

Morning Brief

Daily | Sept. 15, 2021

Today's Outlook:

Government Bonds

Wait and See FOMC, Investors Interested FR0090. The 5-year benchmark candidate FR0090 is the series that investors are most interested in, recording an entry offer of up to IDR 21.7 trillion. The wait and see attitude ahead of the Federal Open Market Committee (FOMC) at the end of the month, and the risk off sentiment, made market participants choose short tenors for their portfolios. In more detail, the incoming bid for FR0090 surpassed FR0091 which was valued at IDR 18.7 trillion.

Corporate Bonds

WIKA: Received idA Rating from Pefindo. PT Wijaya Karya Tbk (WIKA) received an idA rating with stable prospects from PT Pemeringkat Efek Indonesia (Pefindo). The rating is also given to the planned issuance of Shelf-Registered Bonds II/2021 with a maximum value of IDR 3.5 trillion. Pefindo has also assigned an idA(sy) rating for the planned issuance of Sukuk Mudharabah II/2021 with a maximum value of IDR 1.5 trillion. (Kontan)

Domestic Issue

Government Offers 40 Year Global Bond. The Indonesian government plans to issue global bonds denominated in United States (US) dollars with a tenor of 40 years. This issuance will coincide with the auction of 10-year tenor Government Securities (SUN), before interest rates rise again. On the other hand, the results of the global bond offering are expected to assist the government in buying back US dollar bonds maturing in 2022 and 2026 worth USD 1.25 billion. (Kontan)

Recommendation

The Fed's Policy Direction. The US Consumer Price Index (CPI) data for August, which was below expectations, again raised new questions about the direction of the Fed's monetary policy. The Labor Department said on Tuesday that the Consumer Price Index excluding food and energy components edged up 0.1% last month. It was the smallest gain since February and after a 0.3% gain in July. Core CPI rose 4.0% YoY after previously posting 4.3% gain in July. Another external sentiment came from concerns about the possibility of an increase in the US corporate tax rate from 21% to 26.5%.

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)	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*	77.30	80.20

PRICE OF BENCHMARK SERIES

FR0086 (5yr):	-1.4 Bps to 101.88 (5.03%)
FR0087 (10yr):	-1.1 Bps to 102.62 (6.12%)
FR0088 (15yr):	-0.9 Bps to 99.94 (6.25%)
FR0083 (20yr):	+0.9 Bps to 106.61 (6.86%)
FR0090 (5.8yr):	-2.7 Bps to 100.17 (5.08%)
FR0091 (10.8yr):	-1.1 Bps to 102.97 (5.99%)
FR0092 (21yr):	-0.2 Bps to 104.27 (6.73%)

CDS of Indonesia Bonds

CDS 2yr:	-0.05% to 27.30
CDS 5yr:	+0.45% to 66.80
CDS 10yr:	+0.90% to 129.36

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.14%	-0.02%
USDIDR	14,248	-0.04%
KRWIDR	12.17	0.41%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,577.57	(292.06)	-0.84%
S&P 500	4,443.05	(25.68)	-0.57%
FTSE 100	7,034.06	(34.37)	-0.49%
DAX	15,722.99	21.57	0.14%
Nikkei	30,670.10	222.73	0.73%
Hang Seng	25,502.23	(311.58)	-1.21%
Shanghai	3,662.60	(52.77)	-1.42%
KOSPI	3,148.83	20.97	0.67%
EIDO	21.62	0.15	0.70%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,804.5	10.8	0.60%
Crude Oil (\$/bbl)	70.46	0.01	0.01%
Coal (\$/ton)	177.80	(0.10)	-0.06%
Nickel LME (\$/MT)	19,623	(103.0)	-0.52%
Tin LME (\$/MT)	33,408	(90.0)	-0.27%
CPO (MYR/Ton)	4,340	22.0	0.51%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	—	—	—	—	—	—	—
<i>13 - Sept.</i>							
Tuesday	UK	13:00	Claimant Count Rate	Aug	5.4%	—	5.7%
<i>14 - Sept.</i>							
	UK	13:00	Jobless Claims Change	Aug	-58.6k	—	-7.8k
	US	19:30	CPI MoM	Aug	0.3%	0.4%	0.5%
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Wednesday	CH	09:00	Retail Sales YoY	Aug		7.0%	8.5%
<i>15 - Sept.</i>							
	ID	11:00	Trade Balance	Aug		\$2,665Mn	\$2,589Mn
	UK	13:00	CPI YoY	Aug		2.9%	2.0%
	US	18:00	MBA Mortgage Applications	Sept		—	-1.9%
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Thursday	US	19:30	Retail Sales Advance MoM	Aug		-0.8%	-1.1%
<i>16 - Sept.</i>							
	US	19:30	Initial Jobless Claims	Aug		323k	310k
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Friday	US	21:00	U. Of Mich. Sentiment	Sept		72.0	70.3
<i>17 - Sept.</i>							

Source: Bloomberg

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