

# Morning Brief

Daily | Oct. 6, 2021

## Today's Outlook:

### Government Bonds

**Selective Government in 4Q21 Prime Sukuk Auction.** Of the six series offered, the government only absorbed IDR 5 trillion in the Sukuk auction in the early fourth quarter of 2021. Based on the 2021 SBN Issuance Calendar, the government is only targeting to raise IDR 80.7 trillion in 4Q21, or much lower than the 3Q21 realization of more than IDR 260 trillion. On the other hand, bids for this auction are more than IDR 46 trillion, or higher than the previous IDR 45.3 trillion.

### Corporate Bonds

**Bank Panin Repays Bonds Maturity of IDR 2.12 Trillion.** Bank Pan Indonesia (Bank Panin) has an obligation to pay off debt securities which will mature on October 27, 2021. In the form of Shelf-Registered Bonds II Phase II Year 2016 worth IDR 2.12 trillion. Although Bank Panin's liquidity is sufficient to pay off this obligation, the company has no plans to issue new debt securities. (Kontan)

### Domestic Issue

**Alternative Minimum Tax removed.** The government and the DPR have agreed to abolish the provision for an alternative minimum tax (AMT) or minimum income tax, in the Draft Law on the Harmonization of Tax Regulations (RUU HPP). The government proposes AMT or imposes a minimum tax rate of 1% on gross turnover for corporate taxpayers who report artificially loss. (Kontan)

### Recommendation

**Investors Continue to Interest in SBN.** This can be seen from the higher bid for the Sukuk auction yesterday. In addition, the 4Q21 SBN auction target, which is only IDR 80 trillion, has the opportunity to make investors interested in the secondary market. The global sentiment comes from the US Senate scheduled to vote on the US debt ceiling this Wednesday. In the short term, market participants may look again at the short tenors of FR0086, FR0087, and FR0091.

## PRICE OF BENCHMARK SERIES

FR0086 (5yr): -2.9 Bps to 101.43 (5.14%)  
FR0087 (10yr): -2.2 Bps to 101.50 (6.28%)  
FR0088 (15yr): -1.5 Bps to 99.32 (6.32%)  
FR0083 (20yr): -0.5 Bps to 104.30 (7.07%)

FR0090 (5.8yr): -0.2 Bps to 100.24 (5.07%)  
FR0091 (10.8yr): -2.2 Bps to 101.48 (6.18%)  
FR0092 (21yr): -1.1 Bps to 102.59 (6.88%)

## CDS of Indonesia Bonds

CDS 2yr: +3.98% to 34.87  
CDS 5yr: +4.66% to 86.49  
CDS 10yr: +3.05% to 146.18

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.20%	-0.03%
USDIDR	14,253	-0.10%
KRWIDR	11.99	-0.65%

## Global Indices

Index	Last	Chg.	%
Dow Jones	34,314.67	311.75	0.92%
S&P 500	4,345.72	45.26	1.05%
FTSE 100	7,077.10	66.09	0.94%
DAX	15,194.49	157.94	1.05%
Nikkei	27,822.12	(622.77)	-2.19%
Hang Seng	24,104.15	67.78	0.28%
Shanghai	3,568.17	31.87	0.90%
KOSPI	2,962.17	(57.01)	-1.89%
EIDO	22.56	0.21	0.94%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,760.2	(9.4)	-0.53%
Crude Oil (\$/bbl)	78.93	1.31	1.69%
Coal (\$/ton)	249.30	18.95	8.23%
Nickel LME (\$/MT)	17,971	35.0	0.20%
Tin LME (\$/MT)	33,835	(86.0)	-0.25%
CPO (MYR/Ton)	4,738	155.0	3.38%

## 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>	ID	07:30	Markit Indonesia PMI Mfg	Sept.	52.2	—	43.7
<i>1 - Oct.</i>	ID	11:00	CPI MoM	Sept.	-0.04%	0.01%	0.03%
	ID	11:00	CPI YoY	Sept.	1.60%	1.66%	1.59%
	UK	13:00	Markit UK PMI Mfg SA	Sept.	57.1	56.3	56.3
<b>Monday</b>	—	—	—	—	—	—	—
<i>4 - Oct.</i>	—	—	—	—	—	—	—
<b>Tuesday</b>	FR	14:50	Markit France Services PMI	Sept.	56.2	56.0	56.0
<i>5 - Oct.</i>	GE	14:55	Markit Germany Services PMI	Sept.	56.2	56.0	56.0
	EC	15:00	Markit Eurozone Services	Sept.	56.4	56.3	56.3
	EC	15:00	Markit Eurozone Composite	Sept.	56.2	56.1	56.1
<b>Wednesday</b>	GE	13:00	Factory Orders MoM	Aug.		-2.2%	3.4%
<i>6 - Oct.</i>	EC	16:00	Retail Sales MoM	Aug.		0.8%	-2.3%
<b>Thursday</b>	ID	10:00	Foreign Reserves	Sept.		—	\$144.80Bn
<i>7 - Oct.</i>	GE	13:00	Industrial Production SA MoM	Aug.		-0.1%	0.1%
<b>Friday</b>	CH	08:45	Caixin China PMI Composite	Sept.		—	47.2
<i>8 - Oct.</i>	CH	08:45	Caixin China PMI Services	Sept.		49.2	46.7

Source: Bloomberg

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