

Morning Briefing

Today's Outlook:

US MARKET: Equity markets were closed on Thursday (09/01/25), a National Day of Mourning declared by President Joe Biden, as a final tribute to the passing of former US President Jimmy Carter who passed away at the age of 100. As for yesterday, US Treasury yields finally fell from an 8-month high (in markets that closed earlier at 14:00 local time), while the US Dollar strengthened against several other major world currencies, with investors re-evaluating the Federal Reserve's interest rate policy for 2025 as signs of US economic resilience emerged.

MARKET SENTIMENT: The benchmark 10-year US TREASURY YIELD fell 0.45 basis points to 4.689%. The yield peaked at 4.73% on Wednesday, the highest since April 2024. On Friday, the closely watched US NONFARM PAYROLL will provide crucial clues on the Fed's interest rate policy outlook. The market fully expects only one rate cut of 25 basis points in 2025. This labor data adds another factor to consider in addition to the December FOMC Meeting minutes released on Wednesday that showed central bank officials are concerned President-elect Donald Trump's proposed tariffs and immigration policies could prolong the fight against inflation. The market sell-off in government bonds continued on Wednesday after a CNN report that Trump is considering declaring a national economic emergency to provide legal justification for a series of universal levies on allies and enemies.

EUROPE MARKETS: POUNDSTERLING headed for biggest 3-day drop in almost 2 years. The global bond selloff in recent weeks and concerns about the UK economy have kept the Pound under pressure and have also hit government bonds particularly hard, pushing yields to their highest level in 16.5 years. European stocks closed higher after slipping into negative territory in the early session. Gains in the Health Service and Basic Materials sectors offset losses in the Retail sector.

- **GERMAN Industrial Production (Nov)** unexpectedly rose much stronger than expected, growing 1.5% mom instead of the forecast 0.5% and the previous month which contracted 0.4%.

ASIAN MARKETS: Investors in Asia are approaching the end of a volatile week with hopes that the calm in the US Dollar and US bond market can provide positive sentiment to the regional market session this Friday. Across emerging markets, inflation is the tightest since November 2023. China's latest inflation figures released yesterday were also not very encouraging. CPI (Dec) fell 0.1% yoy from 0.2% in the previous month. PPI (Dec) also still contracted 2.3% more or less in-line with forecasts, reinforcing the view that deflationary pressures there will not end until 2025, according to Barclays economists' forecast; not to mention if the new Trump administration in Washington follows through on its aggressive tariff threats Trump has promised to impose a general tariff of 10% on global imports to the United States and a much higher tariff of 60% on goods from China.

- **Investors in JAPAN are looking for early signs that the recent wage agreement (the highest in decades) is starting to boost consumer spending.** In fact, Japan Household Spending rose 0.4% mom in Nov, higher than the -0.9% forecast; providing conditions for the BANK OF JAPAN to raise short-term interest rates soon.

CURRENCY: The DOLLAR INDEX (DXY) traded slightly below 109.54, last week's high which is the previous high for November 2022. The DXY rose 0.12% to 109.15, with the Euro down 0.18% at USD1.0299. POUNDSTERLING was last down 0.44% at USD1.2307, having touched its lowest level since November 2023 the day before. China's YUAN stabilized near a 16-month low versus the Dollar as the country's central bank announced record overseas Yuan sales to support the currency.

Domestic News

RI Limits Exports of Used Cooking Oil and Palm Oil Residue for Domestic Needs

The government has officially restricted the export of Palm Oil Mill Effluent (POME), High Acid Palm Oil Residue (HAPOR), and Used Cooking Oil (UCO) starting January 8, 2025. Minister of Trade Budi Santoso said that the policy, stipulated in Minister of Trade Regulation No. 2/2025 on Export Requirements for Palm Oil Derivative Products, aims to ensure the availability of crude palm oil (CPO) raw materials for the cooking oil industry and support the implementation of B40. "Following up on the President's [Prabowo Subianto] directive, we emphasize that the government's top priority at this time is to ensure the availability of palm oil raw materials for the cooking oil industry and support the implementation of B40," Budi said in a statement on Thursday (9/1/2025). Although he realized the impact of the policy, Budi emphasized that the government prioritizes the interests of the domestic industry. Furthermore, he said that the regulation not only regulates the export policy of residual palm oil derivative products, namely POME and HAPOR, and UCO, but also the conditions for obtaining Export Approval (PE). (Bisnis)

