

Today's Outlook:

ASIA MARKETS: Traders are preparing for a wave of economic reports and comments from Federal Reserve officials that will influence the future direction of interest rates. South Korea's inflation rate climbed in November to 1.5% year on year, higher than October's inflation reading of 1.3%, and lower than the 1.7% expected by economists polled by Reuters.

CURRENCY & FIXED INCOME: The U.S. dollar index – a measure of its value relative to a basket of its main peers – rose 0.6% to 106.71 after strong U.S. manufacturing data from both the Institute for Supply Management and S&P Global reports, increasing the chances that the Federal Reserve could pause cutting interest rates at a policy meeting later this month. Monday's rise in the dollar followed the U.S. unit's first weekly fall posted on Friday since September 2023 as the so-called Trump trade faded. The 10-year Treasury traded around flat on Monday as investors parsed the latest manufacturing data. The yield on the benchmark U.S. 10-year Treasury was little changed at 4.197%. On Friday, the 10-year Treasury yield had fallen to its lowest levels since late October. Meanwhile, the 2-year Treasury yield rose roughly 1 basis point to 4.188%.

- The euro fell 1% to USD1.0469 on Monday against a strong U.S. dollar on growing concerns about a possible government collapse in France, which would stall plans to curb a burgeoning budget deficit.

- Data releases showed a deterioration in manufacturing sector activity in both the euro zone and the U.K., while the unemployment rate in the European Union remained steady in October.

COMMODITIES: Oil prices were steady on Monday, as optimism around strong factory activity in China was largely offset by concerns that the U.S. Federal Reserve will not cut interest rates again at its December meeting. Brent crude futures fell 1 cent, or 0.01%, to close at USD71.83 a barrel, while U.S. West Texas Intermediate crude closed at USD68.10 a barrel, up 10 cents, or 0.15%. A private sector survey showed China's factory activity expanded at the fastest pace in five months in November, boosting Chinese business optimism just as U.S. President-elect Donald Trump ramps up his trade threats. The Organization of the Petroleum Exporting Countries and its allies, together known as OPEC+, postponed the group's next meeting to Dec. 5. It will discuss delaying a planned oil output increase scheduled to start in January, OPEC+ sources told Reuters last week.

- Gold prices slipped on Monday, snapping a four-day winning streak, as the U.S. dollar staged a sharp rally and investors braced for pivotal economic data and Federal Reserve insights on the path of interest rates. Spot gold was down 0.6% at USD2,636.54 per ounce, having fallen as much as 1% earlier in the day. U.S. gold futures settled 0.8% lower at USD2,658.50. A firmer dollar driven partly by U.S. President-elect Donald Trump's comments that BRICS nations should refrain from trying to replace the dollar is pressuring gold prices, said Peter Grant, vice president and senior metals strategist at Zaner Metals. Trump urged the nine-nation bloc not to back or create alternatives to the dollar, threatening 100% tariffs for defiance.

INDONESIA: RUPIAH exchange rate is entrenched at 15,851/USD, there are hopes of "strengthening" Rupiah towards 15,600 - 15,500 at the end of this year based on the plan to cut FFR at the FOMC MEETING on 17-18 December.

Domestic News

Prabowo Sets IDR 10,000 Budget for Free Meals, Cak Imin: It's Still a Simulation

Coordinating Minister for Community Empowerment, Abdul Muhaimin Iskandar, opened his voice regarding President Prabowo Subianto's decision to set a budget for free nutritious meals at IDR 10,000 per day. He said that the implementation and budget for the program is still in the simulation stage. Cak Imin, his nickname, said that the simulation of the free nutritious food program is still being carried out until the end of 2024. For this reason, he considered, the government would not be rash in calculating the program. "Yes, of course everything is still a simulation process. simulation trials until the end of the year, until the implementation in January begins, of course the results of the calculation which I think are not rash," explained Cak Imin when met at the Parliament Complex, Senayan, Central Jakarta, Monday (2/12/2024). The PKB Chairman also believes that the Government will pay attention to the minimum aspects of nutritional needs required in the program. "There must be minimum aspects of nutritional needs that must be included. We will wait," he said. Furthermore, Cak Imin said the free nutritious meal program would involve schools and student guardians. This is based on the results of government discussions to involve the school environment. Nevertheless, Cak Imin said, the implementation of the program will run early next year. "It will start in January (the free nutritious meal program starts)," he said. (IDX Channel)

