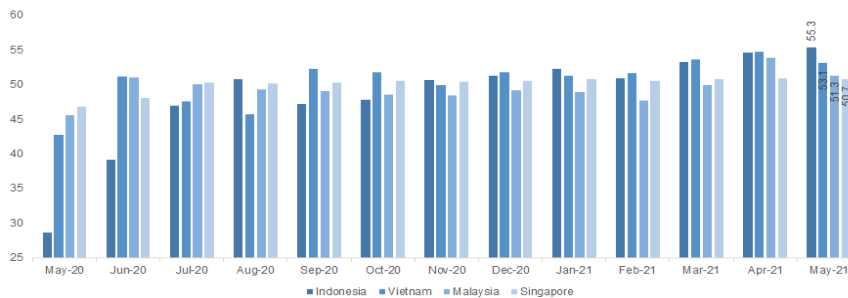


Macroeconomic Report

Indonesia's Manufacturing PMI Hits Highest Record

Indonesia PMI Manufacture



Source: Bloomberg, NHKS Research

Indonesia' Manufacturing PMI at 55.3

IHS Markit released the data on the Indonesian Manufacturing Purchasing Managers' Index (PMI) for the May 2021 period, at 55.3 or the highest level in history of the survey. This figure increased significantly compared to the previous month, which was at 54.6; as new demand, output, and purchases rise. For the record, a PMI reading above level 50 indicates an expanding industrial sector. On the other hand, the Indonesian Manufacturing PMI also surpassed the ASEAN manufacturing PMI which was at 51.8. Indonesia was able to outperform Vietnam's manufacturing PMI of 53.1; Malaysia 51.3; as well as Singapore at 51.7. NHKSI Research sees that the government's incentive policy is able to increase public demand. The provision of incentives to reduce the Government-borne Sales Tax on Luxury Goods (PPnBM DTP) has succeeded in encouraging sales of four-wheeled motor vehicles to jump by almost 150%.

Eid al-Fitr Consumption Boosts Inflation in May

Statistics Indonesia booked the Consumer Price Index (CPI) in May 2021 to reach 0.32% MoM monthly, or 1.68% yoy yearly. Meanwhile, inflation by calendar year 2021 was booked at 0.90% YtD. Price increase occurred in all groups throughout the fasting month and Eid al-Fitr. In more detail, commodities in the food, beverage, and tobacco groups, contributed dominantly at 0.38%. Then followed by transportation 0.71%; personal care and other services 0.59%; and clothing and footwear by 0.52%. Meanwhile, some of the dominant commodities contributing to deflation were red chilies by 0.07%; and cayenne pepper by 0.05%. NHKSI Research sees the increase in public demand or purchasing power during this period as a positive signal. In addition to food, beverages and tobacco; demands for transportation services, clothing and footwear was also supported by the celebration of Eid al-Fitr. We also see that this trend of public demand will rise again in the coming months, in line with the value of Indonesia's exports.

PBS030 Yield Below Expectations

The government set the PBS030 (7.1-year) (New Issuance) fee of 5.875% in the auction of State Sharia Securities (SBSN) last Tuesday (02/06). This figure is far below NHKSI Research's projection of 6.35%, or equivalent to the yield of similar tenor Sukuk, PBS018 (6.9-years). In addition to low returns, the government is also selective in winning this new series of Sukuk, which only won IDR350 billion (bid to cover ratio at 20x), from the incoming bid to this series which was almost IDR7 trillion. The weighted average yield of PBS030 is 6.16%; the lowest yields and the highest yields that entered were respectively at 6.05% and 6.53%. The government's selective attitude can also be seen from the overall results of yesterday's Sukuk auction, in line with the fulfillment of the indicative target for the auction of Government Securities (SBN) for the 2Q21 period. In yesterday's auction, the government only won IDR11 trillion, out of a total bid of IDR44.6 trillion.

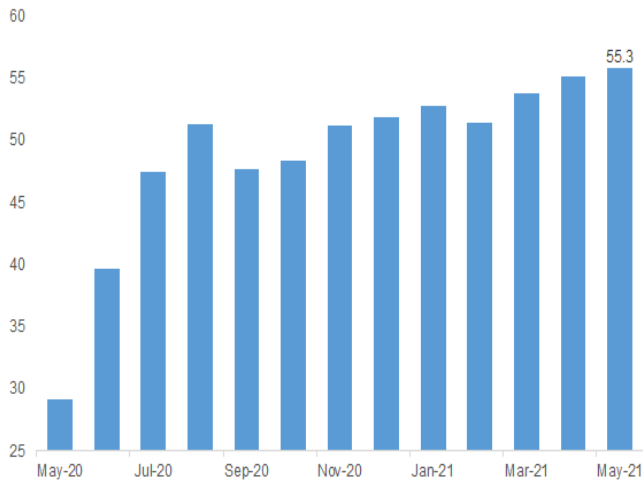
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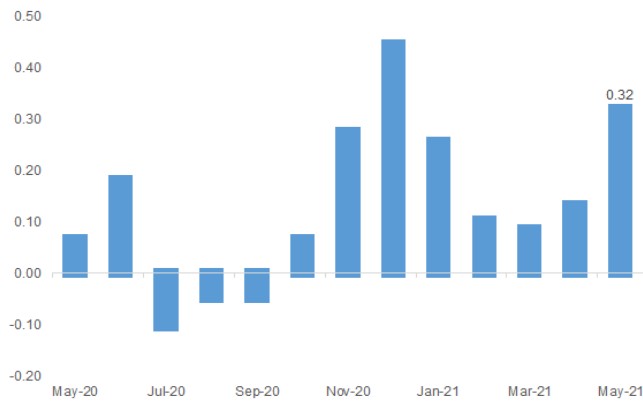
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Indonesia PMI Manufacture | May 2020 - May 2021



