

Morning Brief

Daily | June 14, 2021

Today's Outlook:

Government Bonds

US Inflation Sentiment Supports SUN Market. The price of Government Bonds (SUN) at the end of the week rose, in line with the decline in UST yield to the level of 1.45%. The US bond market is moving higher, amid the US May 2021 inflation rate of 5% YoY, or the highest level since 2008. NHKSI Research sees that market participants have anticipated this, and the increase in US inflation is only temporary. The decline in UST yields is usually also followed by a decline in the US dollar index. Over the weekend, the rupiah strengthened 0.4% to IDR 14,189/USD in the spot market. Meanwhile, the Bank Indonesia (BI) middle rate strengthened 0.2% to IDR 14,206/USD. Benchmark yields FR0086 and FR0087, respectively, closed at 5.31% and 6.34% based on NHKSI Fixed Income data.

Corporate Bonds

PNM Issues IDR 2 Trillion Sukuk Mudharabah. Permodalan Nasional Madani (Persero) or PNM held an offer for Sustainable Sukuk Mudharabah I Phase I 2021 amounting to IDR 2 trillion. The initial offering period will last until June 23, 2021, while the public offering will take place from July 2-5 2021, then distribution as of July 8, 2021. In addition to this new offering, the company will also issue several debt securities until the end of 2021. Among other things, bonds Sustainable IV IDR 3 trillion, Sukuk Mudharabah V IDR 3 trillion, and KIK-EBA 2021 IDR 500 billion. Meanwhile, the debt securities that PNM has successfully issued include Sukuk Mudharabah IV 2020 Series A IDR 712 billion, Series B IDR 780 billion, Series D IDR 308 billion, and PUB III Phase V 2021 worth IDR 666.2 billion. (Tempo)

Domestic Issue

BI Projects June Deflation of 0.09%. There was an overall decline in prices (deflation) in June 2021. Based on the price monitoring survey (SPH) until the first week of June 2021 deflation is estimated at 0.09% MoM. Bank Indonesia (BI) said the results of the Price Monitoring Survey in the second week of June 2021 and price developments in the second week of June 2021 were still relatively under control. With these developments, the inflation forecast for June 2021 on a calendar year basis is 0.81% YtD, and on an annual basis at 1.40% YoY. (Kontan)

Recommendation

Waiting for BI 7-DRRR and the absence of PBS030. For this week's market movements, investors are waiting for the release of the BI Seven Days Reverse Repo Rate (BI 7-DRRR). Based on a Bloomberg survey, the BI 7-DRRR for the June period remained at 3.50%. This week, market participants are also keeping an eye on the Sukuk auction on Tuesday (15/06). In this auction, the government did not offer PBS030 (7.1-year) (Reopening). In the previous Sukuk auction, the government set a PBS030 (New Issue) fee of 5.875%. The government is also selective in winning this new series of Sukuk, which only won IDR 350 billion (bid to cover ratio 20x), from bids for this series which was almost IDR 7 trillion.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.50%	3.50%	Real GDP	-0.74%	-0.74%
FX Reserve (USD bn)	136.40	138.80	Current Acc (USD bn)	(1.00)	(1.00)
Trd Balance (USD bn)	2.19	1.56	Govt. Spending Yoy	2.96%	2.96%
Exports Yoy	51.94%	30.47%	FDI (USD bn)	4.92	4.92
Imports Yoy	29.93%	25.73%	Business Confidence	104.82	104.82
Inflation Yoy	1.68%	1.42%	Cons. Confidence*	104.40	101.50

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -5.1 Bps to 100.71 (5.32%)
FR0087 (10yr): -2.1 Bps to 101.19 (6.33%)
FR0088 (15yr): +0.4 Bps to 99.56 (6.29%)
FR0083 (20yr): -0.7 Bps to 105.26 (6.99%)

FR0081 (4yr): -3.7 Bps to 104.87 (5.13%)
FR0082 (9yr): -1.5 Bps to 104.98 (6.27%)
FR0080 (14yr): -4.0 Bps to 106.00 (6.82%)

CDS of Indonesia Bonds

CDS 2yr: -1.17% to 29.02
CDS 5yr: -3.12% to 72.61
CDS 10yr: -1.58% to 135.48

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.35%	-0.02%
USDIDR	14,189	-0.41%
KRWIDR	12.77	-0.03%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,479.60	13.36	0.04%
S&P 500	4,247.44	8.26	0.19%
FTSE 100	7,134.06	45.88	0.65%
DAX	15,693.27	122.05	0.78%
Nikkei	28,948.73	(9.83)	-0.03%
Hang Seng	28,842.13	103.25	0.36%
Shanghai	3,589.75	(21.11)	-0.59%
KOSPI	3,249.32	24.68	0.77%
EIDO	22.25	(0.14)	-0.63%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,877.5	(21.0)	-1.11%
Crude Oil (\$/bbl)	70.91	0.62	0.88%
Coal (\$/ton)	124.00	0.05	0.04%
Nickel LME (\$/MT)	18,227	(56.0)	-0.31%
Tin LME (\$/MT)	31,570	375.0	1.20%
CPO (MYR/Ton)	3,663	(181.0)	-4.71%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday	ID	11:00	Trade Balance	May		\$2300m	\$2190m
15 - June	UK	13:00	Jobless Claims Change	May		--	-15.1k
	GE	13:00	CPI YoY	May		2.50%	2.50%
	US	19:30	PPI Final Demand MoM	May		0.40%	0.60%
	US	20:15	Industrial Production MoM	May		0.60%	0.70%
Wednesday	CH	09:00	Retail Sales YoY	May		14.00%	17.70%
16 - June	CH	09:00	Industrial Production YoY	May		9.20%	9.80%
	UK	13:00	CPI YoY	May		1.80%	1.50%
	US	18:00	MBA Mortgage Applications	Jun		--	-3.10%
Thursday	ID	14:20	Bank Indonesia 7D Reverse Repo	Jun		3.50%	3.50%
17 - June	EC	16:00	CPI YoY	May		2.00%	1.60%
	US	19:30	Initial Jobless Claims	Jun		--	376k
	US	21:00	Leading Index	May		1.10%	1.60%
Friday	UK	13:00	Retail Sales Inc Auto Fuel MoM	May		--	9.20%
18 - June							

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