

# Morning Brief

Daily | June 17, 2022

## Today's Outlook:

The SUN market responded to the Fed's commitment, all benchmark government securities recorded a decline in yields yesterday. Earlier, June's FFR hike was 75 bps, or above the consensus of 50 bps. The Fed's aggressive action is to reduce May's high inflation, both at the consumer and producer levels. Meanwhile, based on Bloomberg survey data, BI will maintain the BI 7DRRR at the level of 3.50% at the RDG June 22-23 next week.

## Corporate Bonds

**MEDC: Profits Soar Over 1,000%.** PT Medco Energi Internasional Tbk (MEDC) managed to record revenue of USD489.34 million or grew 62.06% YoY supported by rising oil and gas prices. Revenue from oil and gas sales contracts contributed 92.89% to revenues of USD454.55 Million. Meanwhile, the company's net profit managed to soar 1,659.15% YoY to USD192.83 million. (Kontan)

## Domestic Issue

**The Minister of Finance will Press the State Budget Deficit.** The Minister of Finance (Minister of Finance) will reduce the deficit in response to the US central bank The Fed which will raise interest rates up to 75 bps. Currently, the Ministry of Finance is focused on maintaining the State Revenue and Expenditure Budget (APBN) and reducing the country's vulnerability to debt. Referring to Law No. 2, next year the deficit must be below 3%, or this year the deficit is smaller than 4.5% of Gross Domestic Product. (CNN Indonesia)

## Recommendation

**Global central banks adopted an aggressive Hawkish stance,** disturbing concerns for both stock markets and domestic bond markets. The Swiss National Bank raised interest rates for the first time in 15 years. Meanwhile, the Bank of England raised its benchmark interest rate again, for the fifth time in a row this year, to 1.25% or the highest level since the global financial crisis in 2009. The last SUN auction was 2Q22, the government offered SPN03220921 (New Issuance), SPN12230622 (New Issue), FR0090, FR0091, FR0093, FR0092, and FR0089, on Tuesday next week.

## PRICE OF BENCHMARK SERIES

FR0090 : -7.1 Bps to 94.26 (6.52%)  
FR0091 : -3.2 Bps to 93.11 (7.37%)  
FR0093 : -8.4 Bps to 89.96 (7.49%)  
FR0092 : -2.8 Bps to 97.48 (7.36%)

FR0086 : -4.2 Bps to 97.53 (6.23%)  
FR0087 : -1.1 Bps to 94.12 (7.43%)  
FR0083 : -0.7 Bps to 98.97 (7.60%)  
FR0088 : +2.1 Bps to 89.16 (7.51%)

## CDS of Indonesia Bonds

CDS 2yr: +10.50% to 58.00  
CDS 5yr: +30.85% to 137.50  
CDS 10yr: +8.68% to 214.71

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.39%	-0.04%
USDIDR	14,768	0.17%
KRWIDR	11.48	0.43%

## Global Indices

Index	Last	Chg.	%
Dow Jones	29,927.07	(741.46)	-2.42%
S&P 500	3,666.77	(123.22)	-3.25%
FTSE 100	7,044.98	(228.43)	-3.14%
DAX	13,038.49	(446.80)	-3.31%
Nikkei	26,431.20	105.04	0.40%
Hang Seng	20,845.43	(462.78)	-2.17%
Shanghai	3,285.39	(20.02)	-0.61%
KOSPI	2,451.41	4.03	0.16%
EIDO	22.90	(0.02)	-0.09%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,857.3	23.5	1.28%
Crude Oil (\$/bbl)	117.59	2.28	1.98%
Coal (\$/ton)	387.35	1.00	0.26%
Nickel LME (\$/MT)	25,259	(598.0)	-2.31%
Tin LME (\$/MT)	32,000	(444.0)	-1.37%
CPO (MYR/Ton)	5,473	(103.0)	-1.85%

## 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)	135.60	135.70	Current Acc (USD bn)	0.20	4.97
Trd Balance (USD bn)	2.90	7.56	Govt. Spending Yoy	-7.74%	5.25%
Exports Yoy	27.00%	47.76%	FDI (USD bn)	5.67	4.70
Imports Yoy	30.74%	21.97%	Business Confidence	104.82	105.33
Inflation Yoy	3.55%	3.47%	Cons. Confidence*	128.90	113.10

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	UK	13:00	Industrial Production MoM	Apr.	-0.6%	0.3%	-0.2%
<i>13 - June</i>	UK	13:00	Industrial Production YoY	Apr.	0.7%	1.7%	0.7%
	UK	13:00	Manufacturing Production MoM	Apr.	-1.0%	0.2%	-0.2%
	UK	13:00	Manufacturing Production YoY	Apr.	0.5%	1.8%	1.9%
<b>Tuesday</b>	JP	11:30	Capacity Utilization MoM	Apr.	0.0%	--	-1.6%
<i>14 - June</i>	JP	11:30	Industrial Production MoM	Apr.	-1.5%	--	-1.3%
	US	19:30	PPI Final Demand MoM	May	0.8%	0.8%	0.4%
	US	19:30	PPI Final Demand YoY	May	10.8%	10.9%	10.9%
<b>Wednesday</b>	ID	11:00	Trade Balance	May	\$2,900Mn	\$3,463Mn	\$7,565Mn
<i>15 - June</i>	ID	11:00	Exports YoY	May	27.00%	36.64%	47.76%
	ID	11:00	Imports YoY	May	30.74%	33.05%	21.93%
	US	18:00	MBA Mortgage Applications	Jun.	6.6%	--	-6.5%
<b>Thursday</b>	US	01:00	FOMC Rate Decision (Lower Bound)	Jun.	1.50%	1.25%	0.75%
<i>16 - June</i>	US	01:00	FOMC Rate Decision (Upper Bound)	Jun.	1.75%	1.50%	1.00%
	US	19:30	Housing Starts	May	1,549k	1,693k	1,810k
	US	19:30	Initial Jobless Claims	Jun.	229k	217k	232k
<b>Friday</b>	EC	16:00	CPI YoY	May		8.1%	7.4%
<i>17 - June</i>	EC	16:00	CPI MoM	May		0.8%	0.8%
	US	20:15	Industrial Production MoM	May		0.5%	1.1%
	US	21:00	Leading Index	May		-0.4%	-0.3%

Source: Bloomberg

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