

# Morning Briefing

## Today's Outlook:

**US MARKET:** November's consumer price index report also came in line with economists' estimates, leading investors to anticipate another rate cut from the Federal Reserve at its policy meeting next week. The CPI reading, which tracks prices across a basket of goods and services, rose 0.3% month over month and grew at a 12-month rate of 2.7%. Fed funds futures trading data reflects a nearly 99% likelihood that central bank policymakers will lower rates next week, according to the CME FedWatch tool.

**MARKET SENTIMENT:** 4Q24 SNB Interest Rate Decision, December Europe Deposit Facility Rate, December ECB Interest Rate Decision, US initial jobless claims, November US PPI (MoM), ECB Press Conference, US 30-Year Bond Auction

**ASIA MARKETS:** Asia-Pacific markets were mixed Wednesday, after major Wall Street benchmarks declined ahead of key inflation data that could influence the Federal Reserve's interest rate decision. China is reportedly kicking off its annual economic work conference on Wednesday to outline its economic policies and growth targets for next year. On Wednesday, South Korea's corruption investigation office for high-ranking officials reportedly said it would seek the detention and arrest of President Yoon Suk Yeol if conditions are met.

**CURRENCY & FIXED INCOME:** The U.S. dollar index was last up 0.2% at 106.63 on Wednesday after U.S. price data came in line with forecasts. The dollar was also boosted by a Reuters report China was considering allowing a weaker currency next year, which sent the yuan and other Asian currencies lower. Treasury yields advanced on Wednesday after November's consumer price index data matched expectations. The benchmark 10-year Treasury yield rose less than 5 basis points to 4.269%. Meanwhile, the 2-year Treasury rose less than 1 basis point to 4.153%. Yields and prices have an inverted relationship. One basis point is equivalent to 0.01%.

- Japan's yen was in focus after Bloomberg news reported the BOJ sees "little cost" to waiting for the next rate hike. The dollar was last 0.3% higher at 152.43 yen. Earlier in the day the yen strengthened after data showed Japanese wholesale inflation accelerated, supporting the case for a Bank of Japan interest-rate hike next week.

- The euro was down 0.3% at USD1.0498, while the Swiss franc was down 0.07% against the dollar at 0.8822. In a busy week for monetary policy, the European Central Bank and Swiss National Bank meet on Thursday.

**COMMODITIES:** Oil prices jumped Wednesday after the European Union agreed an additional round of sanctions threatening Russian oil flows, while a larger-than-expected build in U.S. fuel stockpiles last week capped the gains. Brent crude futures were up USD1.33, or 1.84%, to close at USD73.52 a barrel. U.S. West Texas Intermediate crude futures rose USD1.70, or 2.48%, to settle at USD70.29. European Union ambassadors agreed on Wednesday to a 15th package of sanctions on Russia over its war against Ukraine, the Hungarian EU presidency said. Curbing price gains on Wednesday, gasoline and distillate inventories rose by more than-expected last week, according to data from the Energy Information Administration, weighing on crude prices. Meanwhile, producers' group OPEC cut its forecasts for demand growth in 2024 and 2025 for the fifth straight month on Wednesday and by the largest amount yet.

- Gold gained on Wednesday after an inflation print came in line with expectations, boosting the likelihood of a Federal Reserve rate cut next week, while investors awaited U.S. Producer Price Index (PPI) data for further direction on monetary policy. Spot gold climbed 1% to USD2,719.40 per ounce. U.S. gold futures rose 1.4% to USD2,756.4.

## Domestic News

### Indonesia's Debt Securities Issuance in 2025 Projected to Reach IDR 143.91 T

PT Pefindo (Pefindo) projects that the new issuance of debt securities in 2025 will range from IDR 139.29 trillion to IDR 155.43 trillion, with a midpoint at IDR 143.91 trillion. According to Pefindo, the issuance of debt securities next year is driven by high refinancing needs along with the large value of maturing debt securities. The value is projected at IDR 150.07 trillion to IDR 155.66 trillion after the high issuance of short tenors in 2024. It should be noted, currently, the maturing corporate debt securities are recorded at IDR 132.22 trillion as of November 2024. In addition to the refinancing factor, Pefindo also sees domestic macro factors that can encourage the issuance of debt securities, including strengthening real sector activity, lowering benchmark interest rates, and continuing monetary policy easing. "The tighter liquidity of financial institutions encourages companies to seek relatively cheap alternative funds, such as corporate bonds, to support financial leverage and business demand. This is also an impetus for financial institutions to seek new sources of funds to be channeled into credit / financing," as quoted from Pefindo's Outlook report, Wednesday (11/12/2024). On the other hand, Pefindo stated that this issuance was still overshadowed by a number of risks. Among them, Geopolitical risks and potential exchange rate fluctuations along with the possibility of slower monetary easing in developed countries (especially the US) due to a relatively strong economy and the risk of more rigid inflation. (CNBC Indonesia)

