

# Morning Briefing

Daily | February 18, 2025

## Today's Outlook:

The US market was closed due to the President's Day holiday (Washington), but it did not dampen market participants' interest in other regional markets, as well as highlights around important world sentiments. The Trump administration's latest plan for fair and reciprocal tariffs (RECIPROCAL TARIFFS) has been unveiled. The plan asks agencies to develop specific tariff proposals, reporting on other countries' tariff and non-tariff barriers due by April 1. The US Trade Representative (USTR) and the Department of Commerce will initiate investigations. Analysts expect the economic impact of the proposed reciprocal tariffs to have little impact on US GDP and an increase in Inflation. The White House has hinted at specific tariffs around products such as EU cars, Brazilian ethanol and Indian motorcycles. Nonetheless, the overall impact on major US trading partners may be limited due to free trade agreements and retaliatory structures, such as those in place with China. The Trump administration also emphasizes non-tariff barriers, particularly value-added tax (VAT), which introduces additional complexity to the potential policy outcome.

**MARKET SENTIMENT:** Patrick Harker, President of the Federal Reserve Bank of Philadelphia, said that the tight monetary policy of the US central bank is still well positioned as officials await further developments regarding inflation. Harker highlighted the resilience of US economic growth and production, as well as balanced labor market conditions; justifying the higher for longer policy. However, he is optimistic that inflation will continue to cool, allowing interest rates to decline in the long run. Harker also noted that January inflation has usually been higher than expectations over the past decade. Today when the market reopens, market participants will hear a statement from another FOMC member, Mary Daly.

**ASIA & EUROPE MARKETS:** JAPAN reported Q4 GDP that strengthened quite sharply to 2.8% yoy, almost 3x higher than the 1.0% forecast and also solidly above the previous quarter's 1.7%; although Industrial Production (Dec) did not actually make it out of the contraction zone as expected.

- **CHINA's market recovery continues, with Hong Kong-listed tech stocks hitting a 3-year high on Monday as President Xi Jinping met with top tech leaders in Beijing.** The symbolism of Xi's rare meeting with tech leaders is powerful, reflecting policymakers' concerns over China's economy and tech development, and marking a sharp turnaround over the regulatory crackdown on tech 4 years ago. GOLDMAN SACHS has increased its target for MSCI China with a potential 12-month upside of 16%-19%, citing the impact of China's newly launched artificial intelligence (AI) model, DeepSeek-R1, and other competitive and cost-effective AI technologies from China.

- **FRANCE President Emmanuel Macron on Monday hosted an emergency meeting on Ukraine, albeit after US officials said Europe would have no role in any talks this week in Saudi Arabia aimed at ending the conflict.** Britain said it was prepared to send peacekeepers to support any deal, while RUSSIAN and US officials prepared to meet for their own talks on Tuesday in Saudi Arabia. UKRAINE President Volodymyr Zelenskiy said on Monday that the country would not recognize any decisions made in deliberations where they were not present.

- **This week will be filled with important data releases, including global business activity data for February; while in Europe markets will also be paying close attention to the GERMAN general election later this week.**

**CURRENCY & FIXED INCOME:** The EURO was slightly down 0.2% around \$1.05, while the DOLLAR slipped nearly 0.6% to 151.46 YEN. POUNDSTERLING held steady around \$1.2593, just below its highest level in 2 months, as investors look forward to employment and inflation data later in the week.

- **Surging JAPAN GDP not only bounced the Yen, but also increased the probability of interest rate hikes after decades of deflation & ultra-loose monetary policy.** The 2-year and 10-year JGB (Japanese Government Bonds) yields are already at their highest since 2008 and have risen sharply in recent months, almost doubling since September. These are big moves, and the impact on businesses, households and investors remains to be seen.

## Domestic News

### Prabowo Signs New DHE Policy, Entrepreneurs Propose Limited Implementation

The Indonesian Export Companies Association (GPEI) has opened its voice regarding President Prabowo Subianto who signed a new policy through Government Regulation (PP) Number 8 of 2025. This new policy requires the placement of foreign exchange proceeds from exports (DHE) of natural resources in the country. GPEI Chairman Benny Soetrisno said that the DHE placement obligation is only for extractive industries such as mining. For this reason, according to him, an impact assessment must be carried out first before making derivative regulations. "Try to implement it on a limited basis, then see what the consequences or results are. If it's okay, then make further regulations. Every regulation must do this," Benny told Bisnis, Monday (17/2/2025). Previously, according to the new provisions of PP Number 8 of 2025, the obligation to place foreign exchange export proceeds for the mining sector (except oil and gas), plantations, forestry, and fisheries will increase to 100% with a period of 12 months from placement. This regulation is effective from March 1, 2025. President Prabowo emphasized that this measure aims to optimize the utilization of Indonesia's natural resources for the prosperity of the nation and the people, as well as to strengthen the national economy. "The utilization of Indonesia's natural resources must be optimized for the prosperity of the nation and the people, both through development financing, domestic money circulation, increasing foreign exchange reserves, and exchange rate stability," Prabowo said in an official announcement quoted on Monday (17/2/2025). (Bisnis)

