

Morning Brief

Daily | July 12, 2021

Today's Outlook:

Government Bonds

Dollar Index and Weekend Jobless Claims. The United States (US) Dollar Index had weakened ahead of weekend trading. Market participants are also worried about the US economy, due to the spread of the delta variant of COVID-19 which is easier to infect. Meanwhile, US weekly jobless claims data showed an unexpected increase. Data showed 373,000 jobless claims were filed last week, exceeding market expectations of 350,000. Concerns were also raised in Japan, the local government declared a state of emergency in Tokyo from July 12 to August 22.

Corporate Bonds

Pefindo: idA Rating for Bank Jabar Bonds. PT Pemeringkat Efek Indonesia (Pefido) assigned an idA rating to the planned issuance of the Regional Development Bank of West Java and Banten Tbk (Bank Jabar) worth IDR 1 trillion. Pefindo has also assigned an idAA- rating for Bank Jabar and its Shelf-Registered Bond I/2017, as well as an idA rating for its Shelf-Registered Subordinated Bond I/2017 and Shelf-Registered Bond II/2019. (Kontan)

Domestic Issue

Retail Sales Slows in June 2021. The results of the Retail Sales Survey (SPE) of Bank Indonesia (BI) predicts the pace of retail sales performance will slow in June 2021. This is reflected in the Real Sales Index (IPR) last month of 202.3 or on an annual basis it is predicted to grow by 4.5% YoY. That's below the May 2021 growth, 14.7% YoY. BI explained that the slowdown occurred in the majority of groups, especially spare parts and accessories, and the food, beverage and tobacco groups. Then, there was a decrease in sales of the information and communication equipment group as well as the cultural and recreational goods group. (CNN Indonesia)

Recommendation

Trade Balance and Lack of PBS030. Market participants are watching the release of economic data, the June Trade Balance, which is projected to have a surplus of USD 1.88 billion. Investors are also paying attention to the lack of supply of PBS030, as the 7-year Sukuk will not be offered in the auction on Tuesday (13/07). In addition to the SPNS14012022 (0.5-year), the government offers the PBS027 series (1.8-year); PBS017 (4.3-years); PBS029 (12.7-years); PBS004 (15.6-years); and PBS028 (25.3-years) in tomorrow's Sukuk auction. In the short term, investors can look back at FR0090, FR0091, and PBS030.

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) | 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* | 107.40 | 104.40 |

PRICE OF BENCHMARK SERIES

FR0086 (5yr): +0.9 Bps to 100.54 (5.36%)
FR0087 (10yr): +1.5 Bps to 99.83 (6.52%)
FR0088 (15yr): +0.2 Bps to 98.69 (6.38%)
FR0083 (20yr): -0.5 Bps to 103.14 (7.19%)

FR0090 (5.8yr): +1.6 Bps to 98.40 (5.45%)
FR0091 (10.8yr): -0.0 Bps to 98.85 (6.52%)
FR0092 (21yr): +1.6 Bps to 101.00 (7.03%)

CDS of Indonesia Bonds

CDS 2yr: -1.45% to 31.22
CDS 5yr: -1.39% to 77.53
CDS 10yr: -1.07% to 141.99

Government Bond Yields & FX

| | Last | Chg. |
|----------------|--------|--------|
| Tenor: 10 year | 6.56% | -0.02% |
| USDIDR | 14,528 | 0.02% |
| KRWIDR | 12.65 | -0.34% |

Global Indices

| Index | Last | Chg. | % |
|-----------|-----------|----------|--------|
| Dow Jones | 34,870.16 | 448.23 | 1.30% |
| S&P 500 | 4,369.55 | 48.73 | 1.13% |
| FTSE 100 | 7,121.88 | 91.22 | 1.30% |
| DAX | 15,687.93 | 267.29 | 1.73% |
| Nikkei | 27,940.42 | (177.61) | -0.63% |
| Hang Seng | 27,344.54 | 191.41 | 0.70% |
| Shanghai | 3,524.09 | (1.42) | -0.04% |
| KOSPI | 3,217.95 | (34.73) | -1.07% |
| EIDO | 20.33 | 0.31 | 1.55% |

Commodities

| Commodity | Last | Chg. | % |
|--------------------|---------|-------|--------|
| Gold (\$/troy oz.) | 1,808.3 | 5.5 | 0.30% |
| Crude Oil (\$/bbl) | 74.56 | 1.62 | 2.22% |
| Coal (\$/ton) | 136.10 | 2.00 | 1.49% |
| Nickel LME (\$/MT) | 18,747 | 413.0 | 2.25% |
| Tin LME (\$/MT) | 31,680 | (5.0) | -0.02% |
| CPO (MYR/Ton) | 3,892 | 123.0 | 3.26% |

| Date | Country | Hour Jakarta | Event | Period | Actual | Consensus | Previous |
|--------------------------------------|---------|-----------------|---------------------------|--------|--------|-----------|----------|
| Tuesday <i>13 - July</i> | US | 19:30 | CPI MoM | Jun | | 0.50% | 0.60% |
| Wednesday <i>14 - July</i> | UK | 13:00 | CPI MoM | Jun | | -- | 0.60% |
| | UK | 13:00 | CPI YoY | Jun | | 2.30% | 2.10% |
| | US | 18:00 | MBA Mortgage Applications | Jul | | -- | -1.80% |
| Thursday <i>15 - July</i> | ID | 11:00 | Trade Balance | Jun | | \$1880m | \$2361m |
| | CH | 09:00 | GDP YoY | 2Q21 | | 8.00% | 18.30% |
| | UK | 13:00 | Jobless Claims Change | Jun | | -- | -92.6k |
| | US | 19:30 | Initial Jobless Claims | Jul | | -- | 373k |
| | US | 20:15 | Industrial Production MoM | Jun | | 0.60% | 0.80% |
| Friday <i>16 - July</i> | EC | 16:00 | CPI YoY | Jun | | 1.90% | 2.00% |
| | US | 19:30 | Retail Sales Advance MoM | Jun | | -0.50% | -1.30% |
| | US | 21:00 | U. of Mich. Sentiment | Jul | | 86.5 | 85.5 |

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