

Today's Outlook:

US MARKET SENTIMENT: U.S. Treasury yields jumped to their highest level since November 2023 after the latest jobs data came in stronger than economists had forecast. The 10-year Treasury yield added nearly six basis points at 4.745%. The 2-year Treasury surged more than 10 basis points at 4.369%. One basis point is equal to 0.01% and yields and prices move in opposite directions. U.S. payrolls grew by 256,000 in December, while economists polled by Dow Jones expected to see an increase of 155,000. The unemployment rate, which was projected to remain at 4.2%, fell to 4.1% during the month. Traders give 97% odds that the Fed stands pat on rates at its meeting later in January, and they now think the central bank will hold rates where they are in the March meeting as well, based on fed funds futures trading.

ASIAN MARKETS: Asia-Pacific markets mostly fell Friday, with investors assessing November pay and household spending out from Japan. Real household spending in Japan fell 0.4% year on year in November, a softer fall compared to the 0.6% decline expected by a Reuters poll of economists. The fall was also less than the 1.3% decline seen in October. The average real income per household stood at 514,409 yen (\$3,252.98) in November, up 0.7% from the previous year. Separately, the People's Bank of China announced it it would suspend treasury bond purchases temporarily, Reuters reported. This was due to the bonds being in short supply, with the PBOC adding it would resume bond buying depending on supply and demand in the government bond market.

CURRENCY: The US Dollar Index jumped 0.5% to 109.67, and had earlier hit 109.91 -- its highest level since November 2022. The U.S. dollar index surged to multi-year highs on Friday, hitting a level that an expert said would mark the pricing in of the 'Trump Trade,' leaving little room for further upside and creating an opportunity to turn bearish on the greenback. The euro, on the other hand, dropped to its lowest since November 2022 versus the greenback. The single euro zone currency was last down 0.5% at \$1.0244, falling for a second straight week. A significant number of foreign exchange forecasters expect the euro to reach parity with the dollar in 2025, a Reuters poll showed this week.

COMMODITIES: Oil prices jumped on Friday as the U.S. Treasury Department announced sweeping sanctions against Russia's oil industry. Brent gained \$2.84, or 3.69%, to close at \$79.76 per barrel, while U.S. crude oil advanced \$2.65, or 3.58%, to settle at \$76.57 per barrel. The benchmarks closed at their highest levels since October. The sanctions target Russian oil companies Gazprom Neft and Surgutneftegas and their subsidiaries, more than 180 tankers, and more than a dozen Russian energy officials and executives. The sanctioned executives include Gazprom Neft CEO Aleksandr Valeryevich Dyukov. The sanctioned vessels are mostly oil tankers that are part of Russia's "shadow fleet" that has dodged existing sanctions on the country's energy exports, according to the Treasury Department.

- Gold prices rebounded on Friday as uncertainty surrounding the incoming Trump administration's policies lifted safe-haven appeal, even as a stronger-than-expected U.S. employment data reinforced expectations the Federal Reserve might not cut interest rates as aggressively this year. Spot gold was up 0.5% to \$2,688.40 per ounce, while U.S. gold futures rose 1% to \$2,717.60. Gold prices briefly slipped to \$2,663.09 an ounce after data showed the U.S. added 256,000 jobs last month, compared with economists' estimate of a rise of 160,000. The unemployment rate stood at 4.1%, compared with a forecast of 4.2%. Bullion prices, however, quickly rebounded and are now trading near their highest levels since Dec. 13, poised for a weekly gain of more than 1%.

Domestic News

SRBI Debt Due in Mid-2025 Above IDR 100 Trillion, Rupiah Will Be Impacted

The large maturing debt of Bank Indonesia (BI) Rupiah Securities in May and June 2025 is feared to affect the stability of the rupiah exchange rate. Bank Permata Chief Economist Josua Pardeede noted that foreign investor ownership of SRBI had decreased significantly to 24.27% at the end of December 2024. According to him, the decrease in foreign ownership indicates weakening interest of foreign investors in SRBI. "So that it can increase the risk of weakening of the rupiah exchange rate if there is a capital outflow at maturity," said Josua to Kontan, Friday (10/1). In addition, Josua also assessed that the increase in SRBI yield to 7.3% for a 12-month tenor at the end of 2024 indicates a higher risk premium, in line with global conditions full of uncertainty. Although the yield offered has increased, the strengthening of the US dollar against global currencies amid risk off sentiment has also become a major obstacle to attracting more investors. Therefore, BI is considered to have to make major interventions to maintain the stability of the rupiah exchange rate, especially amid uncertain global sentiment. "The global sentiment is like the hawkish policy of the Fed and the threat of trade tariffs," he said. "BI is expected to continue the new SRBI auction, although with a more limited increase considering the condition of the US Treasury yield curve which is not inverted. However, this strategy can increase BI's monetary operating costs," he explained. Furthermore, Josua also estimates that BI will maintain its policy interest rate at a high level to support the stability of the rupiah exchange rate, although this can suppress credit growth and economic activity. (Kontan)

