

Morning Brief

Daily | June 4, 2021

Today's Outlook:

Government Bonds

Tapering Issues Press Rupiah. The rupiah exchange rate closed at the level of IDR 14,280/USD or slightly weakened 0.04%. This pressure was influenced by the tapering issue, the policy of reducing the value of the Fed's quantitative easing program. This taper tantrum has the potential to cause capital outflows from emerging markets to return to the US. The US tapering discourse is also supported by the US economic recovery, and the labor market which continues to show strengthening. The SUN market closed mixed yesterday, with yields on FR0087 flat at 6.39%, based on Bloomberg data.

Corporate Bonds

ICBP Global Bond to Pay Debt. Indofood CBP Sukses Makmur Tbk will issue US dollar-denominated global bonds in the near future. It is planned that the proceeds from the debt issuance will be used to finance the repayment of part of the bank loan in connection with the acquisition of Pinehill Company Limited. ICBP claims that the debt issuance plan has received a Baa3 credit rating from Moody's Investors Service and BBB- from Fitch Ratings. Based on the circulating news, the bond issuance reached USD 1.5 billion or equivalent to IDR 21.45 trillion (exchange rate of IDR 14,300 per US dollar). (CNN Indonesia)

Domestic Issue

BKPM Completes IDR 2,964.9 Trillion Standing Investment. The Ministry of Investment/Investment Coordinating Board (BKPM) noted that until the end of May 2020, there were IDR 2,964.9 trillion investment commitments that had not been realized by investors. The investment value will be pursued by the government so that it immediately flows into the domestic economy. Dozens of these investors have obtained business licenses, and have even been approved to take advantage of fiscal incentives, namely tax allowances and tax holidays. However, there are a number of problems experienced by these investors, such as: finance, internal company, licensing requirements, especially at the regional level to Ministries/Institutions (K/L). (Kontan)

Recommendation

Rupiah Depreciation Colors Weekend Trading. The rupiah exchange rate, which closed down 0.15% based on the JSDOR reference, became a negative sentiment for SUN trading today. Rupiah pressure also occurred in the spot market, weakening by 0.04% to the level of IDR 14,280/USD. The strengthening of the US dollar is in line with the discourse of the Fed reducing the value of the quantitative easing program. The Fed has the potential to reduce the purchase of securities which are now worth USD 120 billion per month. In the short term, market participants can keep a close eye on FR0086, FR0087, PBS017, and PBS029.

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)	138.80	137.10	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*	101.50	101.50

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -1.4 Bps to 100.25 (5.43%)
FR0087 (10yr): -0.4 Bps to 100.72 (6.39%)
FR0088 (15yr): -0.4 Bps to 99.31 (6.32%)
FR0083 (20yr): -4.0 Bps to 104.75 (7.03%)

FR0081 (4yr): -3.5 Bps to 104.37 (5.27%)
FR0082 (9yr): -4.6 Bps to 104.58 (6.33%)
FR0080 (14yr): -4.1 Bps to 104.69 (6.97%)

CDS of Indonesia Bonds

CDS 2yr: +0.74% to 28.45
CDS 5yr: +0.04% to 75.45
CDS 10yr: +0.56% to 139.00

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.41%	-0.01%
USDIDR	14,285	0.04%
KRWIDR	12.83	0.01%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,577.04	(23.34)	-0.07%
S&P 500	4,192.85	(15.27)	-0.36%
FTSE 100	7,064.35	(43.65)	-0.61%
DAX	15,632.67	29.96	0.19%
Nikkei	29,058.11	111.97	0.39%
Hang Seng	28,966.03	(331.59)	-1.13%
Shanghai	3,584.21	(12.93)	-0.36%
KOSPI	3,247.43	23.20	0.72%
EIDO	22.56	0.24	1.08%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,870.8	(37.6)	-1.97%
Crude Oil (\$/bbl)	68.81	(0.02)	-0.03%
Coal (\$/ton)	102.70	(1.10)	-1.06%
Nickel LME (\$/MT)	18,236	106.0	0.58%
Tin LME (\$/MT)	30,845	122.0	0.40%
CPO (MYR/Ton)	4,158	66.0	1.61%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 31 - May	CH	08:00	Manufacturing PMI	May	51.0	51.2	51.1
	GE	19:00	CPI MoM	May	0.5%	0.3%	0.7%
	GE	19:00	CPI YoY	May	2.5%	2.3%	2.0%
Wednesday 02 - June	ID	07:30	Markit Indonesia PMI Mfg	May	55.3	--	54.6
	ID	11:00	CPI YoY	May	1.68%	1.63%	1.42%
	US	18:00	MBA Mortgage Applications	May	-4.0%	--	-4.2%
Thursday 03 - June	US	19:30	Initial Jobless Claims	May	385k	387k	406k
Friday 04 - June	US	19:30	Unemployment Rate	May		5.9%	6.1%
	US	21:00	Durable Goods Orders	Apr		--	-1.3%
	US	21:00	Factory Orders	Apr		0.5%	1.1%

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