

Morning Brief

Daily | Oct. 19, 2021

Today's Outlook:

Government Bonds

SUN Benchmark Mixed Ahead of the Release of BI 7-DRRR. The FR0087 series is moving flat with a yield of 6.20%. Market participants are waiting for the release of the BI 7-DRRR benchmark interest rate data for the October period, which is projected to remain at the level of 3.50%. The market movement at the beginning of the week, also amid positive external sentiment came from the US retail sales data which surprisingly grew by 0.7% last September. This figure, far exceeded consensus expectations projecting a 0.2% contraction.

Corporate Bonds

ICBP: Issues BBB- Rating Global Bonds. Fitch Ratings has assigned a rating of BBB- with a stable outlook for global debt securities to be issued by PT Indofood CBP Sukses Makmur Tbk. (ICBP). The company will use the proceeds from the global bond issuance to pay for retention of up to US\$650 million which will mature in April 2022. This retention payment is part of the acquisition of Pinehill Company Ltd. by ICBP last year. (Bisnis Indonesia)

Domestic Issue

Foreign Inflows to Bonds Drop. Foreign investors' funds do not flow fast into the Government Securities (SBN) market as happened in the stock market. Throughout mid-October, foreign investors recorded a net purchase of Rp 6.64 trillion on the domestic stock exchange. Meanwhile, based on data from the Directorate General of Financing and Risk Management (DJPPR), the total ownership of foreign investors in SBN is Rp 953.70 trillion. This amount actually decreased by around 0.83% month to date from Rp 961 trillion at the end of September 2021. (Kontan)

Recommendation

Investors Interested in PBS031 and PBS029. Market participants are likely to be interested in the PBS031 and PBS029 series in today's Sukuk auction. For the record, short tenors and high returns have made both series record bids of up to IDR 10.3 trillion and IDR 11.5 trillion in the Sukuk auction in early October. The auction offer this time, in the midst of movement in the yield of UST10Y, which again touched the level of 1.60% yesterday.

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): +0.9 Bps to 101.67 (5.07%)
FR0087 (10yr): +0.0 Bps to 102.08 (6.20%)
FR0088 (15yr): -0.7 Bps to 99.52 (6.30%)
FR0083 (20yr): +0.2 Bps to 104.00 (7.10%)

FR0090 (5.8yr): +0.7 Bps to 100.42 (5.03%)
FR0091 (10.8yr): +0.5 Bps to 102.29 (6.07%)
FR0092 (21yr): +0.9 Bps to 102.33 (6.91%)

CDS of Indonesia Bonds

CDS 2yr: +1.50% to 35.44
CDS 5yr: +0.68% to 87.09
CDS 10yr: +1.02% to 147.72

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.10%	0.01%
USDIDR	14,110	0.25%
KRWIDR	11.88	-0.18%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,258.61	(36.15)	-0.10%
S&P 500	4,486.46	15.09	0.34%
FTSE 100	7,203.83	(30.20)	-0.42%
DAX	15,474.47	(112.89)	-0.72%
Nikkei	29,025.46	(43.17)	-0.15%
Hang Seng	25,409.75	78.79	0.31%
Shanghai	3,568.14	(4.23)	-0.12%
KOSPI	3,006.68	(8.38)	-0.28%
EIDO	24.60	(0.09)	-0.36%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,764.9	(2.8)	-0.16%
Crude Oil (\$/bbl)	82.44	0.16	0.19%
Coal (\$/ton)	212.80	(9.75)	-4.38%
Nickel LME (\$/MT)	19,997	(23.0)	-0.11%
Tin LME (\$/MT)	37,814	614.0	1.65%
CPO (MYR/Ton)	4,944	85.0	1.75%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Friday	ID	09:00	Trade Balance	Sept.	\$4,370Mn	\$3,865Mn	\$4,740Mn
<i>15 - Oct.</i>	US	19:30	Empire Manufacturing	Oct.	19.8	25.0	34.3
	US	19:30	Retail Sales Advance MoM	Sept.	0.7%	-0.2%	0.7%
	US	21:00	U. of Mich. Sentiment	Oct.	71.4	73.1	72.8
	US	21:00	U. of Mich. Sentiment	Oct.	71.4	73.1	72.8
Monday	CH	09:00	GDP YoY	3Q	4.9%	5.0%	7.9%
<i>18 - Oct.</i>	CH	09:00	Retail Sales YoY	Sept.	4.4%	3.5%	2.5%
	CH	09:00	Industrial Production YoY	Sept.	3.1%	3.8%	5.3%
	US	20:15	Industrial Production MoM	Sept.	-1.3%	0.1%	0.4%
	US	20:15	Industrial Production MoM	Sept.	-1.3%	0.1%	0.4%
Tuesday	ID	14:20	Bank Indonesia 7D Reverse Repo Rate	Oct.		3.50%	3.50%
<i>19 - Oct.</i>	US	19:30	Housing Starts	Sept.		1,610k	1,615k
Wednesday	UK	13:00	CPI MoM	Sept.		0.4%	0.7%
<i>20 - Oct.</i>	UK	13:00	CPI YoY	Sept.		3.2%	3.2%
	EC	16:00	CPI YoY	Sept.		3.4%	3.0%
	US	18:00	MBA Mortgage Applications	Oct.		—	0.2%
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Thursday	US	19:30	Initial Jobless Claims	Oct.		—	293k
<i>21 - Oct.</i>	US	21:00	Leading Index	Sept.		0.5%	0.9%
	US	21:00	Existing Home Sales	Sept.		6.02m	5.88m
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Friday	UK	15:30	Markit UK PMI Manufacturing	Oct.		—	57.1
<i>22 - Oct.</i>	GE	14:30	Markit/ BME Germany Manufacturing	Oct.		—	58.4
	EC	15:00	Markit Eurozone Manufacturing	Oct.		—	58.6
	US	20:45	Markit US Manufacturing PMI	Oct.		60.5	60.7
	US	20:45	Markit US Manufacturing PMI	Oct.		60.5	60.7

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

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

Fax : +62 21 5316 1687

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

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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