

Morning Brief

Daily | Mar. 04, 2022

Today's Outlook:

Government Bonds

Slope UST10Y Yield Rise. Yield UST10Y closed at 1.84% yesterday, down nearly 4 bps from trading the day before. The geopolitical crisis in Ukraine triggers yield volatility in UST10Y. This bond market movement, also amid the potential for rising inflation, after the price of WTI benchmark oil rose to its highest level in more than a decade in trading Wednesday (2/3). The spike after OPEC decided to keep production stable despite the crisis in Ukraine. WTI crude jumped 8% to USD 112.51 per barrel, its highest level since May 2011.

Corporate Bonds

BBRI: Distribute Dividends of IDR 26.4 T. PT Bank Rakyat Indonesia (Persero) Tbk (BBRI) will allocate 85% of its 2021 consolidated net profit of IDR 31.6 trillion as cash dividends. Thus, the total cash dividends to be given to shareholders reached IDR 26.4 trillion. Meanwhile, the dividend distribution is equivalent to IDR 174.23 per share. (Kontan)

Domestic Issue

VAT Rate Adjustment Starting April. The government's plan to increase the Value Added Tax (VAT) rate starting April 2022 is considered the best way to accelerate economic recovery. In addition, the adjustment of the VAT rate to 11% is also a continued effort by the government to encourage the state's tax ratio which has continued to decline over the past decade. The VAT adjustment plan of 11% has been regulated in the Law on Harmonization of Tax Regulations (UU HPP). VAT adjustment will be carried out in stages where in 2025 it will be 12%. (Kontan)

Recommendation

Risk of Rising Inflation. Russia's invasion of Ukraine is feared to increase inflationary pressures; along with rising energy commodity prices and supply chain disruptions. Investors will also be waiting for monthly payroll data, which is projected to record 600 thousand new jobs throughout last February. Next Tuesday, the government will conduct another Sukuk auction on Tuesday, offering SPNS 06092022 (new issue), PBS031 (Reopening), PBS032 (Reopening), PBS029 (Reopening), PBS034 (Reopening), and PBS033 (Reopening).

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.50%	3.50%	Real GDP	5.02%	3.51%
FX Reserve (USD bn)	141.30	144.90	Current Acc (USD bn)	1.40	4.97
Trd Balance (USD bn)	0.93	1.02	Govt. Spending Yoy	5.25%	0.62%
Exports Yoy	25.31%	35.30%	FDI (USD bn)	3.59	4.70
Imports Yoy	36.77%	47.93%	Business Confidence	104.82	105.33
Inflation Yoy	2.06%	2.18%	Cons. Confidence*	119.60	118.30

PRICE OF BENCHMARK SERIES

FR0090 : +0.3 Bps to 98.81 (5.39%)
FR0091 : +4.6 Bps to 98.72 (6.54%)
FR0093 : +1.1 Bps to 98.75 (6.50%)
FR0092 : +1.5 Bps to 102.23 (6.91%)

FR0086 : +2.6 Bps to 100.62 (5.32%)
FR0087 : +3.4 Bps to 99.96 (6.50%)
FR0083 : +1.9 Bps to 105.08 (7.00%)
FR0088 : -1.0 Bps to 99.30 (6.32%)

