

# Morning Briefing

Daily | January 03, 2025

Today's Outlook:

**MARKET SENTIMENT:** US ISM Manufacturing PMI (Dec), US ISM Manufacturing Prices (Dec)

**REGIONAL MARKETS:** Investors in Asia will continue to assess the political uncertainty in South Korea as the country's corruption watchdog seeks to execute an arrest warrant for impeached President Yoon Suk Yeol, according to local media Yonhap News. Yoon's short-lived martial law attempt on Dec. 3 has led to a political turmoil in the country. China's commerce ministry plans to impose export restrictions on certain technology used to make battery components and for processing critical minerals like lithium and gallium, according to a notice issued on Thursday. The public can submit feedback on the proposal until Feb. 1.

**FIXED INCOME & CURRENCIES:** U.S. Treasury yields churned between gains and losses on a volatile first trading day for the new year. The yield on the 10-year Treasury fell more than 1 basis point at 4.561%. The 2-year Treasury yield was last at 4.246% after falling less than 1 basis point. Yields and bond prices have an inverted relationship. One basis point equals 0.01%. Treasury yields were lower earlier on Thursday, drifted higher in late morning trading, and then dipped again in the afternoon. The benchmark 10-year Treasury yield traded as low 4.517, and as high as 4.599%. The US dollar was trading higher on Thursday, the first day of 2025 trading, on hopes that U.S. growth will beat peers, a more hawkish Fed stance and expectations for the incoming Donald Trump administration. The Dollar index rose 7% in 2024 as traders drastically cut back Fed rate-cut expectations in the wake of the projections of the policymakers after the December policy-setting meeting. The US central bank projected just two 25 bp rate cuts in 2025 at its last policy meeting of the year, a sharp reduction from the four cuts it had indicated in September. In fact, markets are currently only pricing in 42 bps of cuts from the US central bank in 2025, with the return of Donald Trump to the White House adding a degree of uncertainty given his policies of looser regulation, tax cuts, tariff hikes and tighter immigration are seen as both pro-growth and inflationary. Focus turns to the release later in the session of weekly jobless numbers as well as the December S&P Global manufacturing PMI number, for clues towards the strength of the US economy.

The Euro traded 0.9% lower to 1.0258, following the more than 6% drop in 2024. Data released earlier Thursday showed that manufacturing activity in the eurozone declining at a faster rate at the end of the year, offering scant signals of an imminent recovery. HCOB's final eurozone manufacturing Purchasing Managers' Index, compiled by S&P Global, dipped to 45.1 in December, with the downturn broad-based as the bloc's three largest economies - Germany, France and Italy - were stuck in an industrial recession. Traders expected more interest rate cuts from the European Central Bank in 2025, with markets pricing in 113 basis points of easing, much more than the Federal Reserve.

**COMMODITIES:** Oil prices rose about 2% on Thursday as investors returned for the first trading day of the new year with an optimistic eye on China's economy and fuel demand after a pledge by President Xi Jinping to promote growth. Brent crude futures rose USD1.47, or 2%, to USD76.11 a barrel, after gaining 65 cents on Tuesday, the last trading day of 2024. U.S. West Texas Intermediate crude climbed USD1.62, or 2.3%, at USD73.34.

Domestic News

Deputy Minister of Manpower Discloses Data on 60 Collapsed Textile Factories - 250 Thousand Layoffs

Deputy Minister of Manpower Immanuel Ebenezer Gerungan opened data related to the number of textile factories that collapsed reaching 60 factories with a total layoff of around 250 thousand people. This happened in the period 2022 to 2024. The man who is familiarly called Noel revealed that he got the data from the Chairman of the Association of Filament Fiber and Yarn Producers (APSyFI), Redma Gita Wirawasta. The cause of the collapse of the 60 textile factories was due to illegal imports (smuggling) which worsened the condition of the textile and textile product (TPT) industry. "According to APSyFI, in the last two years 60 factories were threatened by illegal imports, resulting in 250 thousand layoffs. I ask, is APSyFI's data correct? If it is true, then the relevant agencies should take concrete steps," he said in a written statement, Thursday (2/1/2025). Noel quoted APSyFI's complaint: illegal imports not only weaken TPT, but also the petrochemical industry, the main raw material for textiles, namely Purified Terephthalic Acid (PTA). According to (APSyFI), this condition triggers de-industrialization. He reminded that the impact of layoffs is not as simple as it seems on the surface. One worker is laid off, the direct impact can affect 4 people (plus wife and 2 children), then the impact on Micro, Small and Medium Enterprises (MSMEs). MSMEs as service providers ranging from traders in markets, stalls, retail gasoline sellers to rented houses, will be affected. "Economists know better about the impact of layoffs. The Ministry of Manpower always hopes for a better economy, so layoffs are far away," he said. Noel hopes that the Smuggling Prevention and Eradication Desk, formed by Coordinating Minister for Political and Security Affairs Budi Gunawan and Minister of Finance Sri Mulyani, should succeed in preventing smuggling so that layoffs in the textile industry can be reduced. (CNBC Indonesia)