Corporate News

Pegadaian: Prepare Bond Repayment Funds of IDR 590.61 Billion

PT Pegadaian conveyed its readiness to make bond payments that will mature on February 16, 2025. Launching an information disclosure, Friday (10/1) Pegadaian Treasury Division Head Luh Putu Adarini said, the company has prepared funds to pay off the payment of Pegadaian Sustainable Bonds V Phase V Year 2024 Series A amounting to IDR 590.61 billion. "Pegadaian will pay off the bond principal with the source of funds from banking loan facilities," she said in an information disclosure, Friday (10/1). Luh Putu explained that the projected remaining banking ceiling as of January 31, 2025 was sufficient to pay off the bonds. For information, the series A bonds are part of the Shelf Registration Bonds V Phase V in 2024 which was issued in early 2024. Where, the principal amount of the bonds is IDR 791.8 billion with an interest rate of 6.2%. In this phase V issuance, Pegadaian issued bonds in two series with the same interest rate. Series A has a term of 370 days with an offered value of IDR 590.61 billion, while Series B has a term of three years with a principal value of IDR 201.19 billion. Pegadaian said that all funds obtained from the Public Offering of Pegadaian Phase V Shelf Registration Bonds, after deducting issuance costs, will be used for additional working capital for financing business activities for all of the Company's products. (Kontan)

Recommendation

US10YT is closing in on its major uptrend channel resistance 4.83-4.85% after the higher-than-anticipated Non Farm Payroll number was posted. US10YT broke out of its 4.74% resistance, but RSI negative divergence indicates a possible pull-back in the medium-term to the 4.52% support. NHKSI is of the opinion the major upwards trend of the 10-year bond yield is due to the expansionary nature of the in-coming Trump administration which has switched fund managers and investors to adopt a more aggressive investment style. ADVISE: SPECULATIVE BUY.

ID10YT has corrected from the major uptrend channel pattern resistance at 7.22%. This correction followed an RSI negative divergence formation, and this correction may be for the minor term at least until the nearest support of 7.06-7.07%. However, the trend may likely continue to its next support at 7.02% if investors begin to re-allocate more interest away from China's 10-Year Bond Yields (which is forming an RSI positive divergence at a strong support zone of 1.64%) ADVISE: SPECULATIVE BUY.

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*	127.70	125.90

PRICE OF BENCHMARK SERIES

FR0090 : 96.196 (-0.02%)

FR0091 : 95.762 (+0.16%)

FR0092 : 99.395 (+0.05%)

FR0094 : 96.583 (+0.00%)

FR0086 : 98.251 (+0.03%)

FR0087 : 96.896 (+0.15%)

FR0083 : 102.909 (+0.00%)

FR0088 : 93.595 (+0.34%)

CDS of Indonesia Bonds

CDS 2yr: +0.01% to 37.085

CDS 5yr: +0.98% to 80.787

CDS 10yr: +0.00% to 126.810

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.18%	-0.03%
USDIDR	16,185	-0.09%
KRWIDR	10.99	-1.13%

Global Indices

Index	Last	Chg.	%
Dow Jones	41,938.45	(696.75)	-1.63%
S&P 500	5,827.04	(91.21)	-1.54%
FTSE 100	8,248.49	(71.20)	-0.86%
DAX	20,214.79	(102.31)	-0.50%
Nikkei	39,190.40	(414.69)	-1.05%
Hang Seng	19,064.29	(176.60)	-0.92%
Shanghai	3,168.52	(42.87)	-1.34%
Kospi	2,515.78	(6.12)	-0.24%
EIDO	18.25	(0.11)	-0.60%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,689.8	22.5	0.84%
Crude Oil (\$/bbl)	76.57	2.65	3.58%
Coal (\$/ton)	113.50	(2.25)	-1.94%
Nickel LME (\$/MT)	15,658	176.0	1.14%
Tin LME (\$/MT)	29,886	34.0	0.11%
CPO (MYR/Ton)	4,391	95.0	2.21%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	-	-	-	-	-	-	-
13 – January							
Tuesday	US	20.30	PPI Final Demand MoM	-	Dec	0.4%	0.4%
14 – January							
Wednesday	ID	14.20	BI-Rate	-	Jan 15	6.00%	6.00%
15 – January	US	19.00	MBA Mortgage Applications	-	Jan 10	-	-3.7%
	US	20.30	Empire Manufacturing	-	Jan	3.0	0.2
	US	20.30	CPI MoM	-	Dec	0.3%	0.3%
	US	20.30	CPI YoY	-	Dec	2.9%	2.7%
Thursday	US	20.30	Retail Sales Advance MoM	-	Dec	0.6%	0.7%
16 – January	US	20.30	Initial Jobless Claims	-	Jan 11	210k	201k
Friday	US	20.30	Housing Starts	-	Dec	1325k	1289k
17 – January	US	21.15	Retail Sales Advance MoM	-	Dec	0.3%	-0.1%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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