Corporate News

INPP: Initial Issuance of Paradise Indonesia Bonds INPP Oversubscribed

PT Indonesian Paradise Property Tbk (INPP: IJ), a company engaged in the hospitality, commercial, and property sales sector known for its iconic properties issued Indonesian Paradise Property Bonds I in 2025 with oversubscription of almost 2 times at the end of the bookbuilding period. This shows investor confidence in INPP's growth prospects which is supported by several main factors such as solid cash flow as a company with stable INPP recurring income, good market position with good asset quality, and a superior hotel brand network, as well as a track record of completing medium-scale projects in various strategic locations in Indonesia. The public offering of Indonesian Paradise Property Bonds I in 2025 worth half a trillion or IDR 500 billion is a strategic step with the aim of refinancing debt and for equity participation in Subsidiaries that are building projects in Semarang. President Director of Indonesian Paradise Property, Anthony P Susilo said, "We are grateful for the successful issuance process of Indonesian Paradise Property Bond I Year 2025. This achievement underlines the strong confidence of investors in Paradise Indonesia's future prospects. This bond has received an idAAA(cg) rating from PEFINDO. This bond is fully underwritten, unconditionally and irrevocably by the Credit Guarantee & Investment Facility ("CGIF), the trust fund institution of the Asian Development Bank. This bond was listed on the Indonesia Stock Exchange on January 9, 2025. With this alternative source of funding, Paradise Indonesia also has wider room to expand its portfolio through a number of strategic projects, including Antasari Place in Jakarta, 23 Paskal - Extension in Bandung, 23 Semarang, and mixed-use properties in Balikpapan and Makassar. (Kontan)

Recommendation

US10YT is stuck in the resistance area from the highest point in the last 8 months around 4.74%. RSI negative divergence indicates the possibility of an immediate pullback, at least to the first Support: MA10 at a yield of 4.63% or MA20 / 4.56%; most likely triggered by US NONFARM PAYROLL (Dec) data which will be released Friday night Indonesian time. If the figure that comes out is more or less the same or lower than 164 thousand, indicating a trend of job openings in the public sector decreasing from 227 thousand the previous month; then it has the potential to make the Federal Reserve return to its dovish path. ADVISE: WAIT & SEE.

ID10YT is also hovering high around the highest level in the last 8 months, very close to the Resistance area of 7.27% - 7.33%. Haunted by RSI negative divergence, the SUN yield seems to be preparing for a moment of consolidation if US10YT also goes down the mountain. Support area on this uptrend: 7.07% up to psychological level 7.0%. ADVISE: WAIT & SEE.

PRICE OF BENCHMARK SERIES

FRO090 : 96.217 (-0.07%)

FRO091 : 95.613 (-0.31%)

FRO092 : 99.346 (-0.07%)

FRO094 : 96.593 (+0.00%)

FRO086 : 98.221 (-0.05%)

FRO087 : 96.751 (-0.23%)

FRO083 : 102.905 (-0.20%)

FRO088 : 93.281 (-0.09%)

CDS of Indonesia Bonds

CDS 2yr: +0.07% to 37.080

CDS 5yr: +2.34% to 80.002

CDS 10yr: +0.03% to 126.815

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.21%	0.03%
USDIDR	16.200	0.03%
KRWIDR	11.11	0.08%

Global Indices

Index	Last	Chg.	%
Dow Jones	42.635.20	106.84	0.25%
S&P 500	5.918.25	9.22	0.16%
FTSE 100	8.319.69	68.66	0.83%
DAX	20.317.10	(12.84)	-0.06%
Nikkei	39.605.09	(375.97)	-0.94%
Hang Seng	19.240.89	(38.95)	-0.20%
Shanghai	3.211.39	(18.78)	-0.58%
Kospi	2.521.90	0.85	0.03%
EIDO	18.36	(0.02)	-0.11%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2.667.3	5.3	0.20%
Crude Oil (\$/bbl)	73.92	0.60	0.82%
Coal (\$/ton)	115.75	(1.70)	-1.45%
Nickel LME (\$/MT)	15.482	31.0	0.20%
Tin LME (\$/MT)	29.852	(227.0)	-0.75%
CPO (MYR/Ton)	4.296	(58.0)	-1.33%

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	1.57%	1.55%	Cons. Confidence*	125.90	121.10

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	US	22.00	Factory Orders	-	Dec	-0.4%	0.2%
06 – January	US	22.00	Durable Goods Order	-	Nov F	-0.4%	-1.1%
Tuesday	US	20.30	Trade Balance	-	Nov	-\$78.2B	-\$73.8B
07 – January	US	22.00	ISM Services Index	-	Dec	53.5	52.1
Wednesday	US	19.00	MBA Mortgage Applications	-	Jan 3	-	-
08 – January	US	20.30	Initial Jobless Claims	-	Jan 4	216k	211k
	US	20.15	ADP Employment Change	-	Dec	133k	146k
Thursday	US	22.00	Wholesale Inventories MoM	-	Nov F	-0.2%	-0.2%
09 – January							
Friday	US	20.30	Change In Nonfarm Payrolls	-	Dec	160k	227k
10 – January	US	20.30	Unemployment Rate	-	Dec	4.2%	4.2%
	US	22.00	University of Michigan Sentiment	-	Jan P	73.9	74.0

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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