

Morning Briefing

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Today's Outlook:

MARKET SENTIMENT: The US on Thursday might be hit with a bearish sentiment as initial jobless claims is anticipated to be at a higher 214K from a lower previous 207K. Across the pond, UK's Bank of England will be announcing its February Interest Rate Decision. On the domestic front, Indonesia's January Foreign Exchange Reserve will be released where it recently stood at USD 155.70 bn

FIXED INCOME & CURRENCIES: The U.S. dollar fell to its lowest in more than a week on Wednesday as investor nerves about a global trade war abated, while the Japanese yen rallied on the back of strong wage data. The dollar index, which tracks the currency against six peers, was last down 0.435% at 107.58, having earlier touched its lowest since January 27 at 107.29. As U.S. President Donald Trump looked poised to impose 25% import tariffs on Mexico and Canada, the dollar on Monday jumped as much as 1.3% to 109.88. It has since fallen around 2% after both Mexico and Canada won a one-month reprieve by beefing up border security, although the United States did increase levies on China. The yield on the 10-year Treasury slid on Wednesday after the U.S. government said it won't be stepping up its debt issuance and amid fresh signs of a solid labor market. The benchmark yield was down more than 8 basis points to trade at 4.428%, while the 2-year Treasury yield fell more than 2 basis points to 4.191%. One basis point is equal to 0.01%, and yields and prices move in opposite directions.

ASIAN MARKETS: India's central bank is expected to cut benchmark interest rates in its policy meeting that's underway, as it strives to stimulate a faltering economy.

- The yuan fell 0.47% in onshore trading. Its gains were capped by the People's Bank of China setting a stronger-than-expected midpoint rate, around which the currency is allowed to trade in a 2% band. Investors had watched the fixing for clues on whether Beijing would allow the yuan to weaken to blunt the impact of the trade measures. China on Tuesday imposed its own tariffs on imports from the United States in a swift response, and Trump said the same day he was in no hurry to speak to Chinese President Xi Jinping to try to defuse the situation.

COMMODITIES: OIL prices fell more than 2% on Wednesday as a large build in U.S. crude and gasoline stockpiles signaled weaker demand, while worries about a new China-U.S. trade war fueled fears of softer economic growth. Brent crude futures settled down \$1.59, or 2.09%, to \$74.61 a barrel. U.S. West Texas Intermediate crude was down \$1.67, or 2.3%, to \$71.03. U.S. crude oil inventories rose sharply last week, the Energy Information Administration said on Wednesday, as refiners facing soft gasoline demand did maintenance work. GOLD continued their record run on Wednesday, as investors sought the safe-haven asset amid escalating concerns about a U.S.-China trade war and the potential impact on economic growth. Spot gold was up 0.8% at \$2,865.61 per ounce by 01:59 p.m. ET (1859 GMT), after hitting a record high of \$2,882.16 earlier in the session. U.S. gold futures settled 0.6% higher at \$2,893 per ounce.

Domestic News

Entrepreneurs Ask for Coal DMO Price to Increase, ESDM Finalizes MIP Scheme

The Ministry of Energy and Mineral Resources (ESDM) is still finalizing the coal domestic market obligation (DMO) compensation scheme through the managing agency partner (MIP) format. This cannot be separated from the request of coal entrepreneurs who want the DMO price to increase. Meanwhile, mining companies are currently required to supply coal at least 25% of total production to the country. The DMO price is set at US\$70 per metric ton for electricity and US\$90 per metric ton for industrial raw materials. Director General of Mineral and Coal (Minerba) of ESDM Tri Winarno admitted that his party is still discussing the request for an increase in coal prices for DMO. "But for the DMO, there will be rules related to how the DMO is appropriate, something like that," Tri said at the Ministry of Energy and Mineral Resources Office, Wednesday (5/2/2025). According to him, the entrepreneur's request regarding the DMO price adjustment will be facilitated through the managing agency partner (MIP) format. On the other hand, the scheme has not yet been implemented. Tri also said that the formation of MIP would be carried out immediately. Currently, his party will still conduct discussions. "This will be discussed, in the near future," he said. (Bisnis)

