

Morning Brief

Daily | 27 Aug, 2021

Today's Outlook:

Government Bonds

SUN Market Mixed Ahead of the Fed's Symposium. Market participants are again interested in FR0087, and potential benchmarks FR0091, and FR0092. Meanwhile, the price of FR0083 was slightly depressed, after yesterday's significant gain. Some investors realized profits ahead of the Jackson Hole Symposium which will start from Thursday to Friday this week. This annual symposium will discuss the sustainability of the USD 120 billion monthly bond purchase program that has been run by the Fed.

Corporate Bonds

Pefindo: idAAA rating for IIF Bonds. Indonesian Securities Rating Agency (Pefindo) has reaffirmed its idAAA rating for the Indonesia Infrastructure Finance (IIF) Shelf-Registered Bonds I/2020 Phase II Series A worth IDR 570 billion, which will mature on October 28, 2021. Pefindo said the company's readiness to pay off the bonds was supported by cash and cash equivalents as well as liquid securities amounting to IDR 4.3 trillion at the end of June 2021. (Kontan)

Domestic Issue

Announcement of 2022 Cigarette Excise Tariffs. The Directorate General of Customs and Excise (DJBC) of the Ministry of Finance (Kemenkeu) ensures that the new cigarette excise rate policy will be announced after the 2022 State Revenue and Expenditure Budget Law (APBN) is passed by the DPR. The announcement also coincided with tariffs for other excisable goods (BKC). In more detail, after reading the Financial Note on the 2022 State Budget Bill on August 16, the Ministry of Finance will marathon discuss the 2022 budget structure with the DPR's Budget Agency (Banggar). Including, the decision to increase or remain cigarette excise rates. (CNN Indonesia)

Recommendation

Yield 6% Benchmark FR0087. The movement of the Government Bond (SUN) market today, observed two Fed officials who gave the view that they should immediately start tapering bond purchases. Meanwhile, the United States (US) economy grew above expectations in 2Q21, as massive fiscal stimulus and the impact of COVID-19 vaccination boosted spending. Yesterday, the yield on the benchmark 10-year FR0087 closed at 6.13%, influenced by domestic sentiment regarding the certainty of burden sharing. Next week, the government will again offer FR0090, FR0091, FR0088, FR0092, and FR0089.

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):	+0.1 Bps to 101.91 (5.02%)
FR0087 (10yr):	-6.4 Bps to 102.60 (6.13%)
FR0088 (15yr):	+1.1 Bps to 99.58 (6.29%)
FR0083 (20yr):	+1.5 Bps to 106.33 (6.89%)
FR0090 (5.8yr):	+1.6 Bps to 99.69 (5.18%)
FR0091 (10.8yr):	-0.8 Bps to 101.90 (6.12%)
FR0092 (21yr):	-0.5 Bps to 103.71 (6.78%)

CDS of Indonesia Bonds

CDS 2yr:	+0.09% to 29.20
CDS 5yr:	-0.34% to 72.03
CDS 10yr:	+0.00% to 135.45

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.15%	-0.07%
USDIDR	14,418	0.14%
KRWIDR	12.32	-0.09%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,213.12	(192.38)	-0.54%
S&P 500	4,470.00	(26.19)	-0.58%
FTSE 100	7,124.98	(25.14)	-0.35%
DAX	15,793.62	(67.04)	-0.42%
Nikkei	27,742.29	17.49	0.06%
Hang Seng	25,415.69	(278.26)	-1.08%
Shanghai	3,501.66	(38.72)	-1.09%
KOSPI	3,128.53	(18.28)	-0.58%
EIDO	20.54	(0.36)	-1.72%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,792.4	1.4	0.08%
Crude Oil (\$/bbl)	67.42	(0.94)	-1.38%
Coal (\$/ton)	144.10	1.25	0.88%
Nickel LME (\$/MT)	18,772	(398.0)	-2.08%
Tin LME (\$/MT)	33,350	435.0	1.32%
CPO (MYR/Ton)	4,392	28.0	0.64%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	EC	15:00	Markit Eurozone Manufacturing PMI	Aug	61.5	62.0	62.8
<i>23 - Aug</i>	UK	15:30	Markit UK PMI Manufacturing SA	Aug	60.1	59.5	60.4
	US	20:45	Markit US Manufacturing PMI	Aug	61.2	62.0	63.4
	US	21:00	Existing Home Sales	Jul	5.99m	5.83m	5.86m
Tuesday	US	21:00	New Home Sales	Jul	708k	7697k	676k
<i>24 - Aug</i>							
Wednesday	GE	15:00	IFO Expectations	Aug	97.5	100.0	101.2
<i>25 - Aug</i>	GE	15:00	IFO Business Climate	Aug	99.4	100.4	100.8
	US	18:00	MBA Mortgage Applications	Aug	1.6%	—	-3.9%
	US	19:30	Durable Goods Orders	Jul	-0.1%	-0.3%	0.9%
Thursday	EC	15:00	M3 Money Supply YoY	Jul	7.6%	7.6%	8.3%
<i>26 - Aug</i>	US	19:30	Initial Jobless Claims	Aug	353k	350k	348k
	US	19:30	GDP Annualized QoQ	2Q	6.6%	6.7%	6.5%
Thursday	US	19:30	Wholesale Inventories MoM	Jul		—	1.1%
<i>27 - Aug</i>	US	19:30	Personal Income	Jul		0.2%	0.1%
	US	19:30	Personal Spending	Jul		0.4%	1.0%
	US	21:00	U. of Mich. Sentiment	Aug		70.9	70.2

Source: Bloomberg

Research Division

Head of Research

Anggaraksa Arismunandar

Market Strategy, Misc. Industry, Banking

T +62 21 5088 ext. 9134

E anggaraksa@nhsec.co.id

Senior Technical Analyst

Dimas Wahyu Putra Pratama

Technical

T +62 21 5088 ext 9131

E dimas.wahyu@nhsec.co.id

Economist

Arief Machrus

Macroeconomics

T +62 21 5088 ext 9127

E arief.machrus@nhsec.co.id

Analyst

Ajeng Kartika Hapsari

Property, Construction, Cement

T +62 21 5088 ext 9130

E ajeng@nhsec.co.id

Analyst

Putu Chantika

Consumer, Retail

T +62 21 5088 ext 9129

E putu.chantika@nhsec.co.id

Research Support

Jasmine Kusumawardani

T +62 21 5088 ext 9132

E jasmine.kusumawardani@nhsec.co.id

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PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

District 8 Treasury Tower 51st Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 50889100

Fax : +62 21 50889101

Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15322

Indonesia

Telp : +62 21 5316 2049

Fax : +62 21 5316 1687

Branch Office Medan :

Jl. Timor No 147

Medan, Sumatera Utara 20234

Indonesia

Telp : +62 614 156500

Fax : +62 614 568560

Branch Office Semarang:

Jl. MH Thamrin No. 152

Semarang 50314

Indonesia

Telp : +62 24 844 6878

Fax : +62 24 844 6879

Branch Office Jakarta Utara:

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

Fax : +62 21 6667 4960

Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 133

Branch Office Surabaya:

Spazio Tower Lt. 10, Unit S05

Jl. Mayjen Yono Suwoyo

Surabaya 60226

Indonesia

Telp : +62 31 9914 1344

Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Telp : +62 411 361 5255

Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 8606 1012

Branch Office Denpasar:

Ruko Griya Alamanda No.9

Jl. Cok Agung Tresna

Denpasar

Indonesia

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Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
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