

Today's Outlook:

**US MARKET:** US President Donald Trump said he was demanding interest rates be lowered soon (even globally), giving the stock market a boost amid investor caution in the face of further financial developments. In a sign of his upcoming policies, Trump told business leaders at the World Economic Forum in Davos, Switzerland, on Thursday that he wanted to lower global oil prices, interest rates and taxes, and warned of tariffs on exports to the United States. As is known, investors are most concerned about Trump's possible tariff plans. Without new details, uncertainty weighed on the bond market. US Treasury yields rose for a second day as bond investors braced for tariffs that could trigger inflation. From an economic indicator perspective, the latest US INITIAL JOBLESS CLAIMS data yesterday showed that there was an increase in jobless claims by 6,000 from the last week recorded (higher than expected). Today will be the day of PMI announcements in many parts of the world, including the US which will also release Existing Home Sales (Dec) figures.

**EUROPEAN & ASIAN MARKETS:** - GERMANY & EUROZONE will be looking forward to today's PMI data, followed by the UK.

- In CHINA, the government announced plans to channel hundreds of billions of Yuan of investment from state-owned insurance companies into stocks, just after Trump said he proposed imposing 10% tariffs on Chinese imports. The blue-chip CSI300 index ended up 0.18%, while the Yuan weakened against the Dollar to 7.289 in offshore trading.

**CURRENCY & FIXED INCOME:** The DOLLAR INDEX (DXY), which measures the greenback's strength against a basket of six major currencies, dipped to a near 2-week low of 108.10. The EURO was steady at \$1.04180, while the POUNDSTERLING rose to \$1.2353. After Trump's comments on interest rates, the rate-sensitive 2-year US TREASURY was largely unchanged, as the FEDERAL RESERVE, like many other central banks worldwide, is independent.

**Head of the BOJ's policy decision on Friday, the dollar rose to a one-week high against the yen at 156.19 before retreating to 155.97. The market has fully priced in a 25 basis point interest rate hike at the end of the BOJ meeting, to a 17-year high of 0.5%. BOJ Governor Kazuo Ueda's press conference will be awaited by market participants regarding the next policy scenario, which is most likely to be a dovish one for Japanese assets, with the BOJ more likely to dampen; rather than stoke investor expectations; regarding the pace of further tightening, even as wage growth picks up. While waiting for the BOJ meeting, JAPAN has also released its national inflation figures (Dec) which have indeed warmed up as expected, especially if confirmed by the growth of the au Jibun Bank Services PMI (Jan). COMMODITIES:** OIL prices remain below \$80 a barrel, under pressure after Trump said he would ask Saudi Arabia and OPEC to lower oil prices. Investors are also concerned about how Trump's proposed tariffs could affect global economic growth and energy demand. The price of BRENT crude oil also fell 1.4% to \$ 77.89 per barrel.

**INDONESIA** will await the growth figure for Foreign Direct Investment (FDI) compared to previous data at 18.6% yoy as of October, the highest since July 2023.

Domestic News

Get Ready! New Export Proceeds (DHE) Regulations Effective March 1, 2025

The government will soon revise Government Regulation (PP) No. 36/2023 concerning Export Proceeds (DHE) from Business Activities, Management and/or Processing of Natural Resources (SDA). The new regulation is planned to be enforced on March 1, 2025. Coordinating Minister for Economic Affairs Airlangga Hartarto explained that the new policy on DHE retention has been discussed by the government. In the new regulation, the government will enforce DHE retention of 100% for a period of one year. As an illustration, the government in the previous regulation imposed DHE retention or detention of 30% with a minimum period of three months. "Regarding this policy, the government will immediately revise PP No. 36 and it will be enforced on March 1 this year. And for that, BI, OJK, banking, Customs and Excise will prepare the system, and therefore later we will also provide socialization to stakeholders," he told reporters at the Presidential Palace Complex, Jakarta, Tuesday (21/1/2025). Airlangga said the new DHE policy would apply equally to both private and state-owned enterprises. This means there is no special treatment. He said the DHE retention of 100% for one year had been compared with neighboring countries, such as Malaysia and Thailand. After meeting with President Prabowo Subianto to discuss this, the government also agreed to provide a number of incentives to exporters for the new DHE obligations that will be enforced. In addition to the exemption from income tax rates, exporters can use the DHE placement instrument as collateral for back-to-back rupiah credit from banks or the Indonesian Export Financing Institution (LPEI) for rupiah needs domestically. These facilities, said Airlangga, will be provided to the coal mineral sector, as well as other natural resources including palm oil, fisheries and forestry. However, the oil and natural gas sectors are not included. Airlangga then revealed that this DHE can be converted into rupiah and calculated as a reduction in the percentage of the DHE placement obligation. (Bisnis)

