

# Morning Brief

Daily | June 22, 2021

## Today's Outlook:

### Government Bonds

**Low Sentiment, Yield Rises Early Week.** Market movements in the price of Government Securities (SUN) at the beginning of the week tended to be depressed, in line with the lack of sentiment on domestic economic data. Market participants are focusing on the increase in new cases of Covid-19, which is feared to make the government re-impose a stricter activity restriction policy. Investors also tend to wait and see, amid indications of the Fed's hawkish stance.

### Corporate Bonds

**BBRI Distributes IDR 69.2 Trillion KUR.** Bank Rakyat Indonesia (Persero) Tbk (BBRI) recorded that since the beginning of the year until May 2021, it had succeeded in disbursing KUR worth IDR 69.2 trillion. The KUR was distributed to 2.4 million Micro, Small and Medium Enterprises (MSMEs) or equivalent to 40.7% of the quota given by the government this year. On the other hand, BBRI managed to maintain the quality of the KUR loans disbursed. This is proven by the Non Performing Loan (NPL) which was recorded at 0%. Of the KUR distribution, as much as 56.2% was successfully distributed to the production sector. (Kontan)

### Domestic Issue

**Extended Corporate Tax Discount.** The Ministry of Finance (Kemenkeu) ensures that tax incentives in the national economic recovery program (PEN), such as employee tax exemptions and corporate tax discounts will be extended until the end of 2021. The government provides employee tax incentives or Article 21 income tax (PPH) borne by the government (DTP) for employees with an income of up to IDR 16 million per month. Meanwhile, for the corporate tax, a 50% discount is given for the installment of PPH Article 25. (Kontan)

### Recommendation

**Hawkish the Fed Hits Last SUN Auction.** There are indications of the Fed's hawkish policy next year, potentially suppressing interest in the SUN auction today. The Fed's hawkish policy will generally be followed by the central banks of other countries, including Indonesia. This will make investors relatively wait and see, and are more inclined to short tenor SUN. For the record, short tenors have lower volatility, also amid the recent depreciation of the rupiah. This global pressure also closed the last SUN auction for the 2Q21 period.

## 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

## PRICE OF BENCHMARK SERIES

FR0086 (5yr): +2.0 Bps to 100.57 (5.36%)  
FR0087 (10yr): +6.7 Bps to 99.44 (6.57%)  
FR0088 (15yr): +2.6 Bps to 98.86 (6.36%)  
FR0083 (20yr): +7.2 Bps to 103.02 (7.20%)

FR0081 (4yr): +2.0 Bps to 104.83 (5.14%)  
FR0082 (9yr): +7.7 Bps to 103.31 (6.51%)  
FR0080 (14yr): +5.1 Bps to 104.12 (7.03%)

## CDS of Indonesia Bonds

CDS 2yr: -0.55% to 29.79  
CDS 5yr: +1.01% to 74.93  
CDS 10yr: -0.30% to 139.38

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.60%	0.06%
USDIDR	14,428	0.37%
KRWIDR	12.72	0.16%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,876.97	586.89	1.76%
S&P 500	4,224.79	58.34	1.40%
FTSE 100	7,062.29	44.82	0.64%
DAX	15,603.24	155.20	1.00%
Nikkei	28,010.93	(953.15)	-3.29%
Hang Seng	28,489.00	(312.27)	-1.08%
Shanghai	3,529.18	4.09	0.12%
KOSPI	3,240.79	(27.14)	-0.83%
EIDO	20.82	0.13	0.63%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,783.3	19.1	1.08%
Crude Oil (\$/bbl)	73.66	2.02	2.82%
Coal (\$/ton)	123.30	(0.20)	-0.16%
Nickel LME (\$/MT)	17,450	296.0	1.73%
Tin LME (\$/MT)	30,079	217.0	0.73%
CPO (MYR/Ton)	3,391	(33.0)	-0.96%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Tuesday</b> 22 - June	US	21:00	Existing Home Sales	May		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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