

Morning Brief

Daily | July 1, 2022

Today's Outlook:

Negative sentiment GDP contraction, investors are interested in the safe haven of SUN. US GDP Annualized QoQ 1Q22 contracted -1.6% (Vs. Surv. -1.5%), as inventories of unsold goods increased, amid falling consumer spending. The US economy in the first quarter contracted more than expected as the trade deficit widened to a record. Meanwhile, Personal Consumption 1Q22, a 70% contributor to the economy, only grew +1.8% (Vs. Surv. +3.1%). GDP contraction amid speculations of a US recession, making investors interested in safe haven instruments, all sun benchmarks recorded a decline in yields at the end of 2Q22 trading.

Corporate Bonds

Bank Sinarmas Releases IDR 500 Billion Subordinated Bonds. PT Bank Sinarmas Tbk (BSIM) plans to issue continuous subordinated bonds I phase I in 2022 with a principal amount of Rp 500 billion. This note bears an interest rate of 6.50% per annum with a tenor of 5 years from the issuance date. The subordinated bonds will be offered to investors on 1-5 July 2022. These notes are part of the ongoing public offering of I BSIM subordinated bonds worth IDR 3 trillion. (Kontan)

Domestic Issue

Ministry of Finance Issues SUN IDR 21.87 Trillion in Private Placement. The Ministry of Finance issues four series of Government Securities (SUN) by means of a private placement with Bank Indonesia (BI). The total nominal value of the issuance is IDR 21.8 trillion. The four series of SUN are the VR0074, VR0075, VR0076, and VR0077 series, with each series are valued the same at IDR 5.47 trillion. (Kontan)

Recommendation

Rupiah at IDR 14,900/USD ahead of inflation data. The USD appreciation occurred after Jerome Powell's speech said that an aggressive increase in the FFR in July was needed to suppress the spike in inflation. Meanwhile, on the domestic side, the rupiah depreciates as market players await the release of inflation data for June which is projected to rise by +0.45% MoM (+4.19% YoY), in line with rising prices for some food and domestic consumption, as well as global gold prices. The projection touches the upper limit of BI's annual inflation target of 2%-4.2%.

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	3.55%	3.47%	Cons. Confidence*	128.90	113.10

PRICE OF BENCHMARK SERIES

FR0090 : -13.1 Bps to 95.98 (6.10%)
FR0091 : -6.0 Bps to 94.27 (7.19%)
FR0093 : -0.9 Bps to 91.48 (7.31%)
FR0092 : -0.5 Bps to 98.87 (7.23%)

FR0086 : -0.4 Bps to 98.25 (6.01%)
FR0087 : -3.0 Bps to 95.54 (7.20%)
FR0083 : -1.6 Bps to 99.95 (7.50%)
FR0088 : -0.0 Bps to 90.97 (7.29%)

CDS of Indonesia Bonds

CDS 2yr: +6.72% to 64.47
CDS 5yr: +13.14% to 144.17
CDS 10yr: +4.30% to 215.78

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.22%	-0.06%
USDIDR	14,898	0.32%
KRWIDR	11.47	0.38%

Global Indices

Index	Last	Chg.	%
Dow Jones	30,775.43	(253.88)	-0.82%
S&P 500	3,785.38	(33.45)	-0.88%
FTSE 100	7,169.28	(143.04)	-1.96%
DAX	12,783.77	(219.58)	-1.69%
Nikkei	26,393.04	(411.56)	-1.54%
Hang Seng	21,859.79	(137.10)	-0.62%
Shanghai	3,398.62	37.10	1.10%
KOSPI	2,332.64	(45.35)	-1.91%
EIDO	22.38	(0.03)	-0.13%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,807.3	(10.5)	-0.58%
Crude Oil (\$/bbl)	105.76	(4.02)	-3.66%
Coal (\$/ton)	385.95	5.95	1.57%
Nickel LME (\$/MT)	22,698	(1075.0)	-4.52%
Tin LME (\$/MT)	26,451	(323.0)	-1.21%
CPO (MYR/Ton)	4,910	7.0	0.14%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	US	19:30	Durable Goods Orders	May	0.7%	0.1%	0.4%
<i>27 - June</i>	US	19:30	Pending Home Sales MoM	May	0.7%	-4.0%	-4.0%
Tuesday	US	19:30	Wholesale Inventories MoM	May	2.0%	2.1%	2.3%
<i>28 - June</i>	US	21:00	Conf. Board Consumer Confidence	Jun.	98.7	100.0	103.2
Wednesday	US	18:00	MBA Mortgage Applications	Jun.	0.7%	--	4.2%
<i>29 - June</i>	US	19:30	GDP Annualized QoQ	1Q22	-1.6%	-1.5%	-1.5%
	US	19:30	Personal Consumption	1Q22	1.8%	3.1%	3.1%
	US	19:30	GDP Price Index	1Q22	8.2%	8.1%	8.1%
Thursday	US	19:30	Initial Jobless Claims	Jun.	231k	230k	233k
<i>30 - June</i>	US	19:30	PCE Deflator MoM	May	0.6%	0.7%	0.2%
	US	19:30	PCE Deflator YoY	May	6.3%	6.4%	6.3%
	US	19:30	PCE Core Deflator MoM	May	0.3%	0.4%	0.3%
Friday	ID	07:30	S&P Global Indonesia PMI Mfg.	Jun.		--	50.8
<i>1 - July</i>	ID	11:00	CPI YoY	Jun.		4.19%	3.55%
	ID	11:00	CPI MoM	Jun.		0.45%	0.40%
	ID	11:00	CPI Core YoY	Jun.		2.70%	2.58%

Source: Bloomberg

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