

Morning Briefing

Today's Outlook:

ASIA MARKETS: Tokyo's core consumer price index, which excludes volatile fresh food costs, rose 2.2% year-on-year in November from a year earlier, up from 1.8% last month and beating forecasts for a 2.1% gain. The yen jumped to a six-week high against the dollar on Friday after faster-than-expected inflation in Tokyo supported bets for a Bank of Japan interest rate hike next month.

- Tokyo's core consumer price index, which excludes volatile fresh food costs, rose 2.2% year-on-year in November from a year earlier, up from 1.8% last month and beating forecasts for a 2.1% gain. The yen jumped to a six-week high against the dollar on Friday after faster-than-expected inflation in Tokyo supported bets for a Bank of Japan interest rate hike next month.

CURRENCY & FIXED INCOME: The dollar was last down 1.2% at 149.68 yen, and earlier dipped to 149.53 yen for the first time since Oct. 21. It is set for a 2.1% weekly loss against the Japanese currency, the largest since September. The dollar index was last down 0.3% at 105.86, after earlier reaching 105.61, the lowest since Nov. 12. It is on track for a 2% rise in November as investors adjust for the likelihood that the new U.S. administration under Donald Trump next year will loosen business regulations and enact other policies that boost growth. The 10-year Treasury yield retreated to a new low going back to late October on Friday amid a shortened trading day for U.S. markets following the Thanksgiving holiday. The yield on the 10-year Treasury slipped nearly 5 basis points to 4.194%. At one point, the yield fell as far down as 4.184%, its lowest going back to Oct. 25. The 2-year Treasury shed around more than 3 basis points, sitting at 4.176%.

- The euro fell 0.1% to USD 1.0565. The single currency has tumbled about 3% in November as the dollar has rallied, putting it on course for its worst month since April 2022. Data on Friday showed that French consumer prices grew in line with expectations in November. Germany's inflation report on Thursday showed price pressures remaining flat in November despite expectations of a second consecutive increase.

COMMODITIES: Oil prices fell on Friday, posting a weekly decline of 3%, pressured by easing concern over supply risks from the Israel-Hezbollah conflict and the prospect of increased supply in 2025 even as OPEC+ is expected to extend output cuts. Trading activity was muted because of the U.S. public holiday. For the week, Brent fell nearly 3% while WTI lost 4.55%. The OPEC+ group comprising the Organization of the Petroleum Exporting Countries and allies including Russia delayed its next policy meeting to Dec. 5 from Dec. 1. OPEC+ is expected to decide on a further extension to production cuts at the meeting.

- Gold prices gained on Friday, boosted by a drop in dollar and persistent geopolitical tensions, but bullion was still set for its worst monthly loss since September last year after a post-election sell-off driven by Donald Trump's win. Spot gold rose 0.7% to \$2,660.28 per ounce, but was set for a weekly fall of over 2% after a sharp decline earlier this week. U.S. gold futures also gained 0.7% to \$2,684.9. Gold, buoyed by geopolitical tensions and Federal Reserve interest rate cuts this year, now faces pressure as higher tariffs could stoke inflation and lead the Fed to adopt a cautious approach to further rate cuts.

Domestic News

Indonesia National Energy Council: Bioethanol is a surefire way to reduce fuel imports

The Indonesia National Energy Council (DEN) said that the development of bioethanol is a surefire move for Indonesia to reduce dependence on imported fuel oil (BBM). Meanwhile, bioethanol is an alternative fuel from vegetables such as sugar cane, cassava or corn that can be mixed with gasoline in motor vehicles at concentrations of up to 10%. Member of the National Energy Council, Agus Pramono, said that so far Indonesia is still dependent on fuel imports in large quantities, which of course causes trillions of foreign exchange to float. "We still import a large amount of fuel, 58% of our national needs. The value is around 98 million liters per day," he said in a discussion of the Factory Hub program on the Bisniscom YouTube channel, quoted Sunday (1/12/2024). Furthermore, he said, with the development of bioethanol biofuel, it will be able to reduce import dependence and have a circular economic effect on the bioethanol ecosystem. "This means that if we can immediately run bioethanol, for example, producing 500,000 to 1 million liters a day, it can increase foreign exchange, and there is a circular economy in the bioethanol industry, such as the welfare of sugarcane farmers and others," he explained. So far, in Indonesia, the implementation of the use of 5% bioethanol mixture in gasoline, known as E5, will gradually be increased to 10% by 2029. (Bisnis)

Corporate News

MDKA: Merdeka Copper Gold (MDKA) Offers IDR 1T Bonds

PT Merdeka Copper Gold Tbk (MDKA) plans to issue debt securities worth IDR 1 trillion through Sustainable Bonds V Phase I-2024. Most of the proceeds from this issuance will be used by MDKA's business entity, PT Bumi Suksesindo, to repay bank loans and working capital needs. The bonds will be issued in two series, Series A with a tenor of 367 calendar days and Series B with a tenor of three years. However, until now, the principal amount and interest rate of each series have not been announced by MDKA's management. In this corporate action, MDKA appointed five securities companies as underwriters, namely PT Indo Premier Sekuritas, PT Sucor Sekuritas, PT Trimegah Sekuritas Indonesia Tbk, PT UOB Kay Hian Sekuritas, and PT Aldiracita Sekuritas Indonesia. Meanwhile, PT Bank Rakyat Indonesia (Persero) Tbk will act as trustee. Based on the prospectus released on Friday (29/11), MDKA received an idA+ (Single A Plus) rating from Pemeringkat Efek Indonesia (Pefindo) for these long-term debt securities. The offering period runs from today until December 10, 2024, with an effective statement from the Financial Services Authority (OJK) expected on December 17, 2024. MDKA's management stated that around USD40 million, or equivalent to IDR623.7 billion, of the proceeds from the bond issuance will be used to repay debt under the revolving credit facility of USD60 million. The funds will be paid to creditors such as ING Bank NV Singapore branch, PT Bank UOB Indonesia, PT Bank HSBC Indonesia, and Credit Agricole Corporate and Investment Bank Singapore branch, through HSBC Ltd as facility agent.

