

Morning Briefing



NH KORINDO
SEKURITAS INDONESIA

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Today's Outlook:

US MARKET: 10-year US Treasury bond yields touched a 14-month high as the US economy's resilience and strong inflation continued to prompt investors to consider the possibility that the Federal Reserve will end its easing cycle.

MARKET SENTIMENT: Investors are anxiously awaiting Wednesday's US CPI (Dec) reading, while US PPI will precede later in the evening released around 20.30 hrs, where consensus says US producer-level inflation may rise 0.4% on a monthly basis, versus the same figure for the previous month. Markets are bracing themselves for any upside surprise which could fuel concerns that the Fed will halt its interest rate cuts. A poll of economists polled by Reuters gave an average prediction for an annual increase of 2.9%, up from 2.7% in November, and for a monthly increase of 0.3%. As noted, investors have been haunted by fears of inflationary trends heating up again due to the tariff, migration and tax policies of the incoming administration of US President-elect Donald Trump. The market expects about 27 basis points of cuts from the Fed this year, with the largest chance of 52.9% on a cut in June. The next FOMC MEETING is scheduled for January 28-29 and is widely expected to only result in an unchanged interest rate decision.

ASIA & EUROPE MARKETS: CHINA reported an above expected increase in their Export - Import growth in December, resulting in a stronger Trade Balance (Dec) surplus. Today follows their New Loans data for Dec which is also expected to grow further. While in continental Europe, GERMANY & EUROZONE await the ZEW Economic Sentiment figures for their respective regions, to forecast business optimism over the next 6 months.

CURRENCY & FIXED INCOME: The DOLLAR INDEX briefly reached its highest level in over 2 years at a peak of 110.17, before finally closing up 0.26% at 109.94. EURO fell 0.23% to \$1.022. Against the Japanese YEN, the dollar weakened 0.03% to 157.64.

The 10-year US TREASURY YIELD touched a 14-month high of 4.805% and was last up 1.6 basis points at 4.79%.

COMMODITIES: OIL prices rose about 2% to a 4-month high as traders expected broader US sanctions on Russian oil to force buyers in India and China to look for other suppliers. US crude aka US WTI rose \$2.25 to \$78.82 a barrel and BRENT rose to \$1.25 to \$81.01. Goldman Sachs estimates that Russian vessels targeted by new sanctions transport 1.7 million barrels of oil per day (bpd) by 2024, or 25% of Russian exports. The bank affirmed its projection for the \$70-\$85 Brent price range to be bullish. The surge in energy prices adds to investors' anxiety over the potential for inflation to spike, but at the same time a stronger US dollar could also reduce energy demand as it would make oil more expensive for non-US buyers. In addition, higher interest rates, which are meant to curb rising inflation, may also reduce energy demand as it will increase borrowing costs and slow economic growth.

With the dollar strengthening, GOLD fell 0.9% to \$2,664.49 per ounce. Gold is generally inversely related to bond yields & the Dollar.

Domestic News

Government Wants to Force Financial Institutions to Fund Downstream, DPR: There Should Be Incentives

Member of Commission XI DPR Fathi warned that the government should not arbitrarily require financial institutions to fund downstream projects. He supports the discourse, but the government also needs to provide incentives to financial institutions. Fathi believes that financial institutions will not necessarily want to finance downstream projects. Therefore, he emphasized the importance of incentives so that banks and non-bank financial institutions are willing to take risks in downstream projects. The Democratic Party politician feels that equitable downstreaming will not only increase the economic added value of domestic products, but also open up decent employment opportunities in the industrial sector to the younger generation. Therefore, he added, there needs to be cooperation between stakeholders to accelerate the downstreaming of natural resources to realize Indonesia's economic independence. According to Fathi, if financial institutions actively participate in financing downstream projects, the dependence on the state budget will be reduced. "However, I would also like to remind that this funding access is inclusive and does not only benefit certain sectors such as nickel. The bauxite sector, which has great potential, also needs serious attention," he said. For information, the discourse on the obligation of banks and non-bank financial institutions to finance downstream projects emerged after the establishment of the Task Force for the Acceleration of Downstream and National Energy Security. President Prabowo Subianto appointed Minister of Energy and Mineral Resources (ESDM) Bahilil Lahadalia to head the task force. Bahilil also revealed that one of Prabowo's tasks is to encourage banks to participate in financing downstream projects. (Business)

