

Morning Briefing

Today's Outlook:

MARKET SENTIMENT: November US Durable Goods Orders, November US New Home Sales

CURRENCY & FIXED INCOME: The greenback is on track for its fourth gain in five sessions, during which it has gained 1.2%. The dollar index, which measures the U.S. currency against six of its largest peers, resumed its upward trajectory. It suffered on Friday its biggest one-day drop in nearly a month following a softer-than-expected reading on inflation that was still above the Federal Reserve's 2% target rate. Treasury yields climbed on Monday to begin holiday-shortened trading week, with investor digesting new economic data. The yield on the 10-year Treasury was 6 basis points higher at 4.587%, while the 2-year Treasury was up 2 basis points at 4.338%. One basis point is equal to 0.01% and yields and prices move in opposite directions.

- Against the Japanese yen, the dollar strengthened 0.43% to 157.08. The dollar's rise, coupled with the Bank of Japan standing holding rates steady and Governor Kazuo Ueda's comments reducing the odds of a Japanese rate hike next month, have left the yen once again near weak levels that have recently pushed Japanese authorities to intervene to support the currency.

ASIA MARKETS: Asia-Pacific stocks had a good run in 2024, with most major markets ending the year in positive territory, as the region's central banks eased monetary policy while an AI boom lifted tech stocks. Taiwan's Taixex led gains in the region, up 28.85% as of Dec. 23, while Hong Kong's Hang Seng Index came in second with 16.63%. Asia successfully reduced inflation faster than the rest of the world, said Mike Shiao, chief investment officer for Asia ex-Japan at investment management firm Invesco, paving the way for monetary easing. As an aside, South Korea's benchmark Kospi lost 8.03% YTD as of Dec. 23, making it the worst performing Asian market.

EUROPE MARKET : European markets closed just above the flatline on Monday as a shortened trading week began in the run-up to Christmas. The pan-European Stoxx 600 index provisionally ended the session 0.07% higher, with sectors in mixed territory. Meanwhile Germany's DAX closed 0.23%.

- The euro was down 0.2% at \$1.0408. The euro dipped on Monday, as market moves were being dictated by recent global central bank meetings that set expectations for diverging rate cut paths next year. European Central Bank President Christine Lagarde said the euro zone was getting close to reaching the ECB's medium-term inflation goal, according to an interview published in the Financial Times on Monday.

COMMODITIES: Oil prices edged lower on Monday in thin trade ahead of the Christmas holiday on concerns about a supply surplus next year and a strengthened dollar. Brent crude futures settled down 31 cents, or 0.43%, at \$72.63 a barrel. U.S. West Texas Intermediate crude futures fell 22 cents, or 0.32%, to \$69.24 a barrel.

- Gold prices edged lower in subdued holiday-season trading on Monday, weighed down by a robust dollar and high U.S. Treasury yields as investors awaited clearer signals on the Federal Reserve's monetary policy for 2025. Spot gold was down 0.4% at \$2,611.17 per ounce. U.S. gold futures settled 0.6% lower at \$2,628.20.

Domestic News

Directorate General of Taxes Says Premium Rice Remains VAT-Free as Long as PMK Rules Have Not Been Issued

The Directorate General of Taxes of the Ministry of Finance stated that premium rice will remain VAT-free as long as the Minister of Finance Regulation or PMK governing luxury goods subject to 12% VAT has not been issued. Previously, the government announced that there would be an expansion of six goods/services that would be subject to value added tax (VAT) even though they were not previously subject to it. These goods/services are now subject to VAT because they are luxurious. The goods/services in question are premium rice, premium fruits, premium meat (wagyu, kobe meat), expensive fish (premium salmon, premium tuna), premium shrimp and crustaceans (king crab), premium education services, premium medical health services, and electricity for household customers of 3,500-6,600 volt ampere (VA). Director of Counseling, Services, and Public Relations at the Directorate General of Taxes Dwi Astuti stated that the criteria for the six categories of premium goods/services will be detailed in the PMK being drafted by the government. "The government is now thinking about it, now it is really being thought about. Let's just wait until the regulation [PMK on VAT-object luxury goods/services] comes out," said Dwi in a press conference at the Directorate General of Taxes Office, South Jakarta, Monday (23/12/2023). However, he continued, if the PMK has not been issued until the 12% VAT applies on January 1, 2025, premium rice will remain VAT-free. "Until now, rice is zero, basic necessities are zero. If there is no regulation, it is free, like now [VAT-free]," said Dwi.

Corporate News

MDKA: Merdeka Copper Repays Debt Notes of IDR 817.71 Billion

PT Merdeka Copper Gold Tbk (MDKA) announced that it has completed the payment and repayment of the principal debt and fourth interest of the Merdeka Copper Gold Phase IV 2023 Shelf Registration Bonds Series A. The total repayment reached IDR 817.71 billion, which included IDR 800.98 billion for the principal bonds and IDR 16.73 billion for the fourth interest. MDKA Corporate Secretary Adi Adriansyah Sjoekri stated that the payment was made to PT Kustodian Sentral Efek Indonesia (KSEI) as the paying agent on December 19, 2024. "The total principal repayment and interest payment of the four bonds amounted to IDR 817,706,024,311.00, which has been deposited with KSEI," said Adi in his statement, Monday (23/12). Funding for this repayment comes entirely from the company's internal cash. With this repayment, all of MDKA's obligations for bonds maturing on December 22, 2024 have been completed. (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	: 96.064 (-0.02%)
FRO091	: 96.183 (+0.12%)
FRO092	: 99.761 (+0.02%)
FRO094	: 96.798 (+0.00%)
FRO086	: 98.193 (+0.02%)
FRO087	: 97.288(+0.20%)
FRO083	: 103.460 (-0.05%)
FRO088	: 93.677 (+0.03%)

CDS of Indonesia Bonds

CDS 2yr:	-0.82% to 36.500
CDS 5yr:	+1.50% to 76.903
CDS 10yr:	-0.62% to 126.510

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.05%	-0.02%
USDIDR	16.175	-0.12%
KRWIDR	11.15	-0.65%

Global Indices

Index	Last	Chg.	%
Dow Jones	42.906.95	66.69	0.16%
S&P 500	5.974.07	43.22	0.73%
FTSE 100	8.102.72	18.11	0.22%
DAX	19.848.77	(35.98)	-0.18%
Nikkei	39.161.34	459.44	1.19%
Hang Seng	19.883.13	162.43	0.82%
Shanghai	3.351.26	(16.81)	-0.50%
Kospi	2.442.01	37.86	1.57%
EIDO	18.65	0.21	1.14%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2.612.6	(10.4)	-0.39%
Crude Oil (\$/bbl)	69.24	(0.22)	-0.32%
Coal (\$/ton)	126.75	(0.65)	-0.51%
Nickel LME (\$/MT)	15.292	(64.0)	-0.42%
Tin LME (\$/MT)	28.542	(147.0)	-0.51%
CPO (MYR/Ton)	4.542	109.0	2.46%

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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