

Morning Briefing

Today's Outlook:

MARKET SENTIMENT: 3Q24 UK GDP, December US CB Consumer Confidence

ASIA MARKETS: Asia-Pacific stocks and currencies fell Thursday, amid a broader market sell-off after the U.S. Federal Reserve delivered its third consecutive rate reduction and signaled fewer rate cuts ahead. Investors assessed the Bank of Japan's decision to keep its policy rate unchanged at 0.25% for the third straight meeting. In response to the central bank's move, the Nikkei 225 lost 0.69% to end at 38,813.58, while Topix was down 0.22%, finishing at 2,713.83. In South Korea, the Kospi index dropped 1.95% to close at 2,435.93 and the Kosdaq index declined 1.89% to 684.36. The South Korean won hovered near its weakest level since March 2009, and was last trading at 1,452.33 on the U.S. dollar. Hong Kong's Hang Seng index declined 0.36% in the final hour of trade, while the mainland China's CSI 300 index edged up slightly to close at 3,945.46. Japan's Nikkei 225 fell 0.29% after the inflation reading and closed at 38,701.9, while the broad-based Topix slipped 0.44% and finished at 2,701.99. South Korea's Kospi was down 1.3% to end at 2,404.15, and the small cap Kosdaq lost 2.35% to 668.31, leading Asian losses.

CURRENCY & FIXED INCOME: The U.S. dollar pulled back from a two-year high on Friday, but was heading for its third-straight week of gains, with data showing a slowdown in inflation two days after the Federal Reserve cut interest rates and indicated inflation was stubborn enough to scale back cuts in 2025. The dollar was down 0.72% against a basket of six other currencies at 107.64 after spiking as high as 108.54 - its highest level since November 2022. It was set to end the week 0.72% higher. The 10-year Treasury yield retreated on Friday as a key inflation gauge showed cooler-than-expected price pressures. Mid-morning remarks by Chicago Fed President Austan Goolsbee, confirming that rates could still decline next year despite the central bank's cautious stance, also helped lift bond prices. The yield on the 10-year Treasury fell 4.4 basis points to 4.526% after topping 4.57% the previous day. The 2-year Treasury yield dipped less than 1 basis point to 4.314%. The benchmark 10-year yield is still about 0.10% higher than the 4.40% level where it ended last week. One basis point is equal to 0.01% and yields and prices move in opposite directions.

- **The dollar** dropped to a five-month low of 157.93 Japanese yen after the Bank of Japan left interest rates unchanged. It was last down 0.89% at 156.01 yen.

- **European markets** closed lower on Friday as investors monitored political turmoil in the U.S. and monetary policy decisions from various major economies. The pan-European Stoxx 600 index ended down 0.78%, with all major bourses and almost all sectors in negative territory. The index was down 1.9% on the week. The United States was plunged into fresh political uncertainty on Thursday evening, after the failure of a Trump-backed spending bill, the passage of which would have prevented a government shutdown. Dozens of Republican lawmakers voted against the deal to fund the government for three months and suspend the U.S. debt ceiling for two years, meaning a partial government shutdown will commence on Friday night.

- **The euro** edged higher after dipping to a one-month low of \$1.03435 on the session, on track for its third-straight week of losses, weighed down partly by Trump's comments that the European Union must purchase more U.S. oil and gas to make up for its "tremendous deficit" with the world's largest economy, or face tariffs. It was last up 0.76% at \$1.044175.

COMMODITIES: Oil prices were little changed at their settle on Friday as markets weighed Chinese demand and interest rate-cut expectations after data showed cooling U.S. inflation. Brent crude futures closed up 6 cents, or 0.08%, at \$72.94 a barrel, while U.S. West Texas Intermediate crude futures rose 8 cents, or 0.12%, at \$69.46 per barrel. Both benchmarks ended the week down about 2.5%.

- **Gold** prices extended gains on Friday, supported by a softer dollar and Treasury yields after U.S. economic data indicated a slowdown in inflation. Spot gold was up 1.1% at \$2,623.36 per ounce and U.S. gold futures climbed 1.4% higher to \$2,643.2.

