

# Morning Brief

Daily | June 23, 2021

## Today's Outlook:

### Government Bonds

**Hawkish the Fed Presses SUN Auction.** Sentiment indicating the Fed's hawkish policy next year, still dominated yesterday's Government Securities (SUN) auction. Based on data from the Directorate General of Financing and Risk Management (DJPPR), yesterday's SUN auction bid was less than IDR 70 trillion. This figure is lower than the previous auction of IDR 78.5 trillion. Bids entered this time, unable to continue the trend of increasing demand in 4x consecutive auctions. The Fed's hawkish policy will generally be followed by the central banks of other countries, including Indonesia.

### Corporate Bonds

**Bank Sulselbar Repays IDR 550 Billion Bonds.** The Regional Development Banks of South Sulawesi and West Sulawesi will pay debt securities which will mature in July 2021. Based on information disclosure on the Indonesia Stock Exchange, Tuesday (22/6/2021), the company said it had issued Continuous Public Offering bonds I and Sukuk Muharabah II in 2016 which were IDR 500 billion and IDR 50 billion, respectively. On the other hand, the company has plans to issue sustainable bonds again this year. (Bisnis Indonesia)

### Domestic Issue

**Government Extends Tax Incentives.** The government has extended the validity period of fiscal or tax incentives for taxpayers affected by the corona or Covid-19 pandemic. If referring to the Minister of Finance Regulation (PMK) Number 9 of 2021 concerning Tax Incentives for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic, the tax incentive should end this June. The extended incentives include income tax (PPH) Article 21 borne by the government (DTP) for employees with an income of up to IDR 16 million per month, a corporate tax discount of 50% for installments of PPh Article 25. Then, the government also extended the validity period of MSME final PPh, exempting PPh 22 imports, and accelerating value added tax (VAT) refunds. (Kontan)

### Recommendation

**Speculation of the start of Tapering.** Market participants have the opportunity to be wary of speculation that the Fed has basically started tapering by releasing a small portfolio of corporate bonds it bought during the Covid-19 pandemic. In the short term, investors can pay close attention to the short tenors of FR0086, FR0087, and FR0081.

## PRICE OF BENCHMARK SERIES

FR0086 (5yr): -1.3 Bps to 100.63 (5.34%)  
FR0087 (10yr): +1.1 Bps to 99.36 (6.58%)  
FR0088 (15yr): +2.6 Bps to 98.61 (6.39%)  
FR0083 (20yr): +2.2 Bps to 102.80 (7.22%)

FR0081 (4yr): -5.0 Bps to 105.01 (5.09%)  
FR0082 (9yr): +3.3 Bps to 103.08 (6.54%)  
FR0080 (14yr): +2.4 Bps to 103.90 (7.05%)

## CDS of Indonesia Bonds

CDS 2yr: +0.62% to 29.97  
CDS 5yr: +0.41% to 75.24  
CDS 10yr: +0.38% to 139.92

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.61%	0.01%
USDIDR	14,403	-0.17%
KRWIDR	12.73	0.06%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,945.58	68.61	0.20%
S&P 500	4,246.44	21.65	0.51%
FTSE 100	7,090.01	27.72	0.39%
DAX	15,636.33	33.09	0.21%
Nikkei	28,884.13	873.20	3.12%
Hang Seng	28,309.76	(179.24)	-0.63%
Shanghai	3,557.41	28.23	0.80%
KOSPI	3,263.88	23.09	0.71%
EIDO	20.95	0.13	0.62%

## 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)	2.36	2.19	Govt. Spending Yoy	2.96%	2.96%
Exports Yoy	58.74%	51.94%	FDI (USD bn)	4.92	4.92
Imports Yoy	68.68%	29.93%	Business Confidence	104.82	104.82
Inflation Yoy	1.68%	1.42%	Cons. Confidence*	104.40	101.50

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,778.7	(4.5)	-0.25%
Crude Oil (\$/bbl)	72.85	(0.27)	-0.37%
Coal (\$/ton)	125.10	1.80	1.46%
Nickel LME (\$/MT)	17,744	294.0	1.68%
Tin LME (\$/MT)	30,399	320.0	1.06%
CPO (MYR/Ton)	3,390	(1.0)	-0.03%

## Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Tuesday</b> 22 - June	US	21:00	Existing Home Sales	May	5.80m	5.72m	5.85m
<b>Wednesday</b> 23 - June	GE	14:30	Markit Germany Manufacturing PMI	Jun		64.4	64.4
	EC	15:00	Markit Eurozone Manufacturing PMI	Jun		62.6	63.1
	UK	15:30	Markit UK PMI Manufacturing SA	Jun		--	65.6
	US	18:00	MBA Mortgage Applications	Jun		--	4.20%
	US	20:45	Markit US Manufacturing PMI	Jun		61.8	62.1
<b>Thursday</b> 24 - June	GE	15:00	IFO Business Climate	Jun		100.4	99.2
	UK	18:00	Bank of England Bank Rate	Jun		--	0.10%
	US	19:30	Wholesale Inventories MoM	May		--	0.80%
	US	19:30	Durable Goods Orders	May		3.00%	-1.30%
	US	19:30	GDP Annualized QoQ	1Q21		6.40%	6.40%
	US	19:30	Initial Jobless Claims	Jun		--	412k
<b>Friday</b> 25 - June	US	19:30	Personal Income	May		-2.70%	-13.10%
	US	19:30	Personal Spending	May		0.30%	0.50%

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