## Corporate News

### BAF: Bussan Auto Finance Prepares Funds to Repay Bond Principal and Interest

PT Bussan Auto Finance (BAF) has prepared funds to pay off the principal and interest on bonds that will mature on March 17, 2025. Launching the disclosure of information, Sunday (16/2) Director of Bussan Auto Finance Sigit Sembodo explained, the company has prepared funds to pay the final principal and interest of Sustainable Bonds I Phase V Year 2023 with a principal amount of Rp 775 billion and interest of Rp 11.43 billion. "The planned delivery date to the payment agent is March 14, 2025. The funds will be effectively sent to PT Kustodian Sentral Efek Indonesia (KSEI)," he said in an official statement, Sunday (16/2). (Kontan)

## Recommendation

**US10YT** is currently in a Sideways phase, seemingly looking for a foundation to bounce the yield back above the 4.54% Resistance, in order to continue the uptrend towards 4.63% - 4.80%. The sluggish DXY situation is moving in line with the US Treasury yield.

**ID10YT** rebounded when it reached the bottom target of the uptrend channel that had broken structure, keeping the yield from falling further below 6.75%. Now the challenge that must be faced is **MA10** at a yield of 6.86%, which if broken through will open the way for yield strengthening towards the next target: **MA20** / 6.97% up to the psychological level of 7.0% where there is also **MA50** Resistance.

## PRICE OF BENCHMARK SERIES

FR0090 : 97.316 (-0.02%)  
FR0091 : 98.154 (+0.01%)  
FR0092 : 101.112 (-0.06%)  
FR0094 : 96.640 (+0.00%)

FR0086 : 99.009 (+0.02%)  
FR0087 : 99.406 (+0.08%)  
FR0083 : 104.444 (+0.12%)  
FR0088 : 95.014 (-0.05%)

## CDS of Indonesia Bonds

CDS 2yr: -1.54% to 33.845  
CDS 5yr: -2.69% to 68.973  
CDS 10yr: -1.30% to 117.265

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.78%	0.01%
USDIDR	16,215	-0.28%
KRWIDR	11.26	-0.21%

## Global Indices

Index	Last	Chg.	%
Dow Jones	44,546.08	0.00	0.00%
S&P 500	6,114.63	0.00	0.00%
FTSE 100	8,768.01	35.55	0.41%
DAX	22,798.09	284.67	1.26%
Nikkei	39,174.25	24.82	0.06%
Hang Seng	22,616.23	(4.10)	-0.02%
Shanghai	3,355.83	9.11	0.27%
Kospi	2,610.42	19.37	0.75%
EIDO	17.67	0.00	0.00%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,896.6	14.0	0.49%
Crude Oil (\$/bbl)	70.74	(0.55)	-0.77%
Coal (\$/ton)	102.00	(0.75)	-0.73%
Nickel LME (\$/MT)	15,490	22.0	0.14%
Tin LME (\$/MT)	32,681	19.0	0.06%
CPO (MYR/Ton)	4,542	43.0	0.96%

## Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	6.00%	Real GDP	5.02%	4.95%
FX Reserve (USD bn)	156.08	155.70	Current Acc (USD bn)	-2.15	-3.02
Trd Balance (USD bn)	3.45	2.24	Govt. Spending Yoy	4.17%	1.42%
Exports Yoy	4.68%	4.78%	FDI (USD bn)	7.45	4.89
Imports Yoy	-2.67%	11.07%	Business Confidence	104.82	104.30
Inflation Yoy	0.76%	1.57%	Cons. Confidence*	127.20	127.70

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
<b>Monday</b>							
17 – February							
<b>Tuesday</b>	US	20.30	Empire Manufacturing	-	Feb	-2.0	-12.6
18 – February							
<b>Wednesday</b>	US	19.00	MBA Mortgage Applications	-	Feb 14	-	2.3%
19 – February	US	20.30	Housing Starts	-	Jan	1397k	1499k
<b>Thursday</b>	US	20.30	Initial Jobless Claims	-	Feb 15	215k	213k
20 – February	US	22.00	Leading Index	-	Jan	-0.1%	-0.1%
<b>Friday</b>	US	21.45	S&P Global US Manufacturing PMI	-	Feb	51.2	51.2
21 – February	US	22.00	Existing Home Sales	-	Jan	4.13m	4.24m

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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