Corporate News

BJTM: Leading Collaboration of 5 BPDs, Bank Jatim Prepares Jumbo Capital through Bond Issuance

PT Bank Pembangunan Daerah Jawa Timur Tbk, better known as Bank Jatim, announced a plan to issue long-term bonds as a strategic step in strengthening its funding structure. This step was taken to ensure the sustainability of the company's performance, amidst the dynamics of the banking industry that continues to grow. The strategic plan was emphasized by Bank Jatim's President Director, Busrul Iman, in a special interview podcast program by Suara.com and IDNFinancials.com titled Meet The CEO, Wednesday (11/5/2025). Busrul emphasized that this corporate action is part of a long-term investment strategy to create more stable funding. Also Read: Lacking Core Capital, Bank NTT and Bank Jatim Agree to Form KUB "In the BPD roadmap that has been launched by the OJK, there are three main aspects that must be considered, namely resilience, contribution, and competitiveness. Therefore, bond issuance is one way to strengthen Bank Jatim's liquidity resilience," said Busrul Iman. Bank Jatim itself has obtained an AA rating from a bond rating agency, which indicates the level of market confidence in the company's performance and financial stability. ADVERTISEMENT "We strive to continue to maintain and improve this rating in order to provide added value to the market and investors," he added. The plan to issue bonds with a tenor of 3 to 5 years has been in the works since at least 2024. The main goal is to ensure stable liquidity, especially in supporting the joint business group scheme or KUB that is being developed by the company. (Suara)

Recommendation

US10Y corrected and broke through its narrow uptrend channel pattern support at 4.50-4.54%. As Canada and Mexico has caved to Trump's demand, investors view it is only a matter of time before tariff-hit China and tariff-threatened state bodies (such as the European Union) cave as well. NHKSI Research expects yields to continue its bearish trend for the long-term despite heavy turbulence. The medium target for the US10 Bond Yield would be 4.129%.

ID10Y has corrected and has broken through its 7.022% support. It is now testing its solid 6.898% support as the yield nears. NHKSI Research views a continued downward swing in the yield with the next support being 6.761% if the current 6.898% support does not hold.

PRICE OF BENCHMARK SERIES

FR0090 : 96.918 (+0.20%)
FR0091 : 97.396 (+0.58%)
FR0092 : 100.449 (+0.59%)
FR0094 : 96.630 (+0.00%)

FR0086 : 98.752 (+0.09%)
FR0087 : 98.537 (+0.44%)
FR0083 : 103.649 (+0.65%)
FR0088 : 94.405 (+0.57%)

CDS of Indonesia Bonds

CDS 2yr: +0.95% to 37.070
CDS 5yr: +1.38% to 77.275
CDS 10yr: +0.80% to 125.585

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.93%	-0.09%
USDIDR	16.285	-0.37%
KRWIDR	11.29	0.24%

Global Indices

Index	Last	Chg.	%
Dow Jones	44.873.28	317.24	0.71%
S&P 500	6.061.48	23.60	0.39%
FTSE 100	8.623.29	52.52	0.61%
DAX	21.585.93	80.23	0.37%
Nikkei	38.831.48	33.11	0.09%
Hang Seng	20.597.09	(192.87)	-0.93%
Shanghai	3.229.49	(21.11)	-0.65%
Kospi	2.509.27	27.58	1.11%
EIDO	18.16	(0.14)	-0.77%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2.867.2	24.5	0.86%
Crude Oil (\$/bbl)	71.03	(1.67)	-2.30%
Coal (\$/ton)	111.25	(1.25)	-1.11%
Nickel LME (\$/MT)	15.535	265.0	1.74%
Tin LME (\$/MT)	30.800	533.0	1.76%
CPO (MYR/Ton)	4.334	26.0	0.60%

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



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 51st 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