

Morning Brief

Daily | June 24, 2022

Today's Outlook:

BI 7DRRR in line with market expectations, responded positively by strengthening the benchmark SUN yesterday. In addition to the BI 7DRRR, BI also maintains the deposit facility rate and lending facility rate, so there is inflationary pressure. Previously, BI revised up the upper limit of its annual inflation target to 4.2% (Vs. Prev. 4%). Currently, May inflation is at 3.55% YoY (2.58% MoM), better than other countries.

Corporate Bonds

PPRE Sets Bond Coupon Up To 10.5%. PT PP Presisi Tbk. (PPRE) will issue bonds worth IDR 202.98 billion consisting of two series. In the framework of the Sustainable Public Offering, PP Presisi will issue Shelf-Registered Bonds I Year 2022 with a maximum fund target of IDR 1 trillion. In phase I, PPRE will issue IDR 202.98 billion bonds. PPRE Phase I bonds consist of two series. Series A with IDR 102.27 billion principal, 9.5% interest rate and 3-year term. Series B with IDR 100.7 billion principal, 10.5% interest rate and 5-year term. (Bisnis Indonesia)

Domestic Issue

BI Holds Benchmark Interest Rate at 3.5%. Bank Indonesia (BI) still maintained the benchmark BI 7-Days Reverse Repo Rate (BI 7DRR) at 3.5% or at its lowest level, in the BI Board of Governors Meeting in June 2022. In addition to holding the benchmark interest rate, the central bank also held the deposit facility interest rate is at the level of 2.75% and the lending facility interest rate is at the level of 4.25%. This decision is in line with the need for BI to maintain the stability of the rupiah exchange rate and the inflation rate. (Kontan)

Recommendation

Survey: June Inflation Breaks 4%. BI's Dovish stance maintains BI 7DRRR 3.50% amid June CPI YoY which is projected to reach 4.14% (Vs. May 3.55%), based on Bloomberg survey data. This projection touches the upper limit of BI's annual inflation target, which is in the 2%-4.2% YoY range.

PRICE OF BENCHMARK SERIES

FR0090 : -11.9 Bps to 94.19 (6.55%)
FR0091 : -7.3 Bps to 92.99 (7.39%)
FR0093 : -5.4 Bps to 91.40 (7.32%)
FR0092 : -4.5 Bps to 98.55 (7.26%)

FR0086 : -7.4 Bps to 97.38 (6.28%)
FR0087 : -4.8 Bps to 94.48 (7.37%)
FR0083 : -1.0 Bps to 98.67 (7.63%)
FR0088 : -1.0 Bps to 89.46 (7.47%)

CDS of Indonesia Bonds

CDS 2yr: +3.68% to 58.90
CDS 5yr: +2.74% to 110.49
CDS 10yr: +2.96% to 202.84

Government Bond Yields & FX

| | Last | Chg. |
|----------------|--------|--------|
| Tenor: 10 year | 7.41% | -0.07% |
| USDIDR | 14,838 | -0.20% |
| KRWIDR | 11.40 | -0.42% |

Global Indices

| Index | Last | Chg. | % |
|-----------|-----------|----------|--------|
| Dow Jones | 30,677.36 | 194.23 | 0.64% |
| S&P 500 | 3,795.73 | 35.84 | 0.95% |
| FTSE 100 | 7,020.45 | (68.77) | -0.97% |
| DAX | 12,912.59 | (231.69) | -1.76% |
| Nikkei | 26,171.25 | 21.70 | 0.08% |
| Hang Seng | 21,273.87 | 265.53 | 1.26% |
| Shanghai | 3,320.15 | 52.95 | 1.62% |
| KOSPI | 2,314.32 | (28.49) | -1.22% |
| EIDO | 23.07 | 0.17 | 0.74% |

Commodities

| Commodity | Last | Chg. | % |
|--------------------|---------|----------|--------|
| Gold (\$/troy oz.) | 1,822.8 | (15.0) | -0.81% |
| Crude Oil (\$/bbl) | 104.27 | (1.92) | -1.81% |
| Coal (\$/ton) | 397.50 | 5.50 | 1.40% |
| Nickel LME (\$/MT) | 24,038 | (411.0) | -1.68% |
| Tin LME (\$/MT) | 26,985 | (2069.0) | -7.12% |
| CPO (MYR/Ton) | 4,744 | 245.0 | 5.45% |

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 |

| Date | Country | Hour Jakarta | Event | Period | Actual | Consensus | Previous |
|------------------|---------|-----------------|---------------------------------|--------|------------|------------|------------|
| Monday | GE | 13:00 | PPI YoY | May | 33.6% | 33.8% | 33.5% |
| <i>20 - June</i> | GE | 13:00 | PPI MoM | May | 1.6% | 1.5% | 2.8% |
| Tuesday | US | 21:00 | Existing Home Sales | May | 5.41Mn | 5.40Mn | 5.60Mn |
| <i>21 - June</i> | US | 21:00 | Existing Home Sales MoM | May | -3.4% | -3.7% | -2.6% |
| Wednesday | JP | 13:00 | Machine Tool Orders YoY | May | 23.7% | -- | 23.7% |
| <i>22 - June</i> | UK | 13:00 | CPI MoM | May | 0.7% | 0.7% | 2.5% |
| | UK | 13:00 | CPI YoY | May | 9.1% | 9.1% | 9.0% |
| | US | 18:00 | MBA Mortgage Applications | June | 4.2% | -- | 6.6% |
| Thursday | ID | 14:20 | BI 7DRRR | June | 3.50% | 3.50% | 3.50% |
| <i>23 - June</i> | US | 19:30 | Current Account Balance | 1Q | -\$291.4Bn | -\$275.0Bn | -\$224.8Bn |
| | US | 19:30 | Initial Jobless Claims | June | 229k | 226k | 231k |
| | US | 20:45 | S&P Global US Manufacturing PMI | June | 52.4 | 56.0 | 57.0 |
| Friday | JP | 06:30 | Natl CPI YoY | May | | 2.5% | 2.5% |
| <i>24 - June</i> | JP | 06:30 | PPI Services YoY | May | | 1.7% | 1.7% |
| | US | 21:00 | U. of Mich. Sentiment | June | | 50.2 | 50.2 |
| | US | 21:00 | New Home Sales | May | | 595k | 591k |

Source: Bloomberg

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