Corporate News

RAJA: Giving RAJA idA+ Rating, This is Pefindo's Reasoning

Pemeringkat Efek Indonesia (Pefindo) has assigned Rukun Raharja (RAJA) an idA+ rating with a stable outlook. The rating reflects a strong market position, guaranteed contract schemes, and a strong financial profile. The rating is limited by exposure to the risk of commodity price fluctuations, and the risk of a concentrated customer profile. The rating can be upgraded if Happy Hapsoro's oil and gas company successfully improves its overall inter-stream business. Especially the midstream and downstream businesses, accompanied by a strong financial profile. The rating could be downgraded if the company, made by Megawati's son-in-law, has a much larger debt than projected, significantly weakening its capital structure and cash flow protection, without being compensated by stronger business performance. The rating will also be depressed if the company fails to maintain relatively guaranteed end-to-end contracts, especially the downstream business, faces the risk of gas supply depletion, or if fluctuations in commodity prices or the macro economy occur, will have an adverse impact on business and financial performance. (Emiten News)

Recommendation

Starting the year of 2025, US10YT formed a long-legged doji in last year's highs in the yield range of 4.638% - 4.74%. Now it may be prone for a consolidation as warned by the leading indicator RSI negative divergence. Advise: use MA10 as trailing stop; if the yield finally closes below 4.568% (up to 4.507%) then anticipate strengthening bond prices towards the following Support: 4.421% / 4.36% / 4.33%.

ID10YT is actually still undergoing an upward trend in the PARALLEL CHANNEL (pink) pattern where the current position is indeed testing the psychological Support level around 7.0% up to 6.96%. The anticipation of a yield rebound occurs around this area in this uptrend is still assumed to be intact, therefore the bond price will soon continue its medium-term weakening trend again.

PRICE OF BENCHMARK SERIES

FR0090	: 96.200 (+0.00%)
FR0091	: 96.468 (+0.11%)
FR0092	: 100.139 (-0.05%)
FR0094	: 96.592 (-0.02%)
FR0086	: 98.170 (+0.00%)
FR0087	: 97.538 (+0.03%)
FR0083	: 103.697 (+0.01%)
FR0088	: 94.221 (+0.04%)

CDS of Indonesia Bonds

CDS 2yr:	-0.48% to 38.005
CDS 5yr:	-0.67% to 78.484
CDS 10yr:	-0.32% to 129.705

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.00%	0.00%
USDIDR	16.195	0.58%
KRWIDR	11.00	0.80%

Global Indices

Index	Last	Chg.	%
Dow Jones	42,392.27	(151.95)	-0.36%
S&P 500	5,868.55	(13.08)	-0.22%
FTSE 100	8,260.09	87.07	1.07%
DAX	20,024.66	115.52	0.58%
Nikkei	39,894.54	(386.62)	-0.96%
Hang Seng	19,623.32	(436.63)	-2.18%
Shanghai	3,262.56	(89.20)	-2.66%
Kospi	2,398.94	(0.55)	-0.02%
EIDO	18.77	0.29	1.57%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2.657.9	33.4	1.27%
Crude Oil (\$/bbl)	73.13	1.41	1.97%
Coal (\$/ton)	124.60	(0.65)	-0.52%
Nickel LME (\$/MT)	15.078	(250.0)	-1.63%
Tin LME (\$/MT)	28.557	(526.0)	-1.81%
CPO (MYR/Ton)	4.333	(115.0)	-2.59%

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)	4.42	2.48	Govt. Spending Yoy	4.62%	1.42%
Exports Yoy	9.14%	10.25%	FDI (USD bn)	7.45	4.89
Imports Yoy	0.01%	17.49%	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
<b>Monday</b>	US	21.45	MNI Chicago PMI	-	Dec	42.8	40.2
30 – December							
<b>Tuesday</b>	-	-	-	-	-	-	-
31 – December							
<b>Wednesday</b>	-	-	-	-	-	-	-
01 – January							
<b>Thursday</b>	ID	07.30	S&P Global Indonesia PMI Manufacturing	-	Dec	-	49.6
02 – January	US	19.00	MBA Mortgage Applications	-	Dec 20	-	-0.7%
	US	19.00	MBA Mortgage Applications	-	Dec 27	-	-
	US	20.30	Initial Jobless Claims	-	Dec 28	-	219k
	US	21.45	S&P Global US Manufacturing PMI	-	Dec F	48.3	48.3
<b>Friday</b>	US	22.00	ISM Manufacturing	-	Dec	48.3	48.4
03 – January							

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



## Research Division

### Head of Research

**Liza Camelia Suryanata**

Equity Strategy, Macroeconomics,  
Technical  
T +62 21 5088 ext 9134

### Analyst

**Axell Ebenhaezer**

Mining, Property  
T +62 21 5088 ext 9133  
E Axell.Ebenhaezer@nhsec.co.id

### Analyst

**Ezaridho Ibnutama**

Consumer Goods, Poultry, Healthcare  
T +62 21 5088 ext 9126  
E ezaridho.ibnutama@nhsec.co.id

### Analyst

**Richard Jonathan Halim**

Technology, Transportation  
T +62 21 5088 ext 9128  
E Richard.jonathan@nhsec.co.id

### Analyst

**Leonardo Lijuwardi**

Banking, Infrastructure  
T +62 21 5088 ext 9127  
E leonardo.lijuwardi@nhsec.co.id

### Research Support

**Amalia Huda Nurfalah**

Editor & Translator  
T +62 21 5088 ext 9132  
E amalia.huda@nhsec.co.id

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## PT. NH Korindo Sekuritas Indonesia

### JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51<sup>st</sup> Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 5088 9102

### Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15311

Indonesia

Telp : +62 21 509 20230

### Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Telp : +62 411 360 4650

### Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 860 22122

### Branch Office Bandengan (Jakarta Utara):

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

### Branch Office Kamal Muara (Jakarta Utara):

Rukan Exclusive Mediterania

Blok F No.2

Jakarta Utara 14470

Indonesia

Telp : +62 24 844 6878

### Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 1330

### Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

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