

Morning Briefing

Daily | December 19, 2024

Today's Outlook:

MARKET SENTIMENT: December BoE Interest Rate Decision, 3Q24 GDP QoQ, Initial Job Claims, December Philadelphia Fed Manufacturing Index, November Existing Home Sales.

ASIA MARKETS: Asia-Pacific markets are poised for a mixed open on Thursday following broad declines on Wall Street as the U.S. Federal Reserve cut borrowing rates for the third consecutive meeting while signaling fewer rate cuts ahead. Investors in Asia also await a interest rate decision by the Bank of Japan after its two-day policy meeting. The central bank is expected to leave its target rate unchanged at 0.25%. Japan's benchmark Nikkei 225 is set to open lower, with the futures contract in Chicago at 38,665 and its counterpart in Osaka at 38,470 against the index's last close of 39,081.71. Meanwhile, futures for Hong Kong's Hang Seng index stood at 19,873, pointing to a stronger open compared to the HSI's close of 19,864.55. The Hong Kong Monetary Authority on Thursday delivered a 25-basis-point interest rate cut in lock-steps with the Fed.

CURRENCY & FIXED INCOME: The U.S. dollar jumped versus major rivals (+1.18%) after the Fed's rate decision and has proceeded to add to gains. U.S. Treasury yields jumped on Wednesday after the Federal Reserve announced its latest interest rate cut, but signaled fewer could be on the horizon. The yield on the 10-year Treasury climbed nearly 12 basis points to 4.504%, and has hovered around the key 4.5% level in afternoon trading. The 2-year Treasury yield surged more than 10 basis points to 4.348%. Yields and prices have an inverted relationship. One basis point is equivalent to 0.01%.

- The dollar strengthened 0.78% to 154.63 against the Japanese yen, hitting a three-week high. The Bank of Japan is expected to leave rates unchanged on Thursday.

- European stocks closed slightly higher on Wednesday, as investors reacted to U.K. inflation data and awaited the latest monetary policy decision from the U.S. Federal Reserve. The pan-European Stoxx 600 ended up 0.16%, with major bourses in the green and sectors in mixed territory. U.K. inflation rose to 2.6% in November, new figures showed on Wednesday, coming in line with expectations. The Bank of England is widely expected to hold rates steady at its final monetary policy meeting of the year on Thursday.

- The Bank of England is also expected to hold rates steady on Thursday. Sterling edged lower versus the euro and against the dollar following the Fed's decision. The currency weakened 0.98% to \$1.25860, dropping to a three-week low.

COMMODITIES: Oil prices settled higher on Wednesday after U.S. crude inventories fell and the U.S. Federal Reserve cut interest rates as expected, but gains were capped as the Fed signalled it would slow the pace of cuts. Brent futures settled up 20 cents, or 0.27%, to \$73.39 a barrel. U.S. West Texas Intermediate crude settled up 50 cents, or 0.71%, to \$70.58. Both benchmarks retreated from gains of more than \$1 a barrel at session highs. U.S. crude stocks and distillate inventories fell while gasoline inventories rose in the week ending Dec. 13, the Energy Information Administration said on Wednesday.

- Gold prices edged lower as the dollar held firm on Wednesday, with investors awaiting a key US Federal Reserve decision expected to shape market sentiment and gold's trajectory by outlining the central bank's 2025 outlook. Spot gold slipped 0.3% to \$2,637.13 per ounce. US gold futures were down 0.3% at \$2,653.20.

Domestic News

Electric Cars Get 3% Sales Tax Discount

The government officially announced a number of tax incentives for the automotive industry in 2025. One of them is targeting hybrid car manufacturers. The incentive for hybrid cars is in the form of a 3% discount on government-borne luxury goods tax (PPnBM DTP). Coordinating Minister for Economic Affairs Airlangga Hartarto said that the 3% PPnBM DTP incentive for hybrid cars is a new policy issued. The policy is expected to increase sales of hybrid cars in Indonesia. In addition, the policy is also a compensation for the increase in value-added tax or VAT to 12% on 1 January 2025. (Bisnis)

Corporate News

TBIG: Tower Bersama Uses Internal Funds to Pay Off IDR 1.51 Trillion Bonds

PT Tower Bersama Infrastructure Tbk (TBIG), utilised internal funds to pay off the principal and interest of its maturing bonds worth IDR 1.51 trillion. Director and Corporate Secretary of TBIG Helmy Yusman said that TBIG paid the principal and interest of the Tower Bersama Infrastructure Phase II Sustainable Bond VI Year 2023 on 16 December 2024. "From internal funds," Helmy replied briefly to Investor Daily, Wednesday (18/12/2024). In other words, TBIG does not need to refinance to pay the principal and interest of the four bonds that mature on 15 December 2024. The bonds carry an interest rate of 6.75%. Acting as trustee is PT Bank Tabungan Negara Tbk (BNI). PT Fitch Ratings Indonesia on 30 October 2024 has even assigned an AA+ rating to TBIG, which shows that the tower issuer of the Saratoga Group has a strong ability to pay off its debts. (Investor Daily)

Recommendation

US10YT continued its current uptrend and reached its resistance of 4.520-4.522%. NHKSI is of the opinion price action will reverse back to the major support of 4.183%

ID10YT continued to correct after forming a hammer candle. It has not yet re-entered 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 : 96.260 (+0.00%)

FR0091 : 96.213 (-0.05%)

FR0092 : 100.18 (+0.14%)

FR0094 : 96.798 (+0.00%)

FR0086 : 98.22 (+0.04%)

FR0087 : 97.16(-0.11%)

FR0083 : 103.81 (+0.09%)

FR0088 : 93.62 (-0.02%)

CDS of Indonesia Bonds

CDS 2yr: +0.34% to 34.920

CDS 5yr: -0.06% to 74.55

CDS 10yr: +0.25% to 122.505

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.05%	-0.01%
USDIDR	16.090	0.16%
KRWIDR	11.19	-0.16%

Global Indices

Index	Last	Chg.	%
Dow Jones	42,326.87	(1123.03)	-2.58%
S&P 500	5,872.16	(178.45)	-2.95%
FTSE 100	8,199.11	3.91	0.05%
DAX	20,242.57	(3.80)	-0.02%
Nikkei	39,081.71	(282.97)	-0.72%
Hang Seng	19,864.55	164.07	0.83%
Shanghai	3,382.21	20.72	0.62%
Kospi	2,484.43	27.62	1.12%
EIDO	18.48	(0.64)	-3.35%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,585.4	(61.5)	-2.32%
Crude Oil (\$/bbl)	70.58	0.50	0.71%
Coal (\$/ton)	128.25	(0.75)	-0.58%
Nickel LME (\$/MT)	15,508	5.0	0.03%
Tin LME (\$/MT)	29,116	69.0	0.24%
CPO (MYR/Ton)	4,529	(196.0)	-4.15%

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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