

# Morning Brief

Daily | June 3, 2022

## Today's Outlook:

**Yield FR0091 is below 7%.** Selective buying sent the benchmark 10-year SUN FR0091 down to 6.99%. Market participants responded positively to Indonesia's May inflation which was low or at the level of 0.41% MoM (Vs. Apr. 0.95%), or inline with BI's Dovish stance which maintained BI's 7DRRR at its lowest level of 3.50%. Meanwhile, entering the month of June, investors are again looking at the effectiveness of the Fed's Hawkish stance, as US inflation for the May period is projected at 0.7% MoM, higher than the previous month's inflation of 0.3% MoM. NHKSI Research sees that if US inflation has not slowed down, then the Fed reacts more aggressively beyond expectations, potentially causing the market to fluctuate again.

## Corporate Bonds

**KRAS Issues Mandatory Convertible Bonds Series B.** PT Krakatau Steel Tbk (KRAS) plans to issue Mandatory Convertible Bonds (OWK) Series B, a maximum of IDR 800 billion which will be converted into new shares in KRAS. This Series B OWK has a tenor from the date of issuance until December 30, 2027. (Kontan)

## Domestic Issue

**Export Ban for Deflationary Cooking Oil.** The Central Statistics Agency (BPS) said cooking oil deflation of 1.06% in May 2022 in line with the ban on exports of Crude Palm Oil (CPO) and its derivatives. In more detail, cooking oil contributed to deflation of 0.01%. Cooking oil prices fell after President Joko Widodo (Jokowi) banned the export of CPO and its derivatives from April 28, 2022 to May 22, 2022. (CNN Indonesia)

## Recommendation

**Economic Data and Rupiah Appreciation Support the SUN Market.** Expansive manufacturing and inflation remain positive sentiment for SUN trading today. Indonesia's manufacturing activity is still in the expansion zone, or S&P Global noted, the Indonesian Manufacturing Purchasing Manager's Index (PMI) in May 2022 was 51.8. On the other hand, despite the expansion, it decreased compared to April 2022 which was 51.9 in April 2022.

## PRICE OF BENCHMARK SERIES

FR0090 : -2.2 Bps to 95.96 (6.09%)  
FR0091 : -3.2 Bps to 95.63 (6.99%)  
FR0093 : +0.6 Bps to 91.46 (7.31%)  
FR0092 : -0.4 Bps to 98.09 (7.30%)

FR0086 : -2.5 Bps to 99.13 (5.75%)  
FR0087 : -6.7 Bps to 97.42 (6.89%)  
FR0083 : -27.8 Bps to 101.22 (7.37%)  
FR0088 : -0.6 Bps to 90.89 (7.29%)

## CDS of Indonesia Bonds

CDS 2yr: -0.55% to 44.52  
CDS 5yr: -0.11% to 92.40  
CDS 10yr: -0.51% to 171.05

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.02%	-0.03%
USDIDR	14,483	-0.69%
KRWIDR	11.56	-0.92%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,248.28	435.05	1.33%
S&P 500	4,176.82	75.59	1.84%
FTSE 100	7,532.95	(74.71)	-0.98%
DAX	14,485.17	144.70	1.01%
Nikkei	27,413.88	(44.01)	-0.16%
Hang Seng	21,082.13	(212.81)	-1.00%
Shanghai	3,195.46	13.30	0.42%
KOSPI	2,658.99	(26.91)	-1.00%
EIDO	24.88	0.02	0.08%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,868.6	22.0	1.19%
Crude Oil (\$/bbl)	116.87	1.61	1.40%
Coal (\$/ton)	412.50	0.50	0.12%
Nickel LME (\$/MT)	28,119	(273.0)	-0.96%
Tin LME (\$/MT)	34,929	259.0	0.75%
CPO (MYR/Ton)	6,468	112.0	1.76%

## 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)	1.40	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)	3.59	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

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	JP	13:00	Machine Tools Orders YoY	Apr.	25.0%	--	25.0%
30 - May	GE	19:00	CPI MoM	May	0.9%	0.5%	0.8%
	GE	19:00	CPI YoY	May	7.9%	7.6%	7.4%
<b>Tuesday</b>	CH	08:30	Manufacturing PMI	May	49.6	49.0	47.4
31 - May	CH	08:30	Non-Manufacturing PMI	May	47.8	45.5	41.9
	US	20:45	MNI Chicago PMI	May	60.3	55.0	56.4
	US	21:00	Conf. Board Consumer Confidence	May	106.4	103.6	108.6
<b>Wednesday</b>	CH	08:45	Caixin China PMI Manufacturing	May	48.1	49.0	46.0
1 - June	US	18:00	MBA Mortgage Applications	May	-2.3%	--	-1.2%
	US	20:45	S&P Global US Manufacturing PMI	May	57.0	57.5	57.5
	US	21:00	ISM Manufacturing	May	56.1	54.5	55.4
<b>Thursday</b>	ID	07:30	S&P Global Indonesia PMI Mfg.	May	50.8	--	51.9
2 - June	ID	11:00	CPI Core YoY	May	2.58%	2.70%	2.60%
	ID	11:00	CPI YoY	May	3.55%	3.59%	3.47%
	ID	11:00	CPI MoM	May	0.40%	0.41%	0.95%
<b>Friday</b>	JP	07:30	Jibun Bank Japan PMI Services	May			51.7
3 - June	JP	07:30	Jibun Bank Japan PMI Composite	May			51.4
	US	19:30	Change in Nonfarm Payrolls	May		329k	428k
	US	19:30	Unemployment Rate	May		3.5%	3.6%

Source: Bloomberg

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