

# Morning Brief

Daily | 26 Aug, 2021

## Today's Outlook:

### Government Bonds

**High Yield and Benchmark Candidates.** The government's decision to carry out burden sharing in the Government Securities (SBN) market provides certainty that yield volatility will return to a limited range next year. This has made market players aggressively interested in the benchmark 10-year candidate FR0091, and the high-yielding 20-year FR0083. Both series recorded significant yield declines yesterday. Based on Bloomberg data, yield on FR0091 fell more than 18 bps, and yield on FR0083 fell below the psychological 7% level.

### Corporate Bonds

**Intiland Development Sukuk Rewards Up to 10.5%.** Intiland Development Tbk (DILD) issues Sustainable Sukuk Ijarah Phase I Year 2021 with the remaining ijarah fee of IDR 250 billion. The installments for the ijarah fee are IDR 26.25 billion per year or the equivalent of 10.50% per year. The term of the sukuk ijarah is 370 calendar days from the date of issuance. (Kontan)

### Domestic Issue

**Economic Liquidity Increases in July 2021.** Economic liquidity or money supply in a broad sense (M2) increases in July 2021. Bank Indonesia (BI) noted, M2 in the reporting month was IDR 7,149.2 trillion, up from IDR 7,119.6 trillion in June 2021. However, M2 growth in July 2021 was 8.9% YoY, slowing down compared to the previous month's 11.4% YoY growth. In more detail, the slowdown in growth was driven by the quasi-money component and the money supply in a narrow sense (M1). (Kontan)

### Recommendation

**Ahead of the Fed's Symposium.** The market movement of Government Securities (SUN) today has the opportunity to strengthen again. In addition to the certainty of burden sharing, today's market movement is also in the midst of waiting for the Fed's symposium, namely the Jackson Hole Symposium which will start on Thursday to Friday this week. In his symposium speech entitled The Economic Outlook, he will mention the sustainability of the USD 120 billion monthly bond purchase program that has been run by the Fed.

## 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): -7.4 Bps to 101.92 (5.02%)  
FR0087 (10yr): -4.8 Bps to 102.14 (6.19%)  
FR0088 (15yr): -3.3 Bps to 99.68 (6.28%)  
FR0083 (20yr): -15.9 Bps to 106.50 (6.87%)

FR0090 (5.8yr): -5.5 Bps to 99.76 (5.17%)  
FR0091 (10.8yr): -18.3 Bps to 101.84 (6.13%)  
FR0092 (21yr): -9.7 Bps to 103.65 (6.79%)

## CDS of Indonesia Bonds

CDS 2yr: -1.66% to 29.35  
CDS 5yr: -0.57% to 72.34  
CDS 10yr: -1.30% to 136.21

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.22%	-0.05%
USDIDR	14,398	0.03%
KRWIDR	12.33	-0.11%

## Global Indices

Index	Last	Chg.	%
Dow Jones	35,405.50	39.24	0.11%
S&P 500	4,496.19	9.96	0.22%
FTSE 100	7,150.12	24.34	0.34%
DAX	15,860.66	(45.19)	-0.28%
Nikkei	27,724.80	(7.30)	-0.03%
Hang Seng	25,693.95	(33.97)	-0.13%
Shanghai	3,540.38	25.91	0.74%
KOSPI	3,146.81	8.51	0.27%
EIDO	20.90	(0.07)	-0.33%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,791.0	(11.9)	-0.66%
Crude Oil (\$/bbl)	68.36	0.82	1.21%
Coal (\$/ton)	123.90	1.05	0.85%
Nickel LME (\$/MT)	19,170	96.0	0.50%
Tin LME (\$/MT)	32,915	79.0	0.24%
CPO (MYR/Ton)	4,364	61.0	1.42%

## Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	EC	15:00	Markit Eurozone Manufacturing PMI	Aug	61.5	62.0	62.8
23 - Aug	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
<b>Tuesday</b>	US	21:00	New Home Sales	Jul	708k	7697k	676k
24 - Aug							
<b>Wednesday</b>	GE	15:00	IFO Expectations	Aug	97.5	100.0	101.2
25 - Aug	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%
<b>Thursday</b>	EC	15:00	M3 Money Supply YoY	Jul		7.7%	8.3%
26 - Aug	US	19:30	Initial Jobless Claims	Aug		—	348k
	US	19:30	GDP Annualized QoQ	2Q		6.6%	6.5%
<b>Thursday</b>	US	19:30	Wholesale Inventories MoM	Jul		—	1.1%
27 - Aug	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

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