

Morning Briefing

Daily | March 24, 2025

Today's Outlook:

US MARKET: For consecutive weeks of declines and market volatility were brought on by trade policy turmoil, recession fears and a rollover in megacap tech shares. President Donald Trump said there would be some “flexibility” with tariffs.

FIXED INCOME AND CURRENCY : The benchmark 10-year Treasury note yield rose more than 1 basis point to 4.25%, while the 2-year Treasury yield was less than 1 basis point lower at 3.95%. One basis point is equal to 0.01%. Yields and prices have an inverted relationship. Investors are mulling over the outlook for the future of the U.S. economy amid U.S. tariff impositions and rollbacks, with the Federal Reserve holding interest rates earlier this week, given ongoing uncertainty. The dollar edged up against the euro on Friday, on pace for its first weekly gain this month, as investors booked profits from the euro's recent advance ahead of the April 2 deadline for reciprocal U.S. tariffs. The euro was 0.3% lower at \$1.08223, on pace to finish the week down 0.6%, its first weekly loss since February 28. The dollar rose 0.3% to 149.21 yen. On Wednesday, the Bank of Japan refrained from raising rates and warned of heightening economic uncertainty in the wake of ramped-up U.S. tariffs on trading partners. Sterling was 0.3% lower at \$1.293, a day after the BoE warned that investors should not assume further cuts were guaranteed, given the uncertainty hanging over the global and UK economies.

EUROPE : European investors digested monetary policy updates that came from multiple central banks in the region, as well as the U.S. Federal Reserve, this week. The Bank of Russia held its key rates at 21% on Friday, citing high inflationary pressures. On Thursday, the Swiss National Bank trimmed interest rates by 25 basis points, while the Bank of England held rates steady in the U.K. and Sweden's Riksbank also opted not to alter interest rates.

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COMMODITIES : Gold fell over 1% on Friday due to a stronger dollar and profit-taking, although lingering geopolitical and economic uncertainties, and U.S. Federal Reserve rate cut prospects kept bullion on track for a third consecutive weekly rise. Spot gold was down 1% at \$3,014.36 an ounce. U.S. gold futures fell 0.7% to \$3,021.80. Bullion has gained 0.7% so far this week. However, Israel announced an escalation in air, land, and sea strikes against Hamas in Gaza to pressure the release of remaining hostages, effectively abandoning a two-month ceasefire and launching an all-out air and ground campaign against the dominant Palestinian militant group. Brent crude futures climbed 16 cents, or 0.22%, to close at \$72.16 per barrel. U.S. West Texas Intermediate crude futures gained 21 cents, or 0.31%, to settle at \$68.28 a barrel. On a weekly basis, Brent gained 2.24% and WTI rose rise 1.64%. Oil prices rose on Friday, posting their second consecutive weekly gains, after fresh U.S. sanctions on Iran and a new OPEC+ plan for seven members to cut output raised bets on tightening supply.

Domestic News

KEK Batang Signs MoU with China, Investment Potential Reaches IDR 60 trillion

The Batang Industriopolis Special Economic Zone (KEK) officially signed a memorandum of understanding or MoU with China State Construction Engineering Corporation (CSECE). The partnership is part of the implementation of the Two Countries Twin Park (TCTP), a strategic program between Indonesia and China that has started since 2021. Coordinating Minister for Economic Affairs Airlangga Hartarto said that in the initial stage, the TCTP project will develop 500 hectares of industrial land with a potential investment value of IDR 60 trillion. For information, apart from the Batang SEZ, the project was also developed in the Wijayakusuma Industrial Estate, Semarang and the Bintan Industrial Estate, Riau Islands. "The potential is up to Rp60 trillion, only in Batang," said Airlangga when met by the media crew at the Batang Industriopolis SEZ, Central Java, Thursday (3/20/2025). Airlangga also stated that the cooperation is not only investment-oriented, but also part of Indonesia's economic transformation towards downstream and high-tech-based industries. Meanwhile, the project is estimated to create 50 to 60 jobs, so that overall it has the potential to open more than 10,000 new job opportunities for Indonesian workers. President Director of Batang Integrated Industrial Estate (KITB), Ngurah Wirawan, said that the partnership with CSECE will have a significant impact on the development of Batang Industriopolis SEZ. "With better infrastructure, a mature industrial ecosystem, and attractive investment schemes, we are optimistic that this area will become a major destination for global investors," Wirawan said. (Bisnis)

