

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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