

Morning Briefing

Daily | December 13, 2024

Today's Outlook:

US MARKET: Thursday's moves followed a producer price index report for November that came in ahead of expectations. Wholesale prices increased 0.4% last month.

MARKET SENTIMENT: October UK GDP (MOM)

ASIA MARKETS: Investors shrugged off political turmoil in the country. On Thursday, South Korean President Yoon Suk Yeol said in a TV address that he had no intention to resign from office despite pressure from the public and opposition parties following his brief martial law declaration last week.

EUROPE MARKETS: European markets closed slightly lower Thursday, having shifted between modest losses and gains following the European Central Bank's decision to cut interest rates by 25 basis points. The ECB on Thursday announced its fourth interest rate cut of the year, confirming expectations for a quarter-percentage-point move. The decision takes the ECB's key rate to 3%, marking a 1-percentage-point reduction since the bank began its current easing cycle in June 2024.

CURRENCY & FIXED INCOME: The dollar index, which measures the currency against a basket of six others, was last up 0.328% at 106.9, a day after a separate U.S. inflation reading cemented bets for a rate cut from the Federal Reserve next week. The U.S. dollar was higher on Thursday after a hotter than expected inflation readout while the euro traded a touch lower following the European Central Bank's decision to cut interest rates for the fourth time this year. A Labor Department report on Thursday showed producer prices rose 0.4% on a monthly basis in November, compared with estimates of a 0.2% rise as per economists polled by Reuters. Markets are now almost fully pricing a 25 basis point cut at the Fed's Dec. 17-18 meeting, compared with about a 78% chance a week ago, the CME FedWatch tool showed.

- The dollar was slightly weaker at 152.220 yen, after hitting a two-week high of 152.845 yen the previous day as market players trimmed back bets for a rate hike in Japan next week. Reuters reported on Thursday that the BOJ is leaning toward keeping rates steady, as policymakers prefer to spend more time scrutinising overseas risks and clues on next year's wage outlook. But with markets now eyeing a rate hike just a month later in January, the shift has not really become a big driver for investors to pile into the dollar against the yen.

- The euro initially fell against the dollar following the announcement. It has since recovered losses and was last seen up 0.18% at USD1.051.

COMMODITIES: Oil prices fell slightly Thursday as a forecast for ample supply in the oil market offset optimism stemming from rising expectations of a U.S. interest rate cut. Brent crude futures fell 11 cents to close at USD73.41 a barrel. U.S. West Texas Intermediate crude futures declined 27 cents to settle at USD70.02. Both benchmarks rose by more than USD1 on Wednesday. The International Energy Agency said it expected the oil market to be comfortably supplied next year, even as it revised its demand outlook for next year up slightly. OPEC cut its demand growth forecast for 2024 for the fifth straight month on Wednesday and by the largest amount yet.

- Gold slipped over 1% on Thursday as investors booked profits after it briefly reached a five-week high earlier in the session and squared positions ahead of a U.S. Federal Reserve meeting next week. Spot gold lost 1.2% at USD2,684.32 per ounce by 12:36 p.m. ET (1735 GMT), while U.S. gold futures eased 1.7% to USD2,709.70. Bullion climbed to its highest level since Nov. 6 earlier in the session.

