

Morning Briefing

Daily | February 27, 2025

Today's Outlook:

US MARKETS: Investors grew concerned about President Donald Trump's trade policies. At his first cabinet meeting, he said that duties against Canada and Mexico would take effect and that his trade war will include a 25% tariff on goods from the European Union. Indeed, a flurry of recent economic reports — including a softer-than-expected consumer confidence reading, disappointing retail sales numbers and a weak consumer sentiment reading — have rattled stocks and raised worries about the health of the U.S. economy. Traders will have an eye on Thursday's weekly jobless claims, but they're looking ahead to Friday's personal consumption expenditures price index — the Federal Reserve's preferred inflation gauge.

MARKET SENTIMENT : There is a data-heavy sentiments on Thursday as investors eyes the release of three key economic information of (1) US' January Durable Goods Orders; (2) US 4Q24 GD; and (3) US Initial Job Claims.

- Investors were also eyeing any peace talks over Ukraine, which could affect the euro area economy and the single currency. Ukraine said on Wednesday it had reached a "preliminary" deal to hand revenue from some of its mineral resources to the United States, before an expected trip to Washington by President Volodymyr Zelenskyy on Friday.

FIXED INCOME AND CURRENCY : The 10-year Treasury note yield slipped on Wednesday as concerns over an escalating trade war and weak economic growth led traders to send bond prices higher. The benchmark 10-year yield Treasury yield fell 4 basis points at 4.256%. The 2-year Treasury yield was lower by 2 basis points at 4.074%. One basis point equals 0.01%, and yields and prices move in opposite directions. The U.S. dollar rose on Wednesday to move further from recent 11-week lows, as U.S. Treasury yields stabilized as investors gauge the economic environment and tariffs outlook. The greenback stumbled on Tuesday as economic data showed a sharp drop in consumer confidence, the latest in a string of data points that have prompted concerns about the strength of the U.S. economy and persistent inflation, and caused U.S. Treasury yields to tumble. The dollar index, which measures the greenback against a basket of currencies, rose 0.1% to 106.37.

- The euro was down 0.2% at \$1.0497. Sterling added 0.2% to \$1.2693.

- Against the Japanese yen, the dollar was steady at 149.03 after falling to 148.56 on Tuesday, its lowest since October 11.

COMMODITIES : Oil prices fell to two-month lows on Wednesday as a surprise build in U.S. fuel stockpiles signalled demand weakness and a potential peace deal between Russia and Ukraine continued to weigh on prices. Brent crude settled down 49 cents, or 0.67%, at \$72.53 a barrel. U.S. West Texas Intermediate crude oil futures fell by 31 cents, or 0.45%, to \$68.62. Both benchmarks settled at their lowest since December 10. U.S. gasoline and distillate inventories posted surprise builds last week even though crude oil stockpiles fell unexpectedly as refining activity ticked higher, the Energy Information Administration said.

GOLD prices moved slightly lower in European trade on Wednesday after pulling back from recent record highs, although safe-haven demand remained high in the face of uncertainty over U.S. tariffs and growth. Copper prices, on the other hand, rose sharply as a major power outage in Chile -- the world's top copper producer -- threatened to disrupt supplies. This largely overshadowed suggestions from Trump that he may impose tariffs on imports of the red metal. Elsewhere, oil prices were subdued after they touched two-month lows in the prior session. Traders were looking out for official U.S. stockpile data later on Wednesday.

Domestic News

Hashim: Danantara Earns IDR 327 Trillion per Year from Budget Efficiency

President Prabowo Subianto will continue the implementation of budget efficiency. Later, the budget from the efficiency will flow to priority programs, including the Nusantara Daya Anagata Investment Management Agency (BPI Danantara). This was conveyed by the President's Special Envoy for Climate and Energy and Prabowo's younger brother, Hashim Djojohadikusumo. Hashim said that the Prabowo administration is targeting a budget efficiency of US\$20 billion or equivalent to Rp327 trillion per year. Referring to this assumption, Hashim estimates that the total budget efficiency that will be carried out in full during the Prabowo administration will reach US\$100 billion or around Rp1,638 trillion (Assumed exchange rate: Rp16,380). He said that the resulting budget efficiency could become equity for Indonesia and could be multiplied if allocated for project investment, one of which is through Danantara. Previously, Hashim also explained that there were a number of investors who had begun to show interest in collaborating with Danantara, including Qatar, China, and a number of countries in Europe. Hashim said that the potential investors were interested in expanding investment in the hydropower, geothermal and solar sectors. (Bisnis)

