

# Morning Briefing

## Today's Outlook:

**US MARKET:** President Donald Trump said tariffs against Mexico would be paused for one month. Trump will hit Canada and Mexico with a 25% levy on imported goods over the weekend. The U.S. also issued a 10% tariff on Chinese goods. But a post from Mexico's President Claudia Sheinbaum following a conversation with Trump appeared to calm investors. Trump later confirmed the temporary deal on Truth Social. "It was a very friendly conversation wherein she agreed to immediately supply 10,000 Mexican Soldiers on the Border separating Mexico and the United States," he wrote, adding that negotiations for a more permanent deal would continue for the month. The pausing of the tariffs on Mexico reinforced the bullish view of some investors that tariffs for all countries could be Trump's negotiating tool and that investors shouldn't overreact initially.

**MARKET SENTIMENT:** US will publish its December JOLTS Jobs Opening which has been forecasted to be 7.88 mn. Aside from that equities and bond markets will be reacting mixed to the pause in Trump's tariffs. Its mixed reactions because while Canada and Mexico's tariffs were paused, China's tariffs of 10% were not paused as well. This will become a continued dampener to any rallies in Asia.

**FIXED INCOME & CURRENCIES:** The dollar index was lower on Monday after U.S. President Donald Trump paused new tariffs on Mexico for one month, after the country agreed to reinforce its northern border with 10,000 National Guard members to stem the flow of illegal drugs, Trump said. Mexico and the U.S. will use the month-long suspension to engage in further negotiations, Trump said. The U.S. dollar was at 7.3254 yuan in the offshore market, having earlier pushed to a record high of 7.3765 yuan. Markets in China remain closed for the Lunar New Year and will resume trading on Wednesday. U.S. Treasury yields were mixed on Monday as investors weighed U.S. President Donald Trump's new tariffs on goods from key trade partners and their effect on the economy. The 10-year Treasury yield was down 3 basis points at 4.535%, while the 2-year Treasury yield was up 2 basis points at 4.255%. One basis point is equal to 0.01%, and yields and prices move in opposite directions.

**ASIAN MARKETS:** The Indian government also pledged to reduce its fiscal deficit to 4.4% of its GDP for the year beginning April 1, a decrease from a revised 4.8% for the current year, amongst other measures. Chinese markets remain closed for the Lunar New Year holiday.

- Japan's yen was resilient, with the dollar sliding 0.24% against the yen to 154.845.

**COMMODITIES:** OIL prices edged up in volatile trade on Monday but closed at a one-month low on the expiration of a higher-priced contract, as the market digested U.S. President Donald Trump's planned imposition of tariffs on Canada, Mexico and China. Concerns over imports from two of the main crude suppliers to the U.S. boosted prices by over \$1 a barrel earlier in the session before Trump paused the new tariffs on Mexico for one month as Mexico agreed to reinforce its northern border to stem the flow of illegal drugs, particularly fentanyl. Brent crude futures for April delivery rose 29 cents, or 0.4%, from where that contract closed on Friday to settle at \$75.96 a barrel, while U.S. West Texas Intermediate crude futures (WTI) rose 63 cents, or 0.9%, to settle at \$73.16. That was the lowest close for Brent since Jan. 2 now that the lower-priced April contract is the front-month after the expiration of the higher-priced March future on Friday. Gold prices hit an all-time high on Monday, bolstered by safe-haven inflows after U.S. President Donald Trump's tariffs on Canada, China and Mexico added to concerns of inflation that would dent economic growth. Spot gold rose 0.8% to \$2,818.99 per ounce, after hitting a record of \$2,830.49 earlier in the session. U.S. gold futures settled 0.8% higher at \$2,857.10. Despite the usual dampening effect of a strong dollar on the gold market, prices have been rallying due to the safe-haven demand driven by uncertainty surrounding Trump's tariffs, said David Meger, director of metals trading at High Ridge Futures. The 25% tariffs imposed by Trump on Canadian and Mexican imports from Tuesday, along with a 10% charge on Chinese goods, fuelled fears of a trade war that could slow global growth and feed inflation.

## Domestic News

### Banggar DPR Criticizes Government's Ban on 3 Kg LPG Gas Sales at Retailers

House Budget Committee (Banggar) Chairman Said Abdullah criticized the government's policy of immediately restricting the sale of 3 kg LPG cylinders at retailers, resulting in scarcity. He requested that the government, especially PT Pertamina, provide a clear explanation to the public regarding the ban on the sale of 3 kg LPG through retailers as of February 1, 2025 so as not to cause panic. The problem, continued Said, is that a number of parties will take advantage of public panic to take advantage. He also asked the government not to implement the policy haphazardly. "The program should be carried out in stages, not immediately," Said explained in his statement, Monday (3/2/2025). According to him, the program can be started from areas that are ready in terms of accurate data, sufficient infrastructure, and the economy of the community has recovered. Even though there is currently a scarcity in a number of areas, Said still asks the government that poor households, the elderly, and micro and small business actors can still reach 3 kg LPG cylinders. He believes the government can prepare an emergency team. (Bisnis)

## Corporate News

### HRTA: Hartadinata Abadi Delays the Issuance of Sustainable Bonds 2025

PT Hartadinata Abadi Tbk (HRTA) postponed the issuance of sustainable bonds II phase II in 2025. The postponement of the bond issuance with a principal amount of IDR 100 billion was postponed until further notice. Indonesian Central Securities Depository (KSEI) signed by Kadiv. Custodian Services Gusrinaldi Akhyar and Kanit. Securities Management Custodial Services Division AM. Anggita Maharani, said this on Monday (3/2/2025). The bonds will be issued on February 6, 2025 with a fixed interest rate of 7.60% per year with a three-year term and an iA4AA rating from Pefindo. (Emiten News)

## Recommendation

**US10Y gained after reaching its narrow uptrend channel pattern support at 4.50-4.54% last week.** It formed a dragonfly doji in the wake of the Trump Tariff pause for Mexico and Canada, but there was not pause for China's tariffs. NHKSI Research expects yields to rebound as bullish sentiment rises in the medium-to-long-term despite heavy turbulence.

**ID10Y has officially taken lift off after forming a doji candle and a bullish harami pattern, as expected.** 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	7.06%	0.07%
USDIDR	16.435	0.83%
KRWIDR	11.25	0.33%

## Global Indices

Index	Last	Chg.	%
Dow Jones	44,421.91	(122.75)	-0.28%
S&P 500	5,994.57	(45.96)	-0.76%
FTSE 100	8,583.56	(90.40)	-1.04%
DAX	21,428.24	(303.81)	-1.40%
Nikkei	38,520.09	(1052.40)	-2.66%
Hang Seng	20,217.26	(7.85)	-0.04%
Shanghai	3,250.60	0.00	0.00%
Kospi	2,453.95	(63.42)	-2.52%
EIDO	18.19	(0.11)	-0.60%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,815.2	16.8	0.60%
Crude Oil (\$/bbl)	73.16	0.63	0.87%
Coal (\$/ton)	115.65	0.15	0.13%
Nickel LME (\$/MT)	15,208	(2.0)	-0.01%
Tin LME (\$/MT)	29,924	(178.0)	-0.59%
CPO (MYR/Ton)	4,367	78.0	1.82%

## 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>	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
<b>Tuesday</b>	US	20.30	Factory Orders	-	Dec	0.5%	-0.4%
04 – February	US	22.00	Durable Goods Orders	-	Dec F	-	-2.2
<b>Wednesday</b>	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
<b>Thursday</b>	US	20.30	Initial Jobless Claims	-	Feb 1	213k	207k
06 – February							
<b>Friday</b>	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



## Research Division

### Head of Research

**Liza Camelia Suryanata**

Equity Strategy, Macroeconomics,  
Technical  
T +62 21 5088 ext 9134

### Analyst

**Axell Ebenhaezer**

Mining, Property  
T +62 21 5088 ext 9133  
E Axell.Ebenhaezer@nhsec.co.id

### Analyst

**Ezaridho Ibnutama**

Consumer Goods, Poultry, Healthcare  
T +62 21 5088 ext 9126  
E ezaridho.ibnutama@nhsec.co.id

### Analyst

**Richard Jonathan Halim**

Technology, Transportation  
T +62 21 5088 ext 9128  
E Richard.jonathan@nhsec.co.id

### Analyst

**Leonardo Lijuwardi**

Banking, Infrastructure  
T +62 21 5088 ext 9127  
E leonardo.lijuwardi@nhsec.co.id

### Research Support

**Amalia Huda Nurfalah**

Editor & Translator  
T +62 21 5088 ext 9132  
E amalia.huda@nhsec.co.id

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## PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

### JAKARTA (HEADQUARTER):

District 8 Treasury Tower 51<sup>st</sup> Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 5088 9102

### Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15311

Indonesia

Telp : +62 21 509 20230

### Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Telp : +62 411 360 4650

### Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 860 22122

### Branch Office Bandengan (Jakarta Utara):

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

### Branch Office Kamal Muara (Jakarta Utara):

Rukan Exclusive Mediterania  
Blok F No.2

Jakarta Utara 14470

Indonesia

Telp : +62 24 844 6878

### Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 1330

### Branch Office Denpasar:

Jl. Cok Agung Tresna

Ruko Griya Alamanda No. 9

Renon Denpasar, Bali 80226

Indonesia

Telp : +62 361 209 4230

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Jakarta