

Morning Brief

Daily | July 27, 2021

Today's Outlook:

Government Bonds

Wait and See Hold SUN Yield Early Week. A number of market participants are relatively wait and see, amid the lack of positive sentiment this week. Yesterday, the yield on the benchmark series of Government Bonds (SUN) closed mixed, with FR0087 at 6.28% based on Bloomberg data. Yesterday's yield movement, also after the extension of the Level 4 Community Activity Restriction (PPKM) period until 2 August.

Corporate Bonds

KIJA: Will Issue Global Bond USD 350 Million. PT Kawasan Industri Jababeka TBK (KIJA) announced that it would release US-denominated debt securities. global bonds to be issued amounting to USD 350 million, the amount is equivalent to IDR 4.93 trillion. This funding will be used primarily for exchange and/or repurchase and/or settlement and/or payment of old debt securities. (Kontan)

Domestic Issue

Working Capital Incentives for the Tourism, Transportation and Hospitality Sector. The Coordinating Minister for Economic Affairs said the government would provide new incentives to the tourism, transportation, and hotels, restaurants and cafes (Horeka) sectors in the 2H21 period. The government is currently working on this incentive to help finance the three businesses. These three sectors have been most affected by the corona virus pandemic. (Kontan)

Recommendation

Government Offers New Issues PBS031 and PBS032. Today, the government is offering a new series (New Issue) PBS031 (3-years) and PBS032 (5-years), to meet short-term funding needs. This new series bid, at the same time replaces PBS027 (1.8-years), PBS017 (4.2-years), and PBS004 (15.6-years) which were not offered in the same auction opportunity. In more detail, in this Sukuk auction, the government offered SPNS14012022 (Reopening) (0.5-year); PBS031 (New Issue) (3-years); PBS032 (New Issue) (5-years); PBS030 (Reopening) (7-years); PBS029 (Reopening) (12.6-years); and PBS028 (Reopening) (25.2-years).

PRICE OF BENCHMARK SERIES

FR0086 (5yr): +0.5 Bps to 101.09 (5.23%)
FR0087 (10yr): +0.2 Bps to 101.51 (6.28%)
FR0088 (15yr): -0.9 Bps to 98.91 (6.36%)
FR0083 (20yr): +0.2 Bps to 104.23 (7.08%)

FR0090 (5.8yr): -0.5 Bps to 99.03 (5.32%)
FR0091 (10.8yr): -0.0 Bps to 100.30 (6.33%)
FR0092 (21yr): -0.9 Bps to 101.26 (7.00%)

CDS of Indonesia Bonds

CDS 2yr: +2.37% to 32.27
CDS 5yr: +1.22% to 79.82
CDS 10yr: +1.82% to 144.02

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.31%	0.00%
USDIDR	14,483	-0.07%
KRWIDR	12.54	-0.45%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,144.31	82.76	0.24%
S&P 500	4,422.30	10.51	0.24%
FTSE 100	7,025.43	(2.15)	-0.03%
DAX	15,618.98	(50.31)	-0.32%
Nikkei	27,833.29	285.29	1.04%
Hang Seng	26,192.32	(1129.66)	-4.13%
Shanghai	3,467.44	(82.96)	-2.34%
KOSPI	3,224.95	(29.47)	-0.91%
EIDO	20.31	0.10	0.49%

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)	137.09	136.40	Current Acc (USD bn)	(1.00)	(1.00)
Trd Balance (USD bn)	1.31	2.36	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	1.33%	1.68%	Cons. Confidence*	107.40	104.40

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,797.6	(4.5)	-0.25%
Crude Oil (\$/bbl)	71.91	(0.16)	-0.22%
Coal (\$/ton)	140.05	2.50	1.82%
Nickel LME (\$/MT)	19,717	345.0	1.78%
Tin LME (\$/MT)	34,785	285.0	0.83%
CPO (MYR/Ton)	4,383	112.0	2.62%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	GE	15:00	IFO Business Climate	Jul	100.8	102	101.8
26 - July	US	21:00	New Home Sales	Jun	676k	800k	769k
Tuesday	US	19:30	Durable Goods Orders	Jun		2.10%	2.30%
27 - July	US	21:00	Conf. Board Consumer Confidence	Jul		124	127.3
Wednesday	US	18:00	MBA Mortgage Applications	Jul		--	-4.00%
28 - July							
Thursday	GE	14:55	Unemployment Change (000's)	Jul		--	-38.0k
29 - July	UK	15:30	Mortgage Approvals	Jun		--	87.5k
	GE	19:00	CPI YoY	Jul		3.20%	2.30%
	US	19:30	Initial Jobless Claims	Jul		--	419k
	US	19:30	GDP Annualized QoQ	2Q21		8.30%	6.40%
Friday	EC	16:00	GDP SA QoQ	2Q21		1.60%	-0.30%
30 - July	EC	16:00	GDP SA YoY	2Q21		13.30%	-1.30%
	US	21:00	U. of Mich. Sentiment	Jul		80.8	80.8

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