

Morning Brief

Daily | Aug. 3, 2022

Today's Outlook:

Positive economic data sentiment supported bids for SUN auctions. DJPPR data shows bids for SUN auctions reached IDR 36.9 trillion, higher than the previous SUN auction of IDR 29.5 trillion. In addition to relatively subdued domestic inflation, investors also responded positively to the results of the FOMC meeting in July, which met expectations. Market participants also see that the Fed will potentially not be as aggressive as before in setting the next interest rate policy.

Corporate Bonds

KAI Offers IDR 2 Trillion Bonds and Sukuk. PT Kereta Api Indonesia (Persero) will offer bonds and sukuk with a total value of IDR 2 trillion. The funds raised from the offering of bonds and sukuk will be used to pay off the principal debt and finance a number of project developments. The bonds have earned a double A plus or AA + rating from PT Pemeringkat Efek Indonesia (Pefindo). PT KAI will conduct a Continuous Public Offering of Sustainable Bonds I by issuing sustainable bonds I KAI Phase I 2022 amounting to IDR 1.5 trillion from the target of IDR 2.2 trillion. This bond issuance coincides with the issuance of the 2022 Sustainable Sukuk Ijarah Phase I of IDR 500 billion from the target of IDR 800 billion. (Bisnis Indonesia)

Domestic Issue

Government Optimistic Economic Growth in 2023 Reaches 5.9%. The global economy still faces various challenges and uncertainties. Global inflationary pressures continued to increase in line with high commodity prices due to continued supply chain disruptions. However, the Coordinating Minister for Economic Affairs is optimistic that Indonesia's economic growth next year will be in the range of 5.3% to 5.9%. Furthermore, the optimism for increasing economic growth opportunities is the handling of the Covid-19 pandemic, which is currently considered better than other countries. (Kontan)

Recommendation

Market participants look forward to the release of 2Q22 GDP data. Core CPI is maintained below 3%, leaving room for BI to maintain BI 7DRRR at 3.50%, as Core CPI is still within BI's target of 2%-4%. Meanwhile, Indonesia's 2Q22 GDP is projected to grow 5.20% YoY (Vs. 1Q22 5.01% YoY). On the other hand, the strengthening of the Greenback put pressure on the Rupiah, which had depreciated near the level of IDR14,900/USD, before finally closing down 0.1% on a daily basis.

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	4.94%	4.35%	Cons. Confidence*	128.20	113.10

PRICE OF BENCHMARK SERIES

FR0090 : +8.3 Bps to 94.61 (6.47%)
FR0091 : +8.7 Bps to 94.29 (7.20%)
FR0093 : +10.7 Bps to 94.54 (6.96%)
FR0092 : -16.0 Bps to 98.79 (7.23%)

FR0086 : -1.9 Bps to 97.54 (6.25%)
FR0087 : +3.5 Bps to 96.48 (7.05%)
FR0083 : +1.8 Bps to 101.27 (7.36%)
FR0088 : -0.7 Bps to 90.29 (7.37%)

CDS of Indonesia Bonds

CDS 2yr: +2.77% to 56.13
CDS 5yr: +3.22% to 106.06
CDS 10yr: +2.29% to 196.17

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.22%	0.10%
USDIDR	14,893	0.13%
KRWIDR	11.41	0.01%

Global Indices

Index	Last	Chg.	%
Dow Jones	32,396.17	(402.23)	-1.23%
S&P 500	4,091.19	(27.44)	-0.67%
FTSE 100	7,409.11	(4.31)	-0.06%
DAX	13,449.20	(30.43)	-0.23%
Nikkei	27,594.73	(398.62)	-1.42%
Hang Seng	19,689.21	(476.63)	-2.36%
Shanghai	3,186.27	(73.69)	-2.26%
KOSPI	2,439.62	(12.63)	-0.52%
EIDO	23.14	(0.09)	-0.39%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,760.4	(11.8)	-0.66%
Crude Oil (\$/bbl)	94.42	0.53	0.56%
Coal (\$/ton)	403.50	(1.50)	-0.37%
Nickel LME (\$/MT)	22,492	(1083.0)	-4.59%
Tin LME (\$/MT)	24,249	(651.0)	-2.61%
CPO (MYR/Ton)	3,841	(219.0)	-5.39%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Friday	US	19:30	Personal Income	Jun.	0.6%	0.5%	0.6%
<i>29 - Jul.</i>	US	19:30	Personal Spending	Jun.	1.1%	1.0%	0.3%
	US	19:30	PCE Deflator MoM	Jun.	1.0%	0.9%	0.6%
	US	19:30	PCE Deflator YoY	Jun.	6.8%	6.8%	6.3%
Monday	ID	07:30	S&P Global Indonesia PMI Mfg.	Jul.	51.3	--	50.2
<i>1 - Aug.</i>	ID	11:00	CPI MoM / YoY	Jul.	0.64%/4.94%	0.53%/4.82%	0.61%/4.35%
	ID	11:00	CPI Core YoY	Jul.	2.86%	2.86%	2.63%
	US	21:00	ISM Manufacturing	Jul.	52.8	52.0	53.0
Tuesday	--	--	--	--		--	--
<i>2 - Aug.</i>	--	--	--	--		--	--
Wednesday	US	18:00	MBA Mortgage Applications	Jul.		--	-1.8%
<i>3 - Aug.</i>	US	21:00	Durable Goods Orders	Jun.		--	1.9%
	US	21:00	Factory Orders	Jun.		0.8%	1.6%
Thursday	GE	13:00	Factory Orders MoM	Jun.		-1.7%	0.1%
<i>4 - Aug.</i>	US	19:30	Trade Balance	Jun.		USD81.5Bn	USD85.5Bn
	US	19:30	Initial Jobless Claims	Jul. 30		--	256K
Friday	ID	10:00	Foreign Reserves	Jul.		--	USD136.40Bn
<i>5 - Aug.</i>	ID	11:00	GDP QoQ / YoY	2Q22		3.50% / 5.20%	-0.96% / 5.01%
	GE	13:00	Industrial Production MoM	Jun.		-0.6%	0.2%

Source: Bloomberg

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