

Morning Brief

Daily | Oct. 11, 2021

Today's Outlook:

Government Bonds

Yield Rise Amid US Debt Deal. The United States (US) Senate has reached an agreement to raise the debt ceiling; so that it is sufficient to meet the payment of debt obligations until December. On the other hand, all benchmark Government Securities (SUN) recorded an increase in yield over the weekend. This movement in SUN yields was triggered by speculations on an increase in the UST10Y yield. Meanwhile, the release of US employment data showed the number of new jobs throughout September was only recorded at 194 thousand or far below the estimate.

Corporate Bonds

Waskita Prepares IDR 3.8 Trillion Bonds and Sukuk. Waskita Karya Tbk (WSKT) will issue the bonds and sukuk in 2022. Most of the funds will be used for refinancing maturing debt, then around IDR 800 billion will be used for working capital. Meanwhile, until 2Q21, Waskita has pocketed contracts of IDR 11.42 trillion from IDR 20.5 trillion targeted by the end of this year. (Investor Daily)

Domestic Issue

Consumer Confidence Index Increases Again. Consumer confidence seems to have increased again in September 2021. Bank Indonesia (BI) said this can be seen from the Consumer Confidence Index (IKK) for the month under review, which was 95.5, or higher than 77.3 in the previous month. The strengthening IKK is in line with the implementation of mobility relaxation. On the other hand, although it has increased, consumer confidence has not returned to an optimistic level or the index is above 100. (Kontan)

Recommendation

Uptrend in UST Yield Presses SUN Market. Market participants have the opportunity to respond negatively to the increase in the UST10Y yield which rose again to touch the level of 1.61% last weekend. Domestically, investors are watching the steps taken by Bank Indonesia (BI) to reduce the volatility of the rupiah exchange rate, and the government's policy to reduce the deficit. In the short term, market participants may begin to pay close attention to long tenors, as the domestic economic recovery triggers the movement of long tenor SUN. Based on Bloomberg data, the benchmark 20-year SUN FR0083 posted a yield increase of almost 10 bps last weekend.

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): +1.7 Bps to 101.31 (5.16%)
FR0087 (10yr): +1.3 Bps to 101.07 (6.34%)
FR0088 (15yr): +0.7 Bps to 99.17 (6.33%)
FR0083 (20yr): +9.6 Bps to 102.83 (7.22%)

FR0090 (5.8yr): +0.0 Bps to 100.17 (5.08%)
FR0091 (10.8yr): +0.7 Bps to 101.17 (6.22%)
FR0092 (21yr): +5.8 Bps to 101.08 (7.02%)

CDS of Indonesia Bonds

CDS 2yr: +2.97% to 35.52
CDS 5yr: +2.71% to 87.15
CDS 10yr: +2.18% to 147.98

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.24%	0.01%
USDIDR	14,223	0.04%
KRWIDR	11.90	-0.30%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,746.25	(8.69)	-0.03%
S&P 500	4,391.34	(8.42)	-0.19%
FTSE 100	7,095.55	17.51	0.25%
DAX	15,206.13	(44.73)	-0.29%
Nikkei	28,048.94	370.73	1.34%
Hang Seng	24,837.85	136.12	0.55%
Shanghai	3,592.17	24.00	0.67%
KOSPI	2,956.30	(3.16)	-0.11%
EIDO	23.37	0.18	0.78%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,757.1	1.4	0.08%
Crude Oil (\$/bbl)	79.35	1.05	1.34%
Coal (\$/ton)	207.00	(7.00)	-3.27%
Nickel LME (\$/MT)	19,221	957.0	5.24%
Tin LME (\$/MT)	36,156	871.0	2.47%
CPO (MYR/Ton)	4,966	117.0	2.41%

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.		24.0	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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