

# Morning Brief

Daily | Sept. 21 2021

## Today's Outlook:

### Government Bonds

**SUN Market Depressed Along with Stock Exchange.** Market participants are worried about the impact of Evergrande's situation in China, which is facing the threat of default on debt payments. Evergrande is the second largest real estate company in China, with total liabilities of more than USD 300 billion. The benchmark short tenor government bonds (SUN) series FR0086 recorded a yield increase of more than 2 bps, with 2-year and 5-year CDS up more than 20% each.

### Corporate Bonds

**BNI Issues USD 600 Million Perpetual Bonds.** Bank Negara Indonesia Tbk (BNI) will issue perpetual bonds of USD 600 million or around IDR 8.56 trillion. These bonds are offered at a yield of 4.3% per annum. These perpetual bonds will be listed on the Singapore Stock Exchange, and the issuance of these notes is intended as a tier 1 additional core capital instrument. (Kontan)

### Domestic Issue

**Banking Undisbursed Loans Increase.** Bank idle credit or undisbursed loans in banks increased. The Financial Services Authority (OJK) noted that idle loans until July 2021 increased by 1.54% YoY from IDR 1,654.9 trillion. This increase indicates that the business activities of bank debtors are still slow. Meanwhile, in June, it fell 0.17% YoY to IDR 1.607.95 trillion. (Kontan)

### Recommendation

**BI 7-DRRR and FOMC.** Today, market participants are waiting for the release of the BI 7-DRRR benchmark interest rate data for September which is projected to remain at the level of 3.50%. Investors are also faced with a tapering-off plan; at the start of the Fed's monthly meeting (FOMC). This sentiment is coloring today's Sukuk auction. In addition to PBS031 (6.8-years), the government again offered PBS031 (2.8-years); PBS032 (4.8-years); PBS029 (12.5-years); and PBS028 (25.1-years). On this occasion, the government also offered a short tenor SPNS-08032022 (0.5-years).

## 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)	144.80	137.34	Current Acc (USD bn)	(2.20)	(1.00)
Trd Balance (USD bn)	4.74	2.59	Govt. Spending Yoy	8.06%	2.96%
Exports Yoy	64.10%	29.32%	FDI (USD bn)	6.61	4.92
Imports Yoy	55.26%	44.44%	Business Confidence	104.82	105.33
Inflation Yoy	1.60%	1.52%	Cons. Confidence*	77.30	80.20

## PRICE OF BENCHMARK SERIES

FR0086 (5yr): +2.2 Bps to 101.71 (5.07%)  
FR0087 (10yr): +1.9 Bps to 102.49 (6.14%)  
FR0088 (15yr): +0.4 Bps to 99.96 (6.25%)  
FR0083 (20yr): +1.6 Bps to 106.54 (6.87%)

FR0090 (5.8yr): +1.0 Bps to 100.06 (5.11%)  
FR0091 (10.8yr): +3.0 Bps to 102.63 (6.03%)  
FR0092 (21yr): +1.0 Bps to 104.27 (6.73%)

## CDS of Indonesia Bonds

CDS 2yr: +23.53% to 35.22  
CDS 5yr: +25.36% to 86.64  
CDS 10yr: +10.81% to 147.91

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.16%	0.02%
USDIDR	14,243	0.14%
KRWIDR	12.01	-0.84%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,970.47	(614.41)	-1.78%
S&P 500	4,357.73	(75.26)	-1.70%
FTSE 100	6,903.91	(59.73)	-0.86%
DAX	15,132.06	(358.11)	-2.31%
Nikkei	30,500.05	176.71	0.58%
Hang Seng	24,099.14	(821.62)	-3.30%
Shanghai	3,613.97	6.87	0.19%
KOSPI	3,140.51	10.42	0.33%
EIDO	21.01	(0.25)	-1.18%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,764.2	9.8	0.56%
Crude Oil (\$/bbl)	70.29	(1.68)	-2.33%
Coal (\$/ton)	164.55	1.80	1.11%
Nickel LME (\$/MT)	19,056	(302.0)	-1.56%
Tin LME (\$/MT)	33,910	(230.0)	-0.67%
CPO (MYR/Ton)	4,173	(88.0)	-2.07%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Friday</b> 17 - Sept.	US	21:00	U. of Mich. Sentiment	Sept.	71.0	72.0	70.3
<b>Monday</b> 20 - Sept.	US	21:00	NAHB Housing Market Index	Sept.	76	74	75
<b>Tuesday</b> 21 - Sept.	ID	14:20	Bank Indonesia 7DRRR	Sept.		3.50%	3.50%
	US	19:30	Housing Start	Aug.		1,543k	1,543k
<b>Wednesday</b> 22 - Sept.	US	18:00	MBA Mortgage Applications	Sept.		—	0.3%
	US	21:00	Existing Home Sales	Aug.		5.84m	5.99m
<b>Thursday</b> 23 - Sept.	US	01:00	FOMC Rate Decision	Sept.		0.25%	0.25%
	UK	18:00	Bank of England Bank Rate	Sept.		0.100%	0.100%
	US	19:30	Initial Jobless Claims	Sept.		—	332k
	US	20:45	Markit US Manufacturing PMI	Sept.		61.0	61.1
<b>Friday</b> 24 - Sept.	GE	15:00	IFO Expectations	Sept.		96.7	97.5
	GE	15:00	IFO Business Climate	Sept.		98.5	99.4
	US	21:00	New Home Sales	Aug.		713k	713k

Source: Bloomberg

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