

# Morning Brief

Daily | 2 Sept, 2021

## Today's Outlook:

### Government Bonds

**High Coupon Holds SUN Market.** NHKSI Research sees that only FR0083 recorded a price increase or yield decrease in yesterday's trading, based on Bloomberg data. This 20-year benchmark series of Government Bonds (SUN) recorded a yield reduction of 6.4 bps, compared to other benchmark series which recorded yield increases of between 0.5 bps to 2.1 bps. Investors are interested in FR0083 because it offers a coupon rate of up to 7.50%, or the highest of other benchmark series between 5.50% to 6.50%. We see that the decision of market players is in the midst of the certainty of the burden sharing policy in 2022. The intervention of Bank Indonesia (BI) in the primary market limits volatility, thereby making investors interested in Government Securities (SBN) which offer high coupons.

### Corporate Bonds

**WIKA: Offer IDR 2.5 Trillion Bonds and Sukuk.** PT Wijaya Karya (Persero) Tbk (WIKA) will issue mudharabah bonds and sukuk. In this corporate action, the company will raise funds of IDR 2.5 trillion. In the prospectus published Wednesday (1/9); WIKA's management announced a bond offering with a principal amount of IDR 1.75 trillion. As for the mudharabah sukuk with a total value of IDR 750 billion. (Kontan)

### Domestic Issue

**Education Encourages Inflation in August 2021.** The Central Statistics Agency (BPS) noted that there was an increase in prices (inflation) in August 2021, by 0.03% MoM, although lower than July 2021 inflation of 0.08% MoM. Based on BPS data, this Education group experienced 1.20% MoM inflation, contributing 0.07 percentage points to the general inflation rate in August 2021. Although inflation is still experiencing, the inflation rate is still low and under control. (Kontan)

### Recommendation

**Positive Sentiment of Inflation and Indonesian Manufacturing PMI.** Market participants have the opportunity to respond positively to the release of Indonesia's Manufacturing PMI data. Although still in the contraction level, it was better than the previous month. This indicates an improvement in domestic economic activity. In the short term, investors can look back at FR0086, FR0087, and FR0083.

## 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	1.60%	1.52%	Cons. Confidence*	80.20	104.40

## PRICE OF BENCHMARK SERIES

FR0086 (5yr): +0.9 Bps to 101.92 (5.02%)  
FR0087 (10yr): +2.1 Bps to 103.05 (6.07%)  
FR0088 (15yr): +0.5 Bps to 99.65 (6.28%)  
FR0083 (20yr): -6.4 Bps to 107.17 (6.81%)

FR0090 (5.8yr): +1.1 Bps to 99.89 (5.14%)  
FR0091 (10.8yr): -5.8 Bps to 102.86 (6.00%)  
FR0092 (21yr): +1.2 Bps to 104.27 (6.73%)

## CDS of Indonesia Bonds

CDS 2yr: -2.19% to 27.37  
CDS 5yr: -1.76% to 66.59  
CDS 10yr: -2.18% to 127.69

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.09%	0.02%
USDIDR	14,283	0.11%
KRWIDR	12.34	0.29%

## Global Indices

Index	Last	Chg.	%
Dow Jones	35,312.53	(48.20)	-0.14%
S&P 500	4,524.09	1.41	0.03%
FTSE 100	7,149.84	30.14	0.42%
DAX	15,824.29	(10.80)	-0.07%
Nikkei	28,451.02	361.48	1.29%
Hang Seng	26,028.29	149.30	0.58%
Shanghai	3,567.10	23.16	0.65%
KOSPI	3,207.02	7.75	0.24%
EIDO	21.33	0.07	0.33%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,813.9	0.3	0.02%
Crude Oil (\$/bbl)	68.59	0.09	0.13%
Coal (\$/ton)	173.10	3.10	1.82%
Nickel LME (\$/MT)	19,332	(215.0)	-1.10%
Tin LME (\$/MT)	33,550	(357.0)	-1.05%
CPO (MYR/Ton)	4,176	(78.0)	-1.83%

# Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	EC	16:00	Consumer Confidence	Aug	-5.3	—	-5.3
30 - Aug.	GE	19:00	CPI MoM	Aug	0.00%	0.10%	0.90%
	GE	19:00	CPI YoY	Aug	3.90%	3.90%	3.80%
	US	21:00	Pending Home Sales MoM	Jul	-1.80%	0.30%	-1.90%
<b>Tuesday</b>	CH	08:00	Non-Manufacturing PMI	Aug	47.5	52.0	53.3
31 - Aug.	CH	08:00	Manufacturing PMI	Aug	50.1	50.2	50.4
	UK	15:30	Mortgage Approvals	Jul	75.2k	78.0k	81.3k
	EC	16:00	CPI MoM	Aug	0.40%	0.20%	-0.10%
<b>Wednesday</b>	ID	07:30	Markit Indonesia PMI Mfg	Aug		—	40.1
1 - Sept.	ID	11:00	CPI YoY	Aug		1.60%	1.52%
	US	18:00	MBA Mortgage Applications	Aug		—	1.60%
	US	21:00	ISM Manufacturing	Aug		58.7	59.5
<b>Thursday</b>	US	19:30	Initial Jobless Claims	Aug		—	353k
2 - Sept.	US	19:30	Trade Balance	Jul		-\$74.5Bn	-\$75.7Bn
	US	21:00	Factory Orders	Jul		0.30%	1.50%
	US	21:00	Durable Goods Orders	Jul		—	-0.10%
<b>Friday</b>	EC	15:00	Markit Eurozone Composite PMI	Aug		59.5	59.5
3 - Sept.	US	19:30	Change in Nonfarm Payrolls	Aug		787k	943k
	US	19:30	Unemployment Rate	Aug		5.20%	5.40%
	US	21:00	ISM Services Index	Aug		62.0	64.1

Source: Bloomberg

## Research Division

### Head of Research

**Anggaraksa Arismunandar**

Market Strategy, Misc. Industry, Banking

T +62 21 5088 ext. 9134

E [anggaraksa@nhsec.co.id](mailto:anggaraksa@nhsec.co.id)

### Senior Technical Analyst

**Dimas Wahyu Putra Pratama**

Technical

T +62 21 5088 ext 9131

E [dimas.wahyu@nhsec.co.id](mailto:dimas.wahyu@nhsec.co.id)

### Economist

**Arief Machrus**

Macroeconomics

T +62 21 5088 ext 9127

E [arief.machrus@nhsec.co.id](mailto:arief.machrus@nhsec.co.id)

### Analyst

**Ajeng Kartika Hapsari**

Property, Construction, Cement

T +62 21 5088 ext 9130

E [ajeng@nhsec.co.id](mailto:ajeng@nhsec.co.id)

### Analyst

**Putu Chantika**

Consumer, Retail

T +62 21 5088 ext 9129

E [putu.chantika@nhsec.co.id](mailto:putu.chantika@nhsec.co.id)

### Research Support

**Jasmine Kusumawardani**

T +62 21 5088 ext 9132

E [jasmine.kusumawardani@nhsec.co.id](mailto:jasmine.kusumawardani@nhsec.co.id)

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## PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

**Head Office :**

District 8 Treasury Tower 51<sup>st</sup> Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 50889100

Fax : +62 21 50889101

**Branch Office BSD:**

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15322

Indonesia

Telp : +62 21 5316 2049

Fax : +62 21 5316 1687

**Branch Office Medan :**

Jl. Timor No 147

Medan, Sumatera Utara 20234

Indonesia

Telp : +62 614 156500

Fax : +62 614 568560

**Branch Office Semarang:**

Jl. MH Thamrin No. 152

Semarang 50314

Indonesia

Telp : +62 24 844 6878

Fax : +62 24 844 6879

**Branch Office Jakarta Utara:**

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

**Branch Office Pekanbaru:**

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 133

**Branch Office Surabaya:**

Spazio Tower Lt. 10, Unit S05

Jl. Mayjen Yono Suwoyo

Surabaya 60226

Indonesia

Telp : +62 31 9914 1344

**Branch Office Makassar:**

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Telp : +62 411 361 5255

**Branch Office Bandung:**

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 8606 1012

**Branch Office Denpasar:**

Ruko Griya Alamanda No.9

Jl. Cok Agung Tresna

Denpasar

Indonesia

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