

Morning Brief

Daily | June 2, 2022

Today's Outlook:

Incoming Bid Reaching IDR 20.2 Trillion. The Sukuk auction on Tuesday (31/5), recorded an incoming bid of IDR 20.22 trillion, for a total of six series consisting of one SPN-S and five project-based sukuk (PBS). The number of auctions this time recorded an increase of 18.8%; compared to the previous auction bid amounting to IDR 17 trillion. The Sukuk auction this time was supported by the improvement in the US bond market and the appreciation of the rupiah.

Corporate Bonds

PPRE: Pockets New Contracts of IDR 1.7 T. PT PP Presisi Tbk (PPRE) assesses that the progress of new contracts is still on track until the end of May 2021. In these five months, the Company has pocketed new contracts of IDR 1.7 trillion. Meanwhile, the Company projects that by June 2022, new contracts will amount to IDR 1.98 trillion. (Kontan)

Domestic Issue

BI: Economic Rate of 2023 Maximum 5.5%. Bank Indonesia (BI) estimates that the country's economic growth will be in the range of 4.7% to 5.5% in 2023. This projection is lower than the government's assumption of 5.3% to 5.9%. Even so, the projected economic growth is higher than this year's target, which is 4.5% to 5.3%. Specifically for inflation, BI estimates that Indonesia's inflation will touch 4.2% this year. This means that the inflation rate will exceed the target of 2% to 4% percent. (CNN Indonesia)

Recommendation

FFR Hike Effectiveness. Entering June, investors are again looking at the effectiveness of the Fed's Hawkish stance, as US inflation for May period is projected at 0.7% MoM, higher than the previous month's inflation of 0.3% MoM. NHKSI Research sees that if US inflation has not slowed down, then the Fed reacts more aggressively beyond expectations, potentially causing the market to fluctuate again. On the other hand, Indonesia's May inflation is projected to be low at 0.41% MoM (Vs. Apr. 0.95%), or inline with BI's Dovish stance, becoming positive sentiment today.

PRICE OF BENCHMARK SERIES

FR0090 : -0.1 Bps to 95.87 (6.11%)
FR0091 : +1.2 Bps to 95.41 (7.02%)
FR0093 : -0.3 Bps to 91.50 (7.31%)
FR0092 : -0.2 Bps to 98.05 (7.31%)

FR0086 : -5.4 Bps to 99.04 (5.77%)
FR0087 : +1.9 Bps to 97.00 (6.96%)
FR0083 : -0.0 Bps to 98.42 (7.66%)
FR0088 : -1.3 Bps to 90.83 (7.30%)

CDS of Indonesia Bonds

CDS 2yr: +3.53% to 42.80
CDS 5yr: +2.22% to 89.22
CDS 10yr: +2.16% to 166.34

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.04%	0.01%
USDIDR	14,583	0.17%
KRWIDR	11.78	0.27%

Global Indices

Index	Last	Chg.	%
Dow Jones	32,813.23	(176.89)	-0.54%
S&P 500	4,101.23	(30.92)	-0.75%
FTSE 100	7,532.95	(74.71)	-0.98%
DAX	14,340.47	(47.88)	-0.33%
Nikkei	27,457.89	178.09	0.65%
Hang Seng	21,294.94	(120.26)	-0.56%
Shanghai	3,182.16	(4.27)	-0.13%
KOSPI	2,669.66	31.61	1.20%
EIDO	24.86	(0.12)	-0.48%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,846.6	9.3	0.50%
Crude Oil (\$/bbl)	115.26	0.59	0.51%
Coal (\$/ton)	412.00	(15.00)	-3.51%
Nickel LME (\$/MT)	28,119	(273.0)	-0.96%
Tin LME (\$/MT)	34,929	259.0	0.75%
CPO (MYR/Ton)	6,356	52.0	0.82%

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)	135.70	139.10	Current Acc (USD bn)	1.40	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)	3.59	4.70
Imports Yoy	21.97%	30.85%	Business Confidence	104.82	105.33
Inflation Yoy	3.47%	2.64%	Cons. Confidence*	113.10	111.00

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	JP	13:00	Machine Tools Orders YoY	Apr.	25.0%	--	25.0%
30 - May	GE	19:00	CPI MoM	May	0.9%	0.5%	0.8%
	GE	19:00	CPI YoY	May	7.9%	7.6%	7.4%
Tuesday	CH	08:30	Manufacturing PMI	May	49.6	49.0	47.4
31 - May	CH	08:30	Non-Manufacturing PMI	May	47.8	45.5	41.9
	US	20:45	MNI Chicago PMI	May	60.3	55.0	56.4
	US	21:00	Conf. Board Consumer Confidence	May	106.4	103.6	108.6
Wednesday	CH	08:45	Caixin China PMI Manufacturing	May	48.1	49.0	46.0
1 - June	US	18:00	MBA Mortgage Applications	May	-2.3%	--	-1.2%
	US	20:45	S&P Global US Manufacturing PMI	May	57.0	57.5	57.5
	US	21:00	ISM Manufacturing	May	56.1	54.5	55.4
Thursday	ID	07:30	S&P Global Indonesia PMI Mfg.	May		--	51.9
2 - June	ID	11:00	CPI Core YoY	May		2.73%	2.60%
	ID	11:00	CPI YoY	May		3.57%	3.47%
	ID	11:00	CPI MoM	May		0.43%	0.95%
Friday	JP	07:30	Jibun Bank Japan PMI Services	May			51.7
3 - June	JP	07:30	Jibun Bank Japan PMI Composite	May			51.4
	US	19:30	Change in Nonfarm Payrolls	May		329k	428k
	US	19:30	Unemployment Rate	May		3.5%	3.6%

Source: Bloomberg

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