

Morning Brief

Daily | Aug. 12, 2021

Today's Outlook:

Government Bonds

GDP Growth Presses Sukuk Auction Bidding. A number of investors are reducing safe haven instruments such as Sukuk, and are interested in riskier assets such as stocks. Market participants responded to the release of Indonesia's 2Q21 Gross Domestic Product (GDP) data released last week, which recorded a growth of 7.07%. In more detail, the bid for the Sukuk auction last Tuesday was valued at IDR 51.7 trillion, or lower than the previous Sukuk auction of IDR 56.7 trillion.

Corporate Bonds

Tower Bersama Bond Coupon Amount. Tower Bersama Infrastructure Tbk (TBIG) will issue IDR 1.2 trillion bonds, part of the Sustainable Bonds V with a total target of IDR 15 trillion. In the first phase of bond issuance in 2021, the Company only offers bonds with a tenor of 370 days offering a fixed interest rate of 4.25% per year. The public offering period for Tower Bersama bonds will take place tomorrow on 12-13 August 2021. (Kontan)

Domestic Issue

Retail Sales Improved in July 2021. The results of a Bank Indonesia (BI) survey predicts monthly retail sales to improve in July 2021. This is indicated by the contraction in the Real Sales Index (IPR) from minus 12.8% in June to minus 8.3% in July. Meanwhile, several factors supported the improvement in retail sales, one of which was the improvement in demand for the food, beverage and tobacco groups. The improvement is in line with the online sales strategy or delivery. Despite improving, on an annual basis, retail sales in July 2021 are still minus 6.2%. (CNN Indonesia)

Recommendation

Market Participants Watch for indications of the start of the Fed's Tapering. The lack of new positive domestic sentiment has made investors pay close attention to external sentiment. Previously, investors observed that 2Q21 GDP growth was only temporary, and assessed that 3Q21 GDP would contract again. This is in line with the re-enactment of Level 4 Community Activity Restrictions (PPKM). Meanwhile, indications of an improving labor market have prompted investors to rethink the outlook for US monetary policy. In the short term, market participants may look again at FR0090, FR0091, PBS031, and PBS032.

PRICE OF BENCHMARK SERIES

FR0086 (5yr): +1.3 Bps to 101.43 (5.14%)
FR0087 (10yr): +1.5 Bps to 101.35 (6.30%)
FR0088 (15yr): +2.1 Bps to 99.26 (6.32%)
FR0083 (20yr): +3.2 Bps to 104.58 (7.05%)

FR0090 (5.8yr): +1.5 Bps to 99.33 (5.26%)
FR0091 (10.8yr): +2.7 Bps to 100.38 (6.32%)
FR0092 (21yr): +0.9 Bps to 102.21 (6.92%)

CDS of Indonesia Bonds

CDS 2yr: -0.45% to 31.42
CDS 5yr: +0.74% to 77.58
CDS 10yr: -1.85% to 139.22

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.34%	0.02%
USDIDR	14,383	0.14%
KRWIDR	12.50	-0.34%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,484.97	220.30	0.62%
S&P 500	4,447.70	10.95	0.25%
FTSE 100	7,220.14	59.10	0.83%
DAX	15,826.09	55.38	0.35%
Nikkei	28,070.51	182.36	0.65%
Hang Seng	26,660.16	54.54	0.20%
Shanghai	3,532.62	2.69	0.08%
KOSPI	3,220.62	(22.57)	-0.70%
EIDO	20.38	0.14	0.69%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,751.7	22.8	1.32%
Crude Oil (\$/bbl)	69.25	0.96	1.41%
Coal (\$/ton)	157.35	1.25	0.80%
Nickel LME (\$/MT)	18,620	(594.0)	-3.09%
Tin LME (\$/MT)	34,600	(150.0)	-0.43%
CPO (MYR/Ton)	4,511	311.0	7.40%

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)	137.09	136.40	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

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	ID		Consumer Confidence Index	Jul	80.2	--	107.4
09 - Aug	CH	08:30	CPI YoY	Jul	1.0%	0.8%	1.1%
	CH	08:30	PPI YoY	Jul	9.0%	8.6%	8.8%
Tuesday	GE	16:00	ZEW Survey Expectations	Aug	40.4	50.0	63.3
10 - Aug	GE	16:00	ZEW Survey Current Situation	Aug	29.3	31.0	21.9
Thursday	US	01:00	Monthly Budget Statement	Jul		-\$255.0b	-\$174.2b
12 - Aug	UK	13:00	GDP YoY	2Q21		--	-6.10%
	UK	13:00	Industrial Production YoY	Jun		--	20.60%
	UK	13:00	Manufacturing Production MoM	Jun		--	-0.10%
	UK	13:00	Trade Balance GBP/Mn	Jun		--	£884m

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