

Morning Brief

Daily | Sept. 24 2021

Today's Outlook:

Government Bonds

Benchmark Candidates Strengthen in the Middle of the Debt Switch. FR0090 and FR0092 led the yield decline to around 2.4 bps, or yields fell the deepest compared to FR0091, and FR0088 which fell around 1 bps. Yesterday, the government made a buy back by means of a debt switch, offered Government Securities (SUN) benchmark candidates FR0090, FR0091, FR0088, and FR0092, as well as long tenor FR0089. The five series are offered to be exchanged for SUN with a time to maturity of less than 5-years, such as: FR0061 (0.6-year); FR0063 (1.6-years); FR0046 (1.8-years); FR0039 (1.9-year); FR0070 (2.5-years); FR0077 (2.6-years); FR0044 (3-years), FR0081 (3.7-years); FR0040 (4-years).

Corporate Bonds

Pefindo: Angkasa Pura I Bonds Achieved idAA+ rating. The Indonesian Securities Rating Agency (Pefindo) has affirmed its idAA+ rating for PT Angkasa Pura I (Persero)'s 2016 Series A Bonds I of IDR 622.0 billion. Then Sukuk Ijarah I Year 2016 Series A APAI worth IDR 268.0 billion which will mature on November 22, 2021. The company plans to pay off the maturing bonds and sukuk using cash proceeds from the issuance of Shelf-Registered Bonds I Year 2021 and Shelf-Registered Sukuk Ijarah I Year 2021 which have been realized in September 2021. (Kontan)

Domestic Issue

Sri Mulyani: 3Q21 Economic Rate Maximum 5%. Finance Minister Sri Mulyani estimates that economic growth will range from 4% to 5% in 3Q21. The projection is lower than the forecast made in August where the economy could accelerate in the range of 4% to 5.7%. He saw that indicators on the consumption and production sides illustrate resilience or the economy is quite resilient despite being faced with a fairly heavy hit from the delta variant. In detail, household consumption grew in the range of 2%-2.4% in 3Q21. (CNN Indonesia)

Recommendation

Tapering Off Certainty. Market participants responded positively to the clear signal from the Fed which is expected to start reducing bond purchases in November. The market also received fresh air from the news of the addition of liquidity to the banking system worth 120 billion yuan by the Chinese central bank. Continuing the buy back through yesterday's debt switch, the government again offered FR0090, FR0091, FR0088, FR0092, and FR0089 in the planned SUN auction next Tuesday.

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): -1.1 Bps to 101.43 (5.14%)
FR0087 (10yr): -3.2 Bps to 102.27 (6.17%)
FR0088 (15yr): -0.9 Bps to 99.85 (6.26%)
FR0083 (20yr): -0.6 Bps to 105.70 (6.94%)

FR0090 (5.8yr): -2.5 Bps to 100.07 (5.10%)
FR0091 (10.8yr): -1.3 Bps to 102.11 (6.09%)
FR0092 (21yr): -2.3 Bps to 103.95 (6.76%)

CDS of Indonesia Bonds

CDS 2yr: -3.00% to 31.36
CDS 5yr: -3.20% to 77.36
CDS 10yr: -2.34% to 135.06

Government Bond Yields & FX

| | Last | Chg. |
|----------------|--------|--------|
| Tenor: 10 year | 6.12% | -0.02% |
| USDIDR | 14,243 | 0.00% |
| KRWIDR | 12.11 | 0.67% |

Global Indices

| Index | Last | Chg. | % |
|-----------|-----------|----------|--------|
| Dow Jones | 34,764.82 | 506.50 | 1.48% |
| S&P 500 | 4,448.98 | 53.34 | 1.21% |
| FTSE 100 | 7,078.35 | (5.02) | -0.07% |
| DAX | 15,643.97 | 137.23 | 0.88% |
| Nikkei | 29,639.40 | (200.31) | -0.67% |
| Hang Seng | 24,510.98 | 289.44 | 1.19% |
| Shanghai | 3,642.22 | 13.73 | 0.38% |
| KOSPI | 3,127.58 | (12.93) | -0.41% |
| EIDO | 21.33 | (0.04) | -0.19% |

Commodities

| Commodity | Last | Chg. | % |
|--------------------|---------|--------|--------|
| Gold (\$/troy oz.) | 1,742.8 | (25.4) | -1.44% |
| Crude Oil (\$/bbl) | 73.30 | 1.07 | 1.48% |
| Coal (\$/ton) | 178.50 | 6.65 | 3.87% |
| Nickel LME (\$/MT) | 19,221 | 391.0 | 2.08% |
| Tin LME (\$/MT) | 34,997 | 1177.0 | 3.48% |
| CPO (MYR/Ton) | 4,447 | 117.0 | 2.70% |

Global & Domestic Economic Calendar

| Date | Country | Hour Jakarta | Event | Period | Actual | Consensus | Previous |
|---------------------------------------|---------|-----------------|-----------------------------|--------|--------|-----------|----------|
| Friday <i>17 - Sept.</i> | US | 21:00 | U. of Mich. Sentiment | Sept. | 71.0 | 72.0 | 70.3 |
| Monday <i>20 - Sept.</i> | US | 21:00 | NAHB Housing Market Index | Sept. | 76 | 74 | 75 |
| Tuesday <i>21 - Sept.</i> | ID | 14:20 | Bank Indonesia 7DRRR | Sept. | 3.50% | 3.50% | 3.50% |
| | US | 19:30 | Housing Starts | Aug. | 1,615k | 1,550k | 1,534k |
| Wednesday <i>22 - Sept.</i> | US | 18:00 | MBA Mortgage Applications | Sept. | 4.9% | — | 0.3% |
| | US | 21:00 | Existing Home Sales | Aug. | 5.88m | 5.89m | 5.99m |
| Thursday <i>23 - Sept.</i> | US | 01:00 | FOMC Rate Decision | Sept. | 0.25% | 0.25% | 0.25% |
| | UK | 18:00 | Bank of England Bank Rate | Sept. | 0.100% | 0.100% | 0.100% |
| | US | 19:30 | Initial Jobless Claims | Sept. | 351k | 320k | 332k |
| | US | 20:45 | Markit US Manufacturing PMI | Sept. | 60.5 | 61.0 | 61.1 |
| Friday <i>24 - Sept.</i> | 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

Research Division

Head of Research

Anggaraksa Arismunandar

Market Strategy, Misc. Industry, Banking

T +62 21 5088 ext. 9134

E anggaraksa@nhsec.co.id

Senior Technical Analyst

Dimas Wahyu Putra Pratama

Technical

T +62 21 5088 ext 9131

E dimas.wahyu@nhsec.co.id

Economist

Arief Machrus

Macroeconomics

T +62 21 5088 ext 9127

E arief.machrus@nhsec.co.id

Analyst

Ajeng Kartika Hapsari

Property, Construction, Cement

T +62 21 5088 ext 9130

E ajeng@nhsec.co.id

Analyst

Putu Chantika

Consumer, Retail

T +62 21 5088 ext 9129

E putu.chantika@nhsec.co.id

Research Support

Jasmine Kusumawardani

T +62 21 5088 ext 9132

E 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 51st 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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Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
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