

Today's Outlook:

**US MARKET:** Volatility happened in Wall Street as US President Donald Trump's latest tariff threats loomed on automotive, semiconductor and pharmaceutical imports. Gold prices hit fresh record highs and safe haven currencies led by the US Dollar and Yen rallied on investor concerns over another round of US tariffs. Since his inauguration 4 weeks ago, Trump has imposed a 10% tariff on all imports from China, on top of existing levies. He has also announced, and delayed for a month, 25% tariffs on goods from Mexico and non-energy imports from Canada. Trump told reporters on Tuesday that tariffs on pharmaceuticals and semiconductor chips would be around 25% or higher, and this figure increased substantially over the course of a year. He intends to impose similar tariffs on autos as early as April 2.

**ECONOMIC INDICATORS:** Today the Initial Jobless Claims figure is awaited, as well as an index figure that will determine the health of the manufacturing sector in the Philadelphia region.

**ASIA MARKET:** JAPAN exports in January has proven to increase more than double from December. Talking about central bank interest rate, after BI RDG yesterday decided BI7DRR unchanged at 5.75%; today it's CHINA's turn to set their interest rate where consensus expect it to remain at 3.60% for long term (5Y), and 3.10% for short term.

**CURRENCY & FIXED INCOME:** Trump's initial policy proposals raised concerns at the Federal Reserve about higher inflation, as companies have told the US central bank that they generally expect to be able to raise selling prices in order to pass on the cost of import tariffs to consumers, according to the January Fed Meeting Minutes released on Wednesday. US DOLLAR & YEN rallied as market concerns increased amid the latest tariff threats. The Japanese Yen strengthened 0.38% against the US Dollar to 151.49/USD. Against the Swiss Franc, the Dollar strengthened 0.11% to 0.904.

- The DOLLAR INDEX, which measures the strength of the US Dollar against a basket of currencies including the Yen and the Euro, rose 0.16% to 107.17. The euro fell 0.19% to \$1.0425.

**COMMODITIES:** GOLD prices rose to a fresh record high of \$2,946.85 as safe haven demand increased, hitting a new peak for the ninth time this year. Gold bars pared gains and were little changed at \$2,935.22 an ounce. US gold futures closed 0.4% lower at \$2,936.10.

- OIL prices held near one-week highs on concerns about supply disruptions in Russia and the US, as markets await the outcome of talks to end the war in UKRAINE. The US weekly oil stock build did drop to 3.3m barrels from 9m barrels a week earlier. In continental Europe, leaders pledged to increase support for Ukraine, pushing European arms manufacturers' stocks to record highs this week and boosting governments' long-term borrowing costs. BRENT oil futures rose 0.3% to \$76.04 per barrel, while US West Texas Intermediate (WTI) crude appreciated 0.6% to \$72.25. It was the highest close for both crude benchmarks since February 11.

Domestic News

BI Rate Stands at 5.75%, Entrepreneurs Find it Difficult to Expand

The Indonesian Employers Association (Apindo) opened its voice after Bank Indonesia (BI) held the benchmark interest rate (BI Rate) at 5.75%. The business world views that the central bank can start lowering the benchmark interest rate so that expansion in the real sector is more agile. For information, this interest rate decision is consistent with efforts to keep the inflation forecast under control within the target of 2.5 ± 1%. This interest rate policy is also said to stabilize the rupiah exchange rate in accordance with fundamentals amidst high global uncertainty and help boost economic growth. Apindo Chairwoman Shinta W Kamdani said that the business world actually hopes that BI will lower the benchmark interest rate to a competitive level. Moreover, the BI interest rate also determines the real lending rate on the business side. She explained, the higher the benchmark interest rate, the more difficult it will be for the banking sector to provide business loans at more competitive interest rates. In fact, Shinta revealed, currently Indonesia's lending rate and financing cost is still one of the highest in the region. This has an impact on national business actors who find it difficult to compete and are not aggressive in expanding their business. In fact, she said the high level of lending in the country also has an impact on the expansion of export performance, which also affects the level of adequacy of national foreign exchange reserves. According to Shinta, with lower interest rates, the banking sector can provide loans with more competitive interest rates and provide wider access to financing, including for MSMEs. Thus, it can boost Indonesia's exports and investment. (Business)

