

Today's Outlook:

US MARKET SENTIMENT: November US Core Retail Sales (MoM), November Retails Sales (MoM)

ASIA MARKETS: Asia-Pacific markets were mostly down on Monday, reversing earlier gains with investors looking to several major central bank decisions due this week including the Bank of Japan and the People's Bank of China. The Federal Reserve's decision on Dec. 18 stateside will also be top of mind for investors, with the CME Fedwatch tool forecasting a 96% chance of a 25-basis-points cut. The BOJ is likely to hold rates when it releases its decision on Thursday, while the PBOC will announce its loan prime rates on Friday. The one-year LPR influences corporate loans and most household loans in China, while the five-year LPR serves as a benchmark for mortgage rates.

CURRENCY & FIXED INCOME: The U.S. dollar index - which tracks the currency against six others - was up slightly at 106.88, after rising as high as 107.16 on the session. The index had hit 107.18 on Friday, its highest since Nov. 26. The U.S. dollar edged higher against major currencies in choppy trading on Monday, as investors eyed interest rate decisions from the Federal Reserve, Bank of Japan, Bank of England and other key central banks this week. U.S. Treasury yields were little changed on Monday as investors looked ahead to the Federal Reserve's final meeting of the year this week. The 10-year Treasury yield was last down by less than 1 basis point at 4.397% after topping 4.4% on Friday. The 2-year Treasury yield was up by less than 1 basis point at 4.247%. One basis point equals 0.01%. Yields and prices move in opposite directions.

- **Against the Japanese yen**, the dollar strengthened 0.31% to 154.12, after rising as high as 154.480 for the first time since Nov. 26. The yen has struggled to rebound against the greenback following its largest weekly slide since September after Reuters and other news outlets reported the Bank of Japan was likely to keep interest rates steady at the end of its policy meeting on Thursday.

- **European markets closed lower Monday**, as traders braced for the final week of central bank action this year and three French media businesses listed in Europe. The regional Stoxx 600 index ended the session down 0.14%, with most sectors finishing in the red. Autos stocks led losses, down 3%, with Jeep and Dodge-maker Stellantis down 4.6% as investors continue to assess the company's new strategy following the sudden departure of CEO Carlos Tavares.

- **The euro rallied in choppy trading after German chancellor Olaf Scholz lost** a parliamentary confidence vote, paving the way for snap elections in February. The euro was last up 0.07% at \$1.0509. The decline in euro zone business activity eased this month, a survey showed, while European Central Bank President Christine Lagarde said on Monday the ECB will cut interest rates further if inflation continues to ease towards its 2% target.

COMMODITIES: Oil futures slipped from the highest levels in several weeks on Monday on weakness in consumer spending in China, the world's largest oil importer, and as investors paused buying ahead of the U.S. Federal Reserve's interest rate decision. Brent crude futures settled at \$73.91 a barrel, down 58 cents, or 0.8% lower, after settling on Friday at their highest since Nov. 22. Last week, oil benefited from the expectation that supply would tighten with additional sanctions on crude producers Russia and Iran, while possible lower interest rates in the U.S. and Europe would spur demand.

- **Spot gold prices gained on Monday**, supported by ongoing geopolitical concerns and a softer dollar, as markets awaited the Federal Reserve's policy meeting, where a third rate cut and clues on the 2025 outlook are expected. Spot gold was up 0.2% at \$2,654.27 per ounce. U.S. gold futures settled 0.2% lower at \$2,670. On the geo-political front, Israel agreed on Sunday to double its population in the Golan Heights, citing Syrian threats despite the moderate tone of rebel leaders who ousted President Bashar al-Assad a week ago. Bullion is considered a safe investment during economic and geopolitical turmoil, while a low-interest rate environment also makes the non-yielding bullion more attractive.

Domestic News

12 Percent VAT Officially Applies in January 2025, Government Prepares Stimulus

Amid the heavy downpour of criticism, the government announced that the 12% Value Added Tax (VAT) rate will remain in effect starting January 1, 2025. In response to criticism regarding the government's insensitivity to the weak purchasing power of the public, the government is also preparing various stimulus packages. In a press conference on Monday (December 16, 2024), Coordinating Minister for Economic Affairs Airlangga Hartarto stated that to maintain the public's purchasing power amid this tax increase, the government has prepared various policy packages. First, a stimulus for low-income people. The government will provide a VAT incentive by covering 1%, so only an 11% rate will apply. Basic goods that will remain subject to the 11% rate include MinyakKita packaged cooking oil, wheat flour, and industrial sugar. Second, a stimulus for the middle class. Among these, the government will cover the VAT for the property sector on home purchases with a selling price of up to IDR 5 billion, covering the first IDR 2 billion with a 100% discount scheme, which will be extended. This incentive will be available from January to June 2025, with a 50% discount for the period from July to December 2025. Then, the government will cover the VAT for the automotive sector. This incentive applies to battery-powered vehicles or electric vehicles (EVs). Additionally, there will be a government-paid income tax (PPH) 21 incentive for workers in labor-intensive sectors earning up to IDR 10 million per month. Third, a stimulus for MSMEs, entrepreneurs, and industries will include an extension of the 0.5% final PPH on revenue until 2025 through a regulation revision. The government will also provide an incentive for MSMEs with an annual revenue of less than IDR 500 million, by exempting them from PPH. Finally, there will be a scheme for financing labor-intensive industries. (Emiten News)

