

# Morning Brief

Daily | Nov. 18, 2021

## Today's Outlook:

### Government Bonds

**Selling Pressure ahead of BI Interest Rate Announcement.** Market players are relatively cautious ahead of the announcement of the Bank Indonesia Seven Days Reverse Repo Rate (BI 7-DRRR) benchmark interest rate. Based on market expectations, BI again held the BI 7-DRRR for the November period at 3.50% or the lowest level since February 2021. Low interest rates are still needed amid the domestic economic recovery. For the record, the Indonesian economy in the 3Q21 period was 1.55% QoQ or slowed down compared to 2Q21 which grew to 3.31% QoQ.

### Corporate Bonds

**INKP: Bonds and Sukuk Release of IDR 2.75 Trillion.** PT Indah Kiat Pulp & Paper Tbk (INKP) will issue Shelf-Registered Bonds II Phase II Year 2021 worth IDR 2.02 trillion. Meanwhile, for Islamic debt securities, INKP will issue Sustainable Sukuk Mudharabah I Phase II Year 2021 amounting to IDR 738.81 billion. (Kontan)

### Domestic Issue

**Oil and Gas PPh and VAT Supports Tax Deposits.** The Minister of Finance stated that the realization of tax revenues as of October 31, 2021, had reached a value of IDR 953.6 trillion or equivalent to 77.6% of the target of the 2021 State Budget (APBN). Furthermore, Oil and Gas Income Tax (PPh) recorded significant growth in line with the upward trend in global oil prices. Meanwhile, Value Added Tax (VAT) will also support tax revenues, in line with the recovery of the domestic economy. (Kontan)

### Recommendation

**BI 7-DRRR Fixed Until the End of the Year.** Low and controlled inflation has the opportunity to make BI again hold the BI 7-DRRR benchmark interest rate until the end of 2021. In more detail, the inflation rate as of October 2021 is 0.93% YtD or 1.66% YoY. This figure is still lower than the BI projection, inflation in 2021 is 2% - 4%. On the other hand, the potential increase in US and Chinese interest rates, along with rising inflation in the two countries, has the opportunity to make BI raise its benchmark interest rate in the second half of 2022.

## PRICE OF BENCHMARK SERIES

FR0086 (5yr): -0.2 Bps to 101.80 (5.03%)  
FR0087 (10yr): +1.2 Bps to 102.27 (6.17%)  
FR0088 (15yr): +0.3 Bps to 100.28 (6.21%)  
FR0083 (20yr): +0.9 Bps to 106.36 (6.88%)

FR0090 (5.5yr): -0.3 Bps to 101.13 (4.88%)  
FR0091 (10.5yr): +0.2 Bps to 102.71 (6.01%)  
FR0092 (20.6yr): +0.6 Bps to 104.32 (6.73%)

## CDS of Indonesia Bonds

CDS 2yr: -2.81% to 30.42  
CDS 5yr: -3.04% to 79.94  
CDS 10yr: -2.26% to 143.86

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.03%	0.00%
USDIDR	14,243	0.15%
KRWIDR	12.04	-0.07%

## Global Indices

Index	Last	Chg.	%
Dow Jones	35,931.05	(211.17)	-0.58%
S&P 500	4,688.67	(12.23)	-0.26%
FTSE 100	7,291.20	(35.77)	-0.49%
DAX	16,251.13	3.27	0.02%
Nikkei	29,688.33	(119.79)	-0.40%
Hang Seng	25,650.08	(63.70)	-0.25%
Shanghai	3,537.37	15.58	0.44%
KOSPI	2,962.42	(34.79)	-1.16%
EIDO	23.66	0.08	0.34%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,867.5	16.9	0.91%
Crude Oil (\$/bbl)	78.36	(2.40)	-2.97%
Coal (\$/ton)	147.00	0.75	0.51%
Nickel LME (\$/MT)	19,979	220.0	1.11%
Tin LME (\$/MT)	37,845	137.0	0.36%
CPO (MYR/Ton)	4,899	111.0	2.32%

## Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.50%	3.50%	Real GDP	3.51%	7.07%
FX Reserve (USD bn)	145.46	146.90	Current Acc (USD bn)	(2.20)	(1.06)
Trd Balance (USD bn)	5.73	4.37	Govt. Spending Yoy	0.66%	8.03%
Exports Yoy	53.35%	47.64%	FDI (USD bn)	6.61	4.95
Imports Yoy	51.06%	40.31%	Business Confidence	104.82	105.33
Inflation Yoy	1.66%	1.60%	Cons. Confidence*	113.40	95.50

## Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Friday</b> 12 - Nov.	US	22:00	U. Of Mich. Sentiment	Nov.	66.8	72.5	71.7
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<b>Monday</b> 15 - Nov.	CH	09:00	Industrial Production YoY	Oct.	3.5%	3.0%	3.1%
	ID	11:00	Trade Balance	Oct.	\$5,740Mn	\$3,849Mn	\$4,370Mn
	ID	11:00	Exports YoY	Oct.	53.35%	44.37%	47.64%
	ID	11:00	Imports YoY	Oct.	51.06%	55.40%	40.31%
<b>Tuesday</b> 16 - Nov.	EC	17:00	GDP SA QoQ	3Q21	2.2%	2.2%	2.2%
	EC	17:00	GDP SA YoY	3Q21	3.7%	3.7%	3.7%
	US	20:30	Retail Sales Advance MoM	Oct.	1.7%	1.4%	0.7%
	US	21:15	Industrial Production MoM	Oct.	1.6%	0.9%	-1.3%
<b>Wednesday</b> 17 - Nov.	UK	14:00	CPI MoM	Oct.	1.1%	0.8%	0.3%
	UK	14:00	CPI YoY	Oct.	4.2%	3.9%	3.1%
	US	19:00	MBA Mortgage Applications	Nov.	-2.8%	—	5.5%
	US	20:30	Housing Starts	Oct.	1,520k	1,580k	1,555k
<b>Thursday</b> 18 - Nov.	ID	14:20	Bank Indonesia 7D Reverse Repo Rate	Nov.		3.50%	3.50%
	US	20:30	Initial Jobless Claims	Nov.		260k	267k
<b>Friday</b> 19 - Nov.	ID	10:00	BoP Current Account Balance	3Q21		\$3,200Mn	\$2,200Mn
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Source: Bloomberg

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