

Morning Brief

Daily | June 7, 2021

Today's Outlook:

Government Bonds

Weekend Tapering and Rupiah Depreciation Issues. Speculations on reducing the Fed's stimulus re-emerged, following the statement by the Philadelphia Fed President Patrick Harker. He said now is the right time to reduce quantitative easing. Previously, Automatic Data Processing Inc. (ADP) reported that the United States (US) private sector, outside of the agricultural sector, succeeded in absorbing 978 thousand workers throughout May 2021. This addition was more than the previous month's 654 thousand workers. The rupiah exchange rate was relatively flat in the past week, with the spot rate weakening 0.07% to the level of IDR 14,295/USD. Meanwhile, JISDOR weakened 0.13% to IDR 14,316/USD. Over the weekend, benchmark 10-year government bonds (SUN) FR0087 closed at 6.35%, based on data from NH Korindo Sekuritas.

Corporate Bonds

Garuda Indonesia Delays Paying Global Sukuk Coupons. Garuda Indonesia (Persero) Tbk. (GIAA) exercised the right of a 14-day grace period to postpone the payment of the global sukuk coupon due June 3, 2021. The terms of the sukuk coupon payment refer to the previous agreement regarding the extension of the principal repayment period of USD 500 million or the Garuda Indonesia Global Sukuk Limited trust certificate for 3 years from the original maturity date on June 3, 2020. This means that the issuer codenamed GIAA extends the payment period for its global sukuk and during the extension period is still required to make payments on the sukuk coupon. (Tempo)

Domestic Issue

The VAT rate is proposed to be increased to 12%. The government plans to amend the Value Added Tax (VAT) Law. One of the changes is regarding the VAT rate. In the fifth revision of Law (UU) No. 6 of 1983 concerning General Provisions and Tax Procedures, the VAT rate regulation is proposed to increase to 12% from the current 10%. As mentioned in paragraph 1, it can be changed to a minimum of 5% and a maximum of 15%. However, the government may also impose a tariff different from the intended rate for the delivery of certain taxable goods or certain taxable services, the import of certain taxable goods, as well as the utilization of certain intangible taxable goods and or certain taxable services from outside the customs area and outside the customs area. in the customs area. (Kontan)

Recommendation

Domestic Economic Data Colors Trade This Week. Market participants look forward to the release of data on foreign exchange reserves, retail sales, and the Indonesian Consumer Confidence Index. Market participants will continue to pay close attention to the US tapering issue as the US employment data improves. This data is one of the Fed's references in setting monetary policy, in addition to inflation data. High inflation and a stronger US workforce have made tapering expectations even more real. However, if this is accompanied by an increase in Indonesia's inflation, the government bonds yield will be attractive again.

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): +1.3 Bps to 100.20 (5.45%)
FR0087 (10yr): +1.2 Bps to 100.64 (6.40%)
FR0088 (15yr): +1.6 Bps to 99.16 (6.33%)
FR0083 (20yr): +0.3 Bps to 104.72 (7.04%)

FR0081 (4yr): +0.8 Bps to 104.33 (5.28%)
FR0082 (9yr): +0.1 Bps to 104.57 (6.33%)
FR0080 (14yr): -0.0 Bps to 104.69 (6.97%)

CDS of Indonesia Bonds

CDS 2yr: +7.36% to 30.55
CDS 5yr: +0.88% to 76.12
CDS 10yr: +0.09% to 139.13

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.43%	0.01%
USDIDR	14,295	0.07%
KRWIDR	12.80	-0.18%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,756.39	179.35	0.52%
S&P 500	4,229.89	37.04	0.88%
FTSE 100	7,069.04	4.69	0.07%
DAX	15,692.90	60.23	0.39%
Nikkei	28,941.52	(116.59)	-0.40%
Hang Seng	28,918.10	(47.93)	-0.17%
Shanghai	3,591.85	7.63	0.21%
KOSPI	3,240.08	(7.35)	-0.23%
EIDO	22.51	(0.05)	-0.22%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,891.6	20.8	1.11%
Crude Oil (\$/bbl)	69.62	0.81	1.18%
Coal (\$/ton)	110.25	(2.35)	-2.09%
Nickel LME (\$/MT)	18,020	129.0	0.72%
Tin LME (\$/MT)	30,865	879.0	2.93%
CPO (MYR/Ton)	4,129	(29.0)	-0.70%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 07 - May	GE	13:00	Factory Orders MoM	Apr		0.50%	3.00%
	CH		Trade Balance	May		\$50.50b	\$42.85b
	CH		Foreign Reserves	May		\$3214.50b	\$3198.18b
Tuesday 08 - June	ID	10:00	Net Foreign Assets IDR	May		--	1972.4t
	ID	10:00	Foreign Reserves	May		--	\$138.80b
	EC	16:00	GDP SA YoY	1Q21		-1.80%	-1.80%
	US	19:30	Trade Balance	Apr		-\$68.5b	-\$74.4b
Wednesday 09 - June	CH	08:30	CPI YoY	May		1.60%	0.90%
	GE	13:00	Trade Balance	Apr		--	20.5b
	US	18:00	MBA Mortgage Applications	Jun		--	-4.00%
	ID		Consumer Confidence Index	May		--	101.5
Thursday 10 - June	US	19:30	CPI MoM	May		0.40%	0.80%
	US	19:30	CPI YoY	May		4.60%	4.20%
	US	19:30	Initial Jobless Claims	Jun		--	385k
Friday 11 - June	US	01:00	Monthly Budget Statement	May		--	-\$225.6b
	UK	13:00	Monthly GDP (MoM)	Apr		--	2.10%

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