

Morning Brief

Daily | Oct. 27, 2021

Today's Outlook:

Government Bonds

Uncertainty of Global Economic Recovery. This has made market participants aggressively buy into Government Bonds (SUN) the 2022 benchmark candidate. The FR0090, FR0091, and FR0092 series recorded yield declines in the range of 3.6 bps to 8.3 bps yesterday. Meanwhile, FR0092 (20.6-year) recorded a yield decrease of up to 8.3 bps, along with offering attractive yields and high coupons of 7.125%. Investors are looking for attractive rewards amidst the current low interest rate trend. From external sentiment, market players are again looking at the increase in Covid-19 cases in China and sentiment from the energy crisis and rising global inflation.

Corporate Bonds

SMF: Offering Bonds Total IDR 2.8 Trillion. PT Sarana Multigriya Finansial (SMF) is in the process of issuing Shelf-Registered Bonds VI Phase II 2021 with a value of IDR 2.8 trillion. This bond is part of the Shelf-Registered Bonds VI with a total target of IDR 17 trillion. In the first phase on July 8, 2021, SMF has issued IDR 1.2 trillion bonds. This time, SMF only offers one series of bonds with a 5-year tenor, with a fixed interest rate of 6% per annum. (Kontan)

Domestic Issue

Realization of Capital Expenditure Grows 62.2%. Realization of capital expenditures until September 2021 seems to be soaring. The Minister of Finance revealed that the realization of capital expenditures until the end of 3Q21 was IDR 118.7 trillion, up 62.2% YoY from the realization as of September 2020. However, the realization has not yet reached 50% of the target set out in the State Revenue and Expenditure Budget (APBN) 2021, and only reached 48.1%. (Kontan)

Recommendation

Back Interested in Benchmark Candidates. Investors have the opportunity to re-interest the potential benchmark SUNs FR0090, FR0091, and FR0092 in today's trading. In addition to the uncertainty of global economic recovery sentiment, NHKSI Research also saw high investor interest in yesterday's SUN auction results. Based on data from the Directorate General of Financing and Risk Management (DJPPR), FR0090 and FR0092 recorded incoming offers of up to IDR 13.7 trillion and IDR 10 trillion, respectively. Furthermore, yesterday's total SUN auction bids were valued at IDR 50.1 trillion, with a nominal value of IDR 8 trillion won.

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)	146.90	144.80	Current Acc (USD bn)	(2.20)	(1.00)
Trd Balance (USD bn)	4.37	4.74	Govt. Spending Yoy	8.06%	2.96%
Exports Yoy	47.64%	64.10%	FDI (USD bn)	6.61	4.92
Imports Yoy	40.31%	55.26%	Business Confidence	104.82	105.33
Inflation Yoy	1.60%	1.59%	Cons. Confidence*	95.50	77.30

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -1.1 Bps to 101.74 (5.05%)
FR0087 (10yr): -1.3 Bps to 102.57 (6.13%)
FR0088 (15yr): -0.5 Bps to 99.87 (6.26%)
FR0083 (20yr): -1.9 Bps to 104.42 (7.06%)

FR0090 (5.5yr): -3.9 Bps to 100.75 (4.96%)
FR0091 (10.5yr): -3.6 Bps to 102.87 (6.00%)
FR0092 (20.6yr): -8.3 Bps to 103.33 (6.82%)

CDS of Indonesia Bonds

CDS 2yr: -2.10% to 30.52
CDS 5yr: -2.38% to 80.80
CDS 10yr: -1.66% to 145.01

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.01%	-0.04%
USDIDR	14,153	-0.04%
KRWIDR	12.13	0.07%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,756.88	15.73	0.04%
S&P 500	4,574.79	8.31	0.18%
FTSE 100	7,277.62	54.80	0.76%
DAX	15,757.06	157.83	1.01%
Nikkei	29,106.01	505.60	1.77%
Hang Seng	26,038.27	(93.76)	-0.36%
Shanghai	3,597.64	(12.23)	-0.34%
KOSPI	3,049.08	28.54	0.94%
EIDO	24.31	0.07	0.29%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,792.9	(14.8)	-0.82%
Crude Oil (\$/bbl)	84.65	0.89	1.06%
Coal (\$/ton)	201.00	5.70	2.92%
Nickel LME (\$/MT)	20,306	567.0	2.87%
Tin LME (\$/MT)	37,457	107.0	0.29%
CPO (MYR/Ton)	5,012	43.0	0.87%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Friday	UK	15:30	Markit UK PMI Manufacturing	Oct.	57.7	56.0	57.1
22 - Oct.	GE	14:30	Markit/ BME Germany Manufacturing	Oct.	58.2	56.6	58.4
	EC	15:00	Markit Eurozone Manufacturing	Oct.	58.5	57.1	58.6
	US	20:45	Markit US Manufacturing PMI	Oct.	59.2	60.5	60.7
Monday	GE	15:00	IFO Expectations	Oct.	95.4	96.6	97.3
25 - Oct.	GE	15:00	IFO Current Assessment	Oct.	100.1	99.4	100.4
	GE	15:00	IFO Business Climate	Oct.	97.7	98.0	98.8
Tuesday	US	21:00	New Home Sales	Sept.	800k	756k	740k
26 - Oct.	US	21:00	Conf. Board Consumer Confidence	Oct.	113.8	108.0	109.3
Wednesday	EC	15:00	M3 Money Supply YoY	Sept.		7.4%	7.9%
27 - Oct.	US	18:00	MBA Mortgage Applications	Oct.		—	-6.3%
	US	19:30	Wholesale Inventories MoM	Sept.		1.0%	1.2%
	US	19:30	Durable Goods Orders	Sept.		-1.1%	1.8%
Thursday	GE	19:00	CPI MoM	Oct.		—	0.0%
28 - Oct.	GE	19:00	CPI YoY	Oct.		—	4.1%
	US	19:30	Initial Jobless Claims	Oct.		—	290k
	US	19:30	GDP Annualized QoQ	3Q21		3.0%	6.7%
Friday	US	19:30	Personal Income	Sept.		0.0%	0.2%
29 - Oct.	US	19:30	Personal Spending	Sept.		0.5%	0.8%
	US	20:45	MNI Chicago PMI	Oct.		64.2	64.7
	US	21:00	U. Of Mich. Sentiment	Oct.		71.4	71.4

Source: Bloomberg

Research Division

Head of Research

Anggaraksa Arismunandar

Equity Strategy

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, Banking

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

Analyst

Glenn Samuael Tanuwidjaja

Telco, Mining

T +62 21 5088 ext 9128

E glenn.samuael@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

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

Fax : +62 21 6667 4960

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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