

Morning Brief

Daily | Oct. 5, 2021

Today's Outlook:

Government Bonds

UST10Y Yield Increase Speculation. The Government Securities (SUN) market closed mixed at the beginning of the week, with the yield on FR0087 at 6.30%. Market participants are closely watching the speculation of an increase in the UST10Y yield, amid the development of the infrastructure stimulus package negotiations which are currently being debated in the United States (US) parliament. The market is also still waiting for developments regarding the increase in the US Government debt ceiling ahead of the October 18 deadline.

Corporate Bonds

Pefindo: Mandala Finance Bonds Obtain idA Rating. Mandala Multifinance Tbk Bonds. (MFIN) which will mature in December 2021 has been assigned an idA rating by the Indonesian Securities Rating Agency (Pefindo). The bonds are Continuous Bonds IV Phase II Year 2020 Series A worth IDR 300 billion which will mature on December 14, 2021. The Company's readiness to repay the bonds is supported by cash and cash equivalents of IDR 663 billion at the end of August 2021. (Bisnis Indonesia)

Domestic Issue

Excise on Packaged Sugary Drinks Applicable Next Year. The government will impose excise duty on packaged sugary drinks (MBDK) starting in 2022. This information is contained in the Report of the Working Committee (Panja) on Basic Assumptions, Revenues, Deficits, and Financing in the Context of Level 1 Discussions/Discussion of the Bill on State Revenue and Expenditure Budget for Fiscal Year 2022 along with Financial Notes. Meanwhile, the imposition of excise duty for MBDK in order to reduce the side effects of sugary drink products. (CNN Indonesia)

Recommendation

Attractive Yield Color Sukuk Auction. Investors have the opportunity to respond to the increase in UST yield in today's Sukuk auction. Meanwhile, the increase in the UST yield was because investors were again worried about high inflation which would last longer than previously predicted by the market. On the other hand, rising prices for a number of energy commodities will also push inflation higher. In today's auction, the government offered five series of project-based Sukuk, namely: PBS031 (2.8-year); PBS032 (4.8-years); PBS029 (12.4-years); PBS004 (15.4-years) and PBS028 (25-years).

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

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -3.0 Bps to 101.31 (5.17%)
FR0087 (10yr): -2.4 Bps to 101.34 (6.30%)
FR0088 (15yr): -1.5 Bps to 99.14 (6.33%)
FR0083 (20yr): +0.6 Bps to 104.24 (7.08%)

FR0090 (5.8yr): -1.3 Bps to 100.23 (5.07%)
FR0091 (10.8yr): -1.7 Bps to 101.31 (6.20%)
FR0092 (21yr): -1.6 Bps to 102.46 (6.89%)

CDS of Indonesia Bonds

CDS 2yr: +2.14% to 33.54
CDS 5yr: +7.36% to 82.64
CDS 10yr: +1.65% to 141.84

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.22%	-0.02%
USDIDR	14,267	-0.29%
KRWIDR	12.07	0.23%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,002.92	(323.54)	-0.94%
S&P 500	4,300.46	(56.58)	-1.30%
FTSE 100	7,011.01	(16.06)	-0.23%
DAX	15,036.55	(119.89)	-0.79%
Nikkei	28,444.89	(326.18)	-1.13%
Hang Seng	24,036.37	(539.27)	-2.19%
Shanghai	3,568.17	31.87	0.90%
KOSPI	3,019.18	(49.64)	-1.62%
EIDO	22.35	0.48	2.19%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,769.6	8.6	0.49%
Crude Oil (\$/bbl)	77.62	1.74	2.29%
Coal (\$/ton)	158.10	7.70	5.12%
Nickel LME (\$/MT)	17,971	35.0	0.20%
Tin LME (\$/MT)	33,835	(86.0)	-0.25%
CPO (MYR/Ton)	4,583	78.0	1.73%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Friday	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
Monday	—	—	—	—	—	—	—
<i>4 - Oct.</i>	—	—	—	—	—	—	—
Tuesday	FR	14:50	Markit France Services PMI	Sept.		56.0	56.0
<i>5 - Oct.</i>	GE	14:55	Markit Germany Services PMI	Sept.		56.0	56.0
	EC	15:00	Markit Eurozone Services	Sept.		56.3	56.3
	EC	15:00	Markit Eurozone Composite	Sept.		56.1	56.1
Wednesday	GE	13:00	Factory Orders MoM	Aug.		-1.5%	3.4%
<i>6 - Oct.</i>	EC	16:00	Retail Sales MoM	Aug.		0.7%	-2.3%
Thursday	ID	10:00	Foreign Reserves	Sept.		—	\$144.80Bn
<i>7 - Oct.</i>	GE	13:00	Industrial Production SA MoM	Aug.		-0.1%	0.1%
Friday	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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