Domestic News

Airlangga: Regulation on Luxury Goods and Services Subject to 12% VAT to be Issued Before January 2025

Coordinating Minister for Economic Affairs Airlangga Hartarto stated that the Minister of Finance Regulation (PMK) governing luxury goods and services subject to a 12% value-added tax (VAT) rate will be issued before January 2025. This is in line with the imposition of a VAT rate that increases from 11% to 12% at the beginning of next year. Airlangga explained that the rules and classification for luxury goods and services will be issued through a PMK. "[PMK on luxury goods and services subject to 12% VAT will be issued] before January 1 [2025]," said Airlangga when met at Alfamart Drive Thru Alam Sutra, Tangerang, Banten, Sunday (22/12/2024). In the regulation, Airlangga only said that the government would include categories of luxury goods and services and not. "Yes, it will be determined by the PMK what is the luxury and non-luxury category," he said. Unfortunately, he did not comment further on the luxury goods and services that the government is considering. "We will see the considerations later," he said briefly. Quoting from the official website of the Coordinating Ministry for Economic Affairs, Sunday (22/12/2024), the government imposes a VAT of 12% on luxury goods and services consumed by well-off people who were not previously subject to VAT. (Bisnis)

Corporate News

SMMA: Sinarmas Group Offers IDR 800M Bonds, with 7-9% Interest

PT Sinarmas Multiartha Tbk (SMMA) will offer sustainable bonds III phase II in 2025 with a total principal value of IDR 800 billion. The bonds consist of three series with competitive interest rates and varying maturities. In the prospectus released on Friday (20/12), it was stated that Series A has a principal amount of Rp100 billion with an interest rate of 7.00% per year and a term of 370 days. Series B has a principal amount of Rp500 billion with an interest rate of 8.25% per year and a term of 3 years, while Series C has a principal amount of Rp200 billion with an interest rate of 9.00% per year and a term of 5 years. PT Kredit Rating Indonesia has given an idAA rating to these bonds, reflecting the high credibility and payment ability of the issuer. The underwriters are Aldiracita Sekuritas and Sinarmas Sekuritas, with Bank KB Bukopin acting as trustee. The bond public offering period is scheduled to take place on January 10-14, 2025, while the listing on the Indonesia Stock Exchange (IDX) will take place on January 20, 2025. (Emiten News)

Recommendation

US10YT corrected but still retained above its support at 4.520-4.522%. NHKSi is of the opinion price action will continue to its next resistance at 4.643% before reaching the following uptrend channel resistance of resistance at 4.739%.

ID10YT corrected back to its support at 7.062%. However, there is still room for the yield to extend its rally to the uptrend channel resistance area of 7.203-7.213%

PRICE OF BENCHMARK SERIES

FRO090 : 96.085 (-0.12%)
 FRO091 : 96.068 (-0.04%)
 FRO092 : 99.746 (-0.06%)
 FRO094 : 96.798 (+0.00%)

FRO086 : 98.176 (-0.01%)
 FRO087 : 97.094 (+0.03%)
 FRO083 : 103.513 (+0.02%)
 FRO088 : 93.647 (+0.15%)

CDS of Indonesia Bonds

CDS 2yr: +0.37% to 36.800

CDS 5yr: -1.95% to 75.767

CDS 10yr: +0.15% to 127.305

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.07%	-0.02%
USDIDR	16.195	-0.58%
KRWIDR	11.23	-0.45%

Global Indices

Index	Last	Chg.	%
Dow Jones	42.840.26	498.02	1.18%
S&P 500	5.930.85	63.77	1.09%
FTSE 100	8.084.61	(20.71)	-0.26%
DAX	19.884.75	(85.11)	-0.43%
Nikkei	38.701.90	(111.68)	-0.29%
Hang Seng	19.720.70	(31.81)	-0.16%
Shanghai	3.368.07	(1.96)	-0.06%
Kospi	2.404.15	(31.78)	-1.30%
EIDO	18.44	0.28	1.54%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2.622.9	28.9	1.11%
Crude Oil (\$/bbl)	69.46	0.08	0.12%
Coal (\$/ton)	127.40	0.30	0.24%
Nickel LME (\$/MT)	15.356	243.0	1.61%
Tin LME (\$/MT)	28.689	290.0	1.02%
CPO (MYR/Ton)	4.433	(75.0)	-1.66%

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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