

# Morning Brief

Daily | June 14, 2022

## Today's Outlook:

**SUN market was under pressure** at the beginning of the week, as the depreciation of the rupiah approached the psychological level of IDR 14,700/USD. The USD index strengthened to 105.0 levels following the release of US May high CPI inflation data (1.0% MoM; 8.6% YoY), and amid the Hawkish stance of the Fed this end of 2Q22. The benchmark 10-year SUN FR0091 recorded a yield increase of more than 15bps to 7.33%. From a global perspective, investors are looking forward to data on inflation at the producer level, as the limited supply of raw materials, plus the energy crisis, will depress company margins. US May Final Demand PPI is projected, posting inflation of 0.8% MoM (Vs. Apr. 0.5% MoM) and 10.8% YoY (Vs. Apr. 11.0% YoY). This data is released ahead of the June FOMC Rate Decision meeting, which is projected to raise the FFR to 1.25%-1.50%.

## Corporate Bonds

**BBNI: Issuing IDR5 T Green Bond.** PT Bank Negara Indonesia (Persero) Tbk (BBNI) plans to issue a maximum of IDR5 trillion in green bonds. The corporate action was carried out to finance projects in the category of environmentally sound business activities. The company released this green bond consisting of two series. First, series A with a principal value of IDR4 trillion with an interest rate of 6.35%/year. Second, Series B with a principal amount offered of IDR1 trillion with an interest rate of 6.85%/year. (Kontan)

## Domestic Issue

**Excise will be levied on fuel.** The Ministry of Finance (Kemenkeu) is currently reviewing three types of goods that will be subject to excise duty. The three are rubber tires, fuel oil (BBM), and detergent. This is in line with the government's excise policy. Previously, the Ministry of Finance was also in the middle of preparing to implement other excisable goods, such as plastics and sweetened drinks. (CNN Indonesia)

## Recommendation

**The yield inversion pattern** of UST2Y (3.35%) and UST10Y (3.36%) is forming, one of the indicators of recession. Even though there is no negative spread yield yet, UST2Y yield rose +30bps, more aggressive than UST10Y which rose +20bps. This movement is ahead of the FOMC Rate Decision (Cons. 1.25%-1.50%) meeting this week. Bond yield inversion indicates investors anticipate risk in the near term, and are more interested in long tenor instruments. The previous yield inversion occurred in April, or after the US announced high inflation in March. Today, the government again offered PBS031, PBS032, PBS029, PBS034, PBS033, and SPNS 13122022 (New Issue) in the planned Sukuk auction Tuesday (14/06).

## 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 : +26.5 Bps to 94.30 (6.51%)  
FR0091 : +15.2 Bps to 93.31 (7.33%)  
FR0093 : +9.1 Bps to 90.68 (7.41%)  
FR0092 : +9.4 Bps to 97.07 (7.40%)

FR0086 : +19.2 Bps to 97.99 (6.09%)  
FR0087 : +13.6 Bps to 94.93 (7.29%)  
FR0083 : -0.5 Bps to 102.60 (7.23%)  
FR0088 : +9.7 Bps to 90.39 (7.36%)

## CDS of Indonesia Bonds

CDS 2yr: +12.71% to 56.05  
CDS 5yr: +9.45% to 109.84  
CDS 10yr: +9.79% to 290.06

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.36%	0.16%
USDIDR	14,681	0.90%
KRWIDR	11.43	-0.35%

## Global Indices

Index	Last	Chg.	%
Dow Jones	30,516.74	(876.05)	-2.79%
S&P 500	3,749.63	(151.23)	-3.88%
FTSE 100	7,205.81	(111.71)	-1.53%
DAX	13,427.03	(334.80)	-2.43%
Nikkei	26,987.44	(836.85)	-3.01%
Hang Seng	21,067.58	(738.60)	-3.39%
Shanghai	3,255.55	(29.28)	-0.89%
KOSPI	2,504.51	(91.36)	-3.52%
EIDO	22.66	(0.60)	-2.58%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,819.3	(52.3)	-2.80%
Crude Oil (\$/bbl)	120.93	0.26	0.22%
Coal (\$/ton)	390.35	(2.00)	-0.51%
Nickel LME (\$/MT)	25,929	(1335.0)	-4.90%
Tin LME (\$/MT)	32,895	(2370.0)	-6.72%
CPO (MYR/Ton)	5,793	(127.0)	-2.15%

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.		--	-1.6%
<i>14 - June</i>	JP	11:30	Industrial Production MoM	Apr.		--	-1.3%
	US	19:30	PPI Final Demand MoM	May		0.8%	0.5%
	US	19:30	PPI Final Demand YoY	May		10.8%	11.0%
<b>Wednesday</b>	ID	11:00	Trade Balance	May		\$2,250Mn	\$7,560Mn
<i>15 - June</i>	ID	11:00	Exports YoY	May		33.80%	47.76%
	ID	11:00	Imports YoY	May		40.50%	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

## Research Division

### Senior Technical Analyst

**Dimas Wahyu Putra Pratama**

Technical

T +62 21 5088 ext 9131

E [dimas.wahyu@nhsec.co.id](mailto:dimas.wahyu@nhsec.co.id)

### Economist

**Arief Machrus**

Macroeconomics, Banking

T +62 21 5088 ext 9127

E [arief.machrus@nhsec.co.id](mailto:arief.machrus@nhsec.co.id)

### Analyst

**Cindy Alicia**

Consumer, Healthcare

T +62 21 5088 ext 9129

E [cindy.alicia@nhsec.co.id](mailto:cindy.alicia@nhsec.co.id)

### Research Support

**Jasmine Kusumawardani**

Editor & Translator

T +62 21 5088 ext 9132

E [jasmine.kusumawardani@nhsec.co.id](mailto:jasmine.kusumawardani@nhsec.co.id)

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## PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

**Head Office :**

District 8 Treasury Tower 51<sup>st</sup> Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 50889100

Fax : +62 21 50889101

**Branch Office BSD:**

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15322

Indonesia

Telp : +62 21 5316 2049

Fax : +62 21 5316 1687

**Branch Office Medan :**

Jl. Timor No 147

Medan, Sumatera Utara 20234

Indonesia

Telp : +62 614 156500

Fax : +62 614 568560

**Branch Office Semarang:**

Jl. MH Thamrin No. 152

Semarang 50314

Indonesia

Telp : +62 24 844 6878

Fax : +62 24 844 6879

**Branch Office Jakarta Utara:**

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

Fax : +62 21 6667 4960

**Branch Office Pekanbaru:**

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 133

**Branch Office Surabaya:**

Spazio Tower Lt. 10, Unit S05

Jl. Mayjen Yono Suwoyo

Surabaya 60226

Indonesia

Telp : +62 31 9914 1344

**Branch Office Makassar:**

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

**Branch Office Bandung:**

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 8606 1012

**Branch Office Denpasar:**

Ruko Griya Alamanda No.9

Jl. Cok Agung Tresna

Denpasar

Indonesia

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