

Morning Briefing

Daily | February 21, 2025

Today's Outlook:

MARKET SENTIMENT: Trump's latest tariff warning on Wednesday is a 25% magnitude that will be focused on the pharmaceutical, semiconductor chip, automotive sectors as early as April 2. That, along with other threats such as reciprocal tariffs, has exacerbated fears of an escalation of the trade war and made investors nervous.

ECONOMIC INDICATORS: Initial Jobless Claims showed a modest rise in weekly jobless claims to 219,000 from an upwardly adjusted 214,000 last week suggesting the US labor market remains well positioned. The Manufacturing Index in the Philadelphia region plunged to 18.1 in Feb, from a level of 44.3 in the previous month. Today will see the release of S&P Global's preliminary PMI all sectors estimate (Feb), along with Existing Home Sales (Jan) numbers, as well as views on Inflation expectations & consumer sentiment from the leading University of Michigan.

EUROPEAN MARKETS: Talks about Germany, their January producer-level deflation of 0.1% mom, missed expectations of a 0.6% rise. Europe's largest economy is also bracing for snap elections at the weekend, following the collapse of Chancellor Olaf Scholz's three-way coalition, with analysts anticipating a Conservative-led two-party coalition. Most major countries in EUROPE today also await preliminary PMI estimates for Feb, plus the UK awaits the release of their Retail Sales levels for Jan.

- **UKRAINE** government bonds fell after Trump again shook the world's calm on Wednesday by denouncing Ukrainian President Volodymyr Zelenskyy as a "dictator" and saying he needed to move quickly to secure peace or risk losing his country. Foreign ministers from the top G20 economies are meeting in South Africa. Top US officials have ignored the meeting and media reports on Thursday said that the US had opposed Russia's call for aggression at Monday's virtual G7 meeting. Analysts are beginning to see that the chances are dwindling that Trump will push for a peace deal that gives Ukraine long-term security, as he looks more pro-Russian.

- As predicted, **CHINA** held their interest rates at current levels of 3.60% for the long term (5Y), and 3.10% for the short term. Other than JAPAN'S National Core CPI (Jan) and au Jibun Bank Services PMI (Feb), no major data will be released on Friday, it is unlikely that Asian markets will remain in Wait & See mode following Thursday's avalanche which saw Japan's Nikkei plunge 1.2% and Hong Kong's Hang Seng index slump 1.6%; while China's CSI300 leading stock index only edged down 0.3% due to China's AI, DeepSeek.

COMMODITIES: GOLD prices show no signs of slowing down. The price rose to a new record high of \$2,956.69 per ounce. The precious metal is now up 12% by 2025 after rising 27% last year, its best performance in more than a decade. US gold futures closed 0.7% higher at \$2,956.10.

- In the **OIL** market, BRENT prices closed up 0.58% at \$76.48 per barrel while US West Texas Intermediate (WTI) crude oil prices for March delivery rose 0.44% to \$72.57, boosted by concerns over supply disruptions in Russia.

CURRENCY & FIXED INCOME: In currencies, the YEN strengthened against the US DOLLAR to reach an 11-week peak of 149.40 per USD. The EURO was up 0.77% at \$1.0502. The DOLLAR INDEX, which measures the strength of the US Dollar against a basket of currencies including the Yen and Euro, fell 0.77% to 106.35.

- **FED MEETING MINUTES** for January (which were released on Wednesday) showed that central bank officials were still unsure about the impact of Trump's policies on inflation, as they paused the easing cycle that had been in place since September. The minutes also revealed that they discussed slowing down or temporarily halting the quantitative tightening program, which diverted some of the flow of funds into Treasuries. That continued on Thursday where the tenor US TREASURY YIELD fell 3.2 basis points to 4.503%, helped by comments from Treasury Secretary Scott Bessent to Bloomberg who downplayed the chances of immediately increasing the size of long-term debt auctions.

