

Morning Brief

Daily | July 5, 2021

Today's Outlook:

Government Bonds

SUN Yield Mixed Ahead of US Labor Data Release. The Government Bond (SUN) market closed mixed at the weekend, amid investor anticipation for the release of US employment data. Meanwhile, the yield on the 10-year SUN FR0087 was at 6.56%. The movement of FR0087, also influenced by this series, began not to be offered at the SUN auction on Tuesday (06/07). Tomorrow, the government will start offering three series of New Issues, namely: FR0090 (5.8-year); FR0091 (10.8-years); and FR0092 (21-years). NHKSI Research speculates that the three series have the potential to become the benchmark SUN series for 2022.

Corporate Bonds

PPRO Speeds Up Bond Payments of IDR 523 Billion. PT PP Properti Tbk (PPRO) has again accelerated the payment of its outstanding Shelf-Registered Bonds I Phase I Year 2018 amounting to IDR 523 billion which will mature on July 6, 2021. Previously, PPRO had paid off its Bond I Year 2016 Series B due on July 1 2021 and then worth IDR 400 billion. Along with the relatively high market demand for landed houses, in 2021 PPRO has launched a landed house product in the Cibubur area, Depok. This is expected to support the company's financial performance in the future. (Kontan)

Domestic Issue

Minister of Finance: 3Q21 Economic Growth Projection is below 6.5%. The government held an Emergency Community Activity Restriction (PPKM) from July 3 to July 20, 2021, aiming to control the spread of the corona virus, which is predicted to erode the economy. The Minister of Finance (Menkeu) said that prior to the Emergency PPKM plan, his party predicted Indonesia's economic growth in 3Q21 at 6.5% YoY. However, with the implementation of Emergency PPKM, the realization of economic growth will be below the prediction. (Kontan)

Recommendation

Minimum Supply FR0086, FR0087, and FR0083. A number of market participants will be closely watching the release of economic data scheduled for this week. Investors are watching the Foreign Exchange Reserves (Cadex) and Consumer Confidence Index (IKK), which were previously at the level of USD 136 billion each and Indonesia's IKK position which has been above the level of 100 for the last 2 months. In the short term, market participants can pay close attention to FR0086, FR0087, and FR0083, after the three benchmark series are no longer offered starting the SUN auction on Tuesday (06/07) tomorrow.

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	1.33%	1.68%	Cons. Confidence*	104.40	101.50

PRICE OF BENCHMARK SERIES

FR0086 (5yr): +2.0 Bps to 100.42 (5.39%)
FR0087 (10yr): +0.5 Bps to 99.54 (6.56%)
FR0088 (15yr): +1.1 Bps to 98.56 (6.40%)
FR0083 (20yr): +1.6 Bps to 102.41 (7.26%)

FR0081 (4yr): +1.8 Bps to 104.95 (5.09%)
FR0082 (9yr): +1.0 Bps to 103.51 (6.48%)
FR0080 (14yr): +1.4 Bps to 103.42 (7.10%)

CDS of Indonesia Bonds

CDS 2yr: -0.18% to 26.33
CDS 5yr: +1.34% to 74.34
CDS 10yr: -0.14% to 137.00

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.59%	0.00%
USDIDR	14,533	0.21%
KRWIDR	12.81	0.03%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,786.35	152.82	0.44%
S&P 500	4,352.34	32.40	0.75%
FTSE 100	7,123.27	(1.89)	-0.03%
DAX	15,650.09	46.28	0.30%
Nikkei	28,783.28	76.24	0.27%
Hang Seng	28,310.42	(517.53)	-1.80%
Shanghai	3,518.76	(70.02)	-1.95%
KOSPI	3,281.78	(0.28)	-0.01%
EIDO	20.74	0.44	2.17%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,787.3	10.5	0.59%
Crude Oil (\$/bbl)	75.16	(0.07)	-0.09%
Coal (\$/ton)	134.00	2.55	1.94%
Nickel LME (\$/MT)	18,342	237.0	1.31%
Tin LME (\$/MT)	31,520	226.0	0.72%
CPO (MYR/Ton)	3,789	79.0	2.13%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 05 - July	EC	15:00	Markit Eurozone Composite PMI	Jun F		--	59.2
Tuesday 06 - July	UK	15:30	Markit UK Construction PMI	Jun		--	64.2
	GE	16:00	ZEW Survey Current Situation	Jul		0	-9.1
Wednesday 07 - July	ID	10:00	Foreign Reserves	Jun		--	\$136.40b
	GE	13:00	Industrial Production SA MoM	May		-0.30%	-1.00%
	US	18:00	MBA Mortgage Applications	2-Jul		--	-6.90%
Thursday 08 - July	ID		Consumer Confidence Index	Jun		--	104.4
	US	19:30	Initial Jobless Claims	3-Jul		--	364k
Friday 09 - July	CH	08:30	CPI YoY	Jun		1.40%	1.30%
	CH	08:30	PPI YoY	Jun		8.60%	9.00%
	UK	13:00	Industrial Production MoM	May		--	-1.30%
	UK	13:00	Manufacturing Production MoM	May		--	-0.30%

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