

# Morning Brief

Daily | Jan. 10, 2022

## Today's Outlook:

### Government Bonds

**Worries Haven't Abandoned.** Concerns about accelerated rate hikes have not subsided, with the potential for accelerated tightening of the Fed's monetary policy. So the Fed will be more aggressive and of course hawkish. Market participants are also worried about new jobs in the United States (US) that are not as expected. From the US bond market, investors are still watching the yield on UST10Y, which is still around the 1.7% level.

### Corporate Bonds

**SMF Pays Off IDR 4.13 Trillion Bonds.** PT Sarana Multigriya Finansial (Persero) has budgeted the payment of three maturing bonds of IDR 4.13 trillion in 1Q22. The three maturing bonds are each worth IDR 748.5 billion; IDR 1.5 trillion; and IDR 1.89 trillion. On the other hand, SMF will still issue debt instruments in the form of bonds and sukuk. (Bisnis Indonesia)

### Domestic Issue

**Cadev Rise Holds Tapering Off.** Indonesia's foreign exchange reserves (Cadev) still have the potential to grow this year. However, the increase will not be as big as last year due to the normalization of the Fed's policy. Bank Indonesia (BI) reported that the position of the cadev in December 2021 was at USD 144.9 billion. This figure is down from November's USD 145.9 billion. The reason is the need for payment of the government's foreign debt. (Kontan)

### Recommendation

**Yield UST10Y Touch 1.8%.** United States (US) employment data reported 199 thousand new jobs in December, far missing the estimate of 400 thousand. However, this did not dampen expectations of an increase in interest rates, as indicated by the yield on the 10-year US Treasury (UST10Y) which briefly touched 1.8%. Today, market participants will pay close attention to the release of the Consumer Confidence Index (IKK) data, which was last reported to be in the optimistic zone at 118.5.

## PRICE OF BENCHMARK SERIES

FR0090 : +12.7 Bps to 99.56 (5.21%)  
FR0091 : +4.9 Bps to 99.50 (6.44%)  
FR0093 : +0.8 Bps to 99.92 (6.38%)  
FR0092 : +6.0 Bps to 101.65 (6.97%)

FR0086 : +7.1 Bps to 100.93 (5.24%)  
FR0087 : +3.2 Bps to 99.79 (6.52%)  
FR0083 : +4.2 Bps to 103.99 (7.10%)  
FR0088 : +0.8 Bps to 99.77 (6.27%)

## CDS of Indonesia Bonds

CDS 2yr: -9.89% to 27.19  
CDS 5yr: -1.54% to 77.57  
CDS 10yr: +3.58% to 146.07

## Government Bond Yields & FX

|                | Last   | Chg.   |
|----------------|--------|--------|
| Tenor: 10 year | 6.46%  | 0.04%  |
| USDIDR         | 14,358 | -0.24% |
| KRWIDR         | 11.94  | -0.33% |

## Global Indices

| Index     | Last      | Chg.     | %      |
|-----------|-----------|----------|--------|
| Dow Jones | 36,231.66 | (4.81)   | -0.01% |
| S&P 500   | 4,677.03  | (19.02)  | -0.41% |
| FTSE 100  | 7,485.28  | 34.91    | 0.47%  |
| DAX       | 15,947.74 | (104.29) | -0.65% |
| Nikkei    | 28,478.56 | (9.31)   | -0.03% |
| Hang Seng | 23,493.38 | 420.52   | 1.82%  |
| Shanghai  | 3,579.54  | (6.54)   | -0.18% |
| KOSPI     | 2,954.89  | 34.36    | 1.18%  |
| EIDO      | 23.35     | 0.30     | 1.30%  |

