

# Morning Brief

Daily | June 28, 2022

## Today's Outlook:

**Continued Strengthening of the SUN Market.** All SUN Benchmarks posted lower yields at the beginning of the week. This selective buying action, amid the lack of domestic sentiment. On the other hand, investors are starting to pay attention to the negative real interest rate formed in July. With inflation in June assumed to reach 4% YoY and BI 7DRRR still at 3.50%, a negative real interest rate is formed. Same as US inflation up to 8.6% YoY, but with FFR only 1.50%-1.75%.

## Corporate Bonds

**Bussan Auto Finance Issues IDR 100 Billion Bonds.** PT Bussan Auto Finance (BAF) will issue sustainable bonds II phase I in 2022 with a value of IDR 100 billion to increase working capital. The bonds are part of the Continuous Public Offering (PUB) of sustainable bonds II which is targeted to raise funds of IDR 3 trillion. The company will issue these bonds in two series. First, series A has a principal amount of Rp 88.5 billion, a fixed interest rate of 4.10% with a 370-day tenor. Furthermore, series B has a principal amount of IDR 11.5 billion with a fixed interest rate of 7% and a 3-year tenor. (Kontan)

## Domestic Issue

**Indonesia's Debt Ratio Could Widen to 42%.** The government and the Budget Agency of the DPR RI have agreed that next year's debt ratio could widen to 42.35% of Gross Domestic Product (GDP). The debt ratio is higher than this year's projection, which is allowed up to 42%. Especially when compared to the realization of 38.88% of GDP until the end of May 2022. (CNN Indonesia)

## Recommendation

**Investors Pay Attention to External Data.** Apart from being inclined to wait and see ahead of the release of inflation data in June, which is projected to reach 4% YoY on Friday, investors are keeping an eye on US manufacturing data. Data for May showed an increase in the Core Cap. Good Orders 0.5% (Vs. Surv. 0.2%); Core Cap. Good Shipments 0.8% (Vs. Surv. 0.2%); and Durable Goods Orders 0.7% (Vs. Surv. 0.1%). This performance far exceeded market expectations, following the 150 bps FFR hike during 1H22, indicating that the manufacturing sector is strong enough to hold higher interest rates again in 3Q22.

## 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 : -6.6 Bps to 94.77 (6.40%)  
FR0091 : -5.4 Bps to 93.89 (7.25%)  
FR0093 : -0.7 Bps to 91.76 (7.28%)  
FR0092 : -2.3 Bps to 98.75 (7.24%)

FR0086 : -18.8 Bps to 98.17 (6.04%)  
FR0087 : -7.6 Bps to 95.15 (7.26%)  
FR0083 : -6.2 Bps to 99.58 (7.54%)  
FR0088 : +2.3 Bps to 89.32 (7.49%)

## CDS of Indonesia Bonds

CDS 2yr: -1.47% to 55.49  
CDS 5yr: -1.46% to 105.75  
CDS 10yr: -1.28% to 193.37

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.27%	-0.06%
USDIDR	14,803	-0.30%
KRWIDR	11.50	0.60%

## Global Indices

Index	Last	Chg.	%
Dow Jones	31,438.26	(62.42)	-0.20%
S&P 500	3,900.11	(11.63)	-0.30%
FTSE 100	7,258.32	49.51	0.69%
DAX	13,186.07	67.94	0.52%
Nikkei	26,871.27	379.30	1.43%
Hang Seng	22,229.52	510.46	2.35%
Shanghai	3,379.19	29.44	0.88%
KOSPI	2,401.92	35.32	1.49%
EIDO	22.89	(0.36)	-1.55%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,822.9	(4.0)	-0.22%
Crude Oil (\$/bbl)	109.57	1.95	1.81%
Coal (\$/ton)	392.45	(4.55)	-1.15%
Nickel LME (\$/MT)	22,882	482.0	2.15%
Tin LME (\$/MT)	26,991	2401.0	9.76%
CPO (MYR/Ton)	4,922	258.0	5.53%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	US	19:30	Durable Goods Orders	May	0.7%	0.1%	0.4%
<i>27 - June</i>	US	19:30	Pending Home Sales MoM	May	0.7%	-4.0%	-4.0%
<b>Tuesday</b>	US	19:30	Wholesale Inventories MoM	May		--	2.2%
<i>28 - June</i>	US	21:00	Conf. Board Consumer Confidence	Jun.		100.0	106.4
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	Jun.		--	4.2%
<i>29 - June</i>	US	19:30	GDP Annualized QoQ	1Q22		-1.4%	-1.5%
	US	19:30	Personal Consumption	1Q22		--	3.1%
	US	19:30	GDP Price Index	1Q22		8.1%	8.1%
<b>Thursday</b>	US	19:30	Initial Jobless Claims	Jun.		--	229k
<i>30 - June</i>	US	19:30	PCE Deflator MoM	May		0.7%	0.2%
	US	19:30	PCE Deflator YoY	May		--	6.3%
	US	19:30	PCE Core Deflator MoM	May		0.5%	0.3%
<b>Friday</b>	ID	07:30	S&P Global Indonesia PMI Mfg.	Jun.		--	50.8
<i>1 - July</i>	ID	11:00	CPI YoY	Jun.		4.19%	3.55%
	ID	11:00	CPI MoM	Jun.		0.45%	0.40%
	ID	11:00	CPI Core YoY	Jun.		2.70%	2.58%

Source: Bloomberg

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