

Morning Brief

Daily | July 20, 2022

Today's Outlook:

Investors Expect Higher Yields. The government managed to win IDR 11.8 trillion in the SUN auction yesterday. A total of seven series offered, namely: SPN03221019, SPN12230720, FR0090, FR0091, FR0093, FR0092 and FR0089, recorded a total incoming bid of up to IDR 29.5 trillion. Meanwhile, FR0091 became the most in-demand series, recording incoming offers of up to IDR 15.2 trillion. Then followed by, SPN12230720 and FR0090 which are valued at IDR 5 trillion and IDR 4.7 trillion, respectively. This time, the Government has set an indicative target of IDR 15 trillion, with a maximum target of IDR 22.5 trillion.

Corporate Bonds

BRI Finance Issues IDR 700 Billion Bonds. PT BRI Multifinance Indonesia (BRI Finance) will issue Bonds I Year 2022 with a target fund raised of IDR 700 billion, issued in a series with a 3-year term. The company targets to be able to provide financing in this segment to reach IDR 4.1 trillion, of which the realization until May is IDR 2 trillion. (Kontan)

Domestic Issue

26 Export Services of CPO and Its Derivative Products Free of Charges. The government exempts export levies on 26 types of services at the Public Service Agency (BLU) of the Palm Oil Plantation Fund Management Agency (BPD PKS). This exemption from levies is valid from July 15, 2022 to August 31, 2022. The exemption from export levies for 26 services at the palm oil BPD BLPU refers to the Minister of Finance Regulation (PMK) Number 115/PMK.05/2022 concerning Service Tariffs for the Public Service Agency Plantation Fund Management Agency. Palm Oil at the Ministry of Finance. This regulation stipulates that the tariff for plantation fund levies on palm oil exports is IDR0 per ton during that period. PMK Number 115/PMK.05/2022 amends the provisions of PMK Number 103/PMK.05/2022 which was promulgated only a month earlier, on June 13, 2022. (Kompas)

Recommendation

USD actually weakened ahead of the Fed's aggressive Hawkish end of July, along with fears of a potential US recession. The US Dollar Index DXY closed down to 106.68 or away from 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.

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 : +11.2 Bps to 94.09 (6.59%)
FR0091 : +7.6 Bps to 92.67 (7.44%)
FR0093 : +2.4 Bps to 91.11 (7.36%)
FR0092 : +5.6 Bps to 95.60 (7.55%)

FR0086 : +16.3 Bps to 96.41 (6.59%)
FR0087 : +7.6 Bps to 93.82 (7.48%)
FR0083 : +11.1 Bps to 98.41 (7.66%)
FR0088 : +4.1 Bps to 89.96 (7.41%)

CDS of Indonesia Bonds

CDS 2yr: -3.66% to 67.60
CDS 5yr: -0.95% to 155.74
CDS 10yr: -3.12% to 226.17

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.46%	0.07%
USDIDR	14,978	-0.03%
KRWIDR	11.40	0.25%

Global Indices

Index	Last	Chg.	%
Dow Jones	31,827.05	754.44	2.43%
S&P 500	3,936.69	105.84	2.76%
FTSE 100	7,296.28	73.04	1.01%
DAX	13,308.41	348.60	2.69%
Nikkei	26,961.68	173.21	0.65%
Hang Seng	20,661.06	(185.12)	-0.89%
Shanghai	3,279.43	1.33	0.04%
KOSPI	2,370.97	(4.28)	-0.18%
EIDO	22.12	0.48	2.22%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,711.7	2.5	0.14%
Crude Oil (\$/bbl)	104.22	1.62	1.58%
Coal (\$/ton)	399.65	3.60	0.91%
Nickel LME (\$/MT)	20,596	(56.0)	-0.27%
Tin LME (\$/MT)	24,810	91.0	0.37%
CPO (MYR/Ton)	3,812	(133.0)	-3.37%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	—	—	—	—	—	—	—
18 - July	—	—	—	—	—	—	—
Tuesday	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
Wednesday	GE	13:00	PPI YoY	Jun.		33.1%	33.6%
20 - July	US	18:00	MBA Mortgage Applications	Jul.		--	-1.7%
	US	21:00	Existing Home Sales	Jun.		5.40Mn	5.41Mn
	US	21:00	Existing Home Sales	Jun.		-0.2%	-3.4%
Thursday	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
Friday	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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