## Commodities

| Commodity          | Last    | Chg.   | %      |
|--------------------|---------|--------|--------|
| Gold (\$/troy oz.) | 1,796.6 | 5.4    | 0.30%  |
| Crude Oil (\$/bbl) | 78.90   | (0.56) | -0.70% |
| Coal (\$/ton)      | 195.90  | (0.60) | -0.31% |
| Nickel LME (\$/MT) | 20,734  | 351.0  | 1.72%  |
| Tin LME (\$/MT)    | 39,826  | 676.0  | 1.73%  |
| CPO (MYR/Ton)      | 4,993   | 8.0    | 0.16%  |

## 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)    | 144.90 | 145.90 | Current Acc (USD bn) | 4.50   | (1.97) |
| Trd Balance (USD bn)   | 3.51   | 5.74   | Govt. Spending Yoy   | 0.66%  | 8.03%  |
| Exports Yoy            | 49.70% | 53.35% | FDI (USD bn)         | 4.77   | 6.52   |
| Imports Yoy            | 52.62% | 51.06% | Business Confidence  | 104.82 | 105.33 |
| Inflation Yoy          | 1.87%  | 1.75%  | Cons. Confidence*    | 118.50 | 113.40 |

# Global & Domestic Economic Calendar

| Date             | Country | Hour<br>Jakarta | Event                        | Period | Actual     | Consensus | Previous   |
|------------------|---------|-----------------|------------------------------|--------|------------|-----------|------------|
| <b>Friday</b>    | ID      | 10:00           | Foreign Reserves             | Dec.   | \$144.90Bn | -         | \$145.90Bn |
| 7 - Jan.         | US      | 20:30           | Change in Nonfarm Payrolls   | Dec.   | 199k       | 450k      | 210k       |
|                  | US      | 20:30           | Change in Manufact. Payrolls | Dec.   | 26k        | 35k       | 31k        |
|                  | US      | 20:30           | Unemployment Rate            | Dec.   | 3.9%       | 4.1%      | 4.2%       |
|                  | US      | 20:30           | Unemployment Rate            | Dec.   | 3.9%       | 4.1%      | 4.2%       |
| <b>Monday</b>    | ID      | —               | Consumer Confidence Index    | Dec.   |            | —         | 118.5      |
| 10 - Jan.        | US      | 22:00           | Wholesale Inventories MoM    | Nov.   |            | 1.2%      | 1.2%       |
| <b>Tuesday</b>   | —       | —               | —                            | —      | —          | —         | —          |
| 11 - Jan.        | —       | —               | —                            | —      | —          | —         | —          |
| <b>Wednesday</b> | CH      | 08:30           | CPI YoY                      | Dec.   |            | 1.7%      | 2.3%       |
| 12 - Jan.        | US      | 19:00           | MBA Mortgage Applications    | Jan.   |            | —         | -5.6%      |
|                  | US      | 20:30           | CPI MoM                      | Dec.   |            | 0.4%      | 0.8%       |
|                  | US      | 20:30           | CPI YoY                      | Dec.   |            | 7.1%      | 6.8%       |
|                  | US      | 20:30           | CPI YoY                      | Dec.   |            | 7.1%      | 6.8%       |
| <b>Thursday</b>  | US      | 20:30           | PPI Final Demand MoM         | Dec.   |            | 0.4%      | 0.8%       |
| 13 - Jan.        | US      | 20:30           | Initial Jobless Claims       | Jan.   |            | —         | 207k       |
| <b>Friday</b>    | CH      | —               | Trade Balance                | Dec.   |            | \$73.20Bn | \$71.71Bn  |
| 14 - Jan.        | US      | 20:30           | Retail Sales Advance MoM     | Dec.   |            | 0.0%      | 0.3%       |
|                  | US      | 21:15           | Industrial Production MoM    | Dec.   |            | 0.3%      | 0.5%       |
|                  | US      | 22:00           | U. of Mich. Sentiment        | Jan.   |            | 70.2      | 70.6       |
|                  | US      | 22:00           | U. of Mich. Sentiment        | Jan.   |            | 70.2      | 70.6       |

Source: Bloomberg

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