

Morning Brief

Daily | Aug. 22, 2022

Today's Outlook:

The **SUN market is under pressure**, amid the potential for high inflation in 3Q22. Investors are looking again at the Headline Inflation in July, approaching 5% YoY due to the increase in Administered Prices, especially non-subsidized energy prices. Meanwhile, the discourse on the increase in Peralite and Solar fuel prices this week will push inflation back to high in September. NHKSI Research sees the increase in Peralite fuel will directly reduce purchasing power, then reduce public consumption and ultimately disrupt the domestic economic recovery process. Currently, the government is maintaining GDP growth above 5%. Meanwhile, the absence of an increase in Administered Prices and a decrease in the prices of a number of food commodities has the opportunity to make the August period record deflation.

Corporate Bonds

WSKT: Offers 8.72 Bn Shares in Rights Issue. PT Waskita Karya Tbk (WSKT) will offer a rights issue with a maximum of 8.72 billion shares with a nominal value of IDR100/share. The funds will be used for the completion of toll road projects, working capital, indirect costs of construction projects, and investment in the development of the company's subsidiaries. Meanwhile, the company will hold an Extraordinary General Meeting of Shareholders on September 26, 2022. (Emiten News)

Domestic Issue

Current Account Surplus Declines. Bank Indonesia (BI) claims that Indonesia's external resilience strengthened in 2Q22. During this period, Indonesia recorded two surpluses, the Indonesian Trade Balance and Balance of Payments (BOP). Based on BI data, BOP in 2Q22 recorded a surplus of +USD2.4B, after experiencing a deficit of -USD1.8B in 1Q22. The BOP surplus also boosted the current account surplus to +USD3.9 billion or 1.1% of Gross Domestic Product (GDP). (Kontan)

Recommendation

PBoC Dovish Week, BI and the Fed. Monday, the PBoC is projected to cut 1Y and 5Y Loan Prime Rates by 10Bps to 3.60% and 4.35%, respectively. This consensus, as the PBoC earlier last week unexpectedly cut the 1Y Medium-Term Lending Facility Rate Aug. to 2.75% to encourage credit demand. Meanwhile, BI's commitment to maintain the momentum of FY22E GDP growth above 5%, has the opportunity to make BI 7DRRR Aug. on Tuesday, BI's RDG remained at the level of 3.50%. Meanwhile, investors expect the Fed's Dovish speech at the Annual Jackson Hole Symposium on Aug. 25-27. The latest economic data shows that the inflation rate is slowing down, potentially making the September FFR increase only by 50 bps.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.50%	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 : +1.9 Bps to 95.00 (6.38%)
FR0091 : +5.6 Bps to 95.07 (7.08%)
FR0093 : +2.2 Bps to 93.98 (7.03%)
FR0092 : +1.2 Bps to 100.08 (7.11%)

FR0086 : +3.0 Bps to 97.86 (6.16%)
FR0087 : +2.0 Bps to 97.12 (6.95%)
FR0083 : +1.4 Bps to 102.66 (7.22%)
FR0088 : +94.4 Bps to 91.77 (7.19%)

CDS of Indonesia Bonds

CDS 2yr: +5.45% to 47.30
CDS 5yr: +2.75% to 105.86
CDS 10yr: +4.21% to 181.48

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.11%	0.06%
USDIDR	14,838	0.03%
KRWIDR	11.19	-0.40%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,706.74	(292.30)	-0.86%
S&P 500	4,228.48	(55.26)	-1.29%
FTSE 100	7,550.37	8.52	0.11%
DAX	13,544.52	(152.89)	-1.12%
Nikkei	28,930.33	(11.81)	-0.04%
Hang Seng	19,773.03	9.12	0.05%
Shanghai	3,258.08	(19.47)	-0.59%
KOSPI	2,492.69	(15.36)	-0.61%
EIDO	23.61	(0.25)	-1.05%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,747.1	(11.6)	-0.66%
Crude Oil (\$/bbl)	90.77	0.27	0.30%
Coal (\$/ton)	416.25	2.35	0.57%
Nickel LME (\$/MT)	22,258	478.0	2.19%
Tin LME (\$/MT)	24,795	200.0	0.81%
CPO (MYR/Ton)	4,093	50.0	1.24%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Friday	ID	10:00	BoP Current Account Balance	2Q22	+\$3.9Bn	+\$4.5Bn	+\$407Mn
19 - Aug.	—	—	—	—	—	—	—
Monday	CH	08:15	1Y Loan Prime Rate	Aug.		3.60%	3.70%
22 - Aug.	CH	08:15	5Y Loan Prime Rate	Aug.		4.35%	4.45%
Tuesday	ID	09:00	BI 7DRRR	Aug.		3.50%	3.50%
23 - Aug.	US	21:00	S&P Global US Manufacturing PMI	Aug.		51.9	52.2
	US	21:00	New Home Sales	Jul.		575K	590K
Wednesday	US	18:00	MBA Mortgage Applications	Aug.		--	-2.3%
24 - Aug.	US	19:30	Durable Goods Orders	Jul.		0.8%	2.0%
Thursday	US	19:30	Initial Jobless Claims	Aug.		252K	250K
25 - Aug.	US	19:30	GDP Annualized QoQ	2Q22		-0.9%	-0.9%
Friday	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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