

Morning Briefing

Daily | November 25, 2024

Today's Outlook:

US MARKETS: Investors took comfort in strong economic data in the US. A measure of business activity in the world's largest economy surged to a 31-month high in November, boosted by hopes for lower interest rates and more business-friendly policies from President-elect Donald Trump's administration next year.

MARKET SENTIMENT: As markets await the Trump cabinet's choice of Treasury Secretary, expectations for the Federal Reserve's monetary policy move in December fluctuate between a pause and a cut, as market participants weigh the possible impact of Trump's plans on price pressures. There is a 59.6% chance the central bank will lower borrowing costs by 25 basis points, according to the CME FedWatch Tool.

- **Business activity data released on Friday, showed that the US economy remains relatively healthy, following strong jobless claims data released last Thursday.** The US COMPOSITE PMI index, which tracks both the manufacturing and services sectors, increased to its highest level since April 2022, with the services sector accounting for the largest increase. The S&P Global US Manufacturing PMI rose to 48.8 in November, from 48.5 in the previous month; while the more significant Services PMI jumped to 57.0, from 55.0 in October. UNIV. OF MICHIGAN forecasts 1-year ahead Inflation at 2.6%, and 3.2% for 5-year ahead expectation; amidst relatively sluggish consumer sentiment at the moment.

- **Geopolitical conflicts also become a highlight of the week as investors monitor the missile exchange between Ukraine and Russia, after Moscow lowered its threshold for nuclear retaliation.**

EUROPEAN MARKETS: EUROZONE business activity fell sharply this month due to a dominant contraction in the Services sector, while Manufacturing slipped further into recession. In GERMANY, Europe's largest economy, the economy grew less than previously expected in the third quarter. GERMANY 3Q GDP was recorded to grow only 0.1% qoq, less than expected; causing annualized economic growth to fall back into recession, minus 0.3% yoy.

- **The lackluster shopping situation was also evident in the UK where in Oct their Retail Sales dropped 0.7% mom and fell to 2.4% yoy, lower than the previous month's estimate.** No wonder the initial estimate of UK Composite PMI slipped below 50 on the back of a contraction in Manufacturing, while Services industry held firm at the border of expansion territory.

COMMODITIES: OIL prices rose about 1% on Friday, reaching the highest level in 2 weeks, as the escalating war in Ukraine last week increased the market's geopolitical risk premium. BRENT futures rose 94 cents, or 1.3%, to USD 75.17/barrel; while US WTI crude oil lurched USD 1.14, or 1.6%, to USD 71.24.

INDONESIA; recorded Oct money supply growth of 6.7%. Foreigners recorded another exit from the Indonesian equity market of IDR 116bn, bringing the total YTD Foreign Net Sell figure to IDR 18.51tn.

Domestic News

Foreign Funds Outflow Reached IDR 7.50 Trillion in the Third Week of November 2024

Bank Indonesia (BI) noted that there was a foreign capital outflow to domestic finance from November 18 to November 22, 2024, non-residents in the domestic financial market recorded a net sale of IDR 7.50 trillion. Executive Director of the Communication Department Ramadan Denny Prakoso said that foreign funds came from the stock market, Government Securities (SBN), Bank Indonesia Rupiah Securities (SRBI). "Net selling amounted to IDR 3.30 trillion in the stock market, IDR 3.59 trillion in the SBN market, and IDR 0.61 trillion in Bank Indonesia Rupiah Securities (SRBI)," he explained through an official statement, quoted Sunday, November 24. During 2024, based on settlement data up to November 21, 2024, non-residents recorded net purchases of IDR 27.15 trillion in the stock market, IDR 33.17 trillion in the SBN market and IDR 187.68 trillion in SRBI. In the second semester of 2024, non-residents recorded net purchases of IDR 26.81 trillion in the stock market, IDR 67.13 trillion in the SBN market and IDR 57.33 trillion in SRBI. In line with these developments, Ramadan said Indonesia's 5-year CDS premium as of November 21, 2024 was 72.65 bps, stable compared to November 15, 2024 of 72.61 bps. (VOI)

