

Morning Briefing

Daily | December 27, 2024

Today's Outlook:

CURRENCY & FIXED INCOME: The dollar index was last up 0.02% at 108.13. It is holding just below a two-year high of 108.54 reached on Friday. The U.S. dollar hit a five-month high against the Japanese yen on Thursday on expectations the greenback would be boosted next year by policies by the incoming Donald Trump administration that are expected to boost growth and lift inflation. Trading volumes were light on Thursday with many traders on holiday after Wednesday's Christmas holiday and before next week's New Year holiday. Looser business regulations and tax cuts are expected to help propel U.S. growth next year while analysts say that a clamp-down on illegal immigration and the prospect of new tariffs on trading partners could increase price pressures, and weigh on the economy longer term. Treasury yields traded near the flatline Thursday morning as investors digested new data on weekly jobless claims. The yield on the 10-year Treasury turned flat at 4.581% after jumping 5 basis points above the 4.6% level. The 2-year Treasury traded 1 basis points lower at 4.329%. One basis point is equal to 0.01%. Yields move inversely to prices.

- The greenback gained 0.35% to 157.93 Japanese yen and earlier reached 158.09, the highest since July 17. The Japanese yen has suffered from the wide interest rate differential between the United States and Japan.

- The euro rose 0.13% to \$1.0418. The single currency fell to \$1.03435 on Friday, the lowest since Nov. 22.

ASIA MARKETS: Japan was preparing a record \$735 billion budget for its fiscal year starting in April. The budget will account for increased social security and debt-servicing expenses, a draft reviewed by Reuters revealed. South Korea main opposition Democratic Party has submitted a bill to impeach acting President Han Duck-soo, with voting on it due Friday, according to news agency Yonhap.

COMMODITIES: Oil edged lower on Thursday in light holiday trade as the dollar's strength offset hopes for additional fiscal stimulus in China, the world's biggest oil importer. Brent crude futures settled down 32 cents, or 0.43%, at \$73.26 a barrel. U.S. West Texas Intermediate crude closed at \$69.62, down 0.68%, or 48 cents, from Tuesday's pre-Christmas settlement. Chinese authorities have agreed to issue 3 trillion yuan (\$411 billion) worth of special treasury bonds next year, Reuters reported on Tuesday, citing two sources, as Beijing ramps up fiscal stimulus to revive a faltering economy.

- Spot gold rose 0.8% to \$2,634.39 per ounce. U.S. gold futures added 0.7% to \$2,654.60. Gold prices rose on Thursday, driven by safe-haven demand amid light trading volumes following the Christmas holiday, as markets await signals regarding the U.S. economy under the incoming Trump administration and Federal Reserve's rate strategy for 2025.

Domestic News

Government Sells IDR5 Trillion in Bonds Through Private Placement

The government received an injection of fresh funds from the sale of IDR5 trillion in bonds through a Private Placement on December 24. Referring to the publication of the Indonesian Ministry of Finance, the issuance of Government Bonds through a private placement was carried out on December 20. The type of SUN issued is Fixed Rate (FR) series FR0065 which can be traded on the secondary market. This SUN only has a tenor of less than 10 years because it will mature on May 15, 2033. The government provides a coupon of 6.625% for this series. Meanwhile, the yield rate is given at 7.030%. Throughout 2024, the issuance of SUN (gross issuance) until the last SUN auction on December 10, has reached IDR1,056.72 trillion. 4.34% higher than the Finance Ministry's projection for 2024. In several auctions of conventional and sharia series of debt securities, the government has pushed for early funding of the 2025 State Budget. The last government sukuk (SBSN) auction held last week, the government sold IDR 8 trillion. The auction brought the pre-funding value of the 2025 State Budget to IDR 80.86 trillion. The pre-funding value of the 2025 State Budget has exceeded the pre-funding value of the 2024 State Budget which reached IDR 39.07 trillion. Referring to the latest publication, as of November the Indonesian Government's debt position reached IDR 8,680.13 trillion, up 1.39% compared to the previous month. This value reflects a debt-to-GDP ratio of almost 40%, or more precisely 39.20% of GDP. The government's debt maturity profile at the end of last month recorded an average time maturity of 8.01 years. (Bloomberg Technoz)

Corporate News

MDKA: This is Why Pefindo Gives MDKA idA+ Rating for IDR 15T Bonds

PEFINDO has assigned an idA+ rating to the planned Shelf Registration Bond V in 2024 with a maximum value of IDR 15 trillion to be issued by gold mining issuer PT Merdeka Copper Gold Tbk (MDKA). At the same time, PEFINDO has also affirmed the idA+ rating for MDKA, as well as Shelf Registration Bond III and Shelf Registration Bond IV. The outlook for the Company's rating is stable. The rating reflects MDKA's vertically integrated business activities, well-diversified business, and adequate mining reserves and resources. The rating is constrained by moderate financial policies and capital structure as well as exposure to commodity price fluctuations. The rating may be raised if MDKA successfully operates new projects owned and generates higher revenue or EBITDA than projected which will have a positive impact on the financial condition and can further improve the Company's financial profile. The rating could be lowered if MDKA generates lower revenue or profit margins than projected due to new projects that are not operating optimally and aggressively increasing debt to finance capital expenditures without being accompanied by increasing revenue or EBITDA which could impact the Company's increasingly aggressive capital structure. (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 7.022%. However, there is still room for the yield to rebound to the uptrend channel resistance area of 7.203-7.213%.

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

PRICE OF BENCHMARK SERIES

FR0090 : 96.070 (+0.01%)

FR0091 : 96.178 (-0.01%)

FR0092 : 99.733 (-0.02%)

FR0094 : 96.704 (+0.00%)

FR0086 : 98.163 (-0.03%)

FR0087 : 97.293 (+0.01%)

FR0083 : 103.470 (+0.01%)

FR0088 : 93.801 (+0.13%)

CDS of Indonesia Bonds

CDS 2yr: +0.05% to 36.835

CDS 5yr: +0.11% to 77.482

CDS 10yr: +0.14% to 126.655

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.05%	-0.02%
USDIDR	16,195	0.12%
KRWIDR	11.10	-0.44%

Global Indices

Index	Last	Chg.	%
Dow Jones	43,325.80	28.77	0.07%
S&P 500	6,037.59	0.00	0.00%
FTSE 100	8,102.72	0.00	0.00%
DAX	19,848.77	0.00	0.00%
Nikkei	39,568.06	437.63	1.12%
Hang Seng	19,883.13	0.00	0.00%
Shanghai	3,398.08	4.73	0.14%
Kospi	2,429.67	(10.85)	-0.44%
EIDO	18.66	0.05	0.27%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,633.6	16.7	0.64%
Crude Oil (\$/bbl)	69.62	(0.48)	-0.68%
Coal (\$/ton)	126.75	0.00	0.00%
Nickel LME (\$/MT)	15,292	0.00	0.00%
Tin LME (\$/MT)	28,542	0.00	0.00%
CPO (MYR/Ton)	4,543	(15.0)	-0.33%

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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