

Morning Brief

Daily | July 30, 2021

Today's Outlook:

Government Bonds

New Variant of Covid Triggers Economic Concerns Again. The easing of the wider Level 4 Community Activity Restrictions (PPKM) may be delayed, as the Delta Plus variant is discovered in Indonesia. This has the potential to put pressure on the domestic economy again in the 3Q21 period. Previously, international organizations such as the International Monetary Fund (IMF) and the Asian Development Bank (ADB) have also revised Indonesia's economic growth projections.

Corporate Bonds

Fitch Withdraws Bond Ratings for Tunas Baru Lampung. Rating agency Fitch Ratings has withdrawn the ratings for bonds to be issued by PT Tunas Baru Lampung Tbk (TBLA). Previously, Fitch had rewarded the plan to issue US dollar-denominated bonds to be issued by TBLA with a B+ rating. Fitch reasoned that the rating was withdrawn because the TBLA bonds were not issued. As is known, TBLA previously planned to issue bonds worth USD 400 million with a tenor of five years. The indication of the bond interest rate is in the range of 6% to a maximum of 8%. (Kontan)

Domestic Issue

Industrial Investment Grows 29%. Referring to data from the Ministry of Investment/BKPM, in January-June 2021, the realization of investment in the industrial sector was IDR 167.1 trillion, up 29% compared to the same period in 2020 of IDR 129.6 trillion. In the first semester of this year, the industrial sector contributed up to 37.7% of the total national investment value which reached IDR 442.8 trillion. The two prima donna industrial sectors that became the biggest contributors, namely the basic metal industry, metal goods, non-machinery and equipment which invested IDR 57.6 trillion or contributed 13%. Next is investment from the food industry of IDR 36.6 trillion (8.3%). (Kontan)

Recommendation

PBS031 and PBS032 are actively traded. Market participants can look back at the Sukuk PBS031 and PBS032 today. Apart from having a short tenor, the yields offered by PBS031 and PBS032 are also relatively attractive. On the other hand, investors can also start paying attention to the short tenor SUNs FR0090 and FR0091. The two series of benchmark candidates will be offered again at the SUN auction next Tuesday.

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

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -3.2 Bps to 101.43 (5.15%)
FR0087 (10yr): -1.0 Bps to 101.54 (6.28%)
FR0088 (15yr): +0.6 Bps to 99.52 (6.29%)
FR0083 (20yr): -3.1 Bps to 104.69 (7.04%)

FR0090 (5.8yr): -2.4 Bps to 99.22 (5.28%)
FR0091 (10.8yr): -1.1 Bps to 100.43 (6.31%)
FR0092 (21yr): -4.7 Bps to 102.07 (6.93%)

CDS of Indonesia Bonds

CDS 2yr: -2.84% to 32.29
CDS 5yr: -3.17% to 80.21
CDS 10yr: -2.20% to 144.10

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.30%	-0.01%
USDIDR	14,483	-0.03%
KRWIDR	12.63	0.68%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,084.53	153.60	0.44%
S&P 500	4,419.15	18.51	0.42%
FTSE 100	7,078.42	61.79	0.88%
DAX	15,640.47	70.11	0.45%
Nikkei	27,782.42	200.76	0.73%
Hang Seng	26,315.32	841.44	3.30%
Shanghai	3,411.72	50.13	1.49%
KOSPI	3,242.65	5.79	0.18%
EIDO	20.19	0.12	0.60%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,828.2	21.1	1.17%
Crude Oil (\$/bbl)	73.62	1.23	1.70%
Coal (\$/ton)	152.40	1.20	0.79%
Nickel LME (\$/MT)	19,543	186.0	0.96%
Tin LME (\$/MT)	34,400	25.0	0.07%
CPO (MYR/Ton)	4,427	119.0	2.76%

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	0.8%	2.1%	2.3%
27 - July	US	21:00	Conf. Board Consumer Confidence	Jul	129.1	124	127.3
Wednesday	US	18:00	MBA Mortgage Applications	Jul	5.7%	--	-4.0%
28 - July							
Thursday	GE	14:55	Unemployment Change (000's)	Jul	-91.0k	-29.0k	-38.0k
29 - July	UK	15:30	Mortgage Approvals	Jun	81.3k	84.5k	87.5k
	GE	19:00	CPI YoY	Jul	3.8%	3.2%	2.3%
	US	19:30	Initial Jobless Claims	Jul	400k	385k	419k
	US	19:30	GDP Annualized QoQ	2Q21	6.5%	8.3%	6.4%
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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