

# Morning Briefing

Daily | November 06, 2024

## Today's Outlook:

**MARKET SENTIMENT:** Investors are feeling jittery as recent polls show DONALD TRUMP and KAMALA HARRIS in a tight presidential race, with the outcome likely to determine trade and tax policy over the next 4 years. Previous polls showed Trump with the upper hand over Harris, but this trend appears to have reversed ahead of the election. Trump is expected to launch more inflationary policies and impose stricter trade tariffs on CHINA - a scenario that could bode ill for the large Tech sector; while Harris has proposed increasing taxes on high net worth individuals and large businesses, while easing the tax burden on families.

- **FOMC MEETING:** the closer it gets to Thursday's schedule (decision due out early Friday morning GMT), which also limits market participants' activity where the central bank is almost 100% expected to cut rates by 25 basis points, after a 50 bps cut in September. Focus will be on Fed Chairman Jerome Powell's speech on the central bank's plans for future rate cuts.

- **ECONOMIC INDICATORS:** The US services sector accelerated to the highest level in more than 2 years in October as employment recovered strongly while the US trade deficit surged to an almost 2.5-year high in September as stated in the US Trade Balance figures.

**CURRENCY & FIXED INCOME:** THE US DOLLAR slumped significantly to a 3-week low as traders adjusted positions ahead of the election results. The Mexican Peso and Chinese Yuan are two currencies that could be hit the hardest by additional trade restrictions and import tariffs that may be imposed by the US government, a scenario that is likely to happen if Donald Trump wins the election.

**EUROPEAN & ASIAN MARKETS:** In line with China, services activity in the UK expanded above expectations in Oct. Today it is JAPAN's turn to report Services PMI (Oct) also similarly improved although still struggling to get out of contraction territory.

- Later this afternoon, GERMANY & EUROZONE will release Composite & Services PMI (Oct) figures, followed by UK for Construction PMI.

**COMMODITIES:** The threat of TROPICAL STORM RAFAEL has US energy companies in the Gulf of Mexico starting to evacuate workers from offshore platforms. Analysts said the storm could reduce oil production by about 4 million barrels. Oil storage data released by the American Petroleum Institute (API) on Tuesday showed an addition of 3.13m barrels of oil, above the forecast of 1.8m barrels, following a 573k barrel stock shrinkage in the previous week. The unexpected news immediately caused US WTI crude oil futures prices to fall in after market trading yesterday. US WTI crude oil futures, the US benchmark, are currently trading at USD 71.51 per barrel, having closed up 0.7% at USD 71.99/barrel. The following report from the International Energy Association will be released today. Analysts expect US energy companies to add about 1.1 million barrels of crude oil into storage during the week ending November 1. That compares with an increase of 13.9 million barrels in the same week last year and an average increase of 4.2 million barrels over the past five years (2019-2023).

- CHINA'S NATIONAL PEOPLE'S CONGRESS meeting has many traders waiting for clarity on fiscal stimulus to improve China's demand outlook.

## Domestic News

### Prabowo Signs Government Regulation on Debt Write-off for MSMEs, Farmers and Fishermen

President Prabowo Subianto has signed Government Regulation (PP) number 47 of 2024 on the Elimination of Bad Debts to Micro, Small and Medium Enterprises (MSMEs) in the fields of agriculture, plantations, animal husbandry, fisheries, and marine as well as other MSMEs. The regulation, which was signed on Tuesday (5/11/2024), Prabowo said, was signed after hearing the suggestions and aspirations of many parties, especially from groups of farmers and fishermen from all over Indonesia who arrived at the Merdeka Palace since 16:15 WIB. "With this, the government hopes to help our brothers and sisters who work in agriculture, MSMEs and fishermen who are very important food producers, so that they can continue their businesses and they can be more useful for the nation and state," he said at the forum. Furthermore, Prabowo said that the technical requirements would be followed up by the relevant ministries and institutions. One of them is the Ministry of Agriculture (Kementan). The 8th President of the Republic of Indonesia also hopes to provide fresh air to encourage the performance of farmers, fishermen, and MSMEs through the elimination of bad credit. (Bisnis)

