

Morning Briefing

Today's Outlook:

US MARKET: White House press secretary Karoline Leavitt announced on Friday afternoon that the president's tariffs will be available for public inspection at some point Saturday. Trump will be leveling 25% tariffs on Canada and Mexico, alongside a 10% duty on China.

MARKET SENTIMENT: At the start of the week, Monday has a flurry of Economic data published in Indonesia for January. With January S&P Global Manufacturing PMI being published, January inflation (Forecasted to be 1.88% YoY and 0.32% MoM) will be posted as well as January Core Inflation (Forecasted to be 2.30%). This lower headline inflation forecasted means energy and food prices have been experiencing deflationary pressures in Indonesia. On the international stage, the markets will be reacting to the first implementation of his Trump tariffs which includes 25% levies on Canadian and to Mexican imports, and 10% on Chinese-made imports. With Trump re-iterating 100% tariffs on BRICS members and partner countries if any attempt of forming a BRICS currency is made to challenge the dollar, Indonesia (which recently joined BRICS+ as a partner member) will likely gain the negative sentiment.

- **ECONOMIC INDICATORS:** Friday's release of the December data for the US personal consumption expenditures price index — the Federal Reserve's preferred inflation gauge — showed an increase of 0.3% from November and a 2.6% annual rate. While this yearly advance was in line with economists' expectations, it marked an acceleration from the prior month's rate of 2.4%, raising some concerns that inflation remains sticky. Excluding food and energy, core PCE also increased 0.2% monthly and 2.8% on an annual basis.

FIXED INCOME & CURRENCIES: The dollar index rose 0.31% to 108.42. It gained 0.93% for the week, snapping two straight weeks of losses. The 10-year Treasury yield was up 5 basis points at 4.563%, and the 2-year Treasury yield was 2 basis points higher at 4.218%. One basis point is equal to 0.01%, and yields and prices move in opposite directions.

ASIAN MARKETS: The Tokyo consumer price index, excluding fresh food, rose 2.5% year on year in January, compared with 2.4% in the previous month. The latest reading is in line with Reuters' estimates. Japan's unemployment rate for December fell to 2.4% from 2.5% in the previous month, missing Reuters estimates of 2.5%. Meanwhile, Japan's retail sales for December climbed 3.7% from the previous year, while its industrial output figures for December grew at 0.3%, month on month, from the 2.2% drop in the month before.

- **The dollar strengthened 0.54% to 155.13 against the Japanese yen , notching three straight weeks of gains.** Bank of Japan Governor Kazuo Ueda said the central bank must maintain loose monetary policy to ensure underlying inflation gradually accelerates toward its 2% target. Data on Friday showed core inflation in Tokyo hit 2.5%, the fastest annual pace in nearly a year.

COMMODITIES: - **OIL prices eased on Friday and closed the week lower as investors awaited 25% tariffs by the United States on Canada and Mexico, expected on Saturday.** Brent crude futures for March, which expire on Friday, settled down 11 cents at \$76.76 a barrel. The more actively traded second month futures were down 31 cents, at \$75.58. Crude futures continue to drift as traders await the outcome of Trump's tariff threats, said Dennis Kissler, senior vice president of trading at BOK Financial. Canadian crude is used by many U.S. Midwest refineries and a curtailed flow will likely support fuel prices, he added. GOLD rose 0.6% to \$2,810.55 per ounce, after hitting a record high of \$2,817.23 earlier in the session. Gold prices surpassed the key \$2,800 mark for the first time ever on Friday, fuelled by a rush to safety on U.S. President Donald Trump's tariff threats, which heightened concerns about global economic growth and inflationary pressures.

Global News

Trump's Next Tariff Target, European Union Gives Harsh Warning

The European Union (EU) warned US President Donald Trump that the bloc will take countermeasures if he imposes tariffs on EU goods. This was in response to Trump's statement on Friday (31/1/2025) saying that he would "definitely" impose tariffs on the EU. The European Commission and member states will discuss the possibility at a trade ministerial meeting in Warsaw on Tuesday (4/2/2025). Launching Bloomberg on Monday (3/2/2025), a spokesperson for the European Commission said that the 27-member bloc is not aware of any additional tariffs imposed on EU products at this stage. He emphasized that trade and investment relations with the US are the largest in the world. The spokesperson said the use of tariffs harms all parties. The EU also regretted Trump's decision to impose tariffs on Canada, Mexico and China. "The EU will respond firmly to any trading partner that unfairly or arbitrarily imposes tariffs on EU goods," the spokesperson said. "There is a lot at stake. Meanwhile, according to Politico, French Industry Minister Marc Ferracci went so far as to demand a biting response from Brussels, which manages trade relations on behalf of the 27 EU member states. In light of Trump's threat to impose tariffs on the EU, Ferracci said it was clear that it had to react. However, he added that it was waiting for the US government's decision on what Europe's concerns would be. (Bisnis)

