

Morning Briefing

Daily | March 12, 2025

Today's Outlook:

US MARKET: Trump declared on Truth Social that Canadian steel and aluminum duties would double to 50% from 25%, effective Wednesday. The president made the move in response to Ontario Premier Doug Ford's surcharge on electricity exported to the U.S. Later in the day, Ford said he was temporarily suspending the 25% surcharge after talking with Commerce Secretary Howard Lutnick. Finally, top Trump trade advisor Peter Navarro said on CNBC on Tuesday afternoon that Trump would not hike the tariffs on Canadian steel and aluminum to 50%. The 25% duty that was originally planned, however, would still take effect.

MARKET SENTIMENT : All eyes will be on the US CPI for February as it will steer how the Fed will enact its policies under a Trump administration. Apart from Crude Oil Inventories data, 10-Year Note Auctions will also be released. In the Great White North, the Bank of Canada will be announcing its interest rate decision.

FIXED INCOME AND CURRENCY : U.S. Treasury yields rose on Tuesday as investors awaited the latest reading on the consumer price index report. The benchmark 10-year Treasury yield was nearly 7 basis points higher at 4.278%. The 2-year Treasury yield was last 4 basis points higher at 3.937%, after earlier in the day falling to its lowest level since October. One basis point is equal to 0.01%, and yields and prices move in opposite directions. The U.S. dollar strengthened 0.53% against the Canadian dollar to C\$1.4516 per dollar. It rose to as high as C\$1.4521, its highest level since March 4. The U.S. dollar rose to a one-week high against the Canadian dollar on Tuesday after President Donald Trump hit Canada with more tariffs while the euro hit a new four-month peak against the U.S. currency on hopes a German defense spending deal.

- **The euro rose to as high as \$1.09305, its highest since November.** It was last up 0.76% on the day and has gained more than 4% so far this month as Germany acts to ramp up defense spending.

ASIA : Japan's revised GDP for the fourth quarter came in at 2.2% on an annualized basis, below economists' expectations and the previous estimate of 2.8% growth.

COMMODITY : OIL prices settled slightly higher on Tuesday, helped by weakness in the dollar, but gains were capped by mounting fears of a U.S. economic slowdown and the impact of tariffs on global economic growth. Brent crude futures settled 28 cents, or 0.4%, higher at \$69.56 a barrel after falling as low as \$68.63 in early trade. U.S. West Texas Intermediate crude futures gained 22 cents, or 0.3%, to \$66.25 a barrel after previous declines as well. The dollar index hit a four-month low, making oil less expensive for overseas buyers. But U.S. stock prices, which also influence the oil market, fell again, adding to the biggest selloff in months. GOLD prices rose in Asian trading on Tuesday as the dollar weakened, lingering near a four-month low amid mounting U.S. recession fears driven by President Donald Trump's trade policies. Investors were cautiously awaiting the U.S. consumer price index (CPI) data scheduled for release on Wednesday. This data could influence the Federal Reserve's upcoming monetary policy decision, especially amid ongoing trade tariff uncertainties. Spot Gold rose 0.4% to \$2,900.17 per ounce, while Gold Futures expiring in April gained 0.2% to \$2,904.50 an ounce.

Domestic News

Fitch Keeps Indonesia's Credit Rating BBB with Stable Outlook, Here's Why

Rating agency Fitch Ratings has maintained Indonesia's Sovereign Credit Rating at BBB with a stable outlook on March 11, 2025. Fitch said that this decision considers Indonesia's favorable medium-term economic growth prospects and low government debt-to-GDP ratio. As of the end of 2024, the ratio of government debt to GDP was 39.7% with outstanding debt at IDR 8,801.09 trillion. Meanwhile, in January 2025, the debt position rose to Rp8,909.14 trillion with a lower ratio of 39.6%. Fitch also sees a number of challenges, especially related to low government revenue, several structural indicators including GDP per capita and governance indicators that are relatively lower than other countries on the BBB rating (peers). Going forward, Fitch assesses that Indonesia's Sovereign Credit Rating (SCR) has the potential to increase if there are significant improvements in structural aspects, increased government revenues, and improved external resilience characterized by, among others, a sustained increase in foreign exchange reserves or a decrease in the vulnerability of the Indonesian economy to commodity price volatility. Meanwhile, on the inflation front, Fitch estimates that inflation in 2025 will remain manageable at around 2.5±1% and support macroeconomic stability. Fitch projects that fiscal prudence will continue with a fiscal deficit of 2.5% in 2025. On the other hand, Fitch also assesses that the impact of budget efficiency and reallocation to programs such as free nutritious meals still needs to be reviewed. (Bisnis)

