

Morning Brief

Daily | July 4, 2022

Today's Outlook:

Weekend Depressed Benchmark Series. US PCE Core Deflator in May was up +0.3% MoM (+4.7% YoY); still high compared to last month's +0.3% MoM (+4.9% YoY), supporting the Fed's aggressive Hawkish stance in July, which is projected to increase FFR by 75 bps to 2.25%-2.50%. Other data show that consumers restrain consumption, with Personal Spending only growing 0.2% in May (Vs. Apr. +0.6%), while Personal Income was flat +0.5% in the same period. The US economic data was followed by Indonesia's Headline CPI YoY that reached 4.35% or above the ceiling of BI's annual inflation target of 2%-4.2%. FR0090 and FR0091 recorded yield increases of up to 3.3 bps and 5 bps, or to 6.13% and 7.24%, respectively.

Corporate Bonds

Summarecon Agung Issued IDR 448 Billion Bonds. PT Summarecon Agung Tbk (SMRA) will issue Shelf-Registered Bonds IV with a target fund of IDR 3 trillion. In the first stage, this property issuer will issue IDR 448.45 billion bonds. The bonds with a 5-year tenor offer a fixed interest rate of 8% per annum. Based on the announcement of the Indonesian Central Securities Depository (KSEI), Summarecon's bonds will mature on July 8, 2027. (Kontan)

Domestic Issue

SBN Issuance Down 60.7% in 1H22. The Minister of Finance said that net issuance of Government Securities (SBN) decreased by 60.7% in 1H22, or only issued IDR 182.4 trillion. This figure has decreased compared to the realization in the same period last year of IDR 464 trillion. The realization of debt financing in 1H22 which experienced a decline was also in line with the backloading strategy to maintain debt cost efficiency. (Kontan)

Recommendation

Rupiah Depreciation and Foreign Outflow in June. In addition to the payment of USD-denominated debt and an increase in imports of raw materials, the absence of the June Global Bond issuance based on DJPPR data, has the opportunity to put capex under pressure again, after booking at USD135.6 billion in May. Meanwhile, capex data was released Thursday morning, after the FOMC Meeting Minutes Results in the morning. The steady movement of capex provides room for BI as rupiah approaches IDR15,000/USD.

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)	135.60	135.70	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 : +3.3 Bps to 95.85 (6.13%)
FR0091 : +5.0 Bps to 93.94 (7.24%)
FR0093 : +0.6 Bps to 91.42 (7.32%)
FR0092 : +0.6 Bps to 98.80 (7.23%)

FR0086 : +3.6 Bps to 98.14 (6.05%)
FR0087 : +2.3 Bps to 95.39 (7.22%)
FR0083 : -0.5 Bps to 100.00 (7.49%)
FR0088 : -11.1 Bps to 90.14 (7.39%)

CDS of Indonesia Bonds

CDS 2yr: -2.93% to 62.57
CDS 5yr: -0.69% to 143.17
CDS 10yr: -1.18% to 213.22

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.26%	0.05%
USDIDR	14,938	0.27%
KRWIDR	11.52	0.40%

Global Indices

Index	Last	Chg.	%
Dow Jones	31,097.26	321.83	1.05%
S&P 500	3,825.33	39.95	1.06%
FTSE 100	7,168.65	(0.63)	-0.01%
DAX	12,813.03	29.26	0.23%
Nikkei	25,935.62	(457.42)	-1.73%
Hang Seng	21,859.79	0.00	0.00%
Shanghai	3,387.64	(10.98)	-0.32%
KOSPI	2,305.42	(27.22)	-1.17%
EIDO	22.09	(0.29)	-1.30%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,811.4	4.2	0.23%
Crude Oil (\$/bbl)	108.43	2.67	2.52%
Coal (\$/ton)	388.00	2.05	0.53%
Nickel LME (\$/MT)	21,824	(874.0)	-3.85%
Tin LME (\$/MT)	26,650	199.0	0.75%
CPO (MYR/Ton)	4,708	(202.0)	-4.11%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	GE	13:00	Exports MoM	May	-1.6%		+4.5%
4 - July	GE	13:00	Imports MoM	May	-0.3%		+3.6%
	EC	16:00	PPI MoM	May	1.3%		1.2%
	EC	16:00	PPI YoY	May	37.1%		37.2%
Tuesday	CH	08:45	Caixin PMI Composite	Jun.	--		42.2
5 - July	CH	08:45	Caixin PMI Services	Jun.	49.0		41.4
	US	21:00	Factory Orders	May	0.5%		0.3%
	US	21:00	Durable Goods Orders	May	0.7%		0.7%
Wednesday	EC	16:00	Retail Sales MoM	May	0.6%		-1.3%
6 - July	EC	16:00	Retail Sales YoY	May	-0.1%		3.9%
	US	18:00	MBA Mortgage Applications	Jul.	--		0.7%
	US	20:45	S&P Global US Composite PMI	Jun.	--		51.2
Thursday	ID	10:00	Foreign Reserves	Jun.	--		\$135.60Bn
7 - July	US	01:00	FOMC Meeting Minutes	Jun.	--		--
	US	19:30	Trade Balance	May	-\$84.9Bn		-\$87.1Bn
	US	19:30	Initial Jobless Claims	Jul.	--		231k
Friday	ID	--	Consumer Confidence Index	Jun.	--		128.9
8 - July	US	19:30	Change in NonFarm Payrolls	Jun.	250k		390k
	US	19:30	Unemployment Rate	Jun.	3.6%		3.6%
	US	21:00	Wholesale Inventories MoM	May	--		2.0%

Source: Bloomberg

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