

Morning Brief

Daily | June 7, 2022

Today's Outlook:

SUN Benchmark Mixed Early Week. FR0091 posted a yield increase of almost 3 bps yesterday. In addition to waiting for US inflation data next Friday, yesterday's SUN movement ahead of today's SUN auction. Based on the survey, US inflation in May is projected at 0.7% MoM or 8.2% YoY. This inflation projection is still high on an annual basis (Vs. Apr. 8.3% YoY), even higher on a monthly basis (Vs. Apr. 0.3% MoM), questioning the effectiveness of the 50 bps FFR increase in early May. 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

Global Mediacom Issues Sukuk and Bonds. PT Global Mediacom Tbk (BMTR) is targeting to raise funds worth IDR 2.2 trillion from the Global Mediacom III Sustainable Public Offering (PUB) III Phase I 2022 and Sustainable Sukuk Ijarah III Global Mediacom Phase I 2022. (Republika)

Domestic Issue

Medical Device Import Tax Incentive Will Be Removed. The Ministry of Finance will evaluate the tax incentives for importing medical devices in line with the easing of the pandemic and a decrease in the volume of imported medical devices. It is known that Indonesia imports 20 types of medical devices every year. Based on data from the Central Statistics Agency (BPS) until April 2022, Indonesia imported around 2,932 tons of PCR test kits from abroad, 1,018 tons of masks, and 544 tons of ventilators. (CNN Indonesia)

Recommendation

Yield UST10Y Returns 3%, ahead of US May MoM CPI data projected to return high (Cons. 0.7%; Vs. Apr. 0.3%), next Friday. Yield UST10Y is up 10.5 bps from the weekend. Previously, a strong US labor market, supported by May Change in Nonfarm Payrolls data added 390k, with the May Unemployment Rate remaining low at 3.6%, indicating the US economy is ready for a more aggressive FFR hike. The negative sentiment of rising UST10Y yields has colored the SUN auction today. The government is offering SPN03220907 (New Issuance), SPN12230303 (Reopening), FR0090 (Reopening), FR0091 (Reopening), FR0093 (Reopening), FR0092 (Reopening), and FR0089 (Reopening) in today's SUN auction.

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)	0.20	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)	5.67	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

PRICE OF BENCHMARK SERIES

FR0090 : +2.0 Bps to 96.27 (6.01%)
FR0091 : +2.9 Bps to 95.94 (6.94%)
FR0093 : -1.7 Bps to 92.44 (7.20%)
FR0092 : +0.3 Bps to 98.49 (7.26%)

FR0086 : -1.7 Bps to 99.36 (5.68%)
FR0087 : +4.3 Bps to 97.54 (6.87%)
FR0083 : -9.1 Bps to 102.87 (7.20%)
FR0088 : 0.0 Bps to 91.15 (0.00%)

CDS of Indonesia Bonds

CDS 2yr: -2.64% to 42.94
CDS 5yr: -2.29% to 91.01
CDS 10yr: -2.17% to 169.92

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.94%	-0.07%
USDIDR	14,438	-0.31%
KRWIDR	11.61	0.47%

Global Indices

Index	Last	Chg.	%
Dow Jones	32,915.78	16.08	0.05%
S&P 500	4,121.43	12.89	0.31%
FTSE 100	7,608.22	75.27	1.00%
DAX	14,653.81	193.72	1.34%
Nikkei	27,915.89	154.32	0.56%
Hang Seng	21,653.90	571.77	2.71%
Shanghai	3,236.37	40.91	1.28%
KOSPI	2,670.65	0.00	0.00%
EIDO	24.51	(0.25)	-1.01%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,841.4	(9.8)	-0.53%
Crude Oil (\$/bbl)	118.50	(0.37)	-0.31%
Coal (\$/ton)	415.25	2.75	0.67%
Nickel LME (\$/MT)	29,701	1582.0	5.63%
Tin LME (\$/MT)	35,608	679.0	1.94%
CPO (MYR/Ton)	6,453	(15.0)	-0.23%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	CH	08:45	Caixin China PMI Composite	May	42.2	—	37.2
<i>6 - June</i>	CH	08:45	Caixin China PMI Services	May	41.4	46.0	36.2
Tuesday	US	19:30	Trade Balance	Apr.		-\$89.2Bn	-\$109.8Bn
<i>7 - June</i>							
Wednesday	ID	10:00	Foreign Reserves	May		—	\$135.7Bn
<i>8 - June</i>	US	18:00	MBA Mortgage Applications	Jun.		—	-2.3%
	US	21:00	Wholesale Inventories MoM	Apr.		—	2.1%
Thursday	ID	--	Consumer Confidence Index	May		—	113.1
<i>9 - June</i>	CH	--	Trade Balance	May		\$57.5Bn	\$51.1Bn
	CH	--	Exports YoY	May		8.0%	3.9%
	US	19:30	Initial Jobless Claims	Jun.		—	200k
Friday	CH	08:30	CPI YoY	May		2.3%	2.1%
<i>10 - June</i>	US	19:30	CPI MoM	May		0.7%	0.3%
	US	19:30	CPI YoY	May		8.2%	8.3%
	US	21:00	U. Of Mich. Sentiment	Jun.		58.9	58.4

Source: Bloomberg

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