Recommendation

US10YT has been increasingly gaining steam at a bearish momentum and has reached its MA50 dynamic support at 4.163% after a negative divergence in RSI near the trendline resistance area of 4.469-4.501%. MA10 and MA20 has formed a death cross. Thus, NHKSI sees that US10YT yield is projected to reach 4.13-4.116%.

ID10YT has corrected but reached the potential falling wedge pattern support of 6.870-6.865%. MA10 support of 6.898% was broken down. NHKSI anticipates ID10YT to have a slight rebound to falling wedge pattern resistance at 6.98-7% before an eventual bearish momentum ensues.

PRICE OF BENCHMARK SERIES

FRO090 : 96.597 (-0.02%)

FRO091 : 97.218 (+0.31%)

FRO092 : 100.568 (+0.11%)

FRO094 : 96.798 (+0.00%)

FRO086 : 98.464 (+0.00%)

FRO087 : 98.349 (+0.24%)

FRO083 : 104.177 (+0.12%)

FRO088 : 94.904 (+0.03%)

CDS of Indonesia Bonds

CDS 2yr: +1.47% to 35.480

CDS 5yr: -1.05% to 74.485

CDS 10yr: -1.92% to 124.840

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.87%	-0.05%
USDIDR	15,845	-0.16%
KRWIDR	11.34	-0.26%

Global Indices

Index	Last	Chg.	%
Dow Jones	44,910.65	188.59	0.42%
S&P 500	6,032.38	33.64	0.56%
FTSE 100	8,287.30	6.08	0.07%
DAX	19,626.45	200.72	1.03%
Nikkei	38,208.03	(141.03)	-0.37%
Hang Seng	19,423.61	56.65	0.29%
Shanghai	3,326.46	30.76	0.93%
Kospi	2,455.91	(48.76)	-1.95%
EIDO	19.89	(0.26)	-1.29%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,643.2	5.2	0.20%
Crude Oil (\$/bbl)	68.00	(0.72)	-1.05%
Coal (\$/ton)	141.50	0.80	0.57%
Nickel LME (\$/MT)	15,903	(161.0)	-1.00%
Tin LME (\$/MT)	28,913	721.0	2.56%
CPO (MYR/Ton)	5,020	135.0	2.76%

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)	7.45	4.89
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	ID	07.30	S&P Global Indonesia PMI Manufacturing	49.6	Nov	-	49.2
02 – December	ID	11.00	CPI YoY	-	Nov	1.50%	1.71%
	US	22.00	S&P Global US PMI Manufacturing	-	Nov F	49.0	48.8
	US	22.00	&P Global Indonesia PMI Manufacturing	-	Nov	47.6	46.5
Tuesday	-	-	-	-	-	-	-
03 – December							
Wednesday	US	19.00	MBA Mortgage Applications	-	Nov 29	-	6.3%
04 – December	US	20.15	ADP Employment Change	-	Nov	158k	233k
	US	22.00	Factory Orders	-	Oct	0.4%	-0.5%
	US	22.00	ISM Services Index	-	Nov	55.5	56.0
	US	22.00	Durable Goods Orders	-	Oct F	-	0.2%
Thursday	US	20.30	Initial Jobless Claims	-	Nov 30	215k	213k
05 – December	US	20.30	Trade Balance	-	Oct	-\$74.9B	-\$84.4B
Friday	US	20.30	Unemployment Rate	-	Nov	4.1%	4.1%
06 – December	US	22.00	University of Michigan Sentiment	-	Nov	73.3	71.8

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



Research Division

Head of Research

Liza Camelia Suryanata

Equity Strategy, Macroeconomics,
Technical
T +62 21 5088 ext 9134

Analyst

Axell Ebenhaezer

Mining, Property
T +62 21 5088 ext 9133
E Axell.Ebenhaezer@nhsec.co.id

Analyst

Ezaridho Ibnutama

Consumer Goods, Poultry, Healthcare
T +62 21 5088 ext 9126
E ezaridho.ibnutama@nhsec.co.id

Analyst

Richard Jonathan Halim

Technology, Transportation
T +62 21 5088 ext 9128
E Richard.jonathan@nhsec.co.id

Analyst

Leonardo Lijuwardi

Banking, Infrastructure
T +62 21 5088 ext 9127
E leonardo.lijuwardi@nhsec.co.id

Research Support

Amalia Huda Nurfalih

Editor & Translator
T +62 21 5088 ext 9132
E amalia.huda@nhsec.co.id

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PT. NH Korindo Sekuritas Indonesia

JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51st Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 5088 9102

Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15311

Indonesia

Telp : +62 21 509 20230

Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Branch Office Bandengan (Jakarta Utara):

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

Branch Office Kamal Muara (Jakarta Utara):

Rukan Exclusive Mediterania

Blok F No.2

Jakarta Utara 14470

Indonesia

Telp : +62 24 844 6878

Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 1330

Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

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Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
Jakarta