

Today's Outlook:

MARKET SENTIMENT: Data showed US consumer spending accelerated in October, which suggests the economy is maintaining a strong pace of growth but the pace of decelerating inflation has stalled recently. In the 12 months to October, core inflation, tracked by the Federal Reserve for monetary policy aka the CORE PCE PRICE INDEX, increased 2.8% yoy after rising 2.7% in September. Economists think it is to be expected that Inflation will pick up a bit, but it is not out of control yet so they believe this still paves the way for a 25 basis point cut in December and then perhaps a pause after that.

- Investor reaction also took into account President-elect Donald Trump's threat on Monday night to immediately impose 25% tariffs on all products from Mexico and Canada when he takes office in January, and impose an additional 10% tariff on goods from China. The threats have triggered warnings of retaliatory attacks from the countries concerned.

ECONOMIC INDICATORS: US Consumer Confidence (Nov) was slightly below consensus, but in overall still higher than Oct. The concern is the health of the property sector as New Home Sales in Oct plummeted to the lowest level not seen since 2010.

- Initial Jobless Claims which had been released earlier in anticipation of the Thanksgiving holiday stated that in the last week jobless claims decreased by 2k to 213k, compared to the previous week.

- The Q3 US GDP estimate was still in line with expectations at 2.8% qoq, helped by the unexpectedly positive Durable Goods Orders (Oct) growth.

CURRENCY & FIXED INCOME: The 10-year US TREASURY YIELD fell 5.4 basis points to 4.248%, from 4.302% late Tuesday; while the 30-year yield fell 5 basis points to 4.4298% from 4.48% late Tuesday. The 2-year bond yield fell 3.1 basis points to 4.223%, from 4.254% on Tuesday night.

- The DOLLAR INDEX, which measures the greenback's strength against a basket of other major world currencies including the Yen and Euro, fell 0.73% to 106.06. Against the Japanese Yen, the Dollar weakened 1.3% to 151.11 with the Yen touching its strongest level against the greenback in 5 weeks. The Euro was up 0.75% at USD 1.0565 while the Pound sterling gained 0.85% to USD 1.2675. After falling on Tuesday, the Mexican Peso bounced back to gain 0.3% against the USD, and the Canadian Dollar gained 0.21% against the greenback.

INDONESIA: Local elections (PILKADA) were held for the first time in Indonesia on Wednesday (27/11/2024), held in 545 regions including 37 provinces, 415 regencies, and 93 cities. Data from the General Elections Commission (KPU) recorded that the permanent voter list in the 2024 elections was recorded at 203,657,354 voters.

Domestic News

Luhut Bluntly Reveals 12% VAT in Early 2025 Potentially Postponed

The National Economic Council (DEN) revealed the potential postponement of the 12% value-added tax (VAT) rate increase at the beginning of next year in line with the government's rejection and consideration. DEN Chairman Luhut B. Pandjaitan said the government is working on a social assistance stimulus for the people, especially the middle class, before the 12% VAT rate is implemented. "Yes, it is almost certainly postponed [the VAT increase to 12%], let this [social assistance] go first," Luhut told reporters on Wednesday (27/11/2024). Luhut emphasized that the government must provide incentives to the community in order to restore the purchasing power of consumers and the people's economy, which is still considered difficult. However, until now Luhut said that the government is still working on calculating the number of people entitled to the social assistance. "VAT 12 before it is finished, stimulus must first be given to people whose economy is difficult, maybe it will be calculated for two months, three months," he said. Furthermore, Luhut explained that one of the proposals for social assistance that is being discussed can be in the form of direct cash assistance (BLT) for electricity whose funding source is from the APBN. For information, previously Apindo Chairperson Shinta W. Kamdani said that business actors urged the government to postpone the implementation of the VAT increase next year. (Bisnis)

Corporate News

POWR: Cikarang Listrindo (POWR) Gets Approval to Release USD500 Million Notes

PT Cikarang Listrindo Tbk (POWR) announced that it has held an Extraordinary General Meeting of Shareholders on November 22, 2024. The General Meeting of Shareholders has met the quorum because it was attended by shareholders representing 14,584,326,185 shares or 92.272% of all shares with valid voting rights issued by the Company, in accordance with the Company's Articles of Association and applicable laws and regulations. POWR's management in its written statement (23/11) said that the EGMS Agenda I approved the plan to issue US Dollar-denominated debt securities in the principal amount of USD500 million with an interest rate of a maximum of 7.00% per annum and will mature no later than the 10th year after the Notes are issued which is a Material Transaction based on the Financial Services Authority Regulation No. 17/POJK.04/2020. For information, in the disclosure of information (9/10) POWR Management said that the Notes to be issued by the Company will be used to refinance the 2026 Notes (including interest and other costs). (Emiten News)

Recommendation

US10YT continues to plunge towards the bottom yield target around 4.12% - 4.11%, with two Moving Average Resistance around 4.36% - 4.378%. The anticipation of price strengthening takes place especially when the bet of Fed's Dec rate cut is getting bigger.

ID10YT is still firmly holding above the first Support: MA10 at 6.91% yield. With RSI looking slightly negative divergence at the moment, the upside strength of ID10YT yield will be severely tested when it hits 6.99% - 7.0%. ADVISE: HOLD; WAIT & SEE what will happen to the bond price once it reaches that psychological level.

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

PRICE OF BENCHMARK SERIES

FR0090 : 96.501 (-0.07%)
FR0091 : 96.792 (-0.31%)
FR0092 : 100.316 (-0.12%)
FR0094 : 96.798 (+0.00%)

FR0086 : 98.444 (-0.07%)
FR0087 : 97.979 (-0.21%)
FR0083 : 103.951 (-0.06%)
FR0088 : 94.892 (+0.01%)

CDS of Indonesia Bonds

CDS 2yr: +1.57% to 34.945

CDS 5yr: +1.36% to 75.337

CDS 10yr: +1.10% to 127.240

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.93%	0.02%
USDIDR	15,930	0.38%
KRWIDR	11.41	0.60%

Global Indices

Index	Last	Chg.	%
Dow Jones	44,722.06	(138.25)	-0.31%
S&P 500	5,998.74	(22.89)	-0.38%
FTSE 100	8,274.75	16.14	0.20%
DAX	19,261.75	(34.23)	-0.18%
Nikkei	38,134.97	(307.03)	-0.80%
Hang Seng	19,603.13	443.93	2.32%
Shanghai	3,309.78	50.02	1.54%
Kospi	2,503.06	(17.30)	-0.69%
EIDO	20.15	0.06	0.30%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,636.0	2.9	0.11%
Crude Oil (\$/bbl)	68.72	(0.05)	-0.07%
Coal (\$/ton)	140.70	(0.30)	-0.21%
Nickel LME (\$/MT)	15,883	(113.0)	-0.71%
Tin LME (\$/MT)	27,950	(954.0)	-3.30%
CPO (MYR/Ton)	4,798	63.0	1.33%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday							
25 – November							
Tuesday	US	22.00	New Home Sales	610k	Oct	725k	738k
26 – November	US	22.00	Conf. Board Consumer Confidence	111.7	Nov	111.8	108.7
Wednesday	US	19.00	MBA Mortgage Applications	6.3%	Nov 22	-	1.7%
27 – November	US	20.30	GDP Annualized QoQ	2.8%	3Q S	2.8%	2.8%
	US	20.30	Durable Goods Order	0.2%	Oct P	0.5%	-0.7%
	US	20.30	Initial Jobless Claim	213k	Nov 23	217k	213k
	US	21.45	MNI Chicago PMI	40.2	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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