

Morning Brief

Daily | July 25, 2022

Today's Outlook:

External economic data color this week's trade. NHKSI Research projects an increase in FFR of 75 bps instead of 100 bps, as inflation is projected to be under control, or US Headline Inflation for July which is projected at 0.2% MoM (vs. Jun. 1.3% MoM), based on a Bloomberg survey. Meanwhile, US GDP 2Q22 is projected to grow 0.5% QoQ (Vs. 1Q22 - 1.6% QoQ).

Corporate Bonds

Three New Bonds Listed This Week. During this week's trading which took place on 18-22 July 2022, there were three new bonds listed on the Indonesia Stock Exchange (IDX). This brings the bonds and sukuk listed on the IDX throughout 2022 to 69 issuances from 54 issuers. The total value of the new bonds issued for the period 18-22 July 2022 is IDR 5.4 trillion. As a result, the total issuance value for bonds and sukuk throughout 2022 has reached IDR 85.48 trillion. Meanwhile, the total issuance of bonds and sukuk listed on the IDX amounted to 493 issuances from 121 issuers with an outstanding nominal value of IDR 439.72 trillion and USD 47.5 million. (Kontan)

Domestic Issue

Government Extends Relaxation of Medical Device Imports. The government has decided to extend the tax incentive for the import of medical devices or the delivery of goods related to COVID-19 until the end of December 2022. The decision is regulated in Minister of Finance Regulation (PMK) Number 113/PMK.03/2022 concerning Amendments to PMK Number 226/PMK 03/2021 concerning Provision of Tax Incentives on Necessary Goods and Extension of the Application of Income Tax Facilities for Human Resources in the Health Sector Based on Government Regulation Number 29 of 2020 concerning Income Tax Facilities in the Context of Handling Corona Virus Disease 2019 (Covid-19). (CNN Indonesia)

Recommendation

Ignoring Shrinkflation, BI 7DRRR remains at 3.50%. Producers attempt to reduce product size but maintain prices, in order to increase margins amid rising raw material prices and supply shortages, or Shrinkflation. Consumers are more sensitive to price increases than size contraction. Meanwhile, BI's decision to maintain the BI 7DRRR 3.50% because it uses the Core Inflation reference and not Headline Inflation, complements Foreign Reserves which are maintained at USD136.4 billion and Capital Outflows which are still being monitored.

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)	136.40	135.60	Current Acc (USD bn)	0.20	4.97
Trd Balance (USD bn)	5.09	2.90	Govt. Spending Yoy	-7.74%	5.25%
Exports Yoy	40.68%	27.00%	FDI (USD bn)	5.67	4.70
Imports Yoy	21.98%	30.74%	Business Confidence	104.82	105.33
Inflation Yoy	4.35%	3.55%	Cons. Confidence*	128.20	113.10

PRICE OF BENCHMARK SERIES

FR0090 : +6.4 Bps to 93.28 (6.80%)
FR0091 : -0.5 Bps to 92.53 (7.46%)
FR0093 : -0.6 Bps to 91.44 (7.32%)
FR0092 : -0.1 Bps to 95.30 (7.58%)

FR0086 : +2.3 Bps to 96.30 (6.63%)
FR0087 : +1.6 Bps to 93.81 (7.49%)
FR0083 : -2.9 Bps to 98.49 (7.65%)
FR0088 : 0.0 Bps to 90.29 (7.37%)

CDS of Indonesia Bonds

CDS 2yr: -2.23% to 61.23
CDS 5yr: -9.63% to 128.39
CDS 10yr: -1.60% to 209.49

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.49%	-0.01%
USDIDR	15,018	-0.10%
KRWIDR	11.44	-0.55%

Global Indices

Index	Last	Chg.	%
Dow Jones	31,899.29	(137.61)	-0.43%
S&P 500	3,961.63	(37.32)	-0.93%
FTSE 100	7,276.37	5.86	0.08%
DAX	13,253.68	7.04	0.05%
Nikkei	27,914.66	111.66	0.40%
Hang Seng	20,609.14	34.51	0.17%
Shanghai	3,269.97	(2.03)	-0.06%
KOSPI	2,393.14	(16.02)	-0.66%
EIDO	22.50	0.02	0.09%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,727.6	8.8	0.51%
Crude Oil (\$/bbl)	94.70	(1.65)	-1.71%
Coal (\$/ton)	409.20	5.80	1.44%
Nickel LME (\$/MT)	22,122	644.0	3.00%
Tin LME (\$/MT)	24,947	106.0	0.43%
CPO (MYR/Ton)	3,704	(16.0)	-0.43%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Friday	US	20:45	S&P Global US Manufacturing PMI	Jul.	52.3	52.0	52.7
22 - July	US	20:45	S&P Global US Services PMI	Jul.	47.0	52.7	52.7
	US	20:45	S&P Global US Composite PMI	Jul.	47.5	52.4	52.3
Monday	US	19:30	Chicago Fed. Nat. Activity Index	Jun.		-0.03	-0.19
25 - July	US	21:30	Dallas Fed. Manf. Activity	Jul.		-22.0	-17.7
Tuesday	US	20:00	FHFA House Price Index MoM	May		1.5%	1.6%
26 - July	US	21:00	Conf. Board Consumer Confidence	Jul.		96.9	98.7
	US	21:00	New Home Sales	Jun.		661K	696K
	US	21:00	New Home Sales MoM	Jun.		-5.0%	10.7%
Wednesday	US	18:00	MBA Mortgage Applications	Jul. 22		--	-6.3%
27 - July	US	19:30	Wholesale Inventories MoM	Jun. P		1.5%	1.8%
	US	19:30	Durable Goods Orders	Jun. P		-0.3%	0.8%
	US	21:00	Pending Home Sales MoM	Jun.		-1.0%	0.7%
Thursday	US	01:00	FOMC Rate Decision	Jul.		2.25%-2.50%	1.50%-1.75%
28 - July	US	19:30	GDP Annualized QoQ	2Q22		0.5%	-1.6%
	US	19:30	Personal Consumption	2Q22		1.2%	1.8%
	US	19:30	Initial Jobless Claims	Jul. 23		250K	251K
Friday	US	19:30	Personal Income	Jun.		0.5%	0.5%
29 - July	US	19:30	Personal Spending	Jun.		0.9%	0.2%
	US	19:30	PCE Deflator MoM	Jun.		0.9%	0.6%
	US	19:30	PCE Deflator YoY	Jun.		6.7%	6.3%

Source: Bloomberg

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