

Morning Brief

Daily | July 28, 2021

Today's Outlook:

Government Bonds

Government Wins Sukuk Auction Worth IDR 13.15 Trillion. The results of the Sukuk auction yesterday, recorded a total bid of IDR 56.69 trillion. The government won five of the six series offered. New Issues PBS031 (3-years) and PBS032 (5-years), are the most won series, worth IDR 5 trillion and 4.35 trillion, respectively. The low cost of funds has made the government win a lot of the two new Sukuk series.

Corporate Bonds

FIF Group bonds are rated idAAA. The Indonesian Securities Rating Agency (Pefindo) has affirmed its idAAA rating for the Federal International Finance (FIF) Group's Shelf-Registered Bond III/2018 Phase IV Series B of IDR 661.2 trillion. The bonds will mature on September 25, 2021. In addition, Pefindo also affirmed a similar rating for the Shelf-Registered Bonds IV/2020 Phase II Series A of IDR 854.6 billion, which will mature on October 17, 2021. (Kontan)

Domestic Issue

2Q21 Investment Realization Grows 16.2%. The Investment Coordinating Board (BKPM)/Ministry of Investment reported investment realization in 2Q21 of IDR 223 trillion. This achievement grew by 16.2% compared to the same realization last year which was only IDR 191.9 trillion. The investment value comes from domestic investment (PMDN) of IDR 106.2 trillion and foreign investment (PMA) of IDR 116.8 trillion. The positive investment performance in the April-June 2021 period is in line with the domestic economic recovery. (Kontan)

Recommendation

PBS031 and PBS032 Mini Rewards. The results of the Sukuk auction yesterday determined the payoff for PBS031 (3-years) and PBS032 (5-years), which were 4% and 4.875%, respectively. NHKSI Research sees this reward as low, compared to Sukuk with almost similar tenors PBS026 (3.2-years) and PBS021 (5.3-years), which offer returns of up to 6.625% and 8.50%, respectively. Meanwhile, the determination of the current low Sukuk reward is in line with the low benchmark interest rate of Bank Indonesia BI 7-DRRR which remains at a low level of 3.50%.

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): -0.4 Bps to 101.11 (5.22%)
FR0087 (10yr): +0.4 Bps to 101.48 (6.29%)
FR0088 (15yr): -1.5 Bps to 99.06 (6.34%)
FR0083 (20yr): -0.6 Bps to 104.30 (7.08%)

FR0090 (5.8yr): -0.9 Bps to 99.07 (5.31%)
FR0091 (10.8yr): -0.7 Bps to 100.35 (6.32%)
FR0092 (21yr): -1.0 Bps to 101.36 (6.99%)

CDS of Indonesia Bonds

CDS 2yr: +4.27% to 33.65
CDS 5yr: +4.07% to 83.07
CDS 10yr: +3.19% to 148.62

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.31%	0.00%
USDIDR	14,493	0.07%
KRWIDR	12.60	0.49%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,058.52	(85.79)	-0.24%
S&P 500	4,401.46	(20.84)	-0.47%
FTSE 100	6,996.08	(29.35)	-0.42%
DAX	15,519.13	(99.85)	-0.64%
Nikkei	27,970.22	136.93	0.49%
Hang Seng	25,086.43	(1105.89)	-4.22%
Shanghai	3,381.18	(86.26)	-2.49%
KOSPI	3,232.53	7.58	0.24%
EIDO	20.10	(0.21)	-1.03%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,799.1	1.5	0.08%
Crude Oil (\$/bbl)	71.65	(0.26)	-0.36%
Coal (\$/ton)	141.00	0.95	0.68%
Nickel LME (\$/MT)	19,357	(360.0)	-1.83%
Tin LME (\$/MT)	34,375	(410.0)	-1.18%
CPO (MYR/Ton)	4,422	39.0	0.89%

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	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		--	-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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