## Corporate News

### SRAJ: With Investors' Permission, Sri Tahir's Issuer to Issue IDR1.89 T Notes

Sejahterarraya (SRAJ) will issue debt securities worth IDR1.89 trillion, equivalent to USD125 million. The bonds will be absorbed by BCSS Maverick Holdings I, LP, and BCSS Maverick Holdings II, LP. BCSS Maverick I, and II each absorbed USD62.5 million. This is based on the Bond Subscription Agreement (BSA) signed on November 29, 2024 between the company and the investors. The investors, under the control of Bain Capital Credit, LP. The company plans to allocate the proceeds from the bond issuance to support the group's working capital. For example, the expansion of Mayapada Hospital South Jakarta, and the construction of new hospitals such as Mayapada Apollo Batam International Hospital in Batam, and Mayapada Hospital Surabaya 2. IDR725 billion allocation for additional capital of Nirmala Kencana Mas (NKM). The funds were used by NKM for the construction of Tower 3 of Mayapada Hospital Jaksel, and the purchase of additional medical equipment. Around IDR725 billion for additional capital for Anugrah Inti Bahagia (AIB). Furthermore, the funds were used by AIB for the construction of the Mayapada Apollo Batam International Hospital building and the purchase of medical equipment. Around IDR250 billion for additional capital of Sejahtera Karunia Semesta (SKS). By SKS, the funds were used to purchase land for the Mayapada Hospital Surabaya 2 project. IDR125 billion worth of capital injection for Sejahtera Abadi Solusi (SAS). By SAS, the funds were used to expand the land, build a parking lot, and complete medical equipment. And, the remaining IDR67.25 billion will be used for the company's working capital, and subsidiaries. (Emiten News)

## Recommendation

US10YT continued its rebound back above its resistance of 4.183%. It is approaching dynamic resistance MA50 of 4.286-4.292%, and NHKSI is of the opinion it will reverse its current uptrend and is projected to reach the support range of 4.13-4.116%.

ID10YT has broken above and re-entered into its rising wedge pattern resistance of 6.925-6.935%. Therefore, we anticipate uptrend could continue further to rising wedge pattern resistance 7.023-7.025% before an eventual downtrend targeting the support of 6.519%.

## PRICE OF BENCHMARK SERIES

FRO090	: 96.318	(+0.00%)
FRO091	: 96.907	(-0.09%)
FRO092	: 100.400	(+0.04%)
FRO094	: 96.631	(+0.00%)
FRO086	: 98.229	(-0.07%)
FRO087	: 97.742	(-0.09%)
FRO083	: 103.971	(+0.13%)
FRO088	: 94.174	(-0.05%)

## CDS of Indonesia Bonds

CDS 2yr	: +0.04% to 34.035
CDS 5yr	: +0.34% to 71.685
CDS 10yr	: -0.03% to 120.515

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.94%	0.01%
USDIDR	15,915	0.32%
KRWIDR	11.14	0.55%

## Global Indices

Index	Last	Chg.	%
Dow Jones	44,148.56	(99.27)	-0.22%
S&P 500	6,084.19	49.28	0.82%
FTSE 100	8,301.62	21.26	0.26%
DAX	20,399.16	70.00	0.34%
Nikkei	39,372.23	4.65	0.01%
Hang Seng	20,155.05	(156.23)	-0.77%
Shanghai	3,432.49	9.83	0.29%
Kospi	2,442.51	24.67	1.02%
EIDO	20.55	(0.15)	-0.72%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,718.2	24.0	0.89%
Crude Oil (\$/bbl)	70.29	1.70	2.48%
Coal (\$/ton)	133.75	0.30	0.22%
Nickel LME (\$/MT)	15,858	143.0	0.91%
Tin LME (\$/MT)	29,957	181.0	0.61%
CPO (MYR/Ton)	4,856	(95.0)	-1.92%

## 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)	150.24	151.20	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*	125.90	121.10

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
<b>Monday</b>	JP	06.50	GDP SA QoQ	-	3Q F	0.3%	0.2%
09 – December	JP	06.50	GDP Annualized SA QoQ	-	3Q F	1.0%	0.9%
	JP	06.50	GDP Deflator YoY	-	3Q F	2.5%	2.5%
	JP	06.50	BoP Current Account Balance	-	Oct	2347.1B	1717.1B
<b>Tuesday</b>	-	-	-	-	-	-	-
10 – December							
<b>Wednesday</b>	JP	06.50	PPI YoY	-	Nov	3.4%	3.5%
11 – December	US	19.00	MBA Mortgage Applications	-	Dec 6	-	2.8%
	US	20.30	CPI MoM	-	Nov	0.3%	0.2%
	US	20.30	CPI MoM	-	Nov	2.7%	2.6%
<b>Thursday</b>	US	20.30	Initial Jobless Claims	-	Dec 7	-	224k
12 – December	US	20.30	PPI Final Demand MoM	-	Nov	0.3%	0.2%
<b>Friday</b>	US	20.30	Unemployment Rate	-	Nov	4.1%	4.1%
13 – 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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