

Morning Brief

Daily | June 23, 2022

Today's Outlook:

Strengthening SUN as Front Loading Strategy Ends. All benchmark SUNs strengthened, with FR0093 leading the decline in yields by 13 bps to 7.38%. This strengthening is approaching the end of the government's front loading strategy, namely the government's aggressive stance in offering SBN auctions for the first six months of each year. Yesterday's SUN market movement, amid the rupiah being maintained around the level of IDR14,800/USD, and the market's focus on monetary policy.

Corporate Bonds

BBRI Releases Environmentally Based Bonds. PT Bank Rakyat Indonesia (Persero) Tbk (BBRI) plans to release Sustainable Environment-Based Bonds I Phase I Worth IDR 5 Trillion. The bonds will be issued in three series, namely Series A, Series B, and Series C. The interest on the first environmentally friendly bonds will be paid on October 20, 2022. Meanwhile, the interest on the last environmentally friendly bonds and the maturity date of the environmentally friendly bonds will be paid on July 30, 2023. for Series A Environmental Bonds. Then on July 20, 2025 for Series B Environmental Bonds and on July 20, 2027 for Environmental Bonds Series C. (Kontan)

Domestic Issue

BI: Inflation in Indonesia at 4.2%. In the midst of global uncertainty, inflationary conditions also soared in various countries. Bank Indonesia (BI) also admitted that there is a potential for Indonesia's inflation in 2022 to increase and exceed the upper limit of the set target range. The inflation target range set by both the government and BI is 2% YoY to 4% YoY this year. With the current conditions, BI Governor Perry Warjiyo also estimates that inflation will be at 4.2% YoY. (Kontan)

Recommendation

BI 7DRRR remains at 3.50% until there is inflationary pressure. BI revised up its inflation ceiling target to 4.2% YoY (Vs. Prev. 4% YoY). Currently, inflation in May is at 3.55% YoY (2.58% MoM), better than other countries, making the BI 7DRRR in June projected to remain at 3.50%. On the other hand, BI has the potential to continue its liquidity normalization policy by increasing the Statutory Reserves in July and September to 7% and 9%, respectively.

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

PRICE OF BENCHMARK SERIES

FR0090 : -3.7 Bps to 93.71 (6.67%)
FR0091 : -0.4 Bps to 92.51 (7.46%)
FR0093 : -13.0 Bps to 90.94 (7.38%)
FR0092 : -10.3 Bps to 98.09 (7.30%)

FR0086 : -6.3 Bps to 97.13 (6.35%)
FR0087 : -2.4 Bps to 94.18 (7.42%)
FR0083 : -1.7 Bps to 98.59 (7.64%)
FR0088 : +0.7 Bps to 89.38 (7.48%)

CDS of Indonesia Bonds

CDS 2yr: +3.98% to 56.81
CDS 5yr: +2.96% to 107.54
CDS 10yr: +3.07% to 196.99

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.48%	-0.01%
USDIDR	14,868	0.38%
KRWIDR	11.45	0.02%

Global Indices

Index	Last	Chg.	%
Dow Jones	30,483.13	(47.12)	-0.15%
S&P 500	3,759.89	(4.90)	-0.13%
FTSE 100	7,089.22	(62.83)	-0.88%
DAX	13,144.28	(148.12)	-1.11%
Nikkei	26,149.55	(96.76)	-0.37%
Hang Seng	21,008.34	(551.25)	-2.56%
Shanghai	3,267.20	(39.52)	-1.20%
KOSPI	2,342.81	(66.12)	-2.74%
EIDO	22.90	(0.17)	-0.74%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,837.7	4.7	0.26%
Crude Oil (\$/bbl)	106.19	(3.33)	-3.04%
Coal (\$/ton)	392.00	2.00	0.51%
Nickel LME (\$/MT)	24,449	(1500.0)	-5.78%
Tin LME (\$/MT)	29,054	(2285.0)	-7.29%
CPO (MYR/Ton)	4,499	(481.0)	-9.66%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	GE	13:00	PPI YoY	May	33.6%	33.8%	33.5%
<i>20 - June</i>	GE	13:00	PPI MoM	May	1.6%	1.5%	2.8%
Tuesday	US	21:00	Existing Home Sales	May	5.41Mn	5.40Mn	5.60Mn
<i>21 - June</i>	US	21:00	Existing Home Sales MoM	May	-3.4%	-3.7%	-2.6%
Wednesday	JP	13:00	Machine Tool Orders YoY	May	23.7%	--	23.7%
<i>22 - June</i>	UK	13:00	CPI MoM	May	0.7%	0.7%	2.5%
	UK	13:00	CPI YoY	May	9.1%	9.1%	9.0%
	US	18:00	MBA Mortgage Applications	June	4.2%	--	6.6%
Thursday	ID	14:20	BI 7DRRR	June		3.50%	3.50%
<i>23 - June</i>	US	19:30	Current Account Balance	1Q		-\$284.8Bn	-\$217.9Bn
	US	19:30	Initial Jobless Claims	June		--	229k
	US	20:45	S&P Global US Manufacturing PMI	June		56.3	57.0
Friday	JP	06:30	Natl CPI YoY	May		2.5%	2.5%
<i>24 - June</i>	JP	06:30	PPI Services YoY	May		1.7%	1.7%
	US	21:00	U. of Mich. Sentiment	June		50.2	50.2
	US	21:00	New Home Sales	May		595k	591k

Source: Bloomberg

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