

Morning Brief

Daily | 31 Aug, 2021

Today's Outlook:

Government Bonds

Positive Sentiment SKB III. The signing of the Joint Decree (SKB) III between the Ministry of Finance and Bank Indonesia, which had an effect on reducing the target for the auction of Government Securities (SBN), led to high bids for the SUN auction yesterday. Based on data from the Directorate General of Financing and Risk Management (DJPPR), bids for auction of Government Securities (SUN) reached IDR 116.1 trillion, or the highest bid this year, and even the second highest in history.

Corporate Bonds

Hutama Karya Offers IDR 1.5 Trillion Bonds & Sukuk. PT Hutama Karya (Persero) will issue debt securities consisting of bonds and sukuk worth a total of IDR 1.5 trillion. The company will conduct a sustainable public offering (PUB) of Hutama Karya's Sustainable Bonds II Phase I of 2021 with a principal of IDR 1 trillion, offered in 3 series. Series A worth IDR 33.50 billion with a coupon of 8.25% 3-year tenor. Series B valued at IDR 185.55 billion with an 8.55% 5-year tenor coupon. And Series C valued at IDR 780.95 billion with a coupon of 9.30% 7-year tenor. Meanwhile, the Sustainable Sukuk Mudharabah I Hutama Karya Phase I 2021 is offered in three series. Series A worth IDR 16.50 billion in return for 8.25% 3-year tenor. Series B worth IDR 64.46 billion in return for 8.55% 5-year tenor. And Series C worth IDR 419.05 billion in return 9.30% tenor 7-years. (Bisnis Indonesia)

Domestic Issue

Government Debt Increases to IDR 6,570.17 Trillion. The Ministry of Finance noted that the government's debt position at the end of July 2021 was at IDR 6,570.17 trillion, with a ratio of government debt to Gross Domestic Product (GDP) of 40.51%. The debt position has increased by around IDR 15.61 trillion compared to the debt position at the end of June 2021 which amounted to IDR 6,554.56 trillion. The debt financing is used to support countercyclical policies, especially to deal with the Covid-19 pandemic and national economic recovery. (Kontan)

Recommendation

Inflation and Manufacturing PMI. Market participants will pay close attention to the release of the two economic data, in today's trading. Meanwhile, external sentiment came from the index of consumer confidence in the United States (US), which reportedly fell to its lowest level in 6 months. This was triggered by concerns about the impact of a larger-than-expected delta variant. 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	1.52%	1.33%	Cons. Confidence*	80.20	104.40

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -1.8 Bps to 101.96 (5.01%)
FR0087 (10yr): -5.6 Bps to 103.20 (6.04%)
FR0088 (15yr): -2.0 Bps to 99.70 (6.28%)
FR0083 (20yr): -0.6 Bps to 106.48 (6.87%)

FR0090 (5.8yr): -2.7 Bps to 99.94 (5.13%)
FR0091 (10.8yr): -1.6 Bps to 102.40 (6.06%)
FR0092 (21yr): -5.4 Bps to 104.40 (6.72%)

CDS of Indonesia Bonds

CDS 2yr: -1.33% to 27.98
CDS 5yr: -1.64% to 67.79
CDS 10yr: +1.84% to 130.54

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.06%	-0.06%
USDIDR	14,268	-0.71%
KRWIDR	12.31	-0.11%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,360.73	(39.11)	-0.11%
S&P 500	4,522.68	(6.11)	-0.13%
FTSE 100	7,119.70	(28.31)	-0.40%
DAX	15,835.09	(52.22)	-0.33%
Nikkei	28,089.54	300.25	1.08%
Hang Seng	25,878.99	339.45	1.33%
Shanghai	3,543.94	15.79	0.45%
KOSPI	3,199.27	55.08	1.75%
EIDO	21.26	0.11	0.52%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,813.6	3.3	0.18%
Crude Oil (\$/bbl)	68.50	(0.71)	-1.03%
Coal (\$/ton)	164.10	2.55	1.58%
Nickel LME (\$/MT)	19,592	581.0	3.09%
Tin LME (\$/MT)	33,840	240.0	0.59%
CPO (MYR/Ton)	4,254	(79.0)	-1.82%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	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%
Tuesday	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%
Wednesday	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
Thursday	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%
Friday	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

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