Corporate News

Intent to Pay Bonds, Medco Energi (MEDC) Rating idAA

PT Pemeringkat Efek Indonesia (Pefindo) rated Medco Energi's (MEDC) 2020 Shelf Registration Bonds III Phase III Series B "idAA-" with a total value of IDR 476.3 billion, which will mature on February 20, 2025. MEDC plans to repay the maturing bonds using proceeds from the planned issuance of Shelf Registration Bond V Phase III Year 2025 with a maximum value of IDR 2.5 trillion. As of September 30, 2024, MEDC has a cash balance of USD606.5 million. MEDC is a publicly listed company engaged in the integrated energy and natural resources sector, with three main businesses namely exploration and production (E&P) activities in Indonesia, the Middle East, East Africa and Southeast Asia; power generation; and mining. (Emiten News)

Recommendation

US10YT seems more confirmed if it starts to break out of its uptrend, as yield slipped below lower channel support & more importantly MA20 (which has been supporting the uptrend along with MA10). Nearest resistance: yield 4.365% - 4.42%. This is likely to force US10YT to move further down towards Support: 4.30% - 4.29% / 4.16% - 4.10%. POTENTIAL: US10YT price will experience strengthening while yields fall.

ID10YT in overall is in a PARALLEL CHANNEL patterned yield uptrend, the uptrend is also still intact above MA10 support although it would not be surprising if the yield immediately tests the 6.88% level which is the first defense before heading to 6.84%. ADVISE: HOLD, WAIT & SEE; anticipate the strengthening of SBN prices if the yield support is broken.

PRICE OF BENCHMARK SERIES

FRO090 : 96.657 (-0.30%)

FRO091 : 97.140 (-0.11%)

FRO092 : 100.480 (-0.26%)

FRO094 : 97.011 (+0.00%)

FRO086 : 98.521 (-0.01%)

FRO087 : 98.167 (-0.05%)

FRO083 : 104.235 (-0.13%)

FRO088 : 94.914 (-0.50%)

CDS of Indonesia Bonds

CDS 2yr: +0.95% to 34.440

CDS 5yr: +0.36% to 74.053

CDS 10yr: +0.66% to 125.770

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.93%	0.01%
USDIDR	15,875	-0.31%
KRWIDR	11.29	-0.62%

Global Indices

Index	Last	Chg.	%
Dow Jones	44,296.51	426.16	0.97%
S&P 500	5,969.34	20.63	0.35%
FTSE 100	8,262.08	112.81	1.38%
DAX	19,322.59	176.42	0.92%
Nikkei	38,283.85	257.68	0.68%
Hang Seng	19,229.97	(371.14)	-1.89%
Shanghai	3,267.19	(103.21)	-3.06%
Kospi	2,501.24	20.61	0.83%
EIDO	19.98	0.12	0.60%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,716.2	46.5	1.74%
Crude Oil (\$/bbl)	71.24	1.14	1.63%
Coal (\$/ton)	141.25	(0.25)	-0.18%
Nickel LME (\$/MT)	15,970	256.0	1.63%
Tin LME (\$/MT)	28,914	164.0	0.57%
CPO (MYR/Ton)	4,642	(130.0)	-2.72%

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)	-2.15	-3.02
Trd Balance (USD bn)	2.48	3.26	Govt. Spending Yoy	4.62%	1.42%
Exports Yoy	10.25%	6.44%	FDI (USD bn)	4.89	6.03
Imports Yoy	17.49%	8.55%	Business Confidence	104.82	104.30
Inflation Yoy	1.71%	1.84%	Cons. Confidence*	121.10	123.50

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday							
25 – November							
Tuesday	US	22.00	New Home Sales	-	Oct	725k	738k
26 – November	US	22.00	Conf. Board Consumer Confidence	-	Nov	111.8	108.7
Wednesday							
27 – November	US	19.00	MBA Mortgage Applications	-	Nov 22	-	1.7%
	US	20.30	GDP Annualized QoQ	-	3Q S	2.8%	2.8%
	US	20.30	Durable Goods Order	-	Oct P	0.5%	-0.7%
	US	20.30	Initial Jobless Claim	-	Nov 23	217k	213k
	US	21.45	MNI Chicago PMI	-	Nov	45.0	41.6
Thursday							
28 – November							
Friday	JP	06.30	Jobless Rate	-	Oct	2.5%	2.4%
29 – November	JP	06.30	Tokyo CPI YoY Ex– Fresh Food YoY	-	Nov	2.1%	1.8%
	JP	06.30	Job To Applicant Ratio	-	Oct	1.24	1.24

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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