

Morning Brief

Daily | 31 Aug, 2021

Today's Outlook:

Government Bonds

Yield 5% Benchmark FR0086. Investors have been anticipating the Government's decision to extend the period of the Community Activity Restrictions (PPKM) again, although it will be accompanied by easing in areas with levels 2 and 3. Market participants are again interested in the short tenors FR0086 and FR0087. The two benchmarks recorded the deepest yield declines compared to FR0088 and FR0083, based on Bloomberg data.

Corporate Bonds

Bank SulutGo Releases IDR 750 Billion Bonds. The Regional Development Bank of North Sulawesi Gorontalo (Bank SulutGo) will issue Shelf-Registered Bonds I Phase I of 2021 with a principal amount of IDR 750 billion. The bonds are the first part of the ongoing public offering of Bank SulutGo's Sustainable Bonds I with a target fund to be raised of IDR 1 trillion. For the initial bond issuance, Bank SulutGo offers a fixed interest rate of 7.80% per year. (Bisnis Indonesia)

Domestic Issue

BPS: Consumption of the Upper Middle Class is Slowing Down. The Central Statistics Agency (BPS) stated that people with the upper middle class in March 2020 to March 2021 had relatively slow consumption growth compared to March 2019 to March 2020. This indicates that this group is holding back their spending, while looking at the condition of their health level. In addition, BPS said that core inflation for household consumption in 2021 showed limited purchasing power. As of July 2021, it only grew 1.40% YoY compared to 2020 which was 2.07% YoY and in 2019, 3.18% YoY. (Kontan)

Recommendation

Fixed FFR and Tapering Off. Investors have been watching the optimism of global market players, after the Fed said it would not increase the Fed Funds Rate (FFR). However, the bond tapering off program will still be carried out this year. NHKSI Research sees that market participants have the opportunity to return to interest in FR0090 and FR0091, which have short tenors but offer good liquidity, in today's Government Securities (SUN) auction. We also see potential interest in FR0092. This long tenor offers attractive yields amidst the current downward trend in yields.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.50%	3.50%	Real GDP	7.07%	-0.74%
FX Reserve (USD bn)	137.34	137.09	Current Acc (USD bn)	(2.20)	(1.00)
Trd Balance (USD bn)	2.58	1.31	Govt. Spending Yoy	8.06%	2.96%
Exports Yoy	29.32%	54.43%	FDI (USD bn)	6.61	4.92
Imports Yoy	44.44%	60.12%	Business Confidence	104.82	105.33
Inflation Yoy	1.52%	1.33%	Cons. Confidence*	80.20	104.40

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -3.6 Bps to 101.89 (5.03%)
FR0087 (10yr): -4.9 Bps to 102.80 (6.10%)
FR0088 (15yr): -1.1 Bps to 99.50 (6.30%)
FR0083 (20yr): -2.9 Bps to 106.41 (6.88%)

FR0090 (5.8yr): -4.9 Bps to 99.81 (5.16%)
FR0091 (10.8yr): -5.7 Bps to 102.27 (6.08%)
FR0092 (21yr): -2.9 Bps to 103.79 (6.78%)

CDS of Indonesia Bonds

CDS 2yr: -2.25% to 28.36
CDS 5yr: -4.07% to 68.92
CDS 10yr: -3.73% to 128.18

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.12%	-0.05%
USDIDR	14,370	-0.33%
KRWIDR	12.32	-0.11%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,399.84	(55.96)	-0.16%
S&P 500	4,528.79	19.42	0.43%
FTSE 100	7,148.01	23.03	0.32%
DAX	15,887.31	35.56	0.22%
Nikkei	27,789.29	148.15	0.54%
Hang Seng	25,539.54	131.65	0.52%
Shanghai	3,528.15	5.99	0.17%
KOSPI	3,144.19	10.29	0.33%
EIDO	21.15	0.26	1.24%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,810.3	(7.2)	-0.40%
Crude Oil (\$/bbl)	69.21	0.47	0.68%
Coal (\$/ton)	161.55	2.10	1.32%
Nickel LME (\$/MT)	19,011	239.0	1.27%
Tin LME (\$/MT)	33,600	250.0	0.75%
CPO (MYR/Ton)	4,254	(79.0)	-1.82%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	EC	16:00	Consumer Confidence	Aug	-5.3	—	-5.3
30 - Aug.	GE	19:00	CPI MoM	Aug	0.00%	0.10%	0.90%
	GE	19:00	CPI YoY	Aug	3.90%	3.90%	3.80%
	US	21:00	Pending Home Sales MoM	Jul	-1.80%	0.30%	-1.90%
Tuesday	CH	08:00	Non-Manufacturing PMI	Aug		52.0	53.3
31 - Aug.	CH	08:00	Manufacturing PMI	Aug		50.1	50.4
	UK	15:30	Mortgage Approvals	Jul		—	81.3k
	EC	16:00	CPI MoM	Aug		0.00%	-0.10%
Wednesday	ID	07:30	Markit Indonesia PMI Mfg	Aug		—	40.1
1 - Sept.	ID	11:00	CPI YoY	Aug		1.60%	1.52%
	US	18:00	MBA Mortgage Applications	Aug		—	1.60%
	US	21:00	ISM Manufacturing	Aug		58.7	59.5
Thursday	US	19:30	Initial Jobless Claims	Aug		—	353k
2 - Sept.	US	19:30	Trade Balance	Jul		-\$74.5Bn	-\$75.7Bn
	US	21:00	Factory Orders	Jul		0.30%	1.50%
	US	21:00	Durable Goods Orders	Jul		—	-0.10%
Friday	EC	15:00	Markit Eurozone Composite PMI	Aug		59.5	59.5
3 - Sept.	US	19:30	Change in Nonfarm Payrolls	Aug		787k	943k
	US	19:30	Unemployment Rate	Aug		5.20%	5.40%
	US	21:00	ISM Services Index	Aug		62.0	64.1

Source: Bloomberg

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