

Morning Briefing

Today's Outlook:

ASIA MARKETS: 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. Traders are preparing for a wave of economic reports and comments from Federal Reserve officials that will influence the future direction of interest rates.

- **Labor market data – the November payrolls report due Friday, in particular – could shape the next stage of the rally. Data issued on Tuesday showed that job openings totaled 7.74 million in October, topping economists' forecasts.** On Wednesday, traders will review the ADP private payrolls report for November, which is expected to show growth of 163,000 positions, per economists polled by Dow Jones. The S&P Global U.S. Services Purchasing Managers' Index, factory orders and durable goods are also slated for release. On the Federal Reserve front, Chair Jerome Powell will be speaking in New York in a moderated discussion Wednesday afternoon.

CURRENCY & FIXED INCOME: The greenback was last seen about 1% higher against the won. It had traded up as much as 2.7% earlier in the day. The benchmark U.S. 10-year Treasury ticked higher on Tuesday as investors mulled over recent job openings data. The 10-year Treasury yield added 4 basis points to 4.232%, while the yield on the 2-year Treasury dipped 2 basis points to trade at 4.177%. Yields and prices move in opposite directions, and one basis point equals 0.01%.

- **South Korea's Won on Tuesday cut losses against the U.S. dollar after President Yoon Suk Yeol said he would lift the country's first martial law order in more than four decades. Yoon's announcement to end martial law came after parliament swiftly rejected his declaration.** The country's currency notched a fresh two-year low against the U.S. dollar after Yoon's initial decision that the country would go under martial law, which refers to the temporary imposition of military authority over a civilian population and is typically seen during a time of emergency.

COMMODITIES: Oil prices climbed more than 2% on Tuesday, as investors hone in on the outcome of an OPEC+ meeting later this week. Brent crude futures rose USD1.79, or 2.49%, to close at USD73.62 a barrel, while U.S. West Texas Intermediate crude climbed USD1.84, or 2.7%, to close at USD69.94. OPEC+ is likely at its meeting on Thursday to extend its latest round of oil output cuts until the end of the first quarter, four OPEC+ sources told Reuters, to provide additional support for the oil market.

- **Gold prices rose modestly on Tuesday after a strong U.S. labor report, while a softer dollar and easing Treasury yields limited losses as markets awaited more economic data to gauge the Federal Reserve's rate path.** Spot gold ticked up 0.2% to USD2,665 per ounce. Prices were up as much as 0.7% before the U.S. job openings data. U.S. gold futures rose just 0.1% to USD2,642.45. Bullion trimmed earlier gains as "the JOLTS data confirms our expectations of a rebound in the job market, which eases fears of a significant slowdown in labor markets ahead of Friday's non-farm payrolls report," said Daniel Ghali, commodity strategist at TD Securities.

INDONESIA: RUPIAH exchange rate is entrenched at 15,934/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

Sukuk Auction is Passive Again, Short Tenors are More Favored

Investor interest in the primary market for government-issued debt securities has not yet risen. Today's auction of state sukuk (State Sharia Securities) recorded a small value of incoming bids, even lower than the previous auction. Market conditions that are still overwhelmed by risk-off sentiment after the statement of Donald Trump, the US President-elect, threatening wider implementation of import tariffs on BRICS member countries, have pressured assets in emerging market fixed income markets, including Indonesia. In the auction held yesterday, incoming bids were smaller to IDR 13.67 trillion, a slight decrease of 1.01% compared to the previous state sukuk auction. Investors are also indicated to be more interested in short tenors, namely the Sharia State Treasury Securities (SPNS) series which matures in September 2025. The bid value for this series reached IDR 3.23 trillion, equivalent to 24% of the total incoming bids. The greater interest in short tenors may reflect the investment appetite of investors who tend to minimize long-term risks. As a result, due to low incoming interest, the government finally decided to issue below the indicative target, which was only IDR 8 trillion from the target of IDR 9 trillion. The government also issued more short tenors of the SPNS series, which accounted for 63.1% of the total sukuk issuance yesterday. Namely amounting to IDR 5.05 trillion. Meanwhile, from the PBS (Project Based Sukuk) series, the PBS038 series, which matures in 2049, was the most issued, amounting to IDR 1.3 trillion of the incoming bid worth IDR 2.58 trillion. Another PBS series, PBS030 with a medium tenor, was issued as much as IDR 1.1 trillion from incoming bids reaching IDR 1.52 trillion. Yesterday's sukuk auction brought the total value of state securities issuance so far this year to IDR 1,088.08 trillion. (Bloomberg Technoz)

Corporate News

PPRO: Failed to Pay, Pefindo Downgrades PPRO Rating to idD

Pemeringkat Efek Indonesia (Pefindo) downgraded PP Properti's (PPRO) sustainable bonds II Phase I rating to idD from idCCC. This was after the company was unable to pay the bond coupon due on November 28, 2024. Currently, PP Properti is in Debt Payment Obligation Suspension (PKPU) status. Pefindo affirmed the idSD rating on PP Properti, idCCC rating, and idD rating on the sustainable bonds II Phase III, and IV issued by the company. An obligor with an idSD (Selective Default) rating indicates that the obligor has failed to pay one or more due financial obligations, either for rated or unrated obligations, but still makes timely payments on other rated or unrated obligations. Debt securities rated idCCC are currently vulnerable to default, depending on business conditions, and the issuer's finances are more favorable to be able to meet long-term financial commitments on debt securities. Debt securities rated idD at default, or default on debt securities occurs on its own at the time of the first event of default on the debt securities. (Emiten News)

Recommendation

US10YT has appeared to rebound after a strong bearish momentum and has rebounded from 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 still sees that US10YT yield is projected to reach 4.13-4.116%.

ID10YT has corrected but reached the potential falling wedge pattern support of 6.895-6.865%. 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	: 96.508	(-0.06%)
FRO091	: 97.181	(-0.01%)
FRO092	: 100.489	(-0.01%)
FRO094	: 96.741	(+0.09%)
FRO086	: 98.382	(-0.05%)
FRO087	: 98.200	(-0.10%)
FRO083	: 104.022	(-0.16%)
FRO088	: 94.825	(-0.11%)

CDS of Indonesia Bonds

CDS 2yr	: -1.45% to 34.655
CDS 5yr	: -1.77% to 73.019
CDS 10yr	: -1.18% to 122.605

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.90%	0.02%
USDIDR	15,940	0.25%
KRWIDR	11.16	-1.29%

Global Indices

Index	Last	Chg.	%
Dow Jones	44,705.53	(76.47)	-0.17%
S&P 500	6,049.88	2.73	0.05%
FTSE 100	8,359.41	46.52	0.56%
DAX	20,016.75	83.13	0.42%
Nikkei	39,248.86	735.84	1.91%
Hang Seng	19,746.32	196.03	1.00%
Shanghai	3,378.81	14.82	0.44%
Kospi	2,500.10	45.62	1.86%
EIDO	20.00	0.38	1.94%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,643.5	4.4	0.17%
Crude Oil (\$/bbl)	69.94	1.84	2.70%
Coal (\$/ton)	134.80	(0.20)	-0.15%
Nickel LME (\$/MT)	16,015	322.0	2.05%
Tin LME (\$/MT)	28,824	251.0	0.88%
CPO (MYR/Ton)	5,075	120.0	2.42%

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	1.55%	1.71%	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	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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