

# Morning Briefing

Daily | February 19, 2025

## Today's Outlook:

**MARKET SENTIMENT:** The Fed's FOMC Meeting Minutes will be released. On the other side of the pond, UK's January CPI data will be posted at a forecasted hotter-than-usual 2.8% YoY. For local sentiments, Bank Indonesia's (BI) is highly anticipated to hold its target rate at 5.75%

**EUROPE MARKET :** European leaders held an emergency summit in Paris on Monday to discuss how to respond to the apparent decision to sideline Europe, and while they agreed on increasing defense spending, there was no alignment over whether to send peacekeeping troops to Ukraine after any peace deal.

- The euro was 0.3% lower at USD 1.05, while sterling also eased 0.3% to USD 1.26.

**ASIA MARKET :** Asia-Pacific markets traded mixed Tuesday, a day after Chinese President Xi Jinping signaled support to the country's private sector and urged businesses to "show their "talents."

**CURRENCY AND FIXED INCOME :** The U.S. Treasury yields were higher Tuesday after a day's holiday, as investors looked toward the Federal Open Market Committee meeting minutes later this week and digested a bond sell-off in Europe. The 10-year Treasury yield was up 6.6 basis points at 4.535%, while the 2-year Treasury yield was up more than 3 basis points at 4.297%. One basis point is equivalent to 0.01%, and yields share an inverse relationship with prices. The move higher comes after European bond yields increased significantly Monday on expectations that countries across the region will hike their defense spending. The U.S. dollar strengthened on Monday, as investors assessed key negotiations between U.S. and Russia on a deal to end the war in Ukraine and lingering tariff concerns, as well as an interest rate reduction by Australia's central bank. The U.S. dollar index, which measures the greenback against a basket of major currencies, rose 0.4% to 106.99. The index declined more than 1% last week.

**COMMODITIES :** OIL prices rose on Tuesday as traders assessed the fallout from drone attacks on a key conduit for Kazakhstan's oil exports, while talks to end the war in Ukraine turned traders cautious as it could boost Russian supplies. Brent crude futures rose 61 cents to USD 75.83 a barrel, while U.S. West Texas Intermediate crude futures rose USD 1.10, or 1.6%, to USD 71.84 a barrel, catching up with the gains Brent registered on Monday, when the U.S. contract traded without settlement due to a holiday. U.S. crude oil and gasoline stockpiles were expected to have risen last week, while distillate inventories likely fell, a preliminary Reuters poll showed on Tuesday. Gold rose 1.2% to USD 2,932.94 an ounce, while gold futures expiring in April rose 1.8% to USD 2,952.04 an ounce. Gold prices jumped Tuesday, shrugging off a jump in the dollar on bets that strong demand from central banks are likely to continue. But broader metal prices came under pressure from a stronger dollar.

- Russian and U.S. officials ended their first formal meeting in years on Tuesday, after more than four hours of laying the groundwork for talks to end the war in Ukraine. The meeting between U.S. Secretary of State Marco Rubio and Russian Foreign Minister Sergei Lavrov began earlier Tuesday morning in Saudi Arabia and marked the first formal sit-down meeting between top U.S. and Russian diplomats since January 2022, when then-Secretary of State Antony Blinken and Lavrov met in Geneva just weeks before Russia invaded Ukraine. U.S. Envoy Steve Witkoff and National Security Adviser Mike Waltz participated in the talks, while Lavrov was accompanied by Kremlin Aide Yuri Ushakov, according to Russian state media.

- INDONESIA will allow small businesses to manage mines in the commodities-rich country for the first time and broaden access for religious groups, the latest populist policy to emerge under President Prabowo Subianto in his first months of rule. Legislators in the Southeast Asian nation's parliament, which is dominated by Prabowo's coalition, on Tuesday passed an amended mining law, giving small and medium enterprises and cooperatives priority access to local mining permits, including for coal and metals. The SMEs and cooperatives will have to be located in the region of a given concession to get the priority treatment and will be able to secure the permits without going through the traditional auction process, he said. Most concessions in Indonesia have historically been held by companies based in capital Jakarta, he added. The amendment came as the Indonesian president is seeking to make good on populist pledges in his first months at the helm of Indonesia's \$1.4 trillion economy, including by rolling out a nationwide free-meals program for students and expanding access to health care.