Corporate News

Lontar Papyrus: Pay off 2021 Bonds, Sinar Mas Subsidiary Prepares IDR 895 Billion

PT Lontar Papyrus Pulp & Paper Industry has paid off the principal of its Shelf Registration Bonds I Phase I year 2021 series B worth IDR 895.48 billion. This subsidiary of the Sinar Mas Group in 1994 started pulp production with a capacity of 450,000 tons per year. Director of Lontar Papyrus Kosim Sutiono in a written statement on Friday (31/1/2025) said that the Company had paid off the principal of the bonds amounting to IDR 895.48 billion. "The repayment was made on January 30, 2025 through the Indonesian Central Securities Depository to bondholders," said Kosim Sutiono. Citing its official website, it is known that PT Lontar Papyrus Pulp & Paper Industry (PT LPPPI) is located in Jambi Province, Southern Sumatra, about 100 kilometers from the Malacca Strait which divides Sumatra Island (Indonesia) with Singapore. Precisely in Tebing Tinggi Village, Tebing Tinggi District, West Tanjung, about 135 km from Jambi City. Sinar Mas, a company engaged in the pulp, tissue, and chemical production business Asia Pulp & Paper (APP) established PT LPPPI after acquiring PT Wirakarya Sakti in the 1990s. In 1994 the company started pulp production with a capacity of 450,000 tons per year. (Emiten News)

Recommendation

US10Y gained after reaching its narrow uptrend channel pattern support at 4.50-4.54% last week. NHKSI Research expects yields to rebound as bullish sentiment rises in the medium-to-long-term despite heavy turbulence.

ID10Y has confirmed to rebounding after forming a doji candle and a bullish harami pattern. NHKSI Research views an upwards swing in the yield with the nearest resistance being 7.022%

PRICE OF BENCHMARK SERIES

FRO090 : 96.725 (+0.03%)

FRO091 : 96.666 (-0.18%)

FRO092 : 98.845 (-0.04%)

FRO094 : 96.603 (+0.00%)

FRO086 : 98.639 (+0.12%)

FRO087 : 97.949 (-0.06%)

FRO083 : 102.857 (-0.18%)

FRO088 : 93.822 (-0.24%)

CDS of Indonesia Bonds

CDS 2yr: +0.79c% to 36.800

CDS 5yr: +0.85% to 76.558

CDS 10yr: +0.53% to 125.925

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.99%	0.02%
USDIDR	16.300	0.25%
KRWIDR	11.21	-0.50%

Global Indices

Index	Last	Chg.	%
Dow Jones	44.544.66	(337.47)	-0.75%
S&P 500	6.040.53	(30.64)	-0.50%
FTSE 100	8.673.96	27.08	0.31%
DAX	21.732.05	4.85	0.02%
Nikkei	39.572.49	58.52	0.15%
Hang Seng	20,197.77	0.00	0.00%
Shanghai	3,250.60	0.00	0.00%
Kospi	2.517.37	(19.43)	-0.77%
EIDO	18.30	(0.01)	-0.05%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2.798.4	3.8	0.14%
Crude Oil (\$/bbl)	72.53	(0.20)	-0.27%
Coal (\$/ton)	115.50	0.65	0.57%
Nickel LME (\$/MT)	15.210	(184.0)	-1.20%
Tin LME (\$/MT)	30.102	(167.0)	-0.55%
CPO (MYR/Ton)	4.289	10.0	0.23%

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
Monday	US	21.45	S&P Global US Manufacturing PMI	-	Jan F	50.1	50.1
03 – February	US	22.00	ISM Manufacturing	-	Jan	49.3	49.3
Tuesday	US	20.30	Factory Orders	-	Dec	0.5%	-0.4%
04 – February	US	22.00	Durable Goods Orders	-	Dec F	-	-2.2
Wednesday	US	19.00	MBA Mortgage Applications	-	Jan 31	-	-2.0%
05 – February	US	20.15	ADP Employment Change	-	Jan	153k	122k
	US	20.30	Trade Balance	-	Dec	-USD 80.4B	-USD 78.2B
	US	22.00	ISM Services Index	-	Jan	54.5	54.1
Thursday	US	20.30	Initial Jobless Claims	-	Feb 1	213k	207k
06 – February							
Friday	US	20.30	Change In Nonfarm Payrolls	-	Jan	170k	256k
07 – February	US	20.30	Unemployment Rate	-	Jan	4.1%	4.1%
	US	22.00	University of Michigan Sentiment	-	Feb P	72.0	71.1
	US	22.00	Wholesale Inventories MoM	-	Dec F	-0.5%	-0.5%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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