Domestic News

Prabowo Tightens One's Belt, Local Officials Must Minimize Budget Expenditure

President Prabowo Subianto has instructed all officials to tighten their belts to save on government budget spending. He has often conveyed this instruction on a number of occasions ranging from regional heads, to government agencies. He conveyed this message again when attending the digital handover of the Budget Implementation List (DIPA) and the Allocation Book for Regional Transfers (TKD) for Fiscal Year 2025, as well as the launch of the Electronic Catalog version 6.0, which was held at the State Palace, Jakarta, on Tuesday (10/12/2024). "We must increase efficiency in state spending. Savings in all fields, reducing waste. Now that we are vigilant in facing uncertain challenges, we must fasten our belts. We must once again emphasize, be frugal," he said at the forum. The Head of State has also become increasingly active in voicing that his administration is able and must reduce leakage from the budget. In fact, Prabowo said, his determination is clear to combat leakage at all levels of government. Therefore, on the agenda, Prabowo also asked all elements, especially regional leaders, to join the central government for the sake of the people in making savings. "There should be no more tolerance for leaks in wasteful spending, things that do not directly overcome people's difficulties, things that are not productive. I invite all elements to reduce ceremonial expenditures, reduce seminar studies and so on. Now is the time to tackle the problem directly," he said. (Bisnis)

Corporate News

INPP: Pay off Debt, INPP Placing IDR 500 Billion Bonds

Indonesian Paradise Property (INPP) is preparing bonds worth IDR 500 billion. If nothing goes wrong, the issuance of debt securities will be carried out later this year. This is done for debt refinancing, and capital participation in subsidiaries. The bonds will be issued in two series. Series A has a coupon of 6.75-7.25 percent with a 3-year tenor, and series B has a duration of 5 years with a coupon of 6.95-7.50 percent. Indications of bond effectiveness on December 24, 2024, and indications of the public offering period on December 30, 2024 to January 3, 2025. Investor payments to Joint Lead Underwriters (JLU) on January 7, 2025. Listing of bonds on the Indonesia Stock Exchange on January 8, 2025. As indicated in the schedule, the first interest payment for both series will start on April 8, 2025. The move is expected to support business development in the future. "We hope to strengthen our capital structure and support future business development. With a stronger financial foundation, we are optimistic that we can increase business scale, and provide sustainable added value for investors," said Anthony P. Susilo, President Director of Indonesian Paradise Property. The bonds have an idAAA rating from the Indonesian Securities Rating Agency (Pefindo). The bond issuance is unconditionally and irrevocably underwritten by the Credit Guarantee And Investment Facility (CGIF), a trust fund of the Asian Development Bank. (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 : 96.290 (-0.03%)

FRO091 : 96.714 (-0.20%)

FRO092 : 100.306 (-0.09%)

FRO094 : 96.615 (-0.02%)

FRO086 : 98.209 (-0.02%)

FRO087 : 97.691 (-0.05%)

FRO083 : 103.908 (-0.06%)

FRO088 : 94.145 (-0.03%)

CDS of Indonesia Bonds

CDS 2yr: -0.15% to 33.985

CDS 5yr: +0.14% to 71.789

CDS 10yr: -0.16% to 120.325

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.98%	0.04%
USDIDR	15,925	0.06%
KRWIDR	11.15	0.11%

Global Indices

Index	Last	Chg.	%
Dow Jones	43,914.12	(234.44)	-0.53%
S&P 500	6,051.25	(32.94)	-0.54%
FTSE 100	8,311.76	10.14	0.12%
DAX	20,426.27	27.11	0.13%
Nikkei	39,849.14	476.91	1.21%
Hang Seng	20,397.05	242.00	1.20%
Shanghai	3,461.50	29.01	0.85%
Kospi	2,482.12	39.61	1.62%
EIDO	20.18	(0.37)	-1.80%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,680.7	(37.5)	-1.38%
Crude Oil (\$/bbl)	70.02	(0.27)	-0.38%
Coal (\$/ton)	132.50	(1.25)	-0.93%
Nickel LME (\$/MT)	16,168	310.0	1.95%
Tin LME (\$/MT)	29,534	(423.0)	-1.41%
CPO (MYR/Ton)	4,921	65.0	1.34%

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
Monday	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
Tuesday	-	-	-	-	-	-	-
10 – December							
Wednesday	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%
Thursday	US	20.30	Initial Jobless Claims	-	Dec 7	-	224k
12 – December	US	20.30	PPI Final Demand MoM	-	Nov	0.3%	0.2%
Friday	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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