## Corporate News

### SMF: PEFINDO Affirms idAAA Rating for SMF's Maturing Notes

PEFINDO affirmed the ratings of debt securities issued by PT Sarana Multigriya Finansial (Persero) (SMF) which will mature in the near future, as follows: Shelf Registration Bond VII Phase III Year 2024 Series A (idAAA rating) worth IDR 1,296.4 billion will mature on February 16, 2025, Shelf Registration Sukuk Musyarakah I Phase II Year 2024 (idAAA(sy) rating) worth IDR 529.0 billion will mature on February 16, 2025, Shelf Registration Bond V Phase III Year 2020 Series B (idAAA rating) worth IDR 2,541.0 billion will mature on February 18, 2025. The rating period is valid from October 31, 2024 - February 16, 2025 and October 31, 2024 - February 18, 2025. SMF plans to pay off the bonds using internal funds, with cash and cash equivalents recorded at IDR 6.6 trillion at the end of June 2024. (Pasardana)

## Recommendation

**US10YT started to falter in the Resistance area after reaching the TARGET yield of 4.305% - 4.407%.** Currently the position is starting to break down below the first Support: MA10 at yield 4.270%, even the Low point had touched the second Support, namely: MA20 at yield 4.18%. ADVISE: ready for deeper yield consolidation, thus bond prices strengthen.

**ID10YT is trying to stay above MA20 Support / yield 6.737% which is very critical, because if closing below that level it will open up opportunities for deeper consolidation towards yield 6.635% which is the location of MA50 Support.** ADVISE: anticipate further strengthening of bond prices, unless the yield crawls above MA10 / 6.80% Resistance.

## PRICE OF BENCHMARK SERIES

FRO090 : 96.960 (+0.00%)  
FRO091 : 97.896 (+0.12%)  
FRO092 : 101.382 (+0.14%)  
FRO094 : 96.800 (+0.00%)

FRO086 : 98.651 (-0.05%)  
FRO087 : 98.887 (+0.06%)  
FRO083 : 104.946 (+0.03%)  
FRO088 : 96.006 (+0.03%)

## CDS of Indonesia Bonds

CDS 2yr: +1.42% to 33.980  
CDS 5yr: +0.77% to 73.338  
CDS 10yr: +1.36% to 125.225

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.75%	-0.04%
USDIDR	15,735	-0.11%
KRWIDR	11.41	-0.40%

## Global Indices

Index	Last	Chg.	%
Dow Jones	42,221.88	427.28	1.02%
S&P 500	5,782.76	70.07	1.23%
FTSE 100	8,172.39	(11.85)	-0.14%
DAX	19,256.27	108.42	0.57%
Nikkei	38,474.90	421.23	1.11%
Hang Seng	21,006.97	439.45	2.14%
Shanghai	3,386.99	76.78	2.32%
Kospi	2,576.88	(12.09)	-0.47%
EIDO	21.40	0.24	1.13%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,744.0	7.2	0.26%
Crude Oil (\$/bbl)	71.99	0.52	0.73%
Coal (\$/ton)	142.90	(1.00)	-0.69%
Nickel LME (\$/MT)	16,123	116.0	0.72%
Tin LME (\$/MT)	32,349	199.0	0.62%
CPO (MYR/Ton)	4,806	(85.0)	-1.74%

## Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	Real GDP	5.05%	5.11%
FX Reserve (USD bn)	149.92	150.20	Current Acc (USD bn)	-3.02	-2.16
Trd Balance (USD bn)	3.26	2.90	Govt. Spending Yoy	4.62%	1.42%
Exports Yoy	6.44%	7.13%	FDI (USD bn)	4.89	6.03
Imports Yoy	8.55%	9.46%	Business Confidence	104.82	104.30
Inflation Yoy	1.71%	1.84%	Cons. Confidence*	123.50	124.40

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
<b>Monday</b>	US	22.00	Factory Orders	-0.5%	Sep	-0.5%	-0.2%
04 – November	US	21.00	Durable Goods Orders	-0.7%	Sep F	-0.8%	-0.8%
<b>Tuesday</b>	US	20.30	Trade Balance	-USD 84.4B	Oct	-USD 84.1B	-USD 70.4B
05 – November	US	22.00	ISM Services Index	56.0	Oct	53.8	54.9
<b>Wednesday</b>	US	18.00	MBA Mortgage Applications	-	Nov 1	-	-0.1%
06 – November							
<b>Thursday</b>	US	19.30	Initial Jobless Claims	-	Nov 2	223k	216k
07 – November							
<b>Friday</b>	US	02.00	FOMC Rate Decision (Upper Bound)	-	Nov 7	4.75%	5.00%
08 – November	US	22.00	University of Michigan Sentiment	-	Nov P	71.0	70.5

Source: Bloomberg, NHKSI Research

## United States 10 Years Treasury



## Indonesia 10 Years Treasury



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