

# Morning Brief

Daily | July 11, 2022

## Today's Outlook:

**July Inflation has the potential to decline.** The BI survey for the first week of July 2022 stated that CPI Headline MoM inflation in July 2022 was projected at 0.40% (Vs. Jun. 0.61%), in line with the decline in prices of a number of commodities such as cooking oil deflation -0.04% MoM. This survey is in the midst of speculation that BI will not necessarily increase the BI 7DRRR this July, in line with the CPI Core YoY Jun. 2.63%, still below the median value of BI's annual target of 2%-4%. For the record, the result of the BI RDG will be posted on July 21, or a week earlier than the FOMC Rate Decision on July 28 which is projected to raise the FFR by 75 bps.

## Corporate Bonds

**Three Bonds and Two Sukuk Listed This Week.** During 4-8 July 2022, three bonds and two new sukuk were listed on the Indonesia Stock Exchange (IDX). First, Global Mediacom's Shelf-Registered Bond III Phase I Year with a principal value of IDR 700 billion. Second, the Global Mediacom Phase I Sustainable Sukuk Ijarah III 2022 with a principal amount of IDR 500 billion. Third, the Shelf Registration Bond II Bussan Auto Finance Phase I Year 2022 with a nominal value of IDR 100 billion. Fourth, SMART Phase I 2022 Shelf-Registered Bonds with a principal value of IDR 1.5 trillion. Fifth, Sustainable Sukuk Mudharabah I Mandala Multifinance Phase II 2022 with a principal amount of IDR 650 billion. (Kontan)

## Domestic Issue

**New Energy and Renewable Energy Bill.** The new energy and renewable energy bill (RUU) will go through stages of level I and level II talks after the government appoints a representative ministry to discuss the bill together with DPR RI and finish compiling an inventory of problems (DIM). The New Energy and Renewable Energy Bill is a Commission VII initiative bill. This bill was approved as a bill proposed by the DPR RI in the plenary session of the DPR on June 14, 2022. (Kontan)

## Recommendation

**LCS offsets USD risk exposure.** The rupiah was stable at the psychological level of IDR15,000/USD for a week, amid BI's efforts to accelerate the use of Bilateral LCS. This week, investors will observe the release of US inflation data for June which is projected to remain high, even after the 75 bps increase in FFR. The survey projects consumer-level inflation, the US CPI, to rise to 1.1% MoM (Vs. May 1.0% MoM), and 8.8% YoY (Vs. May. 8.6% YoY). Inflation surveys remain high on the producer side as well, with US June PPI at 0.8% MoM (Vs. May 0.8% MoM) and 10.4% YoY (Vs. May 10.8% YoY).

## 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)	2.90	7.56	Govt. Spending Yoy	-7.74%	5.25%
Exports Yoy	27.00%	47.76%	FDI (USD bn)	5.67	4.70
Imports Yoy	30.74%	21.97%	Business Confidence	104.82	105.33
Inflation Yoy	4.35%	3.55%	Cons. Confidence*	128.90	113.10

## PRICE OF BENCHMARK SERIES

FR0090 : -0.8 Bps to 95.64 (6.19%)  
FR0091 : +0.4 Bps to 93.93 (7.25%)  
FR0093 : -0.8 Bps to 91.43 (7.32%)  
FR0092 : +1.9 Bps to 97.93 (7.32%)

FR0086 : +1.2 Bps to 97.76 (6.17%)  
FR0087 : -1.0 Bps to 95.64 (7.18%)  
FR0083 : -0.5 Bps to 99.91 (7.50%)  
FR0088 : 0.0 Bps to 90.25 (0.00%)

## CDS of Indonesia Bonds

CDS 2yr: -2.23% to 64.18  
CDS 5yr: -2.90% to 145.28  
CDS 10yr: +1.47% to 217.47

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.27%	0.01%
USDIDR	14,977	-0.13%
KRWIDR	11.52	-0.18%

## Global Indices

Index	Last	Chg.	%
Dow Jones	31,338.15	(46.40)	-0.15%
S&P 500	3,899.38	(3.24)	-0.08%
FTSE 100	7,196.24	7.16	0.10%
DAX	13,015.23	172.01	1.34%
Nikkei	26,517.19	26.66	0.10%
Hang Seng	21,725.78	82.20	0.38%
Shanghai	3,356.08	(8.32)	-0.25%
KOSPI	2,350.61	16.34	0.70%
EIDO	21.82	0.12	0.55%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,742.5	2.3	0.13%
Crude Oil (\$/bbl)	104.79	2.06	2.01%
Coal (\$/ton)	413.75	3.75	0.91%
Nickel LME (\$/MT)	21,581	46.0	0.21%
Tin LME (\$/MT)	25,364	(620.0)	-2.39%
CPO (MYR/Ton)	4,157	17.0	0.41%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	JP	06:50	Core Machine Orders MoM	May		-5.6%	10.8%
11 - July	JP	06:50	Core Machine Orders YoY	May		5.1%	19.0%
	JP	13:00	Machine Tool Orders YoY	Jun.		--	23.7%
<b>Tuesday</b>	JP	06:50	PPI YoY	Jun.		8.9%	9.1%
12 - July	JP	06:50	PPI MoM	Jun.		0.6%	0.0%
<b>Wednesday</b>	GE	13:00	CPI YoY	Jun.		7.6%	7.6%
13 - July	US	18:00	MBA Mortgage Applications	Jul.		--	-5.4%
	US	19:30	CPI MoM	Jun.		1.1%	1.0%
	US	19:30	CPI YoY	Jun.		8.8%	8.6%
<b>Thursday</b>	US	19:30	PPI Final Demand MoM	Jun.		0.8%	0.8%
14 - July	US	19:30	PPI Final Demand YoY	Jun.		10.4%	10.8%
	US	19:30	Initial Jobless Claims	Jul.		--	235K
	US	19:30	Continuing Claims	Jul.		--	1,375K
<b>Friday</b>	ID	11:00	Trade Balance	Jun.		\$3,250Mn	\$2,900Mn
15 - July	ID	11:00	Exports YoY	Jun.		27.64%	27.00%
	ID	11:00	Imports YoY	Jun.		20.10%	30.74%
	US	21:00	U. of Mich. Sentiment	Jul.		49.0	50.0

Source: Bloomberg

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