

Today's Outlook:

**US MARKET:** US Treasury yields also depreciated after a mixed set of economic data and official Federal Reserve comments indicating the possibility of more interest rate cuts in the future. Market participants seem to be taking a Wait & See attitude. A resilient economy, persistent inflation, and comments from Federal Reserve policymakers are still the main themes fueling concerns regarding the future of interest rates.

**MARKET SENTIMENT:** After Wednesday's US CPI data, it was the turn of the US Retail Sales report which was released yesterday and showed a below expected increase in December. In other data, the number of Americans filing new applications for unemployment benefits also increased more than expected last week but remained at levels consistent with a healthy labor market. Retail Sales (Dec) only grew 0.4% mom, lower than both the forecast and the previous month. Initial Jobless Claims came in at 217k, higher than expected and the previous week. One significant piece of data was the US Philadelphia Fed Manufacturing Index which sheds light on general business conditions in Philadelphia; the indicator skyrocketed to its highest point since May 2021.

- Later tonight at around 2030 Western Indonesia Time will be awaited data surrounding the property sector from the US such as Building Permits & Housing Starts (Dec); plus Industrial Production (Dec).

**FIXED INCOME & CURRENCIES:** US TREASURY YIELD fell as investors reacted to comments by Fed Governor Christopher Waller who said three or four rate cuts this year are still possible if US economic data weakens further. Waller also said that there is still a possibility of a rate cut in May. While waiting for President-elect Donald Trump's inauguration on Monday, January 20, investors are closely monitoring statements from US Senate Finance Committee member Scott Bessent, Trump's nominee to lead the Treasury Department. Bessent said extending Trump's 2017 tax cuts is a top priority, that the Fed should remain independent, and that he is prepared to impose tougher sanctions on Russia's oil sector. This follows his prepared remarks that the US should prioritize investment to grow the economy over "wasteful spending that drives inflation. Offsetting Trump's uncertainty factor regarding his tariff policy, Bessent is considered a less controversial figure and so far most of his comments are in line with market expectations. This reinforces the view that this administration is pro-market and pro-business with Bessent being a pivotal appointment.

- The US DOLLAR weakened as traders digested mixed economic data while assessing the prospects of a Fed rate cut this year and preparing for the incoming US administration. The DOLLAR INDEX, which measures the greenback's strength against a basket of major currencies, fell 0.05% to 108.98. The EURO was up 0.09% at \$1.0298 while against the Japanese YEN, the Dollar weakened 0.82% to 155.18. Comments from Governor Kazuo Ueda have prompted traders to estimate a more than 70% chance that the BANK OF JAPAN will raise interest rates next week.

- The benchmark 10-year US TREASURY YIELD fell 3.8 basis points to 4.615%, from 4.653% late Wednesday. The 30-year US Treasury yield fell 2.2 basis points to 4.8556%. The yield on the 2-year bond, which typically moves in line with Fed rate policy expectations, fell 2.5 basis points to 4.239%, from 4.264%.

**EUROPE & ASIA MARKETS:** Economic indicators circulating in Europe: UK Industrial & Manufacturing Production for Nov fell lower than expected, no wonder Nov GDP was unable to meet expectations despite having emerged from recession compared to the previous month. Today it's their turn to release the Dec Retail Sales figure which consensus expects a massive annual growth of 4.2% yoy compared to previous month which was only 0.5%.

- Talking about Dec CPI, GERMANY has reported their inflation rate heating up as expected at 2.6% yoy. Today EUROZONE will follow suit with CPI (Dec) forecast to still experience growth at the same 2.4% yoy as the previous period although on a monthly basis prices are expected to be no longer in deflationary territory; likewise Core CPI at 2.7% yoy same as Nov.

- From the Asian continent, CHINA will be in the spotlight today as market participants await a series of data from them including: Q4 GDP which is expected to reach a level of 5.0% yoy and 1.6% qoq (should be higher than the previous quarter at 0.9%). Also keeping them company are Retail Sales, Industrial Production, and Unemployment Rate data, all of which are for Dec.

