

Morning Brief

Daily | Oct. 28, 2021

Today's Outlook:

Government Bonds

Buy Action Press Yield FR0083. Yesterday, the yield on the benchmark 20-year government bonds (SUN) series FR0083 fell 8.2bps to 6.98%. In addition to yields that are still attractive, FR0083 offers high coupons of up to 7.50% or the highest compared to other benchmarks that offer coupons between 5.50% to 6.50%. On the other hand, investors' buying action was also influenced by external sentiment of uncertainty about the global economic recovery, making market players return to interest in safe haven bonds.

Corporate Bonds

WSKT Signs Rp 8.08 Trillion Syndicated Credit Agreement. PT Waskita Karya (Persero) Tbk (WSKT) syndicated bank loan agreement which is an affiliated party. The credit facility was obtained by the company with government guarantees in the context of implementing the national economic recovery program, with a principal amounting to IDR 8.08 trillion. (Kontan)

Domestic Issue

Realization of Foreign Investment in Indonesia. The manufacturing industry occupies the top position in obtaining foreign direct investment (FDI) during January-September 2021. Its value reached USD 11.9 billion (IDR 16.89 trillion) or grew 52.4% compared to the same period last year. Based on data released by the Investment Coordinating Board (BKPM), these gains continue the trend of manufacturing FDI dominance in 2020 of USD 13.2 billion (IDR 18.71 trillion), followed by the service sector in second place at USD 12.2 billion (IDR). 17.29 trillion). (Kontan)

Recommendation

Positive Sentiment Decline in Yield UST10Y. The yield on UST10Y, which fell more than 9 bps to 1.54% yesterday, compared to 1.63% at the weekend, became a positive sentiment for bond trading today. Meanwhile, oil prices were pressured after the higher-than-expected inventory report became another sentiment that will color today's trading. On the other hand, investors are still watching the depreciation of the rupiah which is approaching the level of IDR 14,200/USD.

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): -0.8 Bps to 101.77 (5.05%)
FR0087 (10yr): +0.4 Bps to 102.54 (6.13%)
FR0088 (15yr): -0.6 Bps to 99.92 (6.25%)
FR0083 (20yr): -8.2 Bps to 105.29 (6.98%)

FR0090 (5.5yr): -5.3 Bps to 101.00 (4.91%)
FR0091 (10.5yr): +0.6 Bps to 102.82 (6.00%)
FR0092 (20.6yr): -0.7 Bps to 103.42 (6.81%)

CDS of Indonesia Bonds

CDS 2yr: -1.73% to 29.99
CDS 5yr: -2.39% to 78.86
CDS 10yr: -1.32% to 143.09

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.02%	0.01%
USDIDR	14,173	0.14%
KRWIDR	12.11	-0.15%

Global Indices

Index	Last	Chg.	%
Dow Jones	35,490.69	(266.19)	-0.74%
S&P 500	4,551.68	(23.11)	-0.51%
FTSE 100	7,253.27	(24.35)	-0.33%
DAX	15,705.81	(51.25)	-0.33%
Nikkei	29,098.24	(7.77)	-0.03%
Hang Seng	25,628.74	(409.53)	-1.57%
Shanghai	3,562.31	(35.33)	-0.98%
KOSPI	3,025.49	(23.59)	-0.77%
EIDO	23.92	(0.39)	-1.60%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,796.8	3.9	0.22%
Crude Oil (\$/bbl)	82.66	(1.99)	-2.35%
Coal (\$/ton)	180.30	(16.70)	-8.48%
Nickel LME (\$/MT)	19,412	(679.0)	-3.38%
Tin LME (\$/MT)	35,390	(2032.0)	-5.43%
CPO (MYR/Ton)	4,966	(46.0)	-0.92%

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%	7.4%	7.9%
27 - Oct.	US	18:00	MBA Mortgage Applications	Oct.	0.3%	—	-6.3%
	US	19:30	Wholesale Inventories MoM	Sept.	1.1%	1.0%	1.2%
	US	19:30	Durable Goods Orders	Sept.	-0.4%	-1.1%	1.8%
Thursday	GE	19:00	CPI MoM	Oct.		0.4%	0.0%
28 - Oct.	GE	19:00	CPI YoY	Oct.		4.4%	4.1%
	US	19:30	Initial Jobless Claims	Oct.		289k	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

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