

Morning Briefing

Daily | November 13, 2024

MARKET SENTIMENT:

- Wall Street awaited the latest consumer price index data for insights on the pace of inflation

ECONOMIC INDICATORS:

- Investors will be looking toward October's CPI numbers, scheduled for release Wednesday morning, to see how much the costs of goods and services have risen. Economists surveyed by Dow Jones are expecting the CPI to increase 0.2% for the month, which would put the 12-month rate at 2.6%. The pace of price increases is also one of the key components to informing the Federal Reserve's decision to cut or maintain interest rates. Other notable economic data releases later this week include the producer price index data and retail sales numbers, which will be announced on Thursday and Friday, respectively.

ASIA & EUROPEAN MARKETS:

- Investors are scrutinizing a fresh batch of economic data this week. German inflation rose 2.4% in October, according to data published Tuesday by the country's statistics office, confirming a preliminary reading. The harmonized index of consumer prices had risen 1.8% in September. Inflation readings are harmonized in the euro area and in the European Union to ensure comparability.

- On Wednesday, beyond the US CPI data, focus this week is also on addresses from a slew of Fed officials for more insight into the central bank's plans for rates.

FIXED INCOME & CURRENCY:

- U.S. Treasury yields jumped on Tuesday as investors digested what President-elect Donald Trump's victory could mean for rates. Traders also awaited key inflation readings due later this week. The 10-year Treasury yield rose by more than 11 basis points to 4.426%. The yield on the 2-year Treasury was higher by more than 8 basis points to 4.342%. One basis point equals 0.01%. Bond yields and their prices move in opposite directions. The market action comes after the Federal Reserve cut interest rates for a second consecutive time last week, by 25 basis points to a target range of 4.50%-4.75%. Traders are pricing in a 65% chance of another quarter-point cut in the Fed's next December meeting, per the CME Group's FedWatch tool. Looking further ahead, however, investors are digesting what Trump's economic pledges on taxes and trade could mean for interest rates — and whether rates could remain higher for longer than previously expected. Hotly anticipated inflation data will be watched this week for clues about the health of the economy. The consumer price index will be published Wednesday, and the producer price index is due Thursday.

- The U.S. dollar index rose 0.4% to 105.96. Trump's Republican Party will hold a slim majority in both houses of Congress, allowing the president-elect to push his agenda cutting taxes and regulation after he takes office in January. Higher tariffs are expected to push up prices, leaving the Federal Reserve less scope to cut interest rates.

- The onshore yuan finished the domestic session at 7.2378 per dollar, its lowest close since Aug. 1 as Trump has threatened China with blanket 60% tariffs. Since his election last week, the euro has languished at a seven-month trough and the yuan slumped to its lowest in more than three months, with Europe and China both targets of potential Trump tariffs.

- The euro sank to USD 1.06065 on Tuesday, the lowest since mid-April, and was last down 0.3% at USD 1.0621 after Trump has warned that the euro bloc will "pay a big price" for not buying enough American exports, with cars a particular target.

INDONESIA: On Tuesday, we have seen Sept-2024's Retail Sales of 4.1% YoY was lower than Aug-2024's 5.1% YoY which indicates a slowdown in consumer purchasing nationally. On Monday, October's Consumer Confidence declined to 121.1 pts and October's Car Sales continued its decline by -3.9% YoY. With no new data being released this week in Indonesia, the trends we currently observe locally is pointing to consumers having less purchasing power until the first half of next year.

Domestic News

SUN Interest Increases Government Raise IDR 22 Trillion at This Week's Auction

Interest in the auction of Government Securities (SUN) on November 12, 2024 has increased compared to the last auction, where the Government absorbed funds according to the indicative target of IDR 22 trillion. The absorption was higher than the SUN auction on October 29, 2024, which amounted to IDR 18.85 trillion, below the indicative target that had been set. A statement from the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance (Kemenkeu) in Jakarta, Tuesday, stated that incoming bids at this auction reached IDR 37.39 trillion. This value is higher than the previous auction which received an incoming bid of IDR 29.58 trillion. Of the eight SUN series auctioned, the Government only absorbed funds from six series, including FR0104 (reopening), FR0103 (reopening), FR0098 (reopening), FR0097 (reopening), FR0102 (reopening), and FR0105 (reopening). Meanwhile, for the SPN12250213 (reopening) and SPN12251113 (new issuance) series, the Government decided not to absorb funds despite receiving incoming bids of IDR 2 trillion and IDR 3.35 trillion respectively. The highest absorption came from the FR0103 series which won IDR 10.2 trillion, with a weighted average yield of 6.92955 percent. (Antara News)