Corporate News

WIKA: Negative! Pefindo Downgrades WIKA's Rating Again to idSD

Pemeringkat Efek Indonesia (Pefindo) downgraded PT Wijaya Karya (WIKA) Sustainable Bonds II Phase II/2022 Series A to idD from idCCC. Then, the rating of Sukuk Mudharabah Berkelanjutan II Phase II/2022 Series A was downgraded to idD (sy) from idCCC (sy). At the same time, Pefindo also downgraded the company's rating to idSD from idCCC with CreditWatch with Negative Implications. The action reflects the company's inability to meet the principal payments of the Sustainable Bonds II Phase II/2022 Series A amounting to Rp593.9 billion and Sustainable Mudharabah Sukuk II Phase II/2022 Series A amounting to Rp412.9 billion due on February 18, 2025. The ratings reflect the company's established presence in the national construction industry. The ratings are constrained by weak financial and liquidity profiles, prior expansion risks, and a volatile business environment. ( Emiten News )

Recommendation

US10YT berada dalam fase Sideways saat ini, sepertinya tengah mencari landasan untuk memantulkan kembali yield ke atas Resistance 4.54% , demi lanjutan laju uptrend ke arah 4.63% - 4.80%. Situasi DXY yang tengah loyo bergerak sejalan dengan yield US Treasury.

ID10YT kembali mencapai target bottom dengan bearish marubozu candle dari uptrend channel yang telah break structure , mempertahankan yield tidak jatuh lebih dalam lagi ke bawah 6.75%. Sekarang tantangan yang harus dihadapi adalah MA10 pada yield 6.86%, yang mana bila tertembus maka akan buka jalan penguatan yield menuju next target : MA20 / 6.97% up to level psikologis 7.0% di mana di situ juga ada Resistance MA50.

## Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.75%	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

## PRICE OF BENCHMARK SERIES

FR0090 : 97.469 (+0.05%)  
FR0091 : 98.121 (-0.22%)  
FR0092 : 101.146 (-0.14%)  
FR0094 : 96.640 (+0.00%)

FR0086 : 99.095 (+0.01%)  
FR0087 : 99.279 (-0.24%)  
FR0083 : 104.374 (-0.12%)  
FR0088 : 95.096 (-0.19%)

## CDS of Indonesia Bonds

CDS 2yr: +0.94% to 33.705  
CDS 5yr: +2.08% to 69.099  
CDS 10yr: +0.61% to 116.935

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.82%	0.06%
USDIDR	16,330	0.34%
KRWIDR	11.32	0.12%

## Global Indices

Index	Last	Chg.	%
Dow Jones	44,627.59	71.25	0.16%
S&P 500	6,144.15	14.57	0.24%
FTSE 100	8,712.53	(54.20)	-0.62%
DAX	22,433.63	(410.87)	-1.80%
Nikkei	39,164.61	(105.79)	-0.27%
Hang Seng	22,944.24	(32.57)	-0.14%
Shanghai	3,351.54	27.05	0.81%
Kospi	2,671.52	44.71	1.70%
EIDO	17.79	(0.36)	-1.98%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,933.4	(2.6)	-0.09%
Crude Oil (\$/bbl)	72.25	0.40	0.56%
Coal (\$/ton)	103.50	2.65	2.63%
Nickel LME (\$/MT)	15,404	55.0	0.36%
Tin LME (\$/MT)	32,699	(80.0)	-0.24%
CPO (MYR/Ton)	4,672	168.0	3.73%

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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