

Morning Brief

Daily | Sept. 30, 2021

Today's Outlook:

Government Bonds

Yield UST10Y Started Stable at around 1.5%. Yesterday, the Government Securities (SUN) market closed mixed. A number of market participants began to pay attention to the yield on the 10-year US Treasury (UST10Y) which was relatively stable at the level of 1.5%. Previously, the yield on UST10Y rose to 1.56% last Tuesday, or the highest level since mid-June. This increase is in line with speculation that the Fed will soon reduce a number of stimulus because inflation continues to increase.

Corporate Bonds

Pefindo: Mandala Finance Bonds Achieve idA Rating. The Indonesian Securities Rating Agency (Pefindo) has affirmed its idA rating for the PT Mandala Multifinance Tbk (Mandala Finance) Series A Shelf-Registered Bond IV Phase II Year 2020 worth IDR 300 billion which will mature on December 14, 2021. Pefindo said the company is ready to repay the bonds with cash and cash equivalent support of IDR 663 billion at the end of August 2021. (Kontan)

Domestic Issue

The Minister of Finance Observes the US Government's Debt Ceiling Issue. The Minister of Finance revealed that there are a number of risks that still overshadow Indonesia's economic prospects. The latest is related to the debt limit of the United States (US) government which soared or the debt ceiling. As is known, the current US government debt limit is at the level of USD 28.4 trillion. If the debt limit is not raised, the US government will be closed, aka a government shutdown, because there is no budget. (Kontan)

Recommendation

US Debt Ceiling. In addition to Evergrande's sentiment, market participants are paying close attention to the issue of the US debt ceiling. The US Senate is scheduled to vote on raising the debt ceiling, to avoid the threat of a government shutdown. Earlier, Evergrande announced it would sell a \$1.5 billion (9.99 billion yuan) stake in Shengjing Bank to a state-owned asset management firm. The property giant, burdened with more than USD 300 billion in debt, has been scrambling to raise funds as the USD 47.5 million bond interest payment deadline falls on Wednesday. Evergrande also owes payments to banks and suppliers.

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): +0.4 Bps to 101.20 (5.19%)
FR0087 (10yr): +2.2 Bps to 101.23 (6.32%)
FR0088 (15yr): +2.2 Bps to 98.87 (6.36%)
FR0083 (20yr): +1.6 Bps to 104.84 (7.02%)

FR0090 (5.8yr): -0.6 Bps to 100.05 (5.11%)
FR0091 (10.8yr): +3.6 Bps to 101.12 (6.22%)
FR0092 (21yr): +2.5 Bps to 102.60 (6.88%)

CDS of Indonesia Bonds

CDS 2yr: -1.93% to 33.49
CDS 5yr: -0.15% to 82.55
CDS 10yr: -1.61% to 141.52

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.24%	0.04%
USDIDR	14,293	0.14%
KRWIDR	12.09	0.36%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,390.72	90.73	0.26%
S&P 500	4,359.46	6.83	0.16%
FTSE 100	7,108.16	80.06	1.14%
DAX	15,365.27	116.71	0.77%
Nikkei	29,544.29	(639.67)	-2.12%
Hang Seng	24,663.50	163.11	0.67%
Shanghai	3,536.29	(65.93)	-1.83%
KOSPI	3,060.27	(37.65)	-1.22%
EIDO	21.17	0.20	0.95%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,726.4	(7.6)	-0.44%
Crude Oil (\$/bbl)	74.83	(0.46)	-0.61%
Coal (\$/ton)	205.40	2.45	1.21%
Nickel LME (\$/MT)	18,564	(382.0)	-2.02%
Tin LME (\$/MT)	35,803	703.0	2.00%
CPO (MYR/Ton)	4,455	8.0	0.18%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Friday	GE	15:00	IFO Expectations	Sept.	97.3	96.5	97.5
<i>24 - Sept.</i>	GE	15:00	IFO Business Climate	Sept.	98.8	99.0	99.4
	US	21:00	New Home Sales	Aug.	740k	715k	708k
Monday	EC	15:00	M3 Money Supply YoY	Aug.	7.9%	7.7%	7.6%
<i>27 - Sept.</i>							
Tuesday	GE	13:00	Gfk Consumer Confidence	Oct.	0.3	-1.5	-1.2
<i>28 - Sept.</i>							
Wednesday	UK	15:30	Mortgage Approvals	Aug.	74.5k	73.0k	75.2k
<i>29 - Sept.</i>							
Thursday	CH	08:00	Manufacturing PMI	Sept.		50.0	50.1
<i>30 - Sept.</i>	CH	08:45	Caixin China PMI Mfg	Sept.		49.5	49.2
	UK	13:00	GDP YoY	2Q		22.2%	22.2%
	GE	19:00	CPI YoY	Sept.		4.2%	3.9%
Friday	ID	07:30	Markit Indonesia PMI Mfg	Sept.		—	43.7
<i>1 - Oct.</i>	ID	11:00	CPI YoY	Sept		1.66%	1.59%
	UK	13:00	Markit UK PMI Mfg SA	Sept		56.3	56.3

Source: Bloomberg

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