Corporate News

MFIN: Mandala Multifinance is Ready to Pay Maturity Bonds

PT Mandala Multifinance Tbk (MFIN) is ready to pay its ongoing bonds IV phase IV in 2021 series B. The company has prepared IDR 350 billion for the principal payment of the bonds, which will mature on December 3, 2024. In a written statement on Tuesday (12/11/2024), MFIN Director Roberto AK UN said that MFIN has prepared IDR 350 billion for the payment of the principal of the bonds which will mature on December 3, 2024. "The source of funds for this bond payment comes from the Company's internal funds," he said. According to Roberto, until now there are no decisions or other important matters made by the Management regarding this matter. (Emiten News)

Recommendation

-US10Y : has reached within proximity of its major trendline resistance at 4.47% with a negative divergence in RSI forming at the overbought zone; this bodes that US10Y will likely experience a major decline to the strong support at 3.78%. This downtrend in yield will most likely persist until the end of the year and may accelerate nearing Trump's inauguration in 20-Jan-2025. ADVISE: Prepare for a downtrend for US10 Bond Yields from the boost in confidence platformed by Trump's re-election.

- ID10Y : has rebounded from support 6.76% as a re-action by investors to exit from conservative financial instruments to more aggressive ones in the face of Trump's re-election. ID10Y has nearly reached its resistance at 6.90%. However, this rebound may be short-lived as we view ID10Y forming a rising wedge pattern with a high-potential to break downwards towards the end of Nov-2024 and beginning of Dec-2024. This upcoming breakdown in yield could revert back to support at 6.62%. ADVISE: Prepare for a downward trend in Indonesia's 10-Year Government Bond Yield to start by late Nov-2024 to early Dec-2024.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	Real GDP	4.95%	5.05%
FX Reserve (USD bn)	151.23	149.90	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*	121.10	123.50

PRICE OF BENCHMARK SERIES

FR0090	: 97.005 (-0.08%)
FR0091	: 97.774 (-0.56%)
FR0092	: 101.257 (-0.29%)
FR0094	: 98.613 (-0.03%)
FR0086	: 98.613 (-0.03%)
FR0087	: 98.754 (-0.36%)
FR0083	: 104.715 (-0.34%)
FR0088	: 95.690 (-0.47%)

CDS of Indonesia Bonds

CDS 2yr:	+2.08% to 32.605
CDS 5yr:	+2.31% to 70.518
CDS 10yr:	+1.76% to 120.940

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.92%	0.16%
USDIDR	15,780	0.64%
KRWIDR	11.20	0.01%

Global Indices

Index	Last	Chg.	%
Dow Jones	43,910.98	(382.15)	-0.86%
S&P 500	5,983.99	(17.36)	-0.29%
FTSE 100	8,025.77	(99.42)	-1.22%
DAX	19,033.64	(414.96)	-2.13%
Nikkei	39,376.09	(157.23)	-0.40%
Hang Seng	19,846.88	(580.05)	-2.84%
Shanghai	3,421.97	(48.10)	-1.39%
Kospi	2,482.57	(49.09)	-1.94%
EIDO	20.43	0.06	0.29%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	2,598.4	(20.4)	-0.78%
Crude Oil (\$/bbl)	68.12	0.08	0.12%
Coal (\$/ton)	142.25	0.00	0.00%
Nickel LME (\$/MT)	15,897	(211.0)	-1.31%
Tin LME (\$/MT)	30,208	(1071.0)	-3.42%
CPO (MYR/Ton)	5,026	(170.0)	-3.27%

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	JP	06.50	BoP Current Account Balance	-	Sep	¥ 3432.5B	¥ 3803.6B
11 – November							
Tuesday							
12 – November							
Wednesday	US	19.00	MBA Mortgage Applications	-	Nov 8	-	-10.8%
13 – November	US	20.30	CPI MoM	-	Oct	0.2%	0.2%
	US	20.30	CPI YoY	-	Oct	2.6%	2.4%
Thursday	US	20.30	Initial Jobless Claims	-	Nov 9	-	221k
14 – November	US	20.30	PPI Final Demand MoM	-	Oct	0.2%	0.0%
Friday	ID	11.00	Imports YoY	-	Oct	8.20%	8.55%
15 – November	ID	11.00	Exports YoY	-	Oct	2.90%	6.44%
	ID	11.00	Trade Balance	-	Oct	USD 2600m	USD 3257m
	US	20.00	Empire Manufacturing	-	Nov	3.5	-11.9
	US	22.00	Retail Sales Advance MoM	-	Oct	0.3%	0.4%
	US	21.15	Industrial Production MoM	-	Oct	-0.2%	-0.3%

Source: Bloomberg, NHKSI Research

United States 10 Years Treasury



Indonesia 10 Years Treasury



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