CDS of Indonesia Bonds

CDS 2yr: +0.17% to 43.53
CDS 5yr: -1.30% to 111.97
CDS 10yr: -0.08% to 184.74

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.56%	0.05%
USDIDR	14,384	0.33%
KRWIDR	11.94	0.02%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,794.66	(96.69)	-0.29%
S&P 500	4,363.49	(23.05)	-0.53%
FTSE 100	7,238.85	(190.71)	-2.57%
DAX	13,698.40	(301.71)	-2.16%
Nikkei	26,577.27	184.24	0.70%
Hang Seng	22,467.34	123.42	0.55%
Shanghai	3,481.11	(3.08)	-0.09%
KOSPI	2,747.08	43.56	1.61%
EIDO	23.94	(0.12)	-0.50%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,936.0	7.2	0.37%
Crude Oil (\$/bbl)	107.67	(2.93)	-2.65%
Coal (\$/ton)	370.00	(70.00)	-15.91%
Nickel LME (\$/MT)	28,178	2,299	8.89%
Tin LME (\$/MT)	45,628	(157.00)	-0.34%
CPO (MYR/Ton)	6,808	148.0	2.22%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Friday	US	20:30	Personal Income	Jan.	0.0%	-0.3%	0.4%
25 - Feb.	US	20:30	Personal Spending	Jan.	2.1%	1.6%	-0.8%
	US	20:30	Durable Goods Orders	Jan.	1.6%	1.0%	1.2%
	US	22:00	U. of Mich. Sentiment	Feb.	62.8	61.7	61.7
Monday	US	20:30	Wholesale Inventories MoM	Jan.	0.8%	1.3%	2.3%
28 - Feb.	US	21:45	MNI Chicago PMI	Feb.	56.3	62.3	65.2
Tuesday	ID	07:30	Markit Indonesia PMI Mfg	Feb.	51.2	--	53.7
1 - Mar.	ID	11:00	CPI MoM	Feb.	-0.02%	0.00%	0.56%
	ID	11:00	CPI YoY	Feb.	2.06%	2.20%	2.18%
	US	21:45	Markit US Manufacturing PMI	Feb.	57.3	57.5	57.5
Wednesday	US	19:00	MBA Mortgage Applications	Feb.	-0.7%	--	-13.1%
2 - Mar.	US	20:15	ADP Employment Change	Feb.	475k	375k	509k
Thursday	CH	08:45	Caixin China PMI Composite	Feb.	50.1	--	50.1
3 - Mar.	US	20:30	Initial Jobless Claims	Feb.	215k	225k	233k
	US	22:00	Factory Orders	Jan.	1.4%	0.7%	0.7%
	US	22:00	Durable Goods Orders	Jan.	1.6%	1.6%	1.6%
Friday	US	20:30	Change in Nonfarm Payrolls	Feb.		423k	467k
4 - Mar.	US	20:30	Unemployment Rate	Feb.		3.9%	4.0%

Source: Bloomberg

Research Division

Head of Research

Anggaraksa Arismunandar

Equity Strategy

T +62 21 5088 ext. 9134

E anggaraksa@nhsec.co.id

Senior Technical Analyst

Dimas Wahyu Putra Pratama

Technical

T +62 21 5088 ext 9131

E dimas.wahyu@nhsec.co.id

Economist

Arief Machrus

Macroeconomics, Banking

T +62 21 5088 ext 9127

E arief.machrus@nhsec.co.id

Analyst

Cindy Alicia

Consumer, Healthcare

T +62 21 5088 ext 9129

E cindy.alicia@nhsec.co.id

Research Support

Jasmine Kusumawardani

T +62 21 5088 ext 9132

E jasmine.kusumawardani@nhsec.co.id

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PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

District 8 Treasury Tower 51st Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 50889100

Fax : +62 21 50889101

Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15322

Indonesia

Telp : +62 21 5316 2049

Fax : +62 21 5316 1687

Branch Office Medan :

Jl. Timor No 147

Medan, Sumatera Utara 20234

Indonesia

Telp : +62 614 156500

Fax : +62 614 568560

Branch Office Semarang:

Jl. MH Thamrin No. 152

Semarang 50314

Indonesia

Telp : +62 24 844 6878

Fax : +62 24 844 6879

Branch Office Jakarta Utara:

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

Fax : +62 21 6667 4960

Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Branch Office Surabaya:

Spazio Tower Lt. 10, Unit S05

Jl. Mayjen Yono Suwoyo

Surabaya 60226

Indonesia

Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Branch Office Denpasar:

Ruko Griya Alamanda No.9

Jl. Cok Agung Tresna

Denpasar

Indonesia

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