Corporate News

SMMA: Refinancing, Sinarmas Group Touts IDR 800 Billion Bonds

Sinarmas Multiartha (SMMA) is offering bonds of IDR 800 billion. The bonds are part of the ongoing bonds III with a total projection of IDR 5 trillion. Well, the 2025 phase II bonds greeted the market in three series. Namely, Series A amounting to IDR 100 billion with a fixed interest rate of 7 percent per year with a term of 370. Bond payment is 100 percent at maturity. Series B amounting to IDR 500 billion with a fixed interest rate of 8.25 percent per year with a duration of 3 years. Payment of bonds 100 percent at maturity. Series C amounting to IDR 200 billion with a fixed interest rate of 9 percent per year with a period of 5 years from the date of issuance. Bond payments are made in full 100 percent at maturity. Bond interest is paid every 3 months from the issuance date, according to the payment date of each bond interest. The first bond interest payment will be made on April 17, 2025, while the last bond interest payment as well as the bond maturity is on January 27, 2026 for series A bonds, then on January 17, 2028 for Series B bonds, and on January 17, 2030 for series C bonds. All proceeds from the bond issuance, after deducting issuance costs, will be channeled entirely as loans to subsidiaries for early repayment of subsidiaries' debt and working capital of subsidiaries. Namely, IDR 575 billion will be used for early repayment of Sinarmas Multifinance (SMMF) bonds. Then, IDR 225 billion will be used for Sinarmas Multifinance's financing working capital based on applicable laws and regulations. The working capital includes additional working capital for the company in lending to Sinarmas Multifinance's debtor candidates. Sinarmas Multiartha's bond schedule is as follows. Bond public offering period on January 13-14, 2025. Allotment on January 15, 2025. (Emiten News)

Recommendation

In line with the Dollar Index, US10YT has been trending up vigorously above the MA10 platform. However, there is a possibility of US10YT temporarily halting its uptrend at the Resistance area around 4.87%. Investors are closely monitoring the Dec US Inflation data which will be released starting later tonight Indonesian time: US PPI, followed by US CPI tomorrow Wednesday. RSI which has entered Oversold territory, slightly hints to anticipate a possible pullback at the resistance. Nearest yield support: 4.7% - 4.6% / 4.44%.

Similar to US10YT, ID10YT has also touched the Resistance region at 7.225% yield in this uptrend channel pattern. The Shooting Star candle followed by Bearish Engulfing, plus RSI negative divergence seems to signal a potential pullback towards the MA foundation Support at 7.07% up to 7.04%. ADVISE: inversely proportional to yield, anticipate strengthening bond prices soon.

PRICE OF BENCHMARK SERIES

FR0090 : 96.186 (-0.01%)

FR0091 : 95.338 (-0.44%)

FR0092 : 98.325 (-1.08%)

FR0094 : 96.607 (+0.02%)

FR0086 : 98.249 (-0.01%)

FR0087 : 96.495 (-0.41%)

FR0083 : 101.661 (-1.21%)

FR0088 : 92.802 (-0.85%)

CDS of Indonesia Bonds

CDS 2yr: +0.07% to 37.110

CDS 5yr: +2.10% to 82.482

CDS 10yr: +0.02% to 126.830

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.27%	0.09%
USDIDR	16.275	0.56%
KRWIDR	11.10	1.02%

Global Indices

Index	Last	Chg.	%
Dow Jones	42.297.12	358.67	0.86%
S&P 500	5.836.22	9.18	0.16%
FTSE 100	8.224.19	(24.30)	-0.29%
DAX	20.132.85	(81.94)	-0.41%
Nikkei	39,190.40	(414.69)	-1.05%
Hang Seng	18.874.14	(190.15)	-1.00%
Shanghai	3.160.76	(7.77)	-0.25%
Kospi	2.489.56	(26.22)	-1.04%
EIDO	18.22	(0.03)	-0.16%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2.663.2	(26.6)	-0.99%
Crude Oil (\$/bbl)	78.82	2.25	2.94%
Coal (\$/ton)	114.50	1.00	0.88%
Nickel LME (\$/MT)	15.901	243.0	1.55%
Tin LME (\$/MT)	29.866	(20.0)	-0.07%
CPO (MYR/Ton)	4.500	109.0	2.48%

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

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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