

# Morning Brief

Daily | Aug. 25, 2022

## Today's Outlook:

**SUN Benchmark closed mixed**, responding to BI's Hawkish policy. The government's subsidized fuel policy has the opportunity to have a significant Second Round Effect. Yesterday, the short tenor FR90 recorded a 4bps yield increase to 6.57%. Both the supply limitation and the increase in the price of subsidized fuel for Peralite and Solar types, gave the Domino Effect an increase in transportation fares, production costs and distribution in a number of sectors, including consumer. This inflation-resilient sector predominantly uses diesel fuel in its distribution process. On the other hand, the BI 7DRRR 25bps increase in August provided certainty to the market.

## Corporate Bonds

**BBTN: Officially Partners up with Google Cloud.** PT Bank Tabungan Negara (Persero) Tbk (BBTN) officially entered into a partnership in the application of cloud computing technology with Google Cloud Indonesia through its local partner PT Multipolar Technology Tbk (MLPT). The company said that cloud technology is able to provide advantages in the form of digital technology which ultimately increases competitiveness and provides better services. (Emiten News)

## Domestic Issue

**B40 Program Starts October 2022.** The Coordinating Ministry for Maritime Affairs and Investment (Kemenko Marves) targets the implementation of the biodiesel 40 (B40) program to start in October 2022. One of them is an effort to reduce subsidies and compensation for energy as the country can no longer accommodate the costs because it has penetrated the IDR 502 trillion figure. For the record, if B40 runs, it will absorb additional 3.1 - 3.4 million tons of Crude Palm Oil (CPO). (Kontan)

## Recommendation

**The increase in BI 7DRRR provides certainty to the market**, amid the August CPI Headline survey exceeding 5% YoY. BI 7DRRR's +25Bps increase in August provides certainty amid rising domestic inflation. Based on a Bloomberg survey, August's YoY Headline CPI surpassed the 5% level (Vs. Jul. 4.94%), and Core YoY CPI neared the 3% level (Vs. Jul. 2.86%). However, the absence of an increase in Administered Prices and the decline in a number of food commodity prices in August, made NHKSI Research project that this period may record deflation.

## Indonesia Macroeconomic Data

| Monthly Indicators     | Last   | Prev.  | Quarterly Indicators | Last   | Prev.  |
|------------------------|--------|--------|----------------------|--------|--------|
| BI 7 Day Rev Repo Rate | 3.75%  | 3.50%  | Real GDP             | 5.44%  | 5.01%  |
| FX Reserve (USD bn)    | 132.20 | 136.40 | Current Acc (USD bn) | 0.20   | 4.97   |
| Trd Balance (USD bn)   | 5.15   | 5.09   | Govt. Spending Yoy   | -5.24% | -7.74% |
| Exports Yoy            | 32.03% | 40.68% | FDI (USD bn)         | 5.67   | 4.70   |
| Imports Yoy            | 39.86% | 21.98% | Business Confidence  | 104.82 | 105.33 |
| Inflation Yoy          | 4.94%  | 4.35%  | Cons. Confidence*    | 123.20 | 128.20 |

## PRICE OF BENCHMARK SERIES

FR0090 : +4.4 Bps to 94.28 (6.57%)  
FR0091 : -7.0 Bps to 95.45 (7.03%)  
FR0093 : -1.6 Bps to 93.98 (7.03%)  
FR0092 : -2.5 Bps to 99.92 (7.13%)

FR0086 : +2.4 Bps to 97.64 (6.23%)  
FR0087 : +0.8 Bps to 96.78 (7.01%)  
FR0083 : -3.4 Bps to 102.89 (7.20%)  
FR0088 : 0.0 Bps to 94.80 (6.83%)

## CDS of Indonesia Bonds

CDS 2yr: -5.18% to 47.07  
CDS 5yr: -3.86% to 106.97  
CDS 10yr: -4.15% to 180.28

## Government Bond Yields & FX

|                | Last   | Chg.   |
|----------------|--------|--------|
| Tenor: 10 year | 7.05%  | -0.08% |
| USDIDR         | 14,848 | 0.07%  |
| KRWIDR         | 11.06  | 0.31%  |

## Global Indices

| Index     | Last      | Chg.     | %      |
|-----------|-----------|----------|--------|
| Dow Jones | 32,969.23 | 59.64    | 0.18%  |
| S&P 500   | 4,140.77  | 12.04    | 0.29%  |
| FTSE 100  | 7,471.51  | (16.60)  | -0.22% |
| DAX       | 13,220.06 | 25.83    | 0.20%  |
| Nikkei    | 28,313.47 | (139.28) | -0.49% |
| Hang Seng | 19,268.74 | (234.51) | -1.20% |
| Shanghai  | 3,215.20  | (61.02)  | -1.86% |
| KOSPI     | 2,447.45  | 12.11    | 0.50%  |
| EIDO      | 23.92     | 0.16     | 0.67%  |

## Commodities

| Commodity          | Last    | Chg.    | %      |
|--------------------|---------|---------|--------|
| Gold (\$/troy oz.) | 1,751.2 | 3.0     | 0.17%  |
| Crude Oil (\$/bbl) | 94.89   | 1.15    | 1.23%  |
| Coal (\$/ton)      | 412.60  | (5.00)  | -1.20% |
| Nickel LME (\$/MT) | 21,354  | (391.0) | -1.80% |
| Tin LME (\$/MT)    | 24,280  | (225.0) | -0.92% |
| CPO (MYR/Ton)      | 4,308   | 74.0    | 1.75%  |

## Global & Domestic Economic Calendar

| Date             | Country | Hour<br>Jakarta | Event                           | Period | Actual   | Consensus | Previous |
|------------------|---------|-----------------|---------------------------------|--------|----------|-----------|----------|
| <b>Friday</b>    | ID      | 10:00           | BoP Current Account Balance     | 2Q22   | +\$3.9Bn | +\$4.5Bn  | +\$407Mn |
| 19 - Aug.        | —       | —               | —                               | —      | —        | —         | —        |
| <b>Monday</b>    | CH      | 08:15           | 1Y Loan Prime Rate              | Aug.   | 3.65%    | 3.60%     | 3.70%    |
| 22 - Aug.        | CH      | 08:15           | 5Y Loan Prime Rate              | Aug.   | 4.30%    | 4.35%     | 4.45%    |
| <b>Tuesday</b>   | ID      | 09:00           | BI 7DRRR                        | Aug.   | 3.75%    | 3.50%     | 3.50%    |
| 23 - Aug.        | US      | 21:00           | S&P Global US Manufacturing PMI | Aug.   | 51.3     | 51.8      | 52.2     |
|                  | US      | 21:00           | New Home Sales                  | Jul.   | 511K     | 575K      | 585K     |
| <b>Wednesday</b> | US      | 18:00           | MBA Mortgage Applications       | Aug.   | -1.2%    | --        | -2.3%    |
| 24 - Aug.        | US      | 19:30           | Durable Goods Orders            | Jul.   | 0.0%     | 0.8%      | 2.2%     |
| <b>Thursday</b>  | US      | 19:30           | Initial Jobless Claims          | Aug.   |          | 252K      | 250K     |
| 25 - Aug.        | US      | 19:30           | GDP Annualized QoQ              | 2Q22   |          | -0.9%     | -0.9%    |
| <b>Friday</b>    | US      | 19:30           | Personal Income                 | Jul.   |          | 0.6%      | 0.6%     |
| 26 - Aug.        | US      | 19:30           | Personal Spending               | Jul.   |          | 0.4%      | 1.1%     |

Source: Bloomberg

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