Corporate News

PALM Pays Off Debt, Provident (PALM) Offers IDR 612.2 Billion Bonds

Provident Investasi Bersama (PALM) will issue IDR 612.2 billion bonds. The bonds are part of the issuance of sustainable bonds II with a target of IDR 5 trillion. And, the company has offered IDR 1.93 trillion in bonds. Well, this time sustainable bonds II phase IV in 2025 are divided into two series. Namely, series A of IDR 353.53 billion with a fixed interest rate of 8.25 percent per year for a term of 367 days. And, series B worth IDR 258.67 billion with a fixed interest rate of 9.75 percent per year for a term of 3 years. Bond interest is paid quarterly. The first bond interest will be paid on May 13, 2025, while the last bond interest and bond repayment will be paid on February 20, 2026 for series A, and for series B on February 13, 2028. Repayment of each series is carried out in full when due. All proceeds from the bonds after deducting issuance costs, will be used to make accelerated payments on the company's principal debt to United Overseas Bank Limited (Bank UOB) based on a USD 75 million revolving credit facility agreement on August 31, 2023. That was last amended by an amendment agreement, and a restatement of the USD 135 million revolving credit facility agreement on May 30, 2024 between the company as the borrower, and Bank UOB as the lender, and arranger. On January 22, 2025, the company had withdrawn USD 68.50 million or equivalent to IDR 1.11 trillion. The company will make a principal payment of USD 37.2 million or equivalent to IDR 607.0 billion, so that the remaining balance of the company's loan after the payment is made will be IDR 31.3 million or equivalent to IDR 511.7 billion. The exchange rate assumption for translating financial obligations in US Dollars (USD) is the Bank Indonesia middle rate as of January 22, 2025, which is IDR 16,331 per USD. (Emiten News)

Recommendation

US10Y rebounds after reaching its 4.531% support, as post-Trump inauguration euphoria begins to wane leading to higher yields in the short-term. NHKSI Research is of the opinion US10Y has a high potential to return to the nearest 4.77% resistance.

ID10Y has continued its correction to the current 7.098% from the peak at 7.330%. NHKSI Research forecasts ID10Y has the potential to reach its 7.077-7.081% trendline support. Diminishing post-Trump euphoria may have aided in the lowering yield for Indonesia's benchmark 10-Year bonds.

PRICE OF BENCHMARK SERIES

FR0090 : 96.592 (-0.05%)

FR0091 : 96.334 (+0.02%)

FR0092 : 98.965 (+0.12%)

FR0094 : 96.603 (+0.00%)

FR0086 : 98.452 (-0.06%)

FR0087 : 97.613 (-0.06%)

FR0083 : 102.362 (+0.01%)

FR0088 : 93.530 (-0.04%)

CDS of Indonesia Bonds

CDS 2yr: +0.08% to 35.620

CDS 5yr: +0.24% to 74.524

CDS 10yr: +0.03% to 122.790

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.07%	-0.02%
USDIDR	16,280	-0.03%
KRWIDR	11.34	0.07%

Global Indices

Index	Last	Chg.	%
Dow Jones	44,565.07	408.34	0.92%
S&P 500	6,118.71	32.34	0.53%
FTSE 100	8,565.20	20.07	0.23%
DAX	21,411.53	157.26	0.74%
Nikkei	39,958.87	312.62	0.79%
Hang Seng	19,700.56	(78.21)	-0.40%
Shanghai	3,230.16	16.54	0.52%
Kospi	2,515.49	(31.57)	-1.24%
EIDO	18.85	0.04	0.21%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,754.9	(1.6)	-0.06%
Crude Oil (\$/bbl)	74.62	(0.82)	-1.09%
Coal (\$/ton)	116.50	(0.25)	-0.21%
Nickel LME (\$/MT)	15,668	(50.0)	-0.32%
Tin LME (\$/MT)	29,899	(373.0)	-1.23%
CPO (MYR/Ton)	4,190	(18.0)	-0.43%

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	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)	2.24	4.42	Govt. Spending Yoy	4.62%	1.42%
Exports Yoy	4.78%	9.14%	FDI (USD bn)	7.45	4.89
Imports Yoy	11.07%	0.01%	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>							
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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