

Morning Brief

Daily | May 31, 2022

Today's Outlook:

SUN Strengthening Ahead of Inflation Data. The benchmark 10-year SUN yield was at 7%, with FR0093 and FR0092 at 7.31%, respectively. May inflation is projected at 0.43% MoM, lower than April's 0.95% MoM inflation, as a number of commodities experienced a decline in prices, such as cooking oil. This projection is inline with BI's decision to maintain the BI 7DRRR at its lowest level of 3.50%.

Corporate Bonds

SMAR Issues IDR 1.5 Trillion Bonds in Three Series. PT Sinar Mas Agro Resources and Technology Tbk (SMAR) will issue Shelf Registration Bond IV SMART Phase I Year 2022 worth IDR 1.5 trillion. The Phase I bonds are part of SMART's Continuous Public Offering (PUB) IV with a target of raising funds to reach IDR 6 trillion. The bonds will be offered in three series, namely Series A with a tenor of 370 days, Series B with a tenor of three years, and Series C with a tenor of five years. Information regarding the amount of principal and fixed interest for each series will be notified later. (Kontan)

Domestic Issue

Government Does Not Extend Tax Incentives. The government plans not to extend tax incentives for handling Covid-19, which will expire in June. The tax incentives include the provision of tax incentives for Income Tax (PPh) Article 25, PPh Article 22 Imports, and final PPh on construction services borne by the Government (DTP) for the Program for the Acceleration of Improvement of Irrigation Water Use (P3-TGAI), which valid until June 2022. (Kontan)

Recommendation

Government Targets IDR 9 Trillion Fresh Funds. Today, the Government will auction six series of state Sukuk, namely SPN-S 15112022, PBS031, PBS032, PBS030, PBS029, and PBS033. Meanwhile, the rewards offered are SPN-S 15112022 (discounted), PBS031 of 4%; PBS032 4.875%; PBS030 5.875%; PBS029 6.375%; and PBS033 by 6.75%. The Sukuk auction this time, amid the appreciation of the rupiah 0.13% to the level of IDR 14,558/USD.

PRICE OF BENCHMARK SERIES

FR0090 : -8.0 Bps to 95.86 (6.11%)
FR0091 : -5.3 Bps to 95.49 (7.01%)
FR0093 : -0.9 Bps to 91.48 (7.31%)
FR0092 : -0.3 Bps to 98.03 (7.31%)

FR0086 : -1.9 Bps to 98.86 (5.83%)
FR0087 : -7.4 Bps to 97.12 (6.94%)
FR0083 : -6.8 Bps to 98.42 (7.66%)
FR0088 : -3.0 Bps to 90.73 (7.31%)

CDS of Indonesia Bonds

CDS 2yr: -5.20% to 41.34
CDS 5yr: -4.32% to 87.29
CDS 10yr: -4.16% to 161.80

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.03%	-0.05%
USDIDR	14,558	-0.13%
KRWIDR	11.75	1.35%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,212.96	575.77	1.76%
S&P 500	4,158.24	100.40	2.47%
FTSE 100	7,600.06	14.60	0.19%
DAX	14,575.98	113.79	0.79%
Nikkei	27,369.43	587.75	2.19%
Hang Seng	21,123.93	426.57	2.06%
Shanghai	3,149.06	18.82	0.60%
KOSPI	2,669.66	31.61	1.20%
EIDO	24.57	0.62	2.59%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,853.7	3.1	0.17%
Crude Oil (\$/bbl)	115.07	0.98	0.86%
Coal (\$/ton)	406.65	3.65	0.91%
Nickel LME (\$/MT)	28,284	1086.0	3.99%
Tin LME (\$/MT)	34,106	476.0	1.42%
CPO (MYR/Ton)	6,353	(180.0)	-2.76%

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.50%	3.50%	Real GDP	5.01%	3.51%
FX Reserve (USD bn)	135.70	139.10	Current Acc (USD bn)	1.40	4.97
Trd Balance (USD bn)	7.56	4.53	Govt. Spending Yoy	-7.74%	5.25%
Exports Yoy	47.76%	44.36%	FDI (USD bn)	3.59	4.70
Imports Yoy	21.97%	30.85%	Business Confidence	104.82	105.33
Inflation Yoy	3.47%	2.64%	Cons. Confidence*	113.10	111.00

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	JP	13:00	Machine Tools Orders YoY	Apr.	25.0%	--	25.0%
30 - May	GE	19:00	CPI MoM	May	0.9%	0.5%	0.8%
	GE	19:00	CPI YoY	May	7.9%	7.6%	7.4%
Tuesday	CH	08:30	Manufacturing PMI	May		48.9	47.4
31 - May	CH	08:30	Non-Manufacturing PMI	May		45.0	41.9
	US	20:45	MNI Chicago PMI	May		54.5	56.4
	US	21:00	Conf. Board Consumer Confidence	May		103.9	107.3
Wednesday	CH	08:45	Caixin China PMI Manufacturing	May		49.0	46.0
1 - June	US	18:00	MBA Mortgage Applications	May		--	-1.2%
	US	20:45	S&P Global US Manufacturing PMI	May		57.5	57.5
	US	21:00	ISM Manufacturing	May		55.0	55.4
Thursday	ID	07:30	S&P Global Indonesia PMI Mfg.	May		--	51.9
2 - June	ID	11:00	CPI Core YoY	May		2.73%	2.60%
	ID	11:00	CPI YoY	May		3.57%	3.47%
	ID	11:00	CPI MoM	May		0.43%	0.95%
Friday	JP	07:30	Jibun Bank Japan PMI Services	May			51.7
3 - June	JP	07:30	Jibun Bank Japan PMI Composite	May			51.4
	US	19:30	Change in Nonfarm Payrolls	May		329k	428k
	US	19:30	Unemployment Rate	May		3.5%	3.6%

Source: Bloomberg

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