

# Morning Briefing

Daily | February 07, 2025

Today's Outlook:

**US MARKET:** President Donald Trump over the weekend announced 10% tariffs on China. He agreed to pause 25% levies on Canada and Mexico. Traders' focus now moves toward January's jobs report, which is slated for release on Friday at 8:30 a.m. ET. Economists surveyed by Dow Jones are expecting nonfarm payrolls growth of 169,000 for the month, which is lower than the 256,000 jobs added in December. The unemployment rate is also expected to hold steady at 4.1%.

**MARKET SENTIMENT:** The US on Friday will be releasing data related to the employment conditions during January such as Average Hourly Earnings (Forecasted to be 0.3% MoM); Non-Farm Payrolls (Forecasted to drop 169k from 256k); and Unemployment rate (Forecasted to stay the same at 4.1%). Outside of US employment conditions, the Fed Monetary Report will be released.

**FIXED INCOME & CURRENCIES:** The dollar index was up against a basket of peers at 107.69, but it still hovered near the lowest level since the start of last week, with investors beginning to entertain prospects that a global trade war could be averted. In the absence of tariff headlines, markets looked ahead to the release on Friday of key U.S. monthly payrolls figures, the next major test for the U.S. monetary policy outlook. The dollar index hit a two-year high of 110.17 on January 13, but has since retreated 2%. U.S. Treasury yields were up on Thursday as investors looked ahead to January's nonfarm payrolls report. The 10-year Treasury yield gained nearly 2 basis points to 4.438%, and the 2-year Treasury yield rose more than 2 basis points to 4.212%. One basis point is equal to 0.01%, and yields and prices have an inverted relationship.

**EUROPEAN MARKETS:** Earlier the British pound tumbled 1% against the U.S. dollar — suggesting traders expect a clear path of rate cuts ahead — despite the central bank stressing it would act “carefully” in its future decisions and raising its inflation forecast. The fact that all policymakers voted to reduce rates while two of nine voting members unexpectedly favored a bigger half-percent cut was seen as a dovish signal by the market, which has almost fully priced in three more 25-basis-point cuts this year.

**ASIAN MARKETS:** The Reserve Bank of India is likely to trim the benchmark repo rate by 25 basis points to 6.25%, as it concludes its policy meeting later in the day.

- The yen strengthened as far as 151.81 per dollar — the strongest level since December 12 — in the Tokyo morning, after the BOJ's Naoki Tamura said the central bank must raise rates to at least 1% or so in the latter half of fiscal 2025 with upward risks to prices rising. Japan's currency was last changing hands at 151.85 per dollar, up 0.5% on the previous day, paring some of the early gains after Tamura clarified that he didn't mean that the neutral rate should be 1%. The market is currently pricing in a quarter-percentage-point BOJ rate hike by September.

Domestic News

Government Prepares Special Economic Zones (SEZs) to Support Beauty Industry

The government is ready to support the development of the national beauty industry by preparing Special Economic Zones (SEZs) in Serpong and Bali. Coordinating Minister for Economic Affairs Airlangga Hartarto said the government wants Indonesia to play a bigger role as the center of the beauty industry. According to him, currently, BPOM already supports this industry and the future of the beauty industry which includes the development of herbs and cell therapy. “This is a new innovation in the world of beauty and medicine. The government has prepared Special Economic Zones in Bali and Serpong to support this industry,” he said, quoted by Antara, Thursday (6/2/2025).Indonesia, he continued, has great potential as a beauty industry market with 75 million Gen Z residents who are the main target of various beauty products. With this huge potential, Airlangga said that Indonesia also plans to encourage the downstreaming of the cosmetics industry. As part of the downstream strategy, the government encourages the cosmetics industry to continue to innovate and collaborate with MSME players. Furthermore, Airlangga emphasized the importance of innovation in the beauty industry, one example of which is geriatric technology that will help ensure that beauty is not only for Gen Z, but also for more senior generations. Airlangga hopes that other companies will not only invest, but also build a sustainable industrial ecosystem. (Bisnis)

Corporate News

SRAJ: Next Monday, SRAJ Permits Investors to Issue USD125 Million Notes

Sejahterarraya (SRAJ) will issue debt securities worth Rp1.89 trillion, equivalent to USD125 million. The bonds will be absorbed by BCSS Maverick Holdings I, LP, and BCSS Maverick Holdings II, LP. BCSS Maverick I, and II each absorbed USD62.5 million. This is based on the Bond Subscription Agreement (BSA) signed on November 29, 2024 between the company and the investors. The investors, under the control of Bain Capital Credit, LP. The company plans to allocate the funds obtained from the issuance of the bonds to support the working capital of the company group. Assisting business development through the construction of several projects. For example, the expansion of Mayapada Hospital South Jakarta, and the construction of new hospitals such as Mayapada Apollo Batam International Hospital in Batam, and Mayapada Hospital Surabaya 2. The company will seek approval from market participants through an extraordinary general meeting of shareholders on Monday, January 10, 2025 at 14.00 WIB, at Ang Boen Ing Auditorium Mayapada Hospital South Jakarta, Jalan Lebak Bulus, Cilandak, South Jakarta. (Emiten News)

Recommendation

**US10Y** has a minor increase after it 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 reached and maintained its 6.898% support. 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	6.90%	-0.03%
USDIDR	16.330	0.28%
KRWIDR	11.29	-0.03%

Global Indices

Index	Last	Chg.	%
Dow Jones	44.747.63	(125.65)	-0.28%
S&P 500	6.083.57	22.09	0.36%
FTSE 100	8.727.28	103.99	1.21%
DAX	21.902.42	316.49	1.47%
Nikkei	39.066.53	235.05	0.61%
Hang Seng	20.891.62	294.53	1.43%
Shanghai	3.270.66	41.17	1.28%
Kospi	2.536.75	27.48	1.10%
EIDO	17.58	(0.58)	-3.19%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2.856.3	(11.0)	-0.38%
Crude Oil (\$/bbl)	70.61	(0.42)	-0.59%
Coal (\$/ton)	108.95	(2.30)	-2.07%
Nickel LME (\$/MT)	15.811	276.0	1.78%
Tin LME (\$/MT)	31.002	202.0	0.66%
CPO (MYR/Ton)	4.403	69.0	1.59%

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



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