

# Morning Brief

Daily | Sept. 23 2021

## Today's Outlook:

### Government Bonds

**The Fed's FOMC meeting.** Benchmark Government Bond (SUN) yields closed slightly higher yesterday, as market players' attention turned to the announcement of the results of the Federal Open Market Committee (FOMC) meeting. Another external sentiment, coming from US housing starts to beat expectations. FR0088 and FR0090 closed below par, with yields at 6.27% and 5.13%, respectively, according to Bloomberg data.

### Corporate Bonds

**Pefindo Cuts J Resources' Rating.** PT Pemeringkat Efek Indonesia (Pefindo) has downgraded PT J Resources Asia Pacific Tbk. downgraded to idBBB. In addition to lowering the rating, Pefindo also changed the outlook for the company to CreditWatch with negative implications. This is done by Pefindo considering the increasing risk of refinancing and the company's liquidity triggered by a request by one of its creditors to pay off all of its obligations amounting to USD 95.09 million on September 1, 2021. (Bisnis Indonesia)

### Domestic Issue

**ADB Cuts Indonesia's 2021 Economic Growth Projection.** The Asian Development Bank (ADB) cut Indonesia's economic growth to 3.5% YoY, this projection is lower than the previous forecast of 4.5% YoY. The decline in this projection was influenced by the second wave of Covid-19 at the beginning of 3Q21 which led to strict restrictions from the government. Previously, Indonesia had shown economic improvement even since 3Q20 and continued in the first half of 2021. However, it is true that the second wave of Covid-19 has hampered the performance of Indonesia's economic improvement. (Kontan)

### Recommendation

**The Fed's Tapering Signals.** The Federal Reserve has signaled that the tapering program will start soon until the middle of next year. On the other hand, credit concerns from China eased slightly; after Evergrande reportedly reached an agreement with creditors regarding interest payments. Today's SUN market movement is influenced by the response of market participants to the direction of the Fed's policy.

## PRICE OF BENCHMARK SERIES

FR0086 (5yr): +0.6 Bps to 101.39 (5.15%)  
FR0087 (10yr): +0.1 Bps to 102.05 (6.20%)  
FR0088 (15yr): +0.1 Bps to 99.76 (6.27%)  
FR0083 (20yr): +1.9 Bps to 105.64 (6.95%)

FR0090 (5.8yr): -0.1 Bps to 99.95 (5.13%)  
FR0091 (10.8yr): +7.9 Bps to 102.02 (6.11%)  
FR0092 (21yr): +0.4 Bps to 103.69 (6.78%)

## CDS of Indonesia Bonds

CDS 2yr: -0.41% to 32.33  
CDS 5yr: -0.33% to 79.92  
CDS 10yr: -0.33% to 138.31

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.13%	-0.03%
USDIDR	14,243	0.04%
KRWIDR	12.03	0.10%

## Global Indices

Index	Last	Chg.	%
Dow Jones	34,258.32	338.48	1.00%
S&P 500	4,395.64	41.45	0.95%
FTSE 100	7,083.37	102.39	1.47%
DAX	15,506.74	158.21	1.03%
Nikkei	29,639.40	(200.31)	-0.67%
Hang Seng	24,221.54	122.40	0.51%
Shanghai	3,628.49	14.52	0.40%
KOSPI	3,140.51	10.42	0.33%
EIDO	21.37	0.41	1.96%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,768.2	(6.4)	-0.36%
Crude Oil (\$/bbl)	72.23	1.74	2.47%
Coal (\$/ton)	179.85	3.90	2.22%
Nickel LME (\$/MT)	19,221	391.0	2.08%
Tin LME (\$/MT)	34,997	1177.0	3.48%
CPO (MYR/Ton)	4,330	138.0	3.29%

## 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

# Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Friday</b> <i>17 - Sept.</i>	US	21:00	U. of Mich. Sentiment	Sept.	71.0	72.0	70.3
<b>Monday</b> <i>20 - Sept.</i>	US	21:00	NAHB Housing Market Index	Sept.	76	74	75
<b>Tuesday</b> <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
<b>Wednesday</b> <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
<b>Thursday</b> <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%
	US	19:30	Initial Jobless Claims	Sept.		320k	332k
	US	20:45	Markit US Manufacturing PMI	Sept.		61.0	61.1
<b>Friday</b> <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

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