before dropping further towards the second Support: MA20 / yield 4.215%. POTENTIAL: anticipate strengthening bond prices soon.

On the other hand, ID10YT yield has not moved much from the Support - Resistance range: yield 6.744% - 6.783%. ADVISE: watch where the yield breakout is heading before making any further decisions regarding bond prices.

## Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	Real GDP	4.95%	5.05%
FX Reserve (USD bn)	151.23	149.90	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 : 96.88 (-0.03%)  
FR0091 : 98.01 (+0.58%)  
FR0092 : 101.25 (+0.03%)  
FR0094 : 96.80 (+0.00%)

FR0086 : 98.64 (+0.03%)  
FR0087 : 98.67 (+0.19%)  
FR0083 : 104.85 (+0.08%)  
FR0088 : 96.05 (+0.36%)

## CDS of Indonesia Bonds

CDS 2yr: -4.81% to 31.77  
CDS 5yr: -5.18% to 68.89  
CDS 10yr: -4.09% to 118.42

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.79%	0.02%
USDIDR	15,735	-0.60%
KRWIDR	11.36	0.55%

## Global Indices

Index	Last	Chg.	%
Dow Jones	43,729.34	(0.59)	0.00%
S&P 500	5,973.10	44.06	0.74%
FTSE 100	8,140.74	(25.94)	-0.32%
DAX	19,362.52	323.21	1.70%
Nikkei	39,381.41	(99.26)	-0.25%
Hang Seng	20,953.34	414.96	2.02%
Shanghai	3,470.66	86.86	2.57%
Kospi	2,564.63	1.12	0.04%
EIDO	20.85	0.03	0.14%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,706.7	47.7	1.79%
Crude Oil (\$/bbl)	72.36	0.67	0.93%
Coal (\$/ton)	142.20	1.10	0.78%
Nickel LME (\$/MT)	16,587	460.0	2.85%
Tin LME (\$/MT)	31,817	470.0	1.50%
CPO (MYR/Ton)	4,952	35.0	0.71%

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	-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
<b>Wednesday</b>	US	18.00	MBA Mortgage Applications	-10.8%	Nov 1	-	-0.1%
06 – November							
<b>Thursday</b>	US	19.30	Initial Jobless Claims	221k	Nov 2	223k	216k
07 – November							
<b>Friday</b>	US	02.00	FOMC Rate Decision (Upper Bound)	4.75%	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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