

Morning Brief

Daily | June 8, 2022

Today's Outlook:

Selective Government in SUN Auction. Based on DJPPR data, the number of bids that entered the SUN auction was IDR 43.5 trillion, or higher than the previous auction of IDR 39.42 trillion. On the other hand, expectations of higher yields have made the government relatively selective in this auction. The government only won IDR 17 trillion, or below the indicative target of IDR 20 trillion. Meanwhile, the increase in yield on UST10Y to a level of 3% over the weekend, colored the movement of the SUN market yesterday.

Corporate Bonds

SAN Finance Issues IDR 750 Billion Bonds. PT Surya Artha Nusantara Finance will issue bonds with a total value of IDR 750 billion, in two series. Series A bonds have a principal value of IDR 150 billion. This note with a tenor of 370 days offers a fixed interest rate of 4.50% per annum. Series B bonds have a principal value of IDR 600 billion. This note with a tenor of 3 years offers a fixed interest rate of 7.05% per year. (kontan)

Domestic Issue

The increase in TDL in the 3,000 VA category will have an inflation effect. President Joko Widodo has approved the plan to increase electricity rates to customers of 3,000 VA and above. This increase was carried out amid a surge in energy commodity prices as a result of the Russo-Ukrainian war. This policy was carried out in an effort to share the burden of the government with the upper class society. (Kontan)

Recommendation

Investors are waiting for Cadev May data, in line with the current volatility of the rupiah exchange rate. In April, Indonesia's Cadev was at the level of USD 135.7 billion. Meanwhile, core inflation was under control, and the increase in FFR prices in June served as positive sentiment for Wall Street. The survey showed that core inflation, or US CPI Ex Food and Energy for May period was still under control, or at 0.5% MoM (Vs. Apr. 0.6% MoM) and 5.9% YoY (Vs. Apr. 6.2% YoY). Meanwhile, the sentiment for a 50 bps increase in the FFR June at the FOMC Meeting next week, has been anticipated by the market (price in), as the probability of a June FFR hike to 1.25% - 1.50% reaches 98%, based on CME FedWatch data.

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)	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*	113.10	111.00

PRICE OF BENCHMARK SERIES

FR0090 : +5.1 Bps to 96.07 (6.07%)
FR0091 : +5.5 Bps to 95.56 (7.00%)
FR0093 : +4.1 Bps to 92.09(7.24%)
FR0092 : +1.9 Bps to 98.29 (7.28%)

FR0086 : -0.5 Bps to 99.38 (5.67%)
FR0087 : +5.8 Bps to 97.17 (6.93%)
FR0083 : +1.3 Bps to 102.74 (7.22%)
FR0088 : -0.0 Bps to 91.52 (7.22%)

CDS of Indonesia Bonds

CDS 2yr: -0.53% to 42.71
CDS 5yr: -0.36% to 90.67
CDS 10yr: -0.62% to 168.86

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.03%	0.06%
USDIDR	14,457	0.03%
KRWIDR	11.49	-0.25%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,180.14	264.36	0.80%
S&P 500	4,160.68	39.25	0.95%
FTSE 100	7,598.93	(9.29)	-0.12%
DAX	14,556.62	(97.19)	-0.66%
Nikkei	27,943.95	28.06	0.10%
Hang Seng	21,531.67	(122.23)	-0.56%
Shanghai	3,241.76	5.39	0.17%
KOSPI	2,626.34	(44.31)	-1.66%
EIDO	24.57	0.06	0.24%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,852.4	10.9	0.59%
Crude Oil (\$/bbl)	119.41	0.91	0.77%
Coal (\$/ton)	397.00	(18.25)	-4.39%
Nickel LME (\$/MT)	29,481	(220.0)	-0.74%
Tin LME (\$/MT)	36,073	465.0	1.31%
CPO (MYR/Ton)	6,505	52.0	0.81%

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		—	\$135.7Bn
<i>8 - June</i>	US	18:00	MBA Mortgage Applications	Jun.		—	-2.3%
	US	21:00	Wholesale Inventories MoM	Apr.		—	2.1%
Thursday	ID	--	Consumer Confidence Index	May		—	113.1
<i>9 - June</i>	CH	--	Trade Balance	May		\$57.5Bn	\$51.1Bn
	CH	--	Exports YoY	May		8.0%	3.9%
	US	19:30	Initial Jobless Claims	Jun.		—	200k
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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