

Morning Briefing

Daily | December 18, 2024

Today's Outlook:

MARKET SENTIMENT: November UK CPI, November EU CPI, US Crude Oil Inventories, December Fed Interest Rate Decision, December BoJ Interest Rate Decision.

ASIA MARKETS: Asia-Pacific markets were mixed Tuesday, tracking mixed gains on Wall Street as investors look toward the U.S. Federal Reserve's decision stateside. Japan's Nikkei 225 and Topix fell 0.24% and 0.37% to close at 39,364.68 and 2,728.2 respectively. South Korea's Kospi slipped 1.29% to close at 2,456.81, while the Kosdaq dropped 0.58% to end the trading day at 694.47. Chinese leaders have decided to increase the country's budget deficit to 4% of GDP in 2025 in a bid to keep economic growth at around 5% next year, Reuters reported Tuesday. China's CSI 300 traded 0.26% lower to close at 3,922.03, while Hong Kong's Hang Seng Index traded 0.16% lower. The increase in China's headline budget deficit is a reflection that the government is willing to step up fiscal policies, but the market remains unconvinced of the exact magnitude, said Gary Ng, senior economist at Natixis.

CURRENCY & FIXED INCOME: The U.S. dollar strengthened against major currencies on Tuesday following better-than-expected retail sales data that showed underlying economic momentum and as markets braced for interest rate moves from the Federal Reserve and other central banks. The U.S. dollar index - which tracks the currency against six others - rose 0.1% to 106.98, after trading as high as 107.08 on the session. Commerce Department data on Tuesday showed that U.S. retail sales surpassed expectations by jumping 0.7% in November, backed by an uptick in motor vehicle and online purchases. Markets are still anticipating that the Fed will deliver a 25-basis-point interest rate cut at the end of its two-day policy meeting on Wednesday, with futures implying a 95% chance of a cut, according to the CME's FedWatch tool. U.S. Treasury yields were little changed on Tuesday as investors parsed economic data due ahead of the Federal Reserve's next interest rate decision. The yield on the 10-year Treasury was down less than 1 basis points at 4.397%. The 2-year Treasury yield also slipped less than 1 basis point lower to 4.245%. Yields and prices move in opposite directions. One basis point equals 0.01%.

- The **yen** strengthened against the dollar, as markets have scaled back the chances of a rate hike by the Bank of Japan this week in favor of a move in January. It rose 0.38% against the greenback to 153.56 per dollar.

- The **euro**, which is heading for a drop of nearly 5% against the dollar this year, was down 0.2% at IDR1.0488.

COMMODITIES: Oil prices were down on Tuesday as China's economic data renewed demand concerns, while investors remained cautious ahead of the U.S. Federal Reserve's interest rate decision. Brent crude futures fell 72 cents, or 0.97%, to settle at IDR73.19 a barrel, while U.S. West Texas Intermediate crude pulled back 63 cents, or 0.89%, to close at IDR70.08 a barrel. Prices were "weighed on by profit-taking after last week's 6% rally and a batch of disappointing Chinese economic data yesterday," IG market analyst Tony Sycamore said. On Monday, prices fell from multi-week highs on unexpected weakness in consumer spending data from China, despite strength in industrial output, and as investors moved into a holding pattern ahead of the Fed's meeting.

-Gold slipped on Tuesday under pressure from a strengthening U.S. dollar and climbing Treasury yields as investors focused on the Federal Reserve's final policy meeting of the year with growing expectations of a gradual pace of rate cuts in 2025. Spot gold was down 0.3% at IDR2,644.84 per ounce. U.S. gold futures shed 0.3% to IDR2,661.00.

Corporate News

BAF: Bussan Auto Finance Has Paid Off Maturing Bonds Worth IDR 500 Billion

PT Bussan Auto Finance (BAF) has made the final principal and interest repayment of its Sustainable Bonds I Phase IV Year 2021 which matures on 15 December 2024. Launching an information disclosure, Tuesday (17/12), Bussan Auto Finance Director Sigit Sembodo explained that the company had made repayments through the C-BEST system to the sub-subaccounts of the shareholders of the Indonesian Central Securities Depository (KSEI). 'The bond code is BAFI02ACN1 with a principal amount of IDR 500 billion,' said Sigit in an information disclosure, Monday (17/12). The bonds were issued on 15 December 2021. Sigit explained that the fourth interest amount paid by the company was IDR 7.18 billion with an interest rate of 5.75% which has a period of three years. 'Thus, since 16 December 2024, the securities can no longer be traded through the Indonesia Stock Exchange,' he continued. (Kontan)

Recommendation

US10YT formed a doji at 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 after forming a hammer candle. It did not re-enter into its rising wedge pattern support of 6.925-7.080%. However, we anticipate it will continue the correction downward to the targeted support of 6.519%.

PRICE OF BENCHMARK SERIES

FR0090 : 96.264 (-0.04%)

FR0091 : 96.259 (-0.14%)

FR0092 : 100.148 (+0.14%)

FR0094 : 96.798 (+0.00%)

FR0086 : 98.214 (+0.04%)

FR0087 : 98.214 (-0.11%)

FR0083 : 103.746 (+0.09%)

FR0088 : 93.821 (-0.02%)

CDS of Indonesia Bonds

CDS 2yr: +0.34% to 34.920

CDS 5yr: -0.06% to 73.718

CDS 10yr: +0.25% to 122.505

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.02%	0.04%
USDIDR	16,000	0.03%
KRWIDR	11.13	-0.23%

Global Indices

Index	Last	Chg.	%
Dow Jones	43,828.06	(86.06)	-0.20%
S&P 500	6,051.09	(0.16)	0.00%
FTSE 100	8,300.33	(11.43)	-0.14%
DAX	20,405.92	(20.35)	-0.10%
Nikkei	39,470.44	(378.70)	-0.95%
Hang Seng	19,971.24	(425.81)	-2.09%
Shanghai	3,391.88	(69.62)	-2.01%
Kospi	2,494.46	12.34	0.50%
EIDO	19.86	(0.32)	-1.59%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,648.2	(32.5)	-1.21%
Crude Oil (\$/bbl)	71.29	1.27	1.81%
Coal (\$/ton)	130.75	(1.75)	-1.32%
Nickel LME (\$/MT)	15,862	(306.0)	-1.89%
Tin LME (\$/MT)	29,097	(437.0)	-1.48%
CPO (MYR/Ton)	4,906	(15.0)	-0.30%

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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