

Morning Briefing

Daily | December 05, 2024

Today's Outlook:

US MARKET: Investors await new U.S. employment data due Friday. Economists polled by Dow Jones expect the U.S. economy added 214,000 jobs in November.

- Traders will be monitoring the the U.S. November payrolls report, due Friday, which could provide insights into the strength of the labor market ahead of the Federal Reserve's policy meeting on Dec. 17-18.

CURRENCY & FIXED INCOME: The Dollar Index was little changed overall, as the December interest rate cut chances remained on track amid signs that the American economy was slowing. The South Korean won, one of the biggest movers, rose against the dollar, bolstered by suspected central bank intervention and the finance ministry's pledge of "unlimited" liquidity support to markets. That came a day after South Korean President Yoon Suk Yeol declared martial law in a late-night television address, only to lift it hours later. 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%.

- The euro rose marginally against the U.S. dollar on Wednesday, but came off session highs, after a widely expected collapse of the French government following a no-confidence vote by opposition lawmakers. The euro was slightly up against the dollar at USD1.0512 after far-right and left-wing lawmakers joined forces to back a no-confidence motion against Prime Minister Michel Barnier and his government, with a majority 331 votes. Barnier is expected to tender his resignation and that of his government to President Emmanuel Macron shortly.

- Investors also digested comments from European Central Bank President Christine Lagarde in a parliamentary hearing on Wednesday. She said the ECB will continue to lower rates, but did not commit to any pace of easing. The ECB will next meet on Dec. 12, and economists overwhelmingly expect another 25 basis-point (bp) rate cut, the fourth such move this year.

Domestic News

Prabowo Draws IDR 775.86 T of New Debt in 2025

President Prabowo Subianto has officially enacted Presidential Regulation (Perpres) Number 201 of 2024 on the details of the State Budget (APBN) for Fiscal Year 2025. It includes the design of new debt withdrawal to cover the 2025 state budget deficit of IDR 616.18 trillion. In Appendix VII of Perpres 201/2024, Prabowo's debt withdrawal or debt financing amount is set at IDR 775.86 trillion in 2025. This value increased by around 19.71% compared to the 2024 target of IDR 648.1 trillion. In the attachment, Prabowo detailed debt financing consisting of net SBN issuance of IDR 642.56 trillion. This value tends to be lower than the SBN issuance target in 2024 of IDR 666.4 trillion. Apart from SBN, debt financing also comes from net loans worth IDR 133.3 trillion, up from the 2024 target of IDR 18.4 trillion. Then, foreign loans (net) IDR 128.13 trillion. Consists of IDR 80 trillion cash loans, IDR 125.52 trillion activity loans for central ministries / agencies (K / L), IDR 1.59 trillion for activities that are forwarded in the form of grants, and loans to BUMN / Pemda: IDR 9.3 trillion. This total is reduced by the payment of principal installments of foreign loans of IDR 88.36 trillion. Total debt financing will also be reduced for investment financing purposes worth IDR 154.50 trillion, and lending worth IDR 5.44 trillion. However, there is an addition from other financing in the form of asset management proceeds worth IDR 262 billion. (CNBC Indonesia)

Corporate News

MEDC: MEDC to Offer IDR2.5 Trillion Bonds to Pay Off Debt

Medco Energi (MEDC) will offer IDR2.5 trillion in bonds. The bonds are part of the ongoing bond V with a target of IDR5 trillion. And, the issuer under the late Arifin Panigoro has issued IDR2.5 trillion. The bonds will greet market participants in two series. Namely, series A worth IDR 1.67 trillion with a fixed interest rate of 7.75 percent per year with a duration of 5 years. Bond payments are made in full on the principal repayment date. Then, series B totaling IDR 825 billion with a fixed interest rate of 8.25 percent per year with a duration of 7 years. Bond payments are made in full on the principal repayment date. Bond interest is paid quarterly from the date of issuance. The first payment is on April 7, 2025, while the last payment is also due, and the principal repayment is on January 7, 2030 for series A, and on January 7, 2032 for series B. The use of bond proceeds is as follows. IDR2.36 trillion to pay off the outstanding amount of the company's bonds maturing in 2025, with details of the ongoing bonds III Medco Energi Internasional Phase III Year 2020 Series B amounting to IDR476.30 billion, ongoing bonds IV Medco Energi Internasional Phase III Year 2022 Series A amounting to IDR1.89 trillion. Then, IDR119.16 billion to pay off part of the loan to Medco Bell Pte. Ltd. (MBL), a subsidiary with indirect share ownership. (Emiten News)

Recommendation

US10YT appears to be in a minor sideways trend after correcting around **MA50** dynamic support area at **4.199-4.180%**; this was preceeded by a bearish from a negative divergence in **RSI** near the trendline resistance area of **4.469-4.501%**. **MA10** and **MA20** has formed a death cross. Thus, **NHKSII** still sees that **US10YT** yield is projected to reach **4.13-4.116%**.

ID10YT rebounded from the potential falling wedge pattern support of **6.895-6.865%**. **MA10** support of **6.898%** was broken down. **NHKSII** 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

FR0090 : 96.429 (-0.08%)

FR0091 : 97.139 (-0.04%)

FR0092 : 100.430 (-0.06%)

FR0094 : 96.654 (+0.00%)

FR0086 : 98.358 (-0.02%)

FR0087 : 98.200 (+0.00%)

FR0083 : 103.977 (-0.04%)

FR0088 : 94.847 (+0.02%)

CDS of Indonesia Bonds

CDS 2yr: -0.53% to 34.470

CDS 5yr: -0.33% to 72.779

CDS 10yr: -0.55% to 121.935

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.90%	-0.00%
USDIDR	15,930	-0.06%
KRWIDR	11.28	1.06%

Global Indices

Index	Last	Chg.	%
Dow Jones	45,014.04	308.51	0.69%
S&P 500	6,086.49	36.61	0.61%
FTSE 100	8,335.81	(23.60)	-0.28%
DAX	20,232.14	215.39	1.08%
Nikkei	39,276.39	27.53	0.07%
Hang Seng	19,742.46	(3.86)	-0.02%
Shanghai	3,364.65	(14.16)	-0.42%
Kospi	2,464.00	(36.10)	-1.44%
EIDO	20.35	0.35	1.75%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,649.9	6.4	0.24%
Crude Oil (\$/bbl)	68.54	(1.40)	-2.00%
Coal (\$/ton)	133.40	(1.40)	-1.04%
Nickel LME (\$/MT)	16,107	92.0	0.57%
Tin LME (\$/MT)	29,034	210.0	0.73%
CPO (MYR/Ton)	5,032	(43.0)	-0.85%

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	2.8%	Nov 29	-	6.3%
04 – December	US	20.15	ADP Employment Change	146k	Nov	150k	233k
	US	22.00	Factory Orders	0.2%	Oct	0.4%	-0.5%
	US	22.00	ISM Services Index	52.1	Nov	55.5	56.0
	US	22.00	Durable Goods Orders	0.3%	Oct F	0.2%	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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