Corporate News

POWR: Selling USD500 Million Debt Securities on the Singapore Exchange

Cikarang Listrindo (POWR), has appointed Barclay Bank PLC, BNI Securities Pte Ltd and Deutsche Bank AG as Bookrunners or underwriters to conduct a debt securities offering worth USD 500 million from 26 February-4 March 2025. The debt securities denominated in United States dollars will be listed on the Singapore Exchange or Singapore Exchange Securities Trading Limited. In its audited 2024 financial report, POWR revealed long-term note debt worth USD497.11 million. The debt comes from the company's subsidiaries. Listrindo Capital BV issued senior notes 2026 worth USD 500 million in September 2019. This debt with interest of 4.95 percent will mature on September 14 2026. (Emiten News)

Recommendation

US10YT continued its correction by 0.73% below the downtrend channel support 4.269%. America's benchmark bond yield reverted from its previous uptrend into a downtrend as DOGE makes more significant cuts to US Government bureaucracy, making waves of confidence from investors. Wait for developments from the US market regarding Trump's Tariff policy to determine where the yield will move.

ID10YT slipped 0.16% to 6.853 after a surge upwards on Tuesday. It has broken above the downtrend channel resistance at 6.830-6.822%. The next test for resistance is 6.898%. 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 : 97.452 (-0.04%)
FR0091 : 97.894 (-0.05%)
FR0092 : 100.976 (+0.12%)
FR0094 : 97.070 (+0.01%)

FR0086 : 99.060 (-0.07%)
FR0087 : 98.899 (-0.22%)
FR0083 : 104.358 (+0.17%)
FR0088 : 94.902 (-0.04%)

CDS of Indonesia Bonds

CDS 2yr: -2.11% to 35.235
CDS 5yr: -2.17% to 74.563
CDS 10yr: -1.54% to 121.395

Government Bond Yields & FX

| | Last | Chg. |
|----------------|--------|--------|
| Tenor: 10 year | 6.86% | -0.01% |
| USDIDR | 16.370 | 0.15% |
| KRWIDR | 11.43 | 0.09% |

Global Indices

| Index | Last | Chg. | % |
|-----------|-----------|----------|--------|
| Dow Jones | 43,433.12 | (188.04) | -0.43% |
| S&P 500 | 5,956.06 | 0.81 | 0.01% |
| FTSE 100 | 8,731.46 | 62.79 | 0.72% |
| DAX | 22,794.11 | 383.84 | 1.71% |
| Nikkei | 38,142.37 | (95.42) | -0.25% |
| Hang Seng | 23,787.93 | 753.91 | 3.27% |
| Shanghai | 3,380.21 | 34.17 | 1.02% |
| Kospi | 2,641.09 | 10.80 | 0.41% |
| EIDO | 16.98 | (0.17) | -0.99% |

Commodities

| Commodity | Last | Chg. | % |
|--------------------|---------|---------|--------|
| Gold (\$/troy oz.) | 2,916.4 | 1.4 | 0.05% |
| Crude Oil (\$/bbl) | 68.62 | (0.31) | -0.45% |
| Coal (\$/ton) | 102.40 | 0.40 | 0.39% |
| Nickel LME (\$/MT) | 15,580 | 244.0 | 1.59% |
| Tin LME (\$/MT) | 32,404 | (371.0) | -1.13% |
| CPO (MYR/Ton) | 4,611 | 46.0 | 1.01% |

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 | - | - | - | - | - | - | - |
| 24 – February | | | | | | | |
| Tuesday | - | - | - | - | - | - | - |
| 25 – February | | | | | | | |
| Wednesday | US | 19.00 | MBA Mortgage Applications | - | Feb 21 | - | -6.6% |
| 26 – February | US | 22.00 | New Home Sales | - | Jan | 678k | 698k |
| Thursday | US | 20.30 | GDP Annualized QoQ | - | 4Q S | 2.3% | 2.3% |
| 27 – February | US | 20.30 | Initial Jobless Claims | - | Feb 22 | - | 219k |
| | US | 22.00 | Durable Goods Orders | - | Jan P | 1.8% | -2.2% |
| Friday | US | 20.30 | Personal Income | - | Jan | 0.3% | 0.4% |
| 28 – February | US | 20.30 | Personal Spending | - | Jan | 0.2% | 0.7% |
| | US | 20.30 | Wholesale Inventories MoM | - | Jan P | - | -0.5% |
| | US | 21.45 | MNI Chicago PMI | - | Feb | - | 39.5 |

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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