

Morning Brief

Daily | Apr. 18, 2022

Today's Outlook:

The highest US inflation since 1981, and speculation of an increase in the Fed Funds Rate (FFR) 150 bps, colored the movement of the bond market in the past week. Market participants are eyeing a surge in US inflation as of March which reached 8.5% YoY, sparking anxiety around a recession. However, investors' confidence that inflation in the United States (US) this March, had reached its peak, before the Fed's aggressive monetary policy caused the benchmark Government Bonds (SUN) to move mixed at the weekend. Investors are watching speculations of a 50 bps FFR increase in May, June and July.

Corporate Bonds

DWGL: Issued IDR 200 Billion MTN. PT Dwi Guna Laksana Tbk (DWGL) plans to issue IDR 200 billion Medium Term Notes (MTN). The MTN proceeds are used for working capital for the company and its subsidiaries. In addition, after deducting the issuance costs, the funds will also be allocated for the payment of part of the company's debt (refinancing). (Emiten News)

Domestic Issue

Indicative Ceiling of State Expenditure Up 9.7%. The government has set an indicative ceiling for state spending in 2023 at the range of IDR 2,818.1 trillion to IDR 2,979.3 trillion. This target is around 3.8% to 9.7% higher than the state spending ceiling this year which reached IDR 2,714.2 trillion. The Minister of Finance said that next year's design expenditure will be in the range of 14.09% to 14.71% of Gross Domestic Product (GDP). (Investor Daily)

Recommendation

BI's Dovish stance (Vs. Hawkish the Fed). Investors are looking forward to the release of data from the Bank Indonesia Seven Days Reverse Repo Rate (BI 7DRRR) on Tuesday afternoon, which is projected to stay at its lowest level of 3.50%. This contrasts with the Fed's Hawkish stance, where the FFR rose 25 bps last March, and speculation of a 150 bps increase in the next three months. Market participants are watching BI's Dovish stance, which will only increase the BI 7-DRRR if there is a fundamental increase in inflation, where the indicator is an increase in core inflation.

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)	139.10	141.40	Current Acc (USD bn)	1.40	4.97
Trd Balance (USD bn)	3.82	0.93	Govt. Spending Yoy	5.25%	0.62%
Exports Yoy	34.14%	25.31%	FDI (USD bn)	3.59	4.70
Imports Yoy	25.43%	36.77%	Business Confidence	104.82	105.33
Inflation Yoy	2.64%	2.06%	Cons. Confidence*	111.00	113.10

PRICE OF BENCHMARK SERIES

FR0090 : +2.8 Bps to 96.90 (5.84%)
FR0091 : +0.6 Bps to 96.13 (6.91%)
FR0093 : +0.2 Bps to 95.80 (6.82%)
FR0092 : -0.4 Bps to 98.97 (7.22%)

FR0086 : +1.3 Bps to 99.59 (5.61%)
FR0087 : +0.6 Bps to 97.78 (6.83%)
FR0083 : -1.9 Bps to 102.51 (7.24%)
FR0088 : +0.2 Bps to 96.02 (6.68%)

CDS of Indonesia Bonds

CDS 2yr: +0.45% to 33.07

CDS 5yr: -0.16% to 87.81

CDS 10yr: +0.40% to 170.80

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.93%	-0.00%
USDIDR	14,344	-0.13%
KRWIDR	11.71	-0.09%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,451.23	(113.36)	-0.33%
S&P 500	4,392.59	(54.00)	-1.21%
FTSE 100	7,616.38	35.58	0.47%
DAX	14,163.85	87.41	0.62%
Nikkei	27,172.00	328.51	1.22%
Hang Seng	21,518.08	143.71	0.67%
Shanghai	3,225.64	38.82	1.22%
KOSPI	2,716.71	0.22	0.01%
EIDO	24.40	(0.48)	-1.93%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,973.7	(4.1)	-0.21%
Crude Oil (\$/bbl)	106.95	2.70	2.59%
Coal (\$/ton)	309.10	(2.90)	-0.93%
Nickel LME (\$/MT)	33,175	194.0	0.59%
Tin LME (\$/MT)	43,043	(281.0)	-0.65%
CPO (MYR/Ton)	6,288	153.0	2.49%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Friday	US	19:30	Empire Manufacturing	Apr.	24.6	1.0	-11.8
15 - Apr.	US	20:15	Industrial Production MoM	Mar.	0.9%	0.4%	0.5%
Monday	CH	09:00	Industrial Production YoY	Mar.		4.0%	4.3%
18 - Apr.	ID	11:00	Trade Balance	Mar.		\$3,044Mn	\$3,820Mn
	ID	11:00	Exports YoY	Mar.		24.60%	34.14%
	ID	11:00	Imports YoY	Mar.		18.45%	25.43%
Tuesday	ID	14:20	Bank Indonesia 7D Reverse Repo Rate	Apr.		3.50%	3.50%
19 - Apr.	US	19:30	Building Permits	Mar.		1,839k	1,865k
	US	19:30	Housing Starts	Mar.		1,745k	1,769k
Wednesday	GE	13:00	PPI YoY	Mar.		--	25.9%
20 - Apr.	GE	13:00	PPI MoM	Mar.		--	1.4%
	US	18:00	MBA Mortgage Applications	Apr.		--	-1.3%
	US	21:00	Existing Home Sales	Mar.		5.77Mn	6.02Mn
Thursday	EC	16:00	CPI YoY	Mar.		--	7.5%
21 - Apr.	EC	16:00	CPI MoM	Mar.		--	2.5%
	US	19:30	Initial Jobless Claims	Apr.		--	--
Friday	US	20:45	S&P Global US Manufacturing PMI	Apr.		57.8	58.8
22 - Apr.	US	20:45	S&P Global US Service PMI	Apr.		58.6	58.0
	US	20:45	S&P Global US Composite PMI	Apr.		--	57.7

Source: Bloomberg

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