

Morning Brief

Daily | July 26, 2021

Today's Outlook:

Government Bonds

Revision of Economic Projections, Encouraging Interest in SUN. Bank Indonesia cut its projection for Indonesia's economic growth to only 3.5% - 4.3% this year. Meanwhile, the 3Q21 economy is estimated to be lower than the previous quarter, in line with the implementation of a number of restrictions to reduce the rate of transmission of COVID-19. The decline in growth mainly occurred in household consumption due to limited mobility. The majority of market participants returned to being interested in Government Bonds (SUN) over the weekend, marked by lower yields in almost all series.

Corporate Bonds

Jaya Ancol Development Bonds achieve idA rating. The Indonesian Securities Rating Agency (Pefindo) has affirmed its idA rating for its IDR 50 billion Shelf-Registered Bonds I Phase I Year 2016 Series B Pembangunan Jaya Ancol Tbk (PJAA) worth IDR 50 billion which will mature on September 29, 2021. Pefindo said that PJAA plans to pay off the bonds using funds from the 2021 Sustainable Bonds II Phase II of IDR 731 billion issued on February 11, 2021. (Kontan)

Domestic Issue

1H21 Excise on Tobacco Products Increases 21%. Excise revenue until 1H21 reached IDR 91.3 trillion. From the excise revenues, the realization of revenues from tobacco excise (CHT) or cigarette excise reached IDR 88.5 trillion, growing 21% compared to the same period in 2020. However, the increase was due to the right excise policy and the eradication of illegal cigarettes. massive. Tobacco excise tax revenues will be high towards the end of the year, in anticipation of an increase in excise tariffs at the beginning of next year. (Kontan)

Recommendation

PPKM Extension Encourages SUN Demand Again. The government's decision to extend the PPKM again has made investors interested in fixed income instruments. In addition, the revised economic growth and the lack of domestic sentiment this week have become another positive sentiment for the Indonesian bond market. Next Tuesday, the government will offer the SPNS14012022 (Reopening) series (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).

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): -0.0 Bps to 101.12 (5.22%)
FR0087 (10yr): +0.6 Bps to 101.52 (6.28%)
FR0088 (15yr): -0.1 Bps to 98.82 (6.37%)
FR0083 (20yr): +0.3 Bps to 104.26 (7.08%)

FR0090 (5.8yr): +1.1 Bps to 99.00 (5.32%)
FR0091 (10.8yr): +0.8 Bps to 100.30 (6.33%)
FR0092 (21yr): +0.1 Bps to 101.16 (7.01%)

CDS of Indonesia Bonds

CDS 2yr: -1.57% to 31.52
CDS 5yr: -0.84% to 78.85
CDS 10yr: -1.23% to 141.44

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.30%	0.00%
USDIDR	14,493	0.07%
KRWIDR	12.60	0.02%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,061.55	238.20	0.68%
S&P 500	4,411.79	44.31	1.01%
FTSE 100	7,027.58	59.28	0.85%
DAX	15,669.29	154.75	1.00%
Nikkei	27,548.00	159.84	0.58%
Hang Seng	27,321.98	(401.86)	-1.45%
Shanghai	3,550.40	(24.34)	-0.68%
KOSPI	3,254.42	4.21	0.13%
EIDO	20.21	(0.35)	-1.70%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,829.5	1.9	0.11%
Crude Oil (\$/bbl)	71.65	(1.48)	-2.02%
Coal (\$/ton)	147.10	2.80	1.94%
Nickel LME (\$/MT)	18,747	413.0	2.25%
Tin LME (\$/MT)	31,680	(5.0)	-0.02%
CPO (MYR/Ton)	4,173	152.0	3.78%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	GE	15:00	IFO Business Climate	Jul		102	101.8
26 - July	US	21:00	New Home Sales	Jun		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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