Domestic News

**Prabowo Asked for Infrastructure Projects to be Transferred to Private Sector, AHY Says This**

Coordinating Minister for Infrastructure and Regional Development Agus Harimurti Yudhoyono (AHY) opened his voice regarding infrastructure projects that will mostly be transferred to the private sector, responding to President Prabowo Subianto's statement that he wants to give most of the infrastructure projects to private companies. "Oh yes, of course we have to present good cooperation between the government and the private sector," said AHY when met after the National Conference (Munas) Consolidation of the Indonesian Kadin Association at the Ritz Carlton Mega Kuningan, Jakarta, Thursday (16/1/2025). According to him, if the private sector develops, it will open up great opportunities, including presenting a developed infrastructure. On the same occasion, President Prabowo Subianto emphasized that he wants to give a bigger role to the private sector. "There are those who say I stopped infrastructure projects, it is not true, I did not stop," Prabowo said during his speech. The number one person in Indonesia said that most of the infrastructure will be handed over to private companies to build toll roads, ports, and airports. (Bisnis)

Corporate News

**PGAS: PGN Rating Increased to Baa2 Level, Why?**

Moody's Ratings (Moody's) upgraded the standalone Baseline Credit Assessment (BCA) to PGN (PGAS) from baa3 to baa2. PGN also maintains its consolidated credit rating at Baa2 with a Stable Outlook. This upgrade reflects PGN's consistency in maintaining financial health and stability, supported by the successful repayment of bonds in the second quarter of 2024 and the contribution of operational performance. In its report, Moody's noted that PGN's Retained Cash Flow (RCF) to debt ratio reached 48% as of September 30, 2024, up from 35% in 2022. This performance exceeds the threshold required for the Baseline Credit Assessment rating upgrade. "This upgrade reflects our expectation that PGN will consistently maintain its financial metrics, mainly driven by stable operational and financial performance along with debt reduction efforts," said Erman Zhang, Moody's Ratings Analyst (15/1/2025). (Emiten News)

Recommendation

**US10YT seems to have started moving below the MA10 & MA20 Support which is usually its uptrend platform since the bottom yield last December at 4.126%.** This trend, which is different from its previous habits, indicates that US10YT is losing ground and may temporarily continue to consolidate towards Support 4.45% - 4.40%.

**ID10YT seems to be looking for certainty in this uptrend after being stuck at the Resistance area around 7.41%.** If this level is not passed then the yield has more potential to retreat first towards Support: 7.13% up to 7.02%-7.0%; especially when the RSI is currently in Overbought territory.

PRICE OF BENCHMARK SERIES

FR0090 : 96.332 (+0.10%)

FR0091 : 95.649 (+0.28%)

FR0092 : 98.235 (-0.19%)

FR0094 : 96.607 (+0.00%)

FR0086 : 98.314 (+0.03%)

FR0087 : 97.075 (+0.39%)

FR0083 : 101.698 (+0.33%)

FR0088 : 93.043 (+0.65%)

CDS of Indonesia Bonds

CDS 2yr: -2.03% to 36.350

CDS 5yr: -0.90% to 76.938

CDS 10yr: -1.40% to 125.025

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.17%	-0.09%
USDIDR	16.360	0.25%
KRWIDR	11.24	0.30%

Global Indices

Index	Last	Chg.	%
Dow Jones	43.153.13	(68.42)	-0.16%
S&P 500	5.937.34	(12.57)	-0.21%
FTSE 100	8.391.90	90.77	1.09%
DAX	20.655.39	80.71	0.39%
Nikkei	38.572.60	128.02	0.33%
Hang Seng	19.522.89	236.82	1.23%
Shanghai	3.236.03	8.92	0.28%
Kospi	2.527.49	30.68	1.23%
EIDO	18.36	(0.14)	-0.76%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2.714.3	18.0	0.67%
Crude Oil (\$/bbl)	78.68	(1.36)	-1.70%
Coal (\$/ton)	114.70	0.25	0.22%
Nickel LME (\$/MT)	15.963	113.0	0.71%
Tin LME (\$/MT)	29.576	(16.0)	-0.05%
CPO (MYR/Ton)	4.186	(82.0)	-1.92%

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)	155.72	150.20	Current Acc (USD bn)	(2.15)	-3.02
Trd Balance (USD bn)	4.37	2.48	Govt. Spending Yoy	4.62%	1.42%
Exports Yoy	9.10%	10.25%	FDI (USD bn)	7.45	4.89
Imports Yoy	0.23%	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
<b>Monday</b>							
13 – January							
<b>Tuesday</b>							
	US	20.30	PPI Final Demand MoM	-	Dec	0.4%	0.4%
14 – January							
<b>Wednesday</b>							
	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%
<b>Thursday</b>							
	US	20.30	Retail Sales Advance MoM	-	Dec	0.6%	0.7%
16 – January							
	US	20.30	Initial Jobless Claims	-	Jan 11	210k	201k
<b>Friday</b>							
	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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