

# Morning Briefing

Daily | January 21, 2025

Today's Outlook:

**ALL EYES ON TRUMP** - Investors greeted DONALD TRUMP's inauguration with fanfare on Monday, saying it signaled a pro-business agenda and that markets were relieved that protectionist trade policies could be implemented more measuredly than many had feared. Trump also outlined a series of executive orders, the first steps in enacting a wide-ranging agenda to expand American territory, curb immigration, increase fossil fuel production, and repeal environmental regulations. Trump's inauguration as the 47th US President and second time entering the White House has brought a number of changes to the market for what he might sign in his first 24 hours in office, some of which are as follows:

- **The imposition of tariffs and taxes on a number of countries, and an overhaul of the trading system.** He issued a trade memo that did not immediately impose new tariffs on major trading partners. Instead, trade relations with CHINA, CANADA, & MEXICO will be assessed and reviewed further before he decides what steps to take. Wall Street CEOs think the new US administration will be business-friendly and good for bank profits.

- **National energy emergency: Trump and his allies have signaled that they will quickly approve new oil, gas and power projects that normally take years to get permits.** His "Drill, baby, Drill" slogan during the presidential campaign is likely to soon spawn an executive order that focuses on Alaska, as a state critical to US national security; and could authorize the shipment of liquefied natural gas to other parts of the United States and to allied countries. The policy to end the moratorium on LNG export licenses is part of a broader strategy to strengthen the economy.

- **Trump has pledged to help bring a swift end to the Russia-Ukraine war by easing some restrictions to allow for a deal.** Russian President VLADIMIR PUTIN congratulated Trump, saying he was open to dialog with the new US administration on Ukraine and nuclear weapons.

- **MIDDLE EAST CONFLICT: easing tensions keep oil prices low.** Hamas and Israel exchanged hostages and prisoners on Sunday marking the first day of a ceasefire after 15 months of war. Yemen's Houthi group pledged to only target Israeli-linked ships after the ceasefire in Gaza, the Sanaa-based Humanitarian Operations Coordination Center said.

- Shortly after the inauguration, US border authorities said they had shut down Biden's program that allowed hundreds of thousands of migrants to enter the US legally by scheduling appointments on an app. Existing appointments were canceled.

**CURRENCY & FIXED INCOME:** US stock and bond markets were closed in observance of Martin Luther King Jr. Day, but forex markets opened, and the sharp drop in the overall US DOLLAR reflected relief among investors that Trump appears to be scaling back tariff rhetoric in favor of a less aggressive approach. The DOLLAR INDEX (DXY) slumped 1%, its biggest drop since August. The dollar has rallied about 10% since September alongside a surge in the US TREASURY YIELD of more than 100 basis points, a tightening of financial conditions that hit Asian and emerging markets particularly hard.

Domestic News

**Prabowo Slashes National Capital Budget to Fill IDR 100 Trillion Free Nutritious Meal Program Deficit**

President Prabowo Subianto reduced the budget for infrastructure including the development of the National Capital City (IKN) channeled through the state budget. The cuts occurred when the National Nutrition Agency (BGN) requested additional funding for the Free Nutritious Meal program of IDR 100 trillion. Spokesperson for the Presidential Communications Office (PCO), Dedek Prayudi (Uki) ensured that the budget cut had no impact on the speed of the construction of the National Capital City. ""The budget has indeed decreased compared to 2024, but that's not because the commitment has been lowered, no. Because there is a state budget ceiling for IKN development. Because there is indeed a ceiling on the state budget for the construction of IKN, only a few tens of percent," he explained at a press conference in Bandung, quoted Monday (1/20/2024). Uki said the APBN disbursed for IKN had almost reached the limit. Thus, the government will begin to focus on the development of IKN using investment injections from the private sector. For this reason, the government will certainly start boosting investment in IKN this year to cover the development budget needs. "But what is clear is that the commitment to build IKN has not decreased at all. But I emphasize once again, President Prabowo's commitment to IKN is no lower than President Jokowi's commitment," he added. This year Uki said that until now the construction of IKN is still ongoing. One of the projects that is being accelerated is the construction of the Great Mosque at IKN. (Bisnis)

Corporate News

**Pegadaian: Pefindo Gives idAAA Ratings to Several Pegadaian Bonds**

Securities rating agency, Pefindo, gives idAAA ratings to several bonds issued by PT Pegadaian that will soon mature. The debt securities issued by PT Pegadaian as referred to are as follows: Continuous Bonds V Phase V Year 2024 Series A (rated idAAA) worth IDR590.6 billion will mature on February 16, 2025, Continuous Bonds V Phase I Year 2022 Series B (rated idAAA) worth IDR598 billion will mature on April 26, 2025 and Continuous Sukuk II Phase I Year 2022 Series B (rated idAAA(sy)) worth IDR320 billion will mature on April 26, 2025. Pegadaian plans to pay off the maturing debt securities using external funds, supported by unused credit facilities recorded at IDR7.5 trillion as of September 2024. In addition, the Company recorded cash and cash equivalents of IDR714.1 billion as of the end of September 2024 and estimated receipt of financing installments of IDR18.6 trillion per month. Pegadaian provides pawn and micro-financing services, supported by a network consisting of 12 regional offices and 4,153 office units located in various regions in Indonesia as of September 30, 2024. The company is included in the Ultra Micro Holding and is 99.99998% owned by PT Bank Rakyat Indonesia (Persero) Tbk (idAAA/Stable), and is controlled by the Government of Indonesia through Dwiwarna shares. (Emiten News)

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 : 96.461 (+0.00%)

FR0091 : 95.958 (-0.05%)

FR0092 : 98.589 (-0.20%)

FR0094 : 96.603 (+0.00%)

FR0086 : 98.473 (+0.06%)

FR0087 : 97.417 (-0.03%)

FR0083 : 102.092 (+0.01%)

FR0088 : 93.422 (-0.01%)

## CDS of Indonesia Bonds

CDS 2yr: -0.98% to 36.460

CDS 5yr: -1.30% to 76.504

CDS 10yr: -0.89% to 125.135

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.16%	0.02%
USDIDR	16.360	-0.03%
KRWIDR	11.37	1.19%

## 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	8.520.54	15.32	0.18%
DAX	20.990.31	86.92	0.42%
Nikkei	38.902.50	451.04	1.17%
Hang Seng	19.925.81	341.75	1.75%
Shanghai	3.244.38	2.56	0.08%
Kospi	2.520.05	(3.50)	-0.14%
EIDO	18.50	0.14	0.76%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2.708.2	5.0	0.18%
Crude Oil (\$/bbl)	77.88	(0.80)	-1.02%
Coal (\$/ton)	118.15	0.90	0.77%
Nickel LME (\$/MT)	16.102	5.0	0.03%
Tin LME (\$/MT)	30.390	615.0	2.07%
CPO (MYR/Ton)	4.206	16.0	0.38%

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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