

# Morning Brief

Daily | June 15, 2022

## Today's Outlook:

**Government Wins IDR 5.1 Trillion Sukuk Auction.** DJPPR data shows that yesterday's bid for the Sukuk auction was worth IDR 15.1 trillion, or lower than the previous Sukuk auction of IDR 20.21 trillion. Furthermore, the government only absorbed IDR 5.1 trillion from the proceeds of the state sukuk auction this time. Meanwhile, the UST2Y and UST10Y yield inversion patterns colored the SBN trading yesterday. Earlier, yields on UST2Y rose +30bps, more aggressive than UST10Y which rose +20bps. This yield volatility, ahead of the FOMC Rate Decision meeting this week.

## Corporate Bonds

**KB Finansia Multi Finance Issues IDR 1 Trillion Bonds.** PT KB Finansia Multi Finance or Kredit Plus, a used car, used motorcycle, and DE&A financing company issued bonds, through the Public Offering of Bonds I KB Finansia Multi Finance 2022 with a maximum nominal of IDR 1 trillion. The bonds, which have received an AA+(idn) (Double A Plus) rating from PT Fitch Ratings Indonesia, will be divided into two series, namely Series A and Series B. Series A will have a tenor of 370 days and Series B will have a tenor of 3 years. (Kompas)

## Domestic Issue

**Online shopping subject to 11% VAT.** The government will impose additional costs that must be paid by buyers, namely stamp duty after increasing the value added tax (VAT) to 11%. Stamp duty will be charged for documents with transaction value above IDR 5 million. This arrangement is contained in Law Number 10 of 2020 concerning Stamp Duty. (CNN Indonesia)

## Recommendation

**Investors Pay Attention to Economic Data.** The trade balance in May is projected to be only a surplus of USD 3.5 billion (Vs. Apr. USD 7.6 billion), in line with the CPO export ban during that period. The decline in Cadev limits BI's room for movement, amid the depreciation of the rupiah which had touched the level of IDR 14,700. From a global perspective, producer-level inflation rose again, complementing May's high CPI consumer inflation (1.0% MoM; 8.6% YoY). Data show PPI US Final Demand in May posted inflation of 0.8% MoM (Vs. Apr. 0.4% MoM) and 10.8% YoY (Vs. Apr. 10.9% YoY), as prices for some fuels increased. production process. The combination of a high PPI and CPI could force the Fed to hike its June FFR by +75 bps (Vs. Cons. +50 bps).

## 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

## PRICE OF BENCHMARK SERIES

FR0090 : +12.2 Bps to 93.83 (6.63%)  
FR0091 : +6.0 Bps to 92.92 (7.39%)  
FR0093 : +11.7 Bps to 89.70 (7.52%)  
FR0092 : +0.8 Bps to 96.99 (7.41%)

FR0086 : +12.1 Bps to 97.59 (6.21%)  
FR0087 : +14.5 Bps to 94.05 (7.44%)  
FR0083 : -1.0 Bps to 102.69 (7.22%)  
FR0088 : +10.7 Bps to 89.54 (7.46%)

## CDS of Indonesia Bonds

CDS 2yr: -1.37% to 55.28  
CDS 5yr: +0.73% to 110.65  
CDS 10yr: -1.34% to 206.26

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.43%	0.06%
USDIDR	14,698	0.12%
KRWIDR	11.43	-0.05%

## Global Indices

Index	Last	Chg.	%
Dow Jones	30,364.83	(151.91)	-0.50%
S&P 500	3,735.48	(14.15)	-0.38%
FTSE 100	7,187.46	(18.35)	-0.25%
DAX	13,304.39	(122.64)	-0.91%
Nikkei	26,629.86	(357.58)	-1.32%
Hang Seng	21,067.99	0.41	0.00%
Shanghai	3,288.91	33.36	1.03%
KOSPI	2,492.97	(11.54)	-0.46%
EIDO	22.85	0.19	0.84%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,808.5	(10.8)	-0.59%
Crude Oil (\$/bbl)	118.93	(2.00)	-1.65%
Coal (\$/ton)	383.50	(6.85)	-1.75%
Nickel LME (\$/MT)	25,259	(670.0)	-2.58%
Tin LME (\$/MT)	31,093	(1802.0)	-5.48%
CPO (MYR/Ton)	5,848	55.0	0.95%

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		\$3,463Mn	\$7,560Mn
<i>15 - June</i>	ID	11:00	Exports YoY	May		36.64%	47.76%
	ID	11:00	Imports YoY	May		33.05%	21.97%
	US	18:00	MBA Mortgage Applications	Jun.		--	-6.5%
<b>Thursday</b>	US	01:00	FOMC Rate Decision (Lower Bound)	Jun.		1.25%	0.75%
<i>16 - June</i>	US	01:00	FOMC Rate Decision (Upper Bound)	Jun.		1.50%	1.00%
	US	19:30	Housing Starts	May		1,714k	1,724k
	US	19:30	Initial Jobless Claims	Jun.		--	229k
<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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