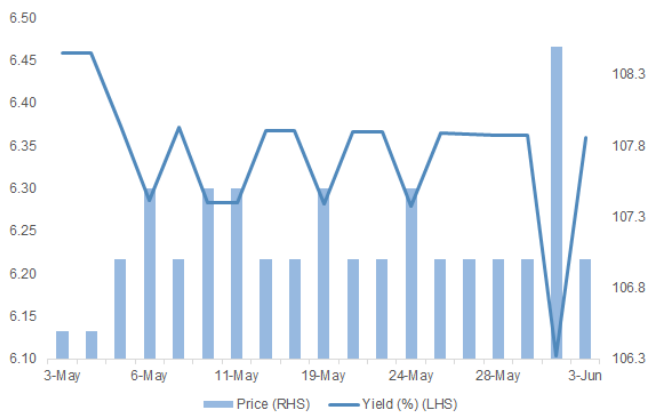
Source: Bloomberg, NHKS Research

Indonesia CPI MoM (%) | May 2020 - May 2021



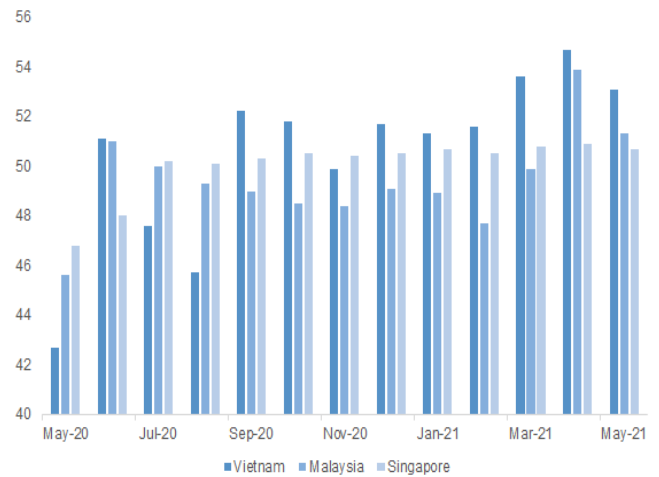
Source: Indonesia Statistics, NHKS Research

Indonesia PBS018 Price & Yield | May 3 - June 3, 2021



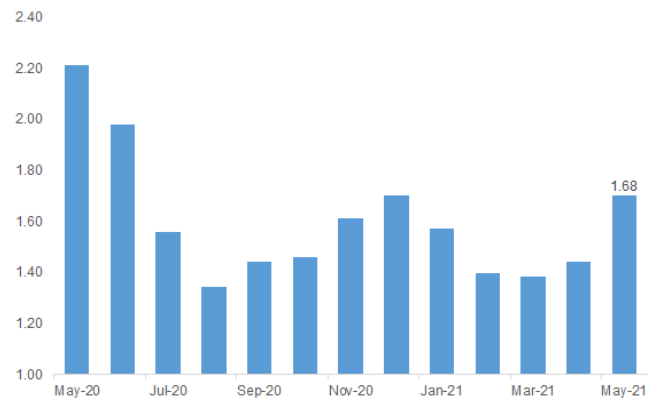
Source: Bloomberg, NHKS Research

Regional PMI Manufacture | May 2020 - May 2021



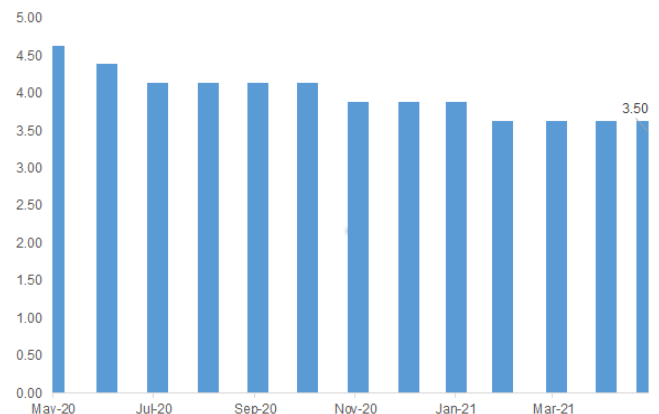
Source: Bloomberg, NHKS Research

Indonesia CPI YoY (%) | May 2020 - May 2021



Source: Bloomberg, NHKS Research

Indonesia BI 7-DRRR | May 2020 - May 2021



Source: Bloomberg, NHKS Research

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