

# Morning Brief

Daily | July 21, 2022

## Today's Outlook:

**USD actually weakened ahead of the Fed's aggressive Hawkish end of July**, along with the US potential. The US Dollar Index DXY fell to a level of 106.68 or reached its highest level of 108.54 last week. A number of parties project that BI will maintain the BI 7DRRR at the level of 3.50% and continue normalizing liquidity by increasing the reserve requirement to 9% in September. SUN Benchmark moved mixed, with FR0091 recording yield at 7.45% level.

## Corporate Bonds

**JACCS MPM Finance Issued IDR 600 Billion Bonds.** PT JACCS Mitra Pinasthika Mustika Finance Indonesia will raise funds through the Public Offering of Sustainable Bonds I JACCS MPM Finance Indonesia Phase I 2022. The Company plans to offer bonds with a maximum principal amount of IDR 600 billion. These bonds consist of 3 series, namely, Series A Bonds with maturities of 370 calendar days, Series B Bonds with maturities of 3 years, and Series C Bonds with maturities of 5 years from the issuance date. (Berita Satu)

## Domestic Issue

**1H22 Investment Realization at IDR 584.6 Trillion.** The Investment Coordinating Board (BKPM) reported investment realization data for the 2Q22 period, which reached Rp 302.2 trillion (+7% YoY). Cumulatively, investment realization data for the 1H22 period reached IDR 584.6 trillion (+32% YoY). The distribution of investment realization outside Java in this quarter was again superior to Java with a contribution of IDR 157.1 trillion or 52% of total investment, an increase of 38% YoY. (Kompas)

## Recommendation

**BI Behind the Curve.** The potential for BI to maintain the BI 7DRRR at 3.50%, and allow the Rupiah to be relatively stable at the level of IDR15,000/USD, will put BI behind the curve, amid the potential for an increase in FFR of 75 bps - 100 bps next week. The underlying assumption of this projection is that Indonesia's core inflation remains low at 2.63% YoY, below the median value of BI's 2%-4% annual target. Thus, the issue of inflation in the near future has not become a concern for market participants. Unlike the case with the US, which recorded headline inflation of up to 9.1% YoY. Another opinion states that a 25 bps increase in BI 7DRRR is needed to reduce the potential for higher inflation in 3Q22.

## 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 : +6.8 Bps to 93.83 (6.66%)  
FR0091 : +0.7 Bps to 92.63 (7.45%)  
FR0093 : -2.3 Bps to 91.31 (7.34%)  
FR0092 : +1.9 Bps to 95.42 (7.57%)

FR0086 : +1.4 Bps to 96.37 (6.60%)  
FR0087 : -0.9 Bps to 93.87 (7.48%)  
FR0083 : +4.0 Bps to 98.03 (7.70%)  
FR0088 : 0.0 Bps to 89.96 (7.41%)

## CDS of Indonesia Bonds

CDS 2yr: -4.93% to 64.26  
CDS 5yr: -6.44% to 145.70  
CDS 10yr: -3.97% to 217.19

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.47%	0.01%
USDIDR	14,988	0.07%
KRWIDR	11.42	0.15%

## Global Indices

Index	Last	Chg.	%
Dow Jones	31,874.84	47.79	0.15%
S&P 500	3,959.90	23.21	0.59%
FTSE 100	7,264.31	(31.97)	-0.44%
DAX	13,281.98	(26.43)	-0.20%
Nikkei	27,680.26	718.58	2.67%
Hang Seng	20,890.22	229.16	1.11%
Shanghai	3,304.72	25.29	0.77%
KOSPI	2,386.85	15.88	0.67%
EIDO	22.46	0.34	1.54%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,696.6	(15.1)	-0.88%
Crude Oil (\$/bbl)	99.88	(0.86)	-0.85%
Coal (\$/ton)	408.60	8.95	2.24%
Nickel LME (\$/MT)	21,179	583.0	2.83%
Tin LME (\$/MT)	24,691	(119.0)	-0.48%
CPO (MYR/Ton)	3,935	123.0	3.23%

# Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	—	—	—	—	—	—	—
18 - July	—	—	—	—	—	—	—
<b>Tuesday</b>	EC	16:00	CPI YoY	Jun.	8.6%	8.6%	8.6%
19 - July	EC	16:00	CPI MoM	Jun.	0.8%	0.8%	0.8%
	US	19:30	Housing Starts	Jun.	1,559K	1,580K	1,591K
	US	19:30	Building Permits	Jun.	1,685K	1,650K	1,695K
<b>Wednesday</b>	GE	13:00	PPI YoY	Jun.		33.1%	33.6%
20 - July	US	18:00	MBA Mortgage Applications	Jul.	-6.3%	--	-1.7%
	US	21:00	Existing Home Sales	Jun.	5.12Mn	5.35Mn	5.41Mn
	US	21:00	Existing Home Sales	Jun.	-5.4%	-1.1%	-3.4%
<b>Thursday</b>	ID	--	Bank Indonesia 7D Reverse Repo Rate	Jul.		3.50%	3.50%
21 - July	JP	06:50	Exports YoY	Jun.		17.2%	15.8%
	US	19:30	Initial Jobless Claims	Jul.		--	244K
	US	19:30	Continuing Claims	Jul.		--	1,331K
<b>Friday</b>	US	20:45	S&P Global US Manufacturing PMI	Jul.		51.0	52.7
22 - July	US	20:45	S&P Global US Services PMI	Jul.		52.0	52.7
	US	20:45	S&P Global US Composite PMI	Jul.		--	52.3

Source: Bloomberg

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