

DAILY UPDATE March 18, 2024

MACROECONOMIC NEWS

US Economy - The BoE is expected to delay rate decisions in Thursday's announcement, awaiting clearer insights into wage growth, which is stronger compared to the U.S. and the eurozone. Markets anticipate borrowing cost reductions starting in August from 5.25%, the highest since 2008, following the Fed and the ECB. Investors will monitor any language changes regarding reviewing the BoE's Bank Rate and shifts in voting balance after February's split. Wednesday's inflation data could prompt last-minute reconsideration.

US Market - Traders tempered expectations for future Fed cuts after last week's unexpectedly high U.S. producer and consumer price data. All eyes are now on Wednesday's Fed meeting for clues on rate cuts, the economy's strength, and potential inflation rebound. Fed Chair Jerome Powell noted increased confidence in inflation nearing the 2% target but stressed the need for more evidence before easing. Analysts anticipate easing measures by mid-year but expect a cautious approach pending further evidence of sustainable disinflation.

Oil Prices - Oil prices dipped on Friday after reaching \$85 a barrel for the first time since November, but they ended the week over 3% higher due to increased demand from U.S. refiners completing planned maintenance. Energy traders are eyeing Wednesday's Fed meeting for potential interest rate cuts that could stimulate U.S. demand. Oil prices were further boosted by the International Energy Agency's revised forecast for 2024 oil demand, despite disruptions from Houthi attacks on Red Sea shipping. These gains occurred despite the U.S. dollar strengthening, which typically makes crude more expensive for users of other currencies.

UK Economy - The BoE is expected to delay rate decisions in Thursday's announcement, awaiting clearer insights into wage growth, which is stronger compared to the U.S. and the eurozone. Markets anticipate borrowing cost reductions starting in August from 5.25%, the highest since 2008, following the Fed and the ECB. Investors will monitor any language changes regarding reviewing the BoE's Bank Rate and shifts in voting balance after February's split. Wednesday's inflation data could prompt last-minute reconsideration.

Equity Markets

	Closing	% Change
Dow Jones	38,715	-0.49
NASDAQ	15,973	-0.96
S&P 500	5,117	-0.65
MSCI excl. Jap	652	-1.52
Nikkei	39,487	2.01
Shanghai Comp	3,055	0.54
Hang Seng	16,721	-1.42
STI	3,169	-0.12
JCI	7,328	-1.42
Indo ETF (IDX)	16	-1.50
Indo ETF (EIDO)	23	-1.05

Currency

	Closing	Last Trade
US\$ - IDR	15,599	15,599
US\$ - Yen	149.04	149.31
Euro - US\$	1.0889	1.0884
US\$ - SG\$	1.338	1.339

Commodities

	Last	Price Chg	%Chg
Oil NYMEX	81.1	-0.1	-0.1
Oil Brent	85.3	0.09	0.1
Coal Newcastle	131.0	-0.5	-0.4
Nickel	18074	-3	0.0
Tin	28674	416	1.5
Gold	2151	-13.3	-0.6
CPO Rott	1005	10	1.0
CPO Malay	4220	-83	-1.9

Indo Gov. Bond yields

	Last	Yield Chg	%Chg
1 year	6.542	0.09	1.363
3 year	6.474	0.032	0.497
5 year	6.543	0.001	0.015
10 year	6.649	0.006	0.09
15 year	6.839	-0.004	-0.06
30 year	6.967	0.01	0.129

UK Economy - The British public's expectations for the pace of inflation over the coming year have fallen over the past three months, a Bank of England survey showed on Friday, which may reassure policymakers who are considering when to cut interest rates. Median expectations for inflation for the next 12 months fell to their lowest since August 2021 at 3.0% in February, down from 3.3% in November, the survey showed. Expectations for the 12 months after that were unchanged at 2.8%, while longer-term expectations fell to 3.1% from 3.2%. Consumer price inflation was 4.0% in January and December, double the BoE's target. Data due on Wednesday is expected to show it fell to 3.6% in February, according to preliminary figures from a Reuters poll of economists.

China Economy - Chinese banks extended 1.45 trillion yuan (\$201.5 billion) in new yuan loans in February, according to Reuters calculations based on data released by the People's Bank of China, down sharply from January and falling short of analysts' expectations. Outstanding yuan loans grew 10.1% from a year earlier - the lowest on record - compared with 10.4% growth in January. Analysts had expected 10.2%. A pull-back in February from January was widely expected, because Chinese banks tend to front-load loans at the beginning of the year to get high-quality customers and win market share. The timing of the week-long Lunar New Year holiday, which fell in February this year versus late January in 2023, may also have weighed on lending activity last month.

CORPORATE NEWS

AKRA - PT AKR Corporindo secures a government contract via the Ministry of Finance (MoF) to distribute subsidized diesel fuel with a quota of 167,515 kiloliters for FY 2024. This aligns with the Assignment Letter from BPH Migas No. 90/P3JBT/BPH MIGAS/KOM/2023. Since 2010, the government has utilized AKRA as a partner to distribute subsidized BBM, ensuring affordable energy access nationwide and preserving purchasing power.

SUNI - PT Sunindo Pratama begins constructing Plant 2 for PT Rainbow Tubulars Manufacture (RTM) in Batam, investing IDR 432 billion. This includes IDR 57 billion for land, IDR 250 billion for the factory, and IDR 125 billion for production machinery. The construction of Plant 2 aims to double seamless pipes/OCTG tubing yearly production capacity to 60,000 tons.

WSBP - PT Waskita Beton Precast secured IDR 352 billion in new contracts until February 2024, with 97% from external projects. These include Enim Bridge Retaining Wall Construction, Spun Pile for Serang - Panimbang Toll Road, Readymix for Tempadung Toll - Balang Island Bridge, among others. Additionally, WSBP obtained IDR 11 billion from auctioning 72 unproductive equipment assets such as trucks, batching plants, gensets, wheel loaders, and sand washing equipment. Out of this, IDR 8.2 billion (75% of auction proceeds) will be allocated to settle payment obligations to creditors, including Tranche A and Tranche B, with the remainder used as outlined in the restructuring plan.

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