

Morning Brief

Daily | Oct. 12, 2021

Today's Outlook:

Government Bonds

Increase in UST Yield Hits SUN Market. Market participants responded negatively to the increase in the UST10Y yield. Yesterday, the UST10Y treasury yield hit 1.61%, as investors began to believe that the Fed will start planning a tapering of asset purchases, despite last week's declining employment data. The September employment report released on Friday showed non-farm payrolls rose by 194,000 last month. This figure is far below the estimated 500K increase in September.

Corporate Bonds

TPIA: Issue Long Tenor Bonds. Chandra Asri Petrochemical Tbk (TPIA) is interested in issuing long tenor bonds as a source of funding, in building the petrochemical complex, CAP 2. In more detail, the CAP 2 project is targeted for completion in 2026 or five years from now, so that funding is above 7 or 10 years can be an ideal source of funding. As for this year, Chandra Asri completed a sustainable public offering (PUB) of bonds worth Rp 1 trillion. (Investor Daily)

Domestic Issue

August 2021 Retail Sales Increase. Based on the Retail Sales (SPE) survey of Bank Indonesia (BI), it can be seen that the Real Sales Index (IPR) has increased. It was recorded that the IPR in August 2021 was 192.5 or up 2.1% MoM from 188.5 in July 2021. Meanwhile, the increase in retail sales in August 2021 could not be separated from the easing of the Implementation of Restrictions on Community Activities (PPKM). Even on an annual basis, retail sales in August 2021 are indicated to improve, even though they are still in the contraction phase, growing minus 2.1% YoY. However, the contraction is not as deep as minus 2.9% YoY in July 2021. (Kontan)

Recommendation

Economic Data Supports the SUN Market. Market participants have the opportunity to respond positively to retail sales data for the August period, starting to improve from the last July period. In more detail, BI reported that IPR grew by 2.1% MoM in August 2021. This retail sales accelerated, compared to the previous month, which contracted by 5% MoM. Today, the government is offering SPN03220112 (New Issue), SPN12221013 (New Issue), FR0090, FR0091, FR0088, FR0092, and FR0089 in the auction of Government Bonds (SUN).

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)	4.74	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%	1.59%	Cons. Confidence*	95.50	80.20

PRICE OF BENCHMARK SERIES

FR0086 (5yr): +0.8 Bps to 101.28 (5.17%)
FR0087 (10yr): +2.0 Bps to 100.93 (6.36%)
FR0088 (15yr): +0.7 Bps to 99.11 (6.34%)
FR0083 (20yr): +3.2 Bps to 102.50 (7.25%)

FR0090 (5.8yr): +1.0 Bps to 100.12 (5.09%)
FR0091 (10.8yr): +1.1 Bps to 101.09 (6.23%)
FR0092 (21yr): +0.5 Bps to 101.01 (7.02%)

CDS of Indonesia Bonds

CDS 2yr: +10.47% to 39.24
CDS 5yr: +9.92% to 95.81
CDS 10yr: +8.06% to 159.92

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.25%	0.01%
USDIDR	14,208	-0.11%
KRWIDR	11.89	-0.10%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,496.06	(250.19)	-0.72%
S&P 500	4,361.19	(30.15)	-0.69%
FTSE 100	7,146.85	51.30	0.72%
DAX	15,199.14	(6.99)	-0.05%
Nikkei	28,498.20	449.26	1.60%
Hang Seng	25,325.09	487.24	1.96%
Shanghai	3,591.71	(0.46)	-0.01%
KOSPI	2,956.30	(3.16)	-0.11%
EIDO	23.52	0.15	0.64%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,754.2	(3.0)	-0.17%
Crude Oil (\$/bbl)	80.52	1.17	1.47%
Coal (\$/ton)	231.50	24.50	11.84%
Nickel LME (\$/MT)	19,119	(102.0)	-0.53%
Tin LME (\$/MT)	36,382	226.0	0.63%
CPO (MYR/Ton)	4,955	(11.0)	-0.22%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Friday	CH	08:45	Caixin China PMI Composite	Sept.	51.4	—	47.2
8 - Oct.	CH	08:45	Caixin China PMI Services	Sept.	53.4	49.2	46.7
Monday	—	—	—	—	—	—	—
11 - Oct.	—	—	—	—	—	—	—
Tuesday	UK	13:00	Claimant Count Rate	Sept.		—	5.4%
12 - Oct.	UK	13:00	Jobless Claims Change	Sept.		—	-58.6k
	GE	16:00	ZEW Survey Expectations	Oct.		23.5	26.5
	GE	16:00	ZEW Survey Current Situations	Oct.		28.0	31.9
Wednesday	CH	—	Trade Balance	Sept.		\$47.23Bn	\$58.34Bn
13 - Oct.	GE	13:00	CPI MoM	Sept.		—	0.0%
	US	18:00	MBA Mortgage Applications	Oct. 8		—	-6.9%
	US	19:30	CPI MoM	Sept.		0.3%	0.3%
Thursday	CH	08:30	CPI YoY	Sept.		0.9%	0.8%
14 - Oct.	CH	08:30	PPI YoY	Sept.		10.6%	9.5%
	US	19:30	Initial Jobless Claims	Oct. 9		—	326k
	US	19:30	PPI Final Demand MoM	Sept.		0.6%	0.7%
Friday	ID	09:00	Trade Balance	Sept.		—	\$4,740Mn
15 - Oct.	US	19:30	Empire Manufacturing	Oct.		23.8	34.3
	US	19:30	Retail Sales Advance MoM	Sept.		-0.2%	0.7%
	US	21:00	U. of Mich. Sentiment	Oct.		73.8	72.8

Source: Bloomberg

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