

# Morning Briefing

Daily | January 20, 2025

Today's Outlook:

**US MARKET:** The core consumer price index rose less than expected year on year, and the producer price index also had a smaller-than-anticipated increase for December.

**MARKET SENTIMENT:** US Markets will close due to Martin Luther King Jr. Day, as markets take a breather before taking in Trump's inauguration on Tuesday, 21-Jan-2025. Germany's December PPI MoM is expected to feel a slowdown at 0.3% compared to November's higher 0.5%. This bodes an ill-fated omen as December historically holds a ramp-up of orders from the holiday season driving up prices.

**FIXED INCOME & CURRENCIES:** Treasury yields were little changed on Friday after sharply falling earlier in the week, as investors assess the U.S. inflation outlook. The 10-year Treasury was up one basis point at 4.617%. The 2-year Treasury yield inched up 4 basis points at 4.278%. One basis point is equal to 0.01%, and yields and prices have an inverted relationship. Treasury yields plummeted on Wednesday, with the 10-year yield sliding 13 basis points, and the 2-year yield dropping 10 basis points. Earlier this week, the benchmark yield hit its highest level in 14 months. That was after December's consumer price index was published, and the core inflation rate slowed to 3.2% on an annual basis, lower than the 3.3% forecast by economists polled by Dow Jones. Core inflation, excluding volatile food and energy prices, grew 0.2% on a monthly basis, which was also lower than expected. Headline inflation was up 0.4% on a monthly basis and 2.9% on an annual basis.

**- DOLLAR INDEX,** which measures the U.S. currency against six other units, up 0.34% at 109.33, away from a more than two-year high touched at the start of the week. The index was set for a drop of about 0.25% in the week as of the afternoon session, which would snap a six-week run of gains. The dollar held gains against the yen on Friday, but ended the week lower after a six-week winning streak, as investors await Donald Trump's presidential inauguration and clarity on the course of the incoming administration's policies. The yen was poised for its strongest weekly performance in over a month as expectations for a Bank of Japan rate hike next week grew, putting the dollar on the back foot. It climbed more than 1% against the dollar this week, reversing last week's decline, and touched a one-month high of 154.98 per dollar earlier on Friday. The greenback was last up 0.68% against the yen at 156.165.

**EUROPE & ASIA MARKETS:** Asia-Pacific markets traded mixed Friday as investors parse a slew of economic data out of China. China's economy expanded by 5% year on year in 2024, with an upswing in the final quarter of the year. The country's fourth-quarter GDP beat expectations with a 5.4% growth. China's retail sales in December jumped 3.7% from a year earlier, exceeding Reuters' forecast of 3.5%. Industrial output expanded 6.2% from a year earlier, versus expectations of 5.4%.

**COMMODITIES:** Oil prices fell slightly on Friday but posted a fourth consecutive week of gains, as the latest U.S. sanctions on Russian energy trade heightened expectations for oil supply disruptions. Brent crude futures lost 50 cents to close at \$80.79 per barrel. U.S. West Texas Intermediate crude futures dropped 80 cents to settle at \$77.88 a barrel. Oil prices gained more than 1% for the week. Last Friday, the Biden administration unveiled broader sanctions targeting Russian oil producers and tankers. Investors are also assessing potential implications of Donald Trump's return to the White House next Monday. Trump's pick for Treasury secretary said he was ready to impose tougher sanctions on Russian oil.

**- GOLD prices** were pressured by an uptick in the U.S. dollar on Friday, but remained on track for a weekly gain as uncertainties around incoming President Donald Trump's policies and renewed bets of further rate cuts lifted bullion above the key \$2,700 level. Spot gold eased 0.4% to \$2,701.03 per ounce, while U.S. gold futures settled 0.1% lower to \$2,748.70. Gold hit over one-month high on Thursday, \$65.6 away from its all-time high of \$2,790.15 hit in October. Prices have gained 0.8% so far for the week, their third straight weekly gain after softer-than-expected U.S. core inflation figures on Wednesday intensified speculation of more than a single rate cut from the Fed.

Domestic News

Indonesia Threatens to 'Complain' to Trump if Europe Doesn't Open Palm Oil Trade

The government hopes that palm oil exports to the European Union will resume smoothly after Indonesia's victory at the World Trade Organization (WTO) which proved that the European Union discriminated against Indonesian palm oil. The victory will smooth the export of Indonesian palm oil and biodiesel products to Europe. Coordinating Minister for Economic Affairs Airlangga Hartarto said that the government is still waiting for the European Union to open its trade taps for Indonesian palm oil products. "[To facilitate palm oil exports to the European Union] they must open," he said at the Coordinating Ministry for Economic Affairs office, Friday (17/1/2025). The European Union has up to 60 days - if it does not object to the WTO Panel's decision - to open its trade taps with Indonesia. Basically, the WTO panel's decision can only be adopted after a period of 20-60 days without any objections from the disputing parties, in this case the EU. If there is no appeal during this period, the opportunity for Indonesian palm oil and biodiesel products to enter the EU is wide open. Airlangga even said that he would complain about Europe to US President-elect Donald Trump, who will officially take office on January 20, 2025, if the Blue Continent did not open its trade routes with RI. "If you don't open it ... We will tell Mr. Trump," he said, ending with a smile while laughing. Furthermore, Airlangga said it did not rule out the possibility of the European Union filing an appeal against the WTO decision. However, in essence, the WTO has decided that it is true that the European Union is discriminating against Indonesian palm oil products. (Bisnis)