Corporate News

PNBN: Pefindo Says About Panin Bank's Outstanding Bonds

PEFINDO affirmed the idAA rating with a stable outlook for PT Bank Pan Indonesia Tbk (Panin Bank) and its outstanding Sustainable Bonds IV. PEFINDO also affirmed the idA+ rating for the outstanding Subordinated Bonds III and IV. The ratings reflect Panin Bank's very strong capitalization, very strong market position, and strategic role for Australia and New Zealand Banking Grp. Ltd (ANZ) as one of the Bank's controlling shareholders. The ratings are constrained by a below average asset quality profile. The ratings could be upgraded if Panin Bank substantially strengthens its business position, combined with continued improvement in financial indicators, particularly asset quality and profitability. Conversely, the ratings could come under pressure if the Bank's business position continues to weaken significantly, as reflected by a downward trend in market share or a continued weakening of its low cost funding position. The ratings could also come under pressure if ANZ significantly reduces its stake in Panin Bank and the new shareholders are deemed to have insufficient ability to provide extraordinary support to the Bank if required. (Emiten News)

Recommendation

US10YT elevated 1.54% to 4.284%. America's benchmark bond yield reverted from its previous uptrend into a downtrend as Trump continues his tariff policies and trade war on other global powerhouses despite economists point to a high likelihood of the country entering a recession by the end of 2025.

ID10YT went up by 0.55% to 6.918% after failing to breakout of its resistance of 6.898%. It is believed most investors are worried of the implications from the launching for Indonesia's Sovereign Wealth Fund Danantara.

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)	-1.15	-2.15
Trd Balance (USD bn)	3.45	2.24	Govt. Spending Yoy	4.17%	1.42%
Exports Yoy	4.68%	4.78%	FDI (USD bn)	5.12	7.45
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 : 97.358 (-0.04%)

FR0091 : 97.714 (-0.06%)

FR0092 : 100.846 (-0.04%)

FR0094 : 97.061 (+0.01%)

FR0086 : 99.102 (+0.00%)

FR0087 : 98.807 (-0.11%)

FR0083 : 104.126 (-0.03%)

FR0088 : 94.945 (+0.01%)

CDS of Indonesia Bonds

CDS 2yr: +1.75% to 37.510

CDS 5yr: +1.56% to 79.728

CDS 10yr: +1.55% to 127.950

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.90%	0.02%
USDIDR	16.405	0.40%
KRWIDR	11.29	0.37%

Global Indices

Index	Last	Chg.	%
Dow Jones	41.433.48	(478.23)	-1.14%
S&P 500	5.572.07	(42.49)	-0.76%
FTSE 100	8.495.99	(104.23)	-1.21%
DAX	22.328.77	(292.18)	-1.29%
Nikkei	36.793.11	(235.16)	-0.64%
Hang Seng	23.782.14	(1.35)	-0.01%
Shanghai	3.379.83	13.67	0.41%
Kospi	2.537.60	(32.79)	-1.28%
EIDO	16.46	(0.23)	-1.38%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2.915.9	27.2	0.94%
Crude Oil (\$/bbl)	66.25	0.22	0.33%
Coal (\$/ton)	104.90	0.30	0.29%
Nickel LME (\$/MT)	16.493	(58.0)	-0.35%
Tin LME (\$/MT)	33.159	498.0	1.52%
CPO (MYR/Ton)	4.488	(11.0)	-0.24%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	-	-	-	-	-	-	-
10 – March							
Tuesday	-	-	-	-	-	-	-
11 – March							
Wednesday	US	18.00	MBA Mortgage Applications	-	Mar 07	-	1.0%
12 – March	US	19.30	CPI MoM	-	Feb	0.3%	0.5%
	US	19.30	CPI YoY	-	Feb	2.9%	3.0%
Thursday	US	20.30	Initial Jobless Claims	-	Mar 8	227k	221k
13 – March	US	22.00	PPI Final Demand MoM	-	Feb	0.3%	0.4%
Friday	US	21.00	University of Michigan Sentiment	-	Mar P	63.5	64.7
14 – March							

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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