

Morning Brief

Daily | June 20, 2022

Today's Outlook:

FR0092 Yield Inversion. This 20-year benchmark SUN recorded yield at the level of 7.37%, lower than FR0091 and FR0093 at the weekend. The movement in yields for the week was influenced by an aggressive increase in the June FFR to +75 bps. The Fed's decision is to bring inflation to the target of 2% YoY. Previously, the increase in FFR in May which was only +50 bps was not effective, as inflation returned to high in that period. However, aggressive FFR hikes could push the US into a recession.

Corporate Bonds

BSDE: Business Development Focus. PT Bumi Serpong Damai Tbk (BSDE) set aside IDR1.35 trillion as retained earnings and IDR2 billion for reserve funds. That way, the company will strengthen its capital structure to develop leading property projects throughout 2022. Currently, the company has real estate inventory of IDR5.73 trillion. (Emiten News)

Domestic Issue

Ministry of Finance Wants to Collect Plastic Excise. The Directorate General of Customs and Excise at the Ministry of Finance (Kemenkeu) plans to impose an excise duty on plastics and sweetened drinks next year, or will propose a discourse on this collection in the 2023 State Revenue and Expenditure Budget Draft (RAPBN). resumed when the corona case began to decline. (CNN Indonesia)

Recommendation

The BI 7DRRR in June is projected to remain at 3.50% in the BI RDG this week, even though the rupiah depreciation touched the level of 14,800/USD last week. The strengthening of the USD is in line with the discourse of an increase in the FFR July +75 bps (Cons. 2.25%-2.50%), making the USD a Safe Haven instrument in the midst of inflationary trends and high interest rates. BI's Dovish attitude contrasts with global central banks which tend to be Hawkish aggressive, such as the SNB and the BoE, which also raised their benchmark interest rates last week. NHKSI Research sees that a new BI 7DRRR hike will occur in 3Q22, responding to BI's Interest Rate Differential with the Fed narrowing from 325-350 bps to 175-200 bps during 1H22.

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 : +7.9 Bps to 93.96 (6.60%)
FR0091 : +8.8 Bps to 92.53 (7.45%)
FR0093 : -0.9 Bps to 90.04 (7.48%)
FR0092 : +1.2 Bps to 97.36 (7.37%)

FR0086 : +13.3 Bps to 97.09 (6.36%)
FR0087 : +1.1 Bps to 94.06 (7.43%)
FR0083 : +6.0 Bps to 98.40 (7.66%)
FR0088 : -4.8 Bps to 89.54 (7.46%)

CDS of Indonesia Bonds

CDS 2yr: -4.24% to 55.54
CDS 5yr: -15.51% to 116.16
CDS 10yr: -3.26% to 207.71

Government Bond Yields & FX

| | Last | Chg. |
|----------------|--------|--------|
| Tenor: 10 year | 7.39% | -0.04% |
| USDIDR | 14,768 | 0.17% |
| KRWIDR | 11.48 | 0.43% |

Global Indices

| Index | Last | Chg. | % |
|-----------|-----------|----------|--------|
| Dow Jones | 29,888.78 | (38.29) | -0.13% |
| S&P 500 | 3,674.84 | 8.07 | 0.22% |
| FTSE 100 | 7,016.25 | (28.73) | -0.41% |
| DAX | 13,126.26 | 87.77 | 0.67% |
| Nikkei | 25,963.00 | (468.20) | -1.77% |
| Hang Seng | 21,075.00 | 229.57 | 1.10% |
| Shanghai | 3,316.79 | 31.40 | 0.96% |
| KOSPI | 2,440.93 | (10.48) | -0.43% |
| EIDO | 22.62 | (0.28) | -1.22% |

Commodities

| Commodity | Last | Chg. | % |
|--------------------|---------|---------|--------|
| Gold (\$/troy oz.) | 1,839.4 | (17.9) | -0.97% |
| Crude Oil (\$/bbl) | 109.56 | (8.03) | -6.83% |
| Coal (\$/ton) | 389.35 | 2.00 | 0.52% |
| Nickel LME (\$/MT) | 25,669 | 410.0 | 1.62% |
| Tin LME (\$/MT) | 31,184 | (816.0) | -2.55% |
| CPO (MYR/Ton) | 5,454 | (19.0) | -0.35% |

| Date | Country | Hour Jakarta | Event | Period | Actual | Consensus | Previous |
|------------------|---------|-----------------|---------------------------------|--------|--------|------------|------------|
| Monday | GE | 13:00 | PPI YoY | May | -- | | 33.5% |
| <i>20 - June</i> | GE | 13:00 | PPI MoM | May | -- | | 2.8% |
| Tuesday | US | 21:00 | Existing Home Sales | May | | 5.40Mn | 5.61Mn |
| <i>21 - June</i> | US | 21:00 | Existing Home Sales MoM | May | | -3.7% | -2.4% |
| Wednesday | JP | 13:00 | Machine Tool Orders YoY | May | | -- | 23.7% |
| <i>22 - June</i> | UK | 13:00 | CPI MoM | May | | 0.7% | 2.5% |
| | UK | 13:00 | CPI YoY | May | | 9.1% | 9.0% |
| | US | 18:00 | MBA Mortgage Applications | June | | -- | 6.6% |
| Thursday | ID | 14:20 | BI 7DRRR | June | | 3.50% | 3.50% |
| <i>23 - June</i> | US | 19:30 | Current Account Balance | 1Q | | -\$284.8Bn | -\$217.9Bn |
| | US | 19:30 | Initial Jobless Claims | June | | -- | 229k |
| | US | 20:45 | S&P Global US Manufacturing PMI | June | | 56.3 | 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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