Corporate News

SRAJ: Mayapada Hospital Holds EGM, Seeks Approval to Release IDR 1.89 Trillion Notes

Issuer of Mayapada Hospital (RS), PT Sejahteraraya Anugrahjaya Tbk (SRAJ) plans to hold an Extraordinary General Meeting of Shareholders (EGMS) on Monday (10/2/2025). Based on the disclosure of information from the Indonesia Stock Exchange (IDX) on (18/1/2025), the EGMS of PT Sejahtera Anugrahjaya Tbk (SRAJ) will discuss two agenda items by asking for shareholder approval. First, approval of the confirmation of the company's shareholder composition in connection with the fulfillment of the Indonesia Stock Exchange (IDX) Regulation Number I-A in conjunction with the Decree of the IDX Board of Directors No. Kep00101/BEI/12-2021 which regulates the free float and number of shareholders. Second, shareholder approval of the company's plan to issue US dollar-denominated debt securities, amounting to USD 125 million or IDR 1.89 trillion through an offering that is not a public offering or an offering of debt securities conducted without a public offering. Sejahteraraya Anugrahjaya Tbk (SRAJ) or the manager of Mayapada Hospital owned by tycoon Dato Sri Tahir, in a previous announcement, stated that it would issue debt securities of USD 125 million or IDR 1.89 trillion. SRAJ plans to issue debt securities with BCSS Maverick Holdings I, LP as investor 1, which will absorb 50% of the principal amount of debt securities or USD 62.5 million, equivalent to IDR 946.1 billion. (Bisnis)

Recommendation

**US10Y** has formed a hammer candle in support 4.623% after correcting in the trend-line resistance at 4.8%. However, we expect a bounce back to resistance trend-line area at 4.89-4.91% when markets are back open on Tuesday for Trump's inauguration day.

**ID10Y** has retreated back into the uptrend channel pattern area after forming a doji candle in resistance 7.33%. We expect a minor sideways movement between 7.135-7.190%. However, RSI has formed a negative divergence. Thus, there is a possibility the ID10Y could reach support 7.075%.

## 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

## PRICE OF BENCHMARK SERIES

FR0090 : 96.463 (+0.14%)

FR0091 : 96.007 (+0.37%)

FR0092 : 98.784 (+0.56%)

FR0094 : 96.603 (+0.00%)

FR0086 : 98.416 (+0.10%)

FR0087 : 97.443 (+0.38%)

FR0083 : 102.078 (+0.37%)

FR0088 : 93.427 (+0.41%)

## CDS of Indonesia Bonds

CDS 2yr: -2.03% to 36.350

CDS 5yr: +0.74% to 77.508

CDS 10yr: -1.40% to 125.025

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.14%	-0.04%
USDIDR	16.365	0.03%
KRWIDR	11.24	-0.04%

## Global Indices

Index	Last	Chg.	%
Dow Jones	43,487.83	334.70	0.78%
S&P 500	5,996.66	59.32	1.00%
FTSE 100	8,505.22	113.32	1.35%
DAX	20,903.39	248.00	1.20%
Nikkei	38,451.46	(121.14)	-0.31%
Hang Seng	19,584.06	61.17	0.31%
Shanghai	3,241.82	5.79	0.18%
Kospi	2,523.55	(3.94)	-0.16%
EIDO	18.50	0.14	0.76%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,703.3	(11.1)	-0.41%
Crude Oil (\$/bbl)	77.88	(0.80)	-1.02%
Coal (\$/ton)	117.25	2.55	2.22%
Nickel LME (\$/MT)	16,097	134.0	0.84%
Tin LME (\$/MT)	29,775	199.0	0.67%
CPO (MYR/Ton)	4.190	4.0	0.10%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
<b>Monday</b>							
20 – January							
<b>Tuesday</b>							
21 – January							
<b>Wednesday</b>	ID	14.20	BI-Rate	-	Jan 15	6.00%	6.00%
22 – January	US	19.00	MBA Mortgage Applications	-	Jan 17	-	33.3%
	US	20.30	Leading Index	-	Dec	-0.1%	0.3%
<b>Thursday</b>	US	20.30	Initial Jobless Claims	-	Jan 18	220k	217k
23 – January							
<b>Friday</b>	US	20.30	S&P Global US Manufacturing PMI	-	Dec	49.9	49.4
24 – January	US	21.15	University of Michigan Sentiment	-	Dec	73.2	73.2
	US	21.15	Existing Home Sales	-	Dec	4.20m	4.15m

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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