Corporate News

INKP: Sinarmas Group Issuer (INKP) Offers IDR 3.5T Notes

Sinarmas group paper issuer PT Indah Kiat Pulp and Paper Tbk (INKP) will conduct a public offering of sustainable bonds V phase II in 2024 with a maximum principal amount of IDR 3.50 trillion. Based on the prospectus published on Monday (2/12), it is stated that IDR 2.979 trillion will be guaranteed with full commitment and consists of three series, namely series A with a principal amount of IDR 1.119 trillion with a term of 370 days and an interest rate of 7.25%. While series B with a principal amount of IDR 1.36 trillion has a term of three years with an interest rate of 10.25% per annum. Series C with a principal amount of IDR 499.36 billion has a five-year term and an interest rate of 10.75% per annum. In addition, the company will also offer sustainable mudharabah sukuk IV phase II in 2024 with total funds of up to IDR 2 trillion. Of this amount, IDR 1.545 trillion is guaranteed in full and issued in three series, namely series A IDR 646.02 billion with a term of 370 days. Meanwhile, series B with an amount of IDR 573.02 billion has a term of 3 years and series C with an amount offered of IDR 326.63 billion with a term of 5 years. The remaining sukuk mudharabah offered IDR 454.33 billion is guaranteed with the best ability. (Emiten News)

Recommendation

US10YT has been increasingly gaining steam at a bearish momentum and has reached its MA50 dynamic support at 4.199% 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 6.885-6.865%. 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.

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

PRICE OF BENCHMARK SERIES

FR0090 : 96.568 (-0.03%)
FR0091 : 97.194 (-0.02%)
FR0092 : 100.504 (-0.06%)
FR0094 : 96.741 (+0.09%)

FR0086 : 98.433 (-0.03%)
FR0087 : 98.296 (-0.05%)
FR0083 : 104.190 (+0.01%)
FR0088 : 94.925 (+0.02%)

CDS of Indonesia Bonds

CDS 2yr: -0.89% to 35.165
CDS 5yr: -0.20% to 74.335
CDS 10yr: -0.62% to 124.065

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.88%	0.01%
USDIDR	15,900	0.35%
KRWIDR	11.31	-0.28%

Global Indices

Index	Last	Chg.	%
Dow Jones	44,782.00	(128.65)	-0.29%
S&P 500	6,047.15	14.77	0.24%
FTSE 100	8,312.89	25.59	0.31%
DAX	19,933.62	307.17	1.57%
Nikkei	38,513.02	304.99	0.80%
Hang Seng	19,550.29	126.68	0.65%
Shanghai	3,363.98	37.53	1.13%
Kospi	2,454.48	(1.43)	-0.06%
EIDO	19.62	(0.27)	-1.36%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,639.1	(4.0)	-0.15%
Crude Oil (\$/bbl)	68.10	0.10	0.15%
Coal (\$/ton)	135.00	(6.50)	-4.59%
Nickel LME (\$/MT)	15,693	(210.0)	-1.32%
Tin LME (\$/MT)	28,573	(340.0)	-1.18%
CPO (MYR/Ton)	4,955	(65.0)	-1.29%

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	1.55%	Nov	1.50%	1.71%
	US	22.00	S&P Global US PMI Manufacturing	49.7	Nov F	49.0	48.8
	US	22.00	ISM Manufacturing	48.4	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



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