

Morning Brief

Today's Outlook:

Government Bonds

Anticipating the Fed's Tapering, SUN Market Strengthens Again. Market participants had anticipated the tapering off of the Fed by making selective purchases of a number of Government Securities (SUN) series. All benchmark series recorded lower yields, with FR0086 and FR0088 at 5.16% and 6.33%, respectively, based on NHKSI Fixed Income data. On the other hand, the movement of SUN at the beginning of last week was relatively narrow, amid the anticipation of the Fed's Jackson Hole symposium on Thursday and Friday this week. This annual symposium discusses the monetary policies of each country.

Corporate Bonds

BTN Pays IDR 17.8 Billion Bond Interest. State Savings Bank (Persero) Tbk. (BBTN) reported the interest payments of the four Sustainable Bonds IV Phase I Year 2020 Series B and Series C. Meanwhile, the value of the Series B bonds was IDR 727 billion with a net bond interest of IDR 13.85 billion and an interest rate of 7.8%. Meanwhile, the value of Series C bonds is IDR 196 billion with a net bond interest of IDR 4.02 billion and an interest rate of 8.4%. Thus, the net bond interest paid by BBTN is IDR 17.88 billion, while the tax value is IDR 18.30 billion. (Bisnis Indonesia)

Domestic Issue

Government and BI Burden Sharing Continues. The government and Bank Indonesia (BI) have agreed to continue to share the burden of financing the State Revenue and Expenditure Budget (APBN) next year. In the draft Working Meeting between the Ministry of Finance (Kemenkeu), BI, and Commission XI of the Indonesian House of Representatives, the central bank's purchase of Government Securities (SBN) for the 2022 State Budget is set at IDR 224 trillion. This figure is 4% higher than the burden sharing of the 2021 APBN which only reached IDR 215 trillion. (Kontan)

Recommendation

Accelerated Tapering Off Press Sukuk Auction. NHKSI Research sees the acceleration of tapering off the Fed, which is still a negative sentiment for Tuesday's Sukuk auction. On the other hand, the selectiveness of the banking sector in lending, amid the potential pressure of Indonesia's Gross Domestic Product (GDP) 3Q21, has made banks return to interest in Sukuk at this time. This is what makes the Sukuk auction offer relatively safe this time. Sukuk auction this time, also in the midst of waiting for the Fed's Jackson Hole symposium this weekend.

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): -0.2 Bps to 101.38 (5.15%)
FR0087 (10yr): -0.8 Bps to 101.13 (6.33%)
FR0088 (15yr): -0.4 Bps to 99.25 (6.32%)
FR0083 (20yr): -0.3 Bps to 104.54 (7.05%)
FR0090 (5.8yr): -1.1 Bps to 99.17 (5.29%)
FR0091 (10.8yr): -1.5 Bps to 100.22 (6.34%)
FR0092 (21yr): -1.5 Bps to 101.92 (6.94%)

CDS of Indonesia Bonds

CDS 2yr: -0.56% to 29.84
CDS 5yr: -1.09% to 73.53
CDS 10yr: -0.49% to 138.01

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.36%	-0.01%
USDIDR	14,413	-0.28%
KRWIDR	12.28	0.21%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,335.71	215.63	0.61%
S&P 500	4,479.53	37.86	0.85%
FTSE 100	7,109.02	21.12	0.30%
DAX	15,852.79	44.75	0.28%
Nikkei	27,494.24	480.99	1.78%
Hang Seng	25,109.59	259.87	1.05%
Shanghai	3,477.13	49.80	1.45%
KOSPI	3,090.21	29.70	0.97%
EIDO	21.20	0.31	1.48%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,805.4	24.3	1.37%
Crude Oil (\$/bbl)	65.64	3.50	5.63%
Coal (\$/ton)	146.70	1.90	1.31%
Nickel LME (\$/MT)	18,893	430.0	2.33%
Tin LME (\$/MT)	32,200	(37.0)	-0.11%
CPO (MYR/Ton)	4,316	51.0	1.20%

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		700k	676k
<i>24 - Aug</i>							
Wednesday	GE	15:00	IFO Expectations	Aug		100.7	101.2
<i>25 - Aug</i>	GE	15:00	IFO Business Climate	Aug		100.2	100.8
	US	18:00	MBA Mortgage Applications	Aug		—	-3.9%
	US	19:30	Durable Goods Orders	Jul		-0.3%	0.9%
Thursday	EC	15:00	M3 Money Supply YoY	Jul		7.7%	8.3%
<i>26 - Aug</i>	US	19:30	Initial Jobless Claims	Aug		—	348k
	US	19:30	GDP Annualized QoQ	2Q		6.6%	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

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