

Morning Brief

Daily | June 21, 2022

Today's Outlook:

SUN Benchmark Mixed Ahead of Auction. Yield inversion still occurs between FR0092 with FR0091 and FR0093. Investors are interested in the long tenor FR0092, anticipating risks in the short term. Earlier in the week, investors again observed the narrowing of BI's interest rate disparity with the Fed. 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.

Corporate Bonds

Bumi Serpong Damai Bond Tender Offer. PT Bumi Serpong Damai Tbk (BSDE) through its subsidiary, Global Prime Capital Pte. Ltd. (GCP) plans to carry out a tender offer to repurchase part and or all of the senior notes. The bonds are denominated in United States Dollars (USD) of USD 270 million with 5% interest maturing in 2023, which have been issued by GPC and guaranteed by Bumi Serpong Damai and several subsidiaries. (Liputan6.com)

Domestic Issue

Carbon Tax Targeting Consumers. The government has sent a signal that it will implement a carbon tax starting July 1, 2022. The first stage of implementing the carbon tax will target the coal-fired power plant (PLTU) sector with a tax scheme based on emission limits (cap and tax). In more detail, in the Law on Harmonization of Tax Regulations (UU HPP) Chapter IV, Article 13 Paragraph 5 of the HPP Law, it is stated that the subject of carbon tax is an individual or entity that buys goods containing CO2 or goods that produce carbon emissions. (Kontan)

Recommendation

Last SUN Auction 2Q22. In addition to New Issues SPN03220921 and SPN12230622, the Government is again offering FR0090, FR0091, FR0093, FR0092, and FR0089 at today's SUN auction. The indicative target is IDR 20 trillion, and a maximum of IDR 30 trillion. The wait-and-see attitude of investors ahead of the BI RDG results, and the depreciation of the rupiah, colored the demand for SUN auction yields this time. Based on the survey, BI is projected to hold the BI 7DRRR in June at the level of 3.50%; with the rupiah exchange rate depreciating to the level of IDR 14,800/USD.

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 : +9.2 Bps to 93.60 (6.69%)
FR0091 : +2.2 Bps to 92.39 (7.48%)
FR0093 : +0.2 Bps to 90.02 (7.49%)
FR0092 : +2.2 Bps to 97.14 (7.40%)

FR0086 : +5.6 Bps to 96.91 (6.42%)
FR0087 : +1.7 Bps to 93.96 (7.45%)
FR0083 : +0.1 Bps to 98.39 (7.66%)
FR0088 : -0.0 Bps to 89.55 (7.46%)

CDS of Indonesia Bonds

CDS 2yr: +1.98% to 56.64
CDS 5yr: -8.36% to 106.45
CDS 10yr: -5.34% to 196.62

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.50%	0.02%
USDIDR	14,833	0.07%
KRWIDR	11.48	-0.23%

Global Indices

Index	Last	Chg.	%
Dow Jones	29,888.78	0.00	0.00%
S&P 500	3,674.84	0.00	0.00%
FTSE 100	7,121.81	105.56	1.50%
DAX	13,265.60	139.34	1.06%
Nikkei	25,771.22	(191.78)	-0.74%
Hang Seng	21,163.91	88.91	0.42%
Shanghai	3,315.43	(1.36)	-0.04%
KOSPI	2,391.03	(49.90)	-2.04%
EIDO	22.62	0.00	0.00%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,838.7	(0.7)	-0.04%
Crude Oil (\$/bbl)	109.56	(8.03)	-6.83%
Coal (\$/ton)	392.75	3.40	0.87%
Nickel LME (\$/MT)	25,738	69.0	0.27%
Tin LME (\$/MT)	30,800	(384.0)	-1.23%
CPO (MYR/Ton)	4,981	(473.0)	-8.67%

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		5.40Mn	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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