Corporate News

LTLs: Pefindo Maintains Lautan Luas Bond Rating

PT Pemeringkat Efek Indonesia (Pefindo) affirmed the iDA rating with a stable outlook for PT Lautan Luas Tbk (LTLs). Pefindo also affirmed the iDA rating for the Shelf Registration Bond III Year 2020-2021 and Shelf Registration Bond IV Year 2024. "The rating reflects Lautan Luas' strong market position, integrated business operations and good distribution network, as well as good operational management," Pefindo wrote in its official statement, Friday (3/21). The rating is constrained by the large capital expenditure requirements and sensitivity to changes in macroeconomic conditions. The rating can be raised if Lautan Luas can continue to reduce its debt level, followed by increasing revenue and EBITDA achievements sustainably. This results in sustainable conservative financial leverage with a maximum debt to EBITDA and debt to equity ratio of 2 times and 0.8 times, respectively. In addition, it can maintain a sustainable cash flow protection ratio with a ratio of FFO to debt and EBITDA to IFCCI of at least 27% and 3.9 times, respectively. LTLs recorded total revenue in 2024 of IDR 7.72 trillion, growing 5.53% annually (year on year/yoy). Meanwhile, net profit shot up 36% to IDR 220.36 billion. For 2025, LTLs has prepared various business strategies. For example, in the manufacturing business segment, the company's subsidiary engaged in food ingredients will focus on developing products for HoReCa customers (hotels, restaurants, and cafes), as well as increasing supply chain efficiency to meet growing demand. (Kontan)

Recommendation

US10YT rose to 4.276%. The yield on the US benchmark bond has now started to move relatively sideways due to the possibility of Trump relaxing and flexing his tariff policies and trade war with major world countries, although economists have indicated that the country is likely to enter a recession by the end of 2025.

ID10YT broke out of the uptrend channel, testing the 7.2% resistance. Most investors are concerned about the implications of the launch of the Danantara Sovereign Wealth Fund and the fairly volatile socio-political conditions.

PRICE OF BENCHMARK SERIES

FR0090 : 97.349 (+0.00%)

FR0091 : 97.217 (-0.27%)

FR0092 : 99.785 (-0.41%)

FR0094 : 97.061 (+0.01%)

FR0086 : 99.107 (+0.00%)

FR0087 : 98.269 (-0.26%)

FR0083 : 103.247 (-0.25%)

FR0088 : 94.409 (-0.25%)

CDS of Indonesia Bonds

CDS 2yr: -1.10% to 39.89

CDS 5yr: -1.70% to 83.89

CDS 10yr: -0.87% to 133.93

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.10%	0.07%
USDIDR	16.525	0.61%
KRWIDR	11.30	-0.19%

Global Indices

Index	Last	Chg.	%
Dow Jones	41,985.35	32.03	0.08%
S&P 500	5,667.56	4.67	0.08%
FTSE 100	8,646.79	(55.20)	-0.63%
DAX	22,891.68	(107.47)	-0.47%
Nikkei	37,677.06	(74.82)	-0.20%
Hang Seng	23,689.72	(530.23)	-2.19%
Shanghai	3,364.83	(44.12)	-1.29%
Kospi	2,643.13	6.03	0.23%
EIDO	15.62	(0.29)	-1.82%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	3,022.2	(22.8)	-0.75%
Crude Oil (\$/bbl)	68.28	0.21	0.31%
Coal (\$/ton)	97.00	(0.75)	-0.77%
Nickel LME (\$/MT)	16,057	(227.0)	-1.39%
Tin LME (\$/MT)	34,489	(861.0)	-2.44%
CPO (MYR/Ton)	4,375	(38.0)	-0.86%

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

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	US	20.45	S&P Global US Manufacturing PMI	-	Mar P	51.8	52.7
24 – March							
Tuesday	US	21.00	New Home Sales	-	Feb	680k	657k
25 – March	US	21.00	Conf. Board Consumer Confidence	-	Mar	94.0	98.3
Wednesday	US	18.00	MBA Mortgage Applications	-	Mar 21	-	-6.2%
26 – March	US	19.30	Durable Goods Orders	-	Feb P	-0.7%	-3.2%
Thursday	US	19.30	GDP Annualized QoQ	-	4Q T	2.4%	2.3%
27 – March	US	19.30	Wholesale Inventories MoM	-	Feb P	-	0.8%
	US	19.30	Initial Jobless Claims	-	Feb	-0.2%	-0.3%
Friday	US	19.30	Personal Income	-	Feb	0.4%	0.9%
28 – March	US	19.30	Personal Spending	-	Feb	0.6%	-0.2%
	US	21.00	U. of Mich. Sentiment	-	Mar F	-	57.9

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury

Published on Investing.com, 24 Mar 2025 - 13:28:19 GMT. Powered by TradingView.
United States 10 Year, United States, NYSE:US10YT=A, D



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Published on Investing.com, 24 Mar 2025 - 13:28:19 GMT. Powered by TradingView.
Indonesia 10 Year, Indonesia, Jakarta:WIYF=A, D



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