

Morning Brief

Today's Outlook:

Government Bonds

More Aggressive Investors, Reduce Bond Portion. The majority of government bonds (SUN) prices were depressed for a week, causing some long tenors to record higher yields. Market participants are still optimistic about the outlook for the domestic economy, after the release of 2Q21 GDP data. On the other hand, the decline in yields for some short tenor SUNs, indicates concerns that there will still be potential pressure on the economy in 3Q21 to come. Investors are still interested in short tenor SUNs, compared to long tenors, which offer higher yields with wider volatility.

Corporate Bonds

Pefindo: BCA Finance Bonds Obtain idAAA Rating. BCA Finance received an idAAA rating for its outstanding Shelf-Registered Bonds III from the Indonesian Securities Rating Agency (Pefindo). The Company also maintains a stable credit rating. The rating is also considered to reflect the very strong level of support from Bank Central Asia Tbk. (BBCA) as the parent company. In addition, BCA Finance has a very strong business position in car financing with strong liquidity and financial flexibility. However, the company's rating is still constrained by pressure on asset quality. (Bisnis Indonesia)

Domestic Issue

Second Week of August Capital Outflow IDR 5.49 Trillion. There were foreign capital flows out of the domestic financial market in the second week of August 2021. According to transaction data from Bank Indonesia (BI) for the period 9 August 2021 to 12 August 2021, non-residents in the domestic financial market netted IDR 5.49 trillion. Consisting of net selling on the Government Securities (SBN) market of IDR 4.33 trillion and net selling on the stock market of IDR 1.16 trillion. Even though foreigners left the domestic financial market, Indonesia's 5-year investment risk premium or credit default swap (CDS) fell to 73.89 bps as of 12 August 2021 from 77.66 as of 6 August 2021. (Kontan)

Recommendation

Joko Widodo's Financial Note Speech. Market participants are watching the 2022 Financial Note Speech by President Joko Widodo, scheduled for today. In addition to discussing the salaries of Civil Servants (PNS), cigarette excise and plastic excise are also planned to increase next year. The increase in cigarette excise is one way to increase state revenues. This week, the SUN auction will be held on Wednesday (18/08), offering SPN03211118, SPN12220819, 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)	(1.00)	(1.00)
Trd Balance (USD bn)	1.31	2.36	Govt. Spending Yoy	8.06%	2.96%
Exports Yoy	54.43%	58.74%	FDI (USD bn)	4.92	4.92
Imports Yoy	60.12%	68.68%	Business Confidence	104.82	105.33
Inflation Yoy	1.52%	1.33%	Cons. Confidence*	80.20	104.40

PRICE OF BENCHMARK SERIES

FR0086 (5yr): +2.0 Bps to 101.24 (5.19%)
FR0087 (10yr): +2.0 Bps to 101.11 (6.34%)
FR0088 (15yr): -2.0 Bps to 99.30 (6.32%)
FR0083 (20yr): +1.0 Bps to 104.38 (7.07%)

FR0090 (5.8yr): +0.0 Bps to 99.18 (5.29%)
FR0091 (10.8yr): +0.0 Bps to 100.26 (6.33%)
FR0092 (21yr): +3.0 Bps to 101.65 (6.97%)

CDS of Indonesia Bonds

CDS 2yr: +0.18% to 30.36
CDS 5yr: -1.27% to 74.32
CDS 10yr: -0.61% to 134.53

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.37%	0.01%
USDIDR	14,388	0.03%
KRWIDR	12.31	-0.56%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,515.38	15.53	0.04%
S&P 500	4,468.00	7.17	0.16%
FTSE 100	7,218.71	25.48	0.35%
DAX	15,977.44	39.93	0.25%
Nikkei	27,977.15	(37.87)	-0.14%
Hang Seng	26,391.62	(126.20)	-0.48%
Shanghai	3,516.30	(8.44)	-0.24%
KOSPI	3,171.29	(37.09)	-1.16%
EIDO	20.76	0.16	0.78%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,779.7	26.8	1.53%
Crude Oil (\$/bbl)	68.44	(0.65)	-0.94%
Coal (\$/ton)	151.35	0.85	0.56%
Nickel LME (\$/MT)	19,656	(22.0)	-0.11%
Tin LME (\$/MT)	35,324	54.0	0.15%
CPO (MYR/Ton)	4,511	37.0	0.83%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	CH	09:00	Retail Sales YoY	Jul		10.90%	12.10%
<i>16 - Aug</i>	CH	09:00	Industrial Production YoY	Jul		7.90%	8.30%
Tuesday	UK	13:00	Jobless Claims Change	Jul		--	-114.8k
<i>17 - Aug</i>	UK	13:00	ILO Unemployment Rate 3Mths	Jun		--	4.80%
	EC	16:00	GDP SA YoY	2Q21		13.70%	13.70%
	US	20:15	Industrial Production MoM	Jul		0.50%	0.40%
Wednesday	ID	11:00	Trade Balance	Jul		\$2316m	\$1316m
<i>18 - Aug</i>	UK	13:00	CPI YoY	Jul		--	2.50%
	EC	16:00	CPI YoY	Jul		2.20%	1.90%
	US	18:00	MBA Mortgage Applications	Aug		--	2.80%
Thursday	ID	14:20	Bank Indonesia 7D Reverse Repo	Aug		3.50%	3.50%
<i>19 - Aug</i>	US	19:30	Initial Jobless Claims	Aug		--	375k
Thursday	ID	10:00	BoP Current Account Balance	2Q21		--	-\$997m
<i>20 - Aug</i>							

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