Corporate News

PTRO: Petrosea Records IDR 1.5 Trillion Bonds and Sukuk

PT Petrosea Tbk (PTRO) officially listed its Sustainable Bonds I Phase I Year 2024 and Sustainable Sukuk Ijarah I Phase I Year 2024. The bonds and sukuk were listed on the Indonesia Stock Exchange on Monday (16/12). PTRO issued the bonds and sukuk ijarah with a total value of IDR 1.5 trillion. With details of the principal amount of sustainable bonds worth IDR 1 trillion and sustainable sukuk ijarah with the remaining ijarah reward of IDR 500 billion. 'All funds will be used to strengthen working capital to support the realisation of contracts that Petrosea has obtained in the Contact Mining and integrated EPC business lines,' said Petrosea Chief Investment Officer Kartika Hendrawan in a release received by Kontan.co.id on Monday (16/12). Kartika added, PTRO was oversubscribed more than twice for Bonds and Sukuk Ijarah Berkelanjutan I Phase I Year 2024. Meanwhile, this issuance is part of the company's Public Offering programme for Shelf Registration Bonds I with a total value of Rp 2 trillion and Shelf Registration Sukuk Ijarah I with a total value of Rp 1 trillion. Previously, PTRO had obtained a corporate rating of idA + (Single A Plus; Stable Outlook) and idA + (sy) (Single A Plus Syariah) from PT Pemeringkat Efek Indonesia (Pefindo). (Kontan)

Recommendation

US10YT continued its rebound back above its resistance of 4.183%. It is approaching the trendline resistance 4.422-4.435%, 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 corrected and formed a hammer candle. It did not re-enter into its rising wedge pattern support of 6.925-7.080%. However, we anticipate a swift correction downward to the targeted support of 6.519%.

PRICE OF BENCHMARK SERIES

FR0090 : 96.05 (-0.22%)
FR0091 : 96.10 (-0.43%)
FR0092 : 100.00 (-0.24%)

FR0086 : 98.7 (+0.51%)
FR0087 : 98.1 (+0.51%)
FR0083 : 104.25 (+0.45%)
FR0088 : 94.85 (+0.86%)

CDS of Indonesia Bonds

CDS 2yr: +2.46% to 34.820
CDS 5yr: +1.73% to 73.032
CDS 10yr: +1.77% to 122.455

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.06%	0.04%
USDIDR	16,000	0.03%
KRWIDR	11.13	-0.23%

Global Indices

Index	Last	Chg.	%
Dow Jones	43,717.48	(110.58)	-0.25%
S&P 500	6,074.08	22.99	0.38%
FTSE 100	8,262.05	(38.28)	-0.46%
DAX	20,313.81	(92.11)	-0.45%
Nikkei	39,457.49	(12.95)	-0.03%
Hang Seng	19,795.49	(175.75)	-0.88%
Shanghai	3,386.33	(5.55)	-0.16%
Kospi	2,488.97	(5.49)	-0.22%
EIDO	19.77	(0.09)	-0.45%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,652.7	4.5	0.17%
Crude Oil (\$/bbl)	70.71	(0.58)	-0.81%
Coal (\$/ton)	129.25	(1.50)	-1.15%
Nickel LME (\$/MT)	15,708	(154.0)	-0.97%
Tin LME (\$/MT)	29,246	149.0	0.51%
CPO (MYR/Ton)	4,758	(58.0)	-1.20%

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	US	20.30	Empire Manufacturing	-	Dec	10.0	31.2
16 – December	US	21.45	S&P Global US Manufacturing PMI	-	Dec P	49.5	49.7
Tuesday	US	20.30	Retail Sales Advance MoM	-	Nov	0.5%	0.4%
17 – December	US	21.15	Industrial Production MoM	-	Nov	0.3%	-0.3%
Wednesday	US	19.00	MBA Mortgage Applications	-	Dec 13	-	5.4%
18 – December	US	20.30	Housing Starts	-	Nov	1343k	1311k
	US	20.30	CPI MoM	-	Nov	2.7%	2.6%
Thursday	US	20.30	Initial Jobless Claims	-	Dec 14	229k	242k
19 – December	US	20.30	GDP Annualized QoQ	-	3Q T	2.8%	2.8%
	US	22.00	Leading Index	-	Nov	-0.1%	-0.4%
	US	22.0	Existing Home Sales	-	Nov	4.08m	3.96m
Friday	US	20.30	Personal Income	-	Nov	0.4%	0.6%
20 – December	US	20.30	Personal Income	-	Nov	0.5%	0.4%
	US	22.00	University of Michigan Sentiment	-	Dec F	74.0	74.0

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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