

Morning Brief

Daily | June 10, 2022

Today's Outlook:

Optimistic IKK sentiment and China's trade surplus, colored the SUN trade yesterday. The BI IKK for the May period rose significantly to 128.9 (Vs. Apr. 113.1), as people's mobility will drive economic recovery. Meanwhile, China recorded a trade surplus in May of USD 78.7 billion, driven by exports growing up to 16.9% YoY (Vs. Apr. 3.9% YoY), but with imports only rising 4.1% YoY. FR0091 is still under pressure, recording a 3.5 bps yield increase to 7.18%.

Corporate Bonds

Mandala Multifinance Bonds Achieve idA Rating. PT Pemeringkat Efek Indonesia (Pefindo) has reaffirmed its idA rating for its Shelf-Registered Bond IV Phase III/2021 Series A of IDR 150.0 billion which will mature on August 13, 2022. Then the Shelf-Registered Bond III Phase III/2019 Series B of IDR 68, 0 billion which will mature on 27 August 2022 issued by PT Mandala Multifinance Tbk (Mandala Finance). (Kontan)

Domestic Issue

Carbon Tax Applicable July 1, 2022. The Fiscal Policy Agency of the Ministry of Finance said the carbon tax will be implemented starting July 1, 2022. The carbon tax will be implemented in stages. First, it will be charged for coal-fired power plants (PLTU). Going forward, a carbon tax will be applied to all sectors that are required to comply with the Nationally Determined Contribution (NDC) document. Previously, the Minister of Finance said the carbon tax would be implemented on April 1, 2022, the Government would impose a carbon tax of IDR 30/kg. (CNN Indonesia)

Recommendation

ECB rate hike signal, raising investor concerns ahead of US CPI data. The ECB will end quantitative easing on July 1, raise interest rates by 25 bps at the end of July, and potentially be more aggressive in September. Investors are looking forward to the Fed's response, as the US May CPI is projected to be 8.3% YoY, or very far from the 2% target. This has the potential to make the Fed more Hawkish in September, after the June and July FFRs which are projected to rise by 50 bps each.

PRICE OF BENCHMARK SERIES

FR0090 : +8.5 Bps to 95.41 (6.23%)
FR0091 : +3.5 Bps to 94.37 (7.18%)
FR0093 : +3.3 Bps to 91.62 (7.29%)
FR0092 : +1.4 Bps to 97.89 (7.32%)

FR0086 : +10.3 Bps to 98.82 (5.84%)
FR0087 : +9.3 Bps to 95.74 (7.16%)
FR0083 : -1.0 Bps to 102.82 (7.21%)
FR0088 : +0.2 Bps to 90.86 (7.30%)

CDS of Indonesia Bonds

CDS 2yr: +3.07% to 44.58
CDS 5yr: +2.13% to 92.93
CDS 10yr: +2.31% to 174.69

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.20%	0.03%
USDIDR	14,563	0.48%
KRWIDR	11.59	0.25%

Global Indices

Index	Last	Chg.	%
Dow Jones	32,272.79	(638.11)	-1.94%
S&P 500	4,017.82	(97.95)	-2.38%
FTSE 100	7,476.21	(116.79)	-1.54%
DAX	14,198.80	(247.19)	-1.71%
Nikkei	28,246.53	12.24	0.04%
Hang Seng	21,869.05	(145.54)	-0.66%
Shanghai	3,238.95	(24.84)	-0.76%
KOSPI	2,625.44	(0.71)	-0.03%
EIDO	23.78	(0.79)	-3.22%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,848.0	(5.4)	-0.29%
Crude Oil (\$/bbl)	121.51	(0.60)	-0.49%
Coal (\$/ton)	396.00	0.60	0.15%
Nickel LME (\$/MT)	28,023	(832.0)	-2.88%
Tin LME (\$/MT)	36,740	(360.0)	-0.97%
CPO (MYR/Ton)	6,210	(257.0)	-3.97%

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)	7.56	4.53	Govt. Spending Yoy	-7.74%	5.25%
Exports Yoy	47.76%	44.36%	FDI (USD bn)	5.67	4.70
Imports Yoy	21.97%	30.85%	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
Monday	CH	08:45	Caixin China PMI Composite	May	42.2	—	37.2
<i>6 - June</i>	CH	08:45	Caixin China PMI Services	May	41.4	46.0	36.2
Tuesday	US	19:30	Trade Balance	Apr.	-\$87.1Bn	-\$89.5Bn	-\$107.7Bn
<i>7 - June</i>							
Wednesday	ID	10:00	Foreign Reserves	May	\$135.6Bn	—	\$135.7Bn
<i>8 - June</i>	US	18:00	MBA Mortgage Applications	Jun.	-6.5%	—	-2.3%
	US	21:00	Wholesale Inventories MoM	Apr.	2.1%	2.3%	2.1%
Thursday	ID	--	Consumer Confidence Index	May	128.9	—	113.1
<i>9 - June</i>	CH	--	Trade Balance	May	\$78.7Bn	\$57.7Bn	\$51.1Bn
	CH	--	Exports YoY	May	16.9%	8.0%	3.9%
	US	19:30	Initial Jobless Claims	Jun.	229k	206k	202k
Friday	CH	08:30	CPI YoY	May		2.3%	2.1%
<i>10 - June</i>	US	19:30	CPI MoM	May		0.7%	0.3%
	US	19:30	CPI YoY	May		8.2%	8.3%
	US	21:00	U. Of Mich. Sentiment	Jun.		58.9	58.4

Source: Bloomberg

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