

Morning Brief

Today's Outlook:

Government Bonds

The Strongest Short Tenor. Yesterday's movement in the Government Securities (SUN) market had anticipated the Fed's tapering off policy. Benchmark SUN FR0086 and FR0087 recorded yield declines of 5.6 bps and 9.4 bps, or the deepest declines compared to other benchmarks. Yesterday's movement also responded to the Indonesian government's policy of continuing the burden sharing program between the government and Bank Indonesia (BI).

Corporate Bonds

Astra Sedaya Finance Pays Bond Interest. PT Sedaya Finance announced the readiness of interest payments for the 18 Shelf-Registered Bonds III Phase III Year 2017 Series C worth IDR 8.20 billion. The payments were based on, among other things, a total of IDR 375 billion series C bonds with an interest or coupon of 8.75%. For your information, the interest payment plan will be made on September 3, 2021. (Kontan)

Domestic Issue

Infrastructure Development Remains Important. Minister of Finance Sri Mulyani emphasized that the sustainability of infrastructure development is important in the midst of the COVID-19 pandemic. The sustainability of infrastructure development, especially those that are labor-intensive, will be a stimulus for the economy. This is expected to provide a multiplier effect. Next year, the government will budget IDR 384.8 trillion for infrastructure development in the Draft State Revenue and Expenditure Budget (RAPBN) 2022. This figure is reduced compared to the infrastructure budget in the 2021 State Budget, which is IDR 417.4 trillion. (CNN Indonesia)

Recommendation

Tapering Off but Burden Sharing. The 10-year UST yield moved up more than 1 bps to 1.26%, along with tapering off of US government bonds. The Fed's previous policy was to protect the US bond market and flood the market with liquidity. This external sentiment has the potential to depress prices, or boost yields of Government Securities (SBN). On the other hand, the Indonesian government's decision to return to burden sharing will withstand pressure on the Indonesian government securities market. Through burden sharing, BI will re-buy SBN in both the primary market and private placement.

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -5.6 Bps to 101.61 (5.10%)
FR0087 (10yr): -9.4 Bps to 101.79 (6.24%)
FR0088 (15yr): -1.3 Bps to 99.37 (6.31%)
FR0083 (20yr): -2.2 Bps to 104.78 (7.03%)

FR0090 (5.8yr): -6.8 Bps to 99.50 (5.22%)
FR0091 (10.8yr): -2.6 Bps to 100.42 (6.31%)
FR0092 (21yr): -5.7 Bps to 102.56 (6.89%)

CDS of Indonesia Bonds

CDS 2yr: -1.66% to 29.35
CDS 5yr: -1.06% to 72.75
CDS 10yr: -1.30% to 136.21

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.27%	-0.09%
USDIDR	14,393	-0.14%
KRWIDR	12.35	0.55%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,366.26	30.55	0.09%
S&P 500	4,486.23	6.70	0.15%
FTSE 100	7,125.78	16.76	0.24%
DAX	15,905.85	53.06	0.33%
Nikkei	27,732.10	237.86	0.87%
Hang Seng	25,727.92	618.33	2.46%
Shanghai	3,514.47	37.34	1.07%
KOSPI	3,138.30	48.09	1.56%
EIDO	20.97	(0.23)	-1.08%

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

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,802.9	(2.5)	-0.14%
Crude Oil (\$/bbl)	67.54	1.90	2.89%
Coal (\$/ton)	159.20	2.10	1.34%
Nickel LME (\$/MT)	19,045	152.0	0.86%
Tin LME (\$/MT)	32,800	600	1.67%
CPO (MYR/Ton)	4,303	(13.0)	-0.30%

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		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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