

# Morning Brief

Daily | Aug. 1, 2022

## Today's Outlook:

**SUN Benchmark Mixed Amid US Recession.** In addition to Indonesia's inflation which has not become a concern in the near future, the movement of the SUN market for the week amid the US economy officially recorded a recession, or GDP Annualized 2Q22 contracted -0.9% QoQ (Vs. 1Q22 -1.6% QoQ), in line with consumer spending, with Personal Consumption 2Q22 QoQ +1.0% and Core PCE 2Q22 QoQ +4.4%, slower than the previous quarter. This recession has the opportunity to push the Fed's policy to be more relaxed in 2H22 and even lead to Dovish in 2023. The past week, the JCI rose almost 1% with Industrial and Energy leading sectoral gains, rising 7.7% each.

## Corporate Bonds

**WSKT: Records Loss in 1H22.** PT Waskita Karya (Persero) Tbk (WSKT) posted a revenue of IDR6.09 trillion or an increase of 29.29% YoY in 1H22. From the bottom line, WSKT posted a loss attributable to owners of the parent company of IDR236.51 billion, a reversal from the IDR154.13 billion net profit achieved by WSKT in 1H21. (Kontan)

## Domestic Issue

**Indonesia's Exports Threatened to Fall Due to US Recession.** The Minister of Finance is worried that the US economic recession will push Indonesia's exports down. The US economy was recorded at minus 1.4% in 1Q22, and contracted again to 0.9% in 2Q22. BPS data shows that the US has become the second and third largest destination for non-oil and gas exports in the last three months. It was recorded that Indonesia's exports to the US amounted to USD2.46 billion in April 2022. The US became the second largest non-oil and gas export destination for that month. (CNN Indonesia)

## Recommendation

**BI Dovish, Maintaining 5% GDP Growth.** