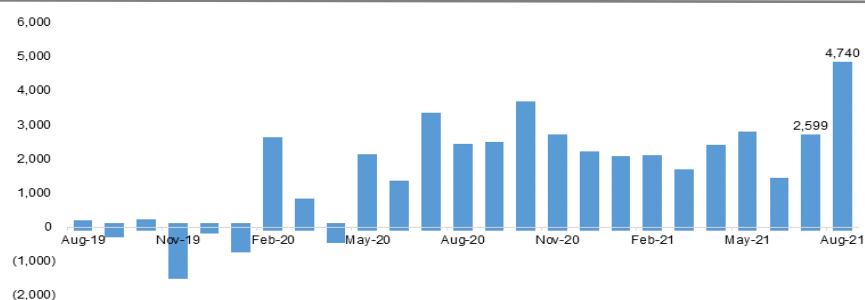


Macroeconomic Report

Commodities Drive Trade Balance Surplus

Trade Balance (USD Mn)



Source: Bloomberg, NHKS Research

Export Boosts Trade Balance Surplus

The relaxation of Public Activity Restriction (PPKM) boosted the manufacturing activity in some areas, which then increased Indonesia's exports. Statistics Indonesia (BPS) booked the trade balance surplus for August 2021 at USD 4.74 billion, up 82% compared to the previous month's USD 2.59 billion. Other than the jump in demands from some trading partner countries, NHKSI Research sees the price increase for export mainstay commodity prices supported the trade balance surplus in this period. Some commodities that recorded price jumps in August 2021 are: coal at 16%; CPO at 1%; natural rubber and nickel. Furthermore, Indonesia's exports in August 2021 grew 64% YoY, higher than imports that grew 55.3% YoY.

RIEUR0334 Investment Return Potential

NHKSI Research sees the issuance of Euro-denominated global bond may potentially attract investors. Other than being at discount with yield offered at 1.35% or 1.30% coupon, the government also successfully reduced the price of the 12-year tenor RIEUR0334. In the issuance of Euro-Denominated Sustainable Development Goals (SDG) Sovereign Bonds of EUR 500 million, the government managed to cut 27 bps off the initial price guidance, which was at Mid Swaps of 140bps - 145bps to final price guidance Mid Swaps of 118 bps. Furthermore, investors also benefit from Indonesia's bond rating which is at BBB- or investment grade level.

Wait and See FOMC, Investors Interested in FR0090

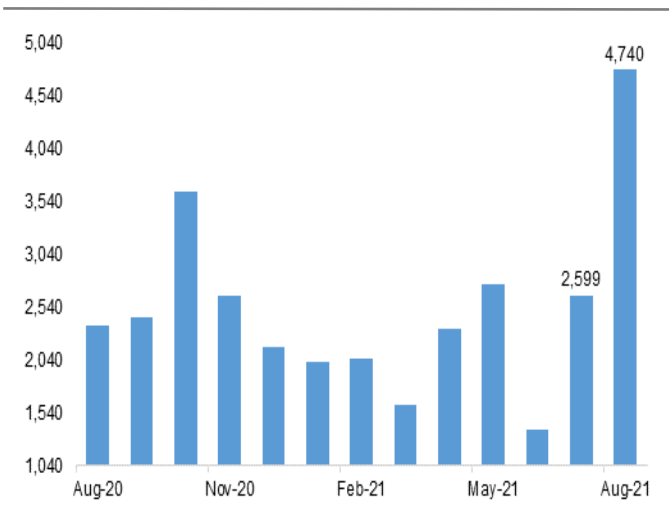
FR0090, the 5-year benchmark candidate, is the most sought after series by investors, booking incoming bid of IDR 21.7 trillion. The wait and see manner as Federal Open Market Committee (FOMC) is coming at the end of the month, and risk off sentiment, meant investors chose short tenors for their portfolio. Furthermore, incoming bid of FR0090 surpassed FR0091 which was at IDR 18.7 trillion. Overall, the weighted average yield declined with FR0090 at 5.08%; FR0091 at 5.98%; FR0088 at 6.23%; FR0092 at 6.72%; and FR0089 at 6.78%. Meanwhile, the government won huge numbers of FR0091, resulting in the 10-year benchmark to book bid to cover ratio of 2.8x, the lowest compared to the other fixed rate series.

Arief Machrus

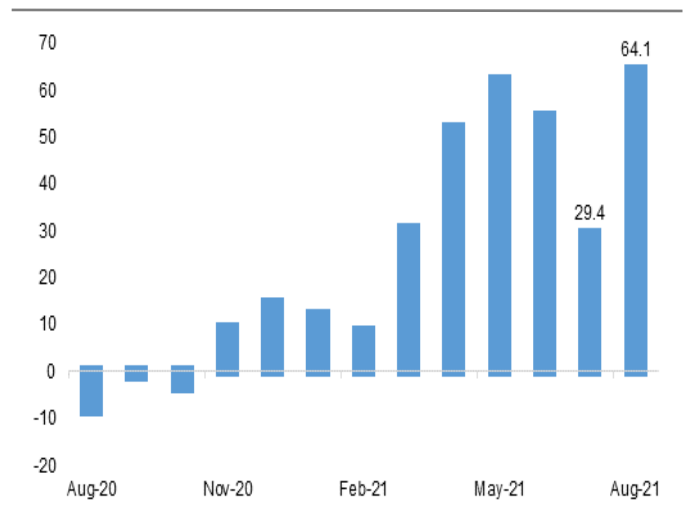
arief.machrus@nhsec.co.id

Please consider important disclaimer

Trade Balance (USD Mn) | Aug. 2020 - Aug. 2021



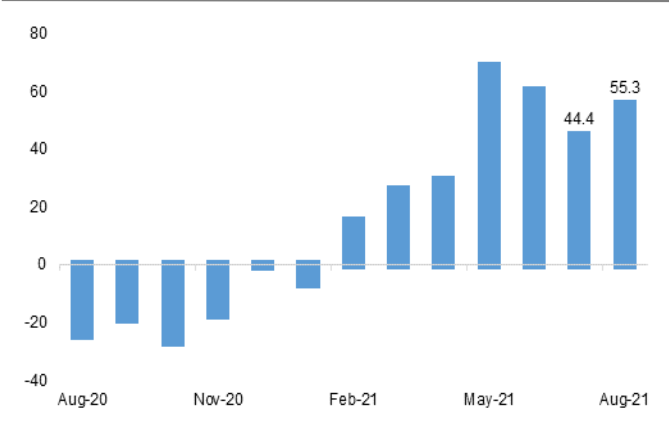
Export Growth | Aug. 2020 - Aug. 2021



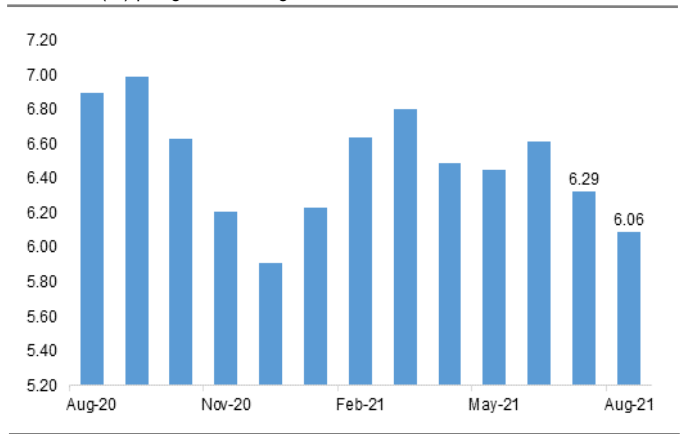
Source: Bloomberg, NHKS Research

Source: Bloomberg, NHKS Research

Import Growth | Aug. 2020 - Aug. 2021



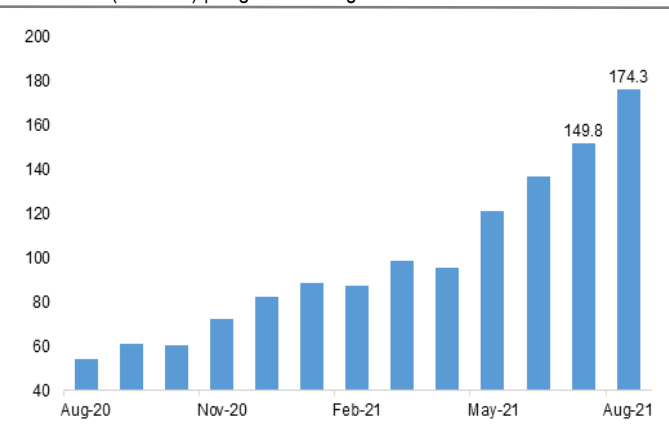
GIDN10Y (%) | Aug. 2020 - Aug. 2021



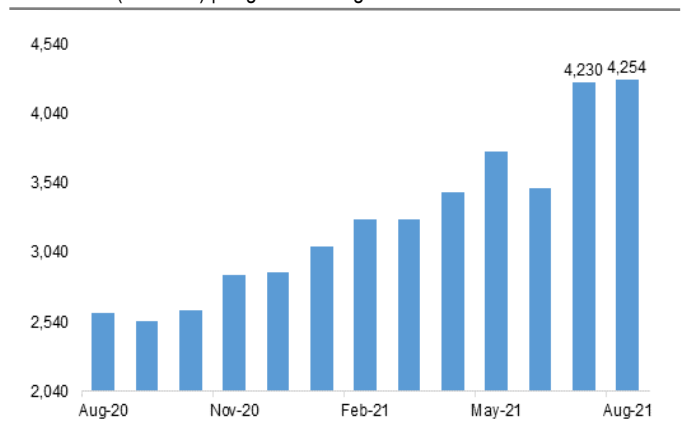
Source: Indonesia Statistics, NHKS Research

Source: Bloomberg, NHKS Research

Coal Price (USD/ton) | Aug. 2020 - Aug. 2021



CPO Price (MYR/ton) | Aug. 2020 - Aug. 2021



Source: Bloomberg, NHKS Research

Source: Bloomberg, NHKS Research

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entity of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not suitable for all investors. Although the information here is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, respective employees, and agents disclaim any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents liable for errors, omissions, misstatements, negligence, inaccuracy arising herefrom.

All rights reserved by PT NH Korindo Sekuritas Indonesia