## Domestic News

### AHY Believes IKN Budget Will Be Disbursed Amid State Budget Efficiency

Coordinating Minister for Infrastructure and Regional Development Agus Harimurti Yudhoyono (AHY) believes that the budget for the Nusantara National Capital City (IKN) development project will be disbursed, even though it is currently blocked in line with the efficiency of the state budget. The man who is familiarly called AHY said that President Prabowo Subianto is committed to continuing the construction of the IKN with a budget that has been set for the 2025-2029 period. "We will streamline and sit together. My understanding is that it has been approved and will be disbursed so as not to disrupt the progress, he explained after attending a limited meeting with the President at the Presidential Palace, Jakarta, Tuesday (18/2/2025). AHY said that based on the last limited meeting he attended about IKN, Prabowo had certainly approved the budget for the continuation of the construction of the new capital city in East Kalimantan. He said the focus of the budget that had been provided by the Prabowo administration was for the construction of legislative areas such as the DPR, DPD and MPR, as well as judiciaries such as the Supreme Court (MA), Constitutional Court (MK) and Judicial Commission (KY). ""Hopefully in the next 1, 2, 3 years there will be a development process that we can follow together,"" said the man who is also Chairman of the Democratic Party. (Bisnis)

## Corporate News

### MEGA: Pefindo Affirms idAA- for CT's Bank (MEGA), Here's Why

Pemeringkat Efek Indonesia (Pefindo) assigned Bank Mega (MEGA) an idAA- rating with a stable outlook. The rating reflects Bank Mega's strong position in the banking industry. This is thanks to the support of CT Corpora (Group) business synergy. Then, it is supported by very strong capitalization level, liquidity profile, and strong financial flexibility. However, the rating is limited by intense competition in terms of third-party funding in the banking industry. The rating can be upgraded if Chairul Tanjung's (CT) bank further strengthens its market position. Then, simultaneously improve its retail funding profile, and asset quality indicators in a sustainable manner. However, the rating can be lowered if the company's market presence shrinks significantly, or financial indicators deteriorate significantly, especially from the capital and liquidity profiles. Bank Mega is a private commercial bank with a focus on corporate and consumer segments. (Issuer News)

## Recommendation

US10YT is in the Sideways phase at the moment, it seems that it is looking for a basis to bounce the yield back above Resistance 4.54%, in order to continue the uptrend towards 4.63% - 4.80%. The DXY's sluggish situation is moving in line with US Treasury yields.

ID10YT again reached the bottom target with a bearish Marubozu candle from the uptrend channel which 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 will open the way for strengthening yields 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	6.77%	-0.01%
USDIDR	16,275	0.37%
KRWIDR	11.31	0.45%

## Global Indices

Index	Last	Chg.	%
Dow Jones	44,556.34	10.26	0.02%
S&P 500	6,129.58	14.95	0.24%
FTSE 100	8,766.73	(1.28)	-0.01%
DAX	22,844.50	46.41	0.20%
Nikkei	39,270.40	96.15	0.25%
Hang Seng	22,976.81	360.58	1.59%
Shanghai	3,324.49	(31.34)	-0.93%
Kospi	2,626.81	16.39	0.63%
EIDO	18.15	0.48	2.72%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,936.0	39.5	1.36%
Crude Oil (\$/bbl)	71.85	1.11	1.57%
Coal (\$/ton)	100.85	(1.15)	-1.13%
Nickel LME (\$/MT)	15,349	(141.0)	-0.91%
Tin LME (\$/MT)	32,779	98.0	0.30%
CPO (MYR/Ton)	4,504	(38.0)	-0.84%

## 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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