Domestic News

For the 3 Million Houses Program, the Ministry of Finance Will Issue SBN Housing, BI is Ready to Buy

The government through the Ministry of Finance will issue debt securities to finance the 3 million house program. Bank Indonesia also plans to buy the bonds in the secondary market. The plan was conveyed in a press conference between Finance Minister Sri Mulyani Indrawati, Bank Indonesia (BI) Governor Perry Warjiyo, Minister of Housing and Settlement Areas (PKP) Maruarar Sirait, Deputy Minister of SOEs Dony Oskaria, and Chairman of Commission XI of the House of Representatives M. Misbahakun at the Ministry of Finance Office, Central Jakarta on Thursday (20/2/2025) evening. Sri Mulyani explained that the state budget will support low-income people (MBR) so that they can have private homes. To maximize these efforts, she continued, the Ministry of Finance also plans to issue debt securities so that the target of three million houses can be achieved. "We are also discussing today to increase the ability to support this MBR, with the issuance of housing state securities [SBN]," Sri Mulyani said at a press conference. According to the state treasurer, financing through the issuance of SBN housing is a modification of the FLPP scheme or housing finance liquidity facility. Thus, the target beneficiaries can increase. Currently, the government has provided support for 220,000 houses for low-income people in the form of FLPP. However, the Ministry of PKP has a target of up to three million houses per year - not just 220,000. Meanwhile, Perry Warjiyo revealed that BI will also participate in the success of the government's public housing program financing. One of the ways, continued Perry, is by buying SBNs that will be issued by the Ministry of Finance in the secondary market. (Bisnis)

Corporate News

BBRI: PEFINDO Affirms idAAA Rating for BBRI and its Outstanding Bonds

PEFINDO affirmed the idAAA rating for PT Bank Rakyat Indonesia (Persero) Tbk (IDX: BBRI) and its outstanding bonds. PEFINDO also affirmed the idAA rating for the Company's outstanding Subordinated Bond IV. Subordinated Bonds are given two ratings lower than the Company's rating to accommodate the risk that these debt securities can be written off if a non-viability condition occurs, as recorded in Financial Services Authority Regulation number 11/POJK.03/2016. The corporate rating outlook is stable. The rating period is valid from 18 February 2025 - 01 February 2026. According to a PEFINDO release, Thursday (20/2), the rating was mainly driven by very strong and proven support from the Indonesian government. BBRI's stand-alone credit profile is supported by a superior business position, very strong capital and a very strong liquidity profile, but is constrained by a moderate asset quality profile. "The rating could be lowered if we see a decrease in the level of support from the government, which could be indicated by the absence of parent support when BBRI experiences a worsening standalone credit profile," said a PEFINDO statement. (Pasardana)

Recommendation

US10YT seems to be starting to get nervous about maintaining this uptrend structure, as it is difficult to rise above the Resistance Moving Average, or break above the 4,550% yield again. In this Sideways situation, it could be that US10YT has the potential to drop below 4.470%, leading to 4.40% for a fairly critical Support test. Wait for developments from the US market regarding Trump's Tariff policy to determine where the yield will move.

ID10YT also seems to be looking for solid ground for bottoming yield in the range of 6.77%. Before the yield can steadily penetrate the nearest resistance: MA10 at 6.81%, bond prices will not move down. It seems that Sideways' position this time is more or less oriented towards tariff policy & the US central bank, therefore the same Wait & See position also applies until there are further developments.

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	6.79%	-0.04%
USDIDR	16,330	0.00%
KRWIDR	11.38	0.53%

Global Indices

Index	Last	Chg.	%
Dow Jones	44,176.65	(450.94)	-1.01%
S&P 500	6,117.52	(26.63)	-0.43%
FTSE 100	8,662.97	(49.56)	-0.57%
DAX	22,314.65	(118.98)	-0.53%
Nikkei	38,678.04	(486.57)	-1.24%
Hang Seng	22,576.98	(367.26)	-1.60%
Shanghai	3,350.78	(0.76)	-0.02%
Kospi	2,654.06	(17.46)	-0.65%
EIDO	17.84	0.05	0.28%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,939.0	5.6	0.19%
Crude Oil (\$/bbl)	72.48	0.38	0.53%
Coal (\$/ton)	103.50	0.00	0.00%
Nickel LME (\$/MT)	15,665	261.0	1.69%
Tin LME (\$/MT)	33,396	697.0	2.13%
CPO (MYR/Ton)	4,642	(30.0)	-0.64%

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

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday							
17 – February							
Tuesday	US	20.30	Empire Manufacturing	-	Feb	-2.0	-12.6
18 – February							
Wednesday	US	19.00	MBA Mortgage Applications	-	Feb 14	-	2.3%
19 – February	US	20.30	Housing Starts	-	Jan	1397k	1499k
Thursday	US	20.30	Initial Jobless Claims	-	Feb 15	215k	213k
20 – February	US	22.00	Leading Index	-	Jan	-0.1%	-0.1%
Friday	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

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United States 10 Year, United States, NYSE:US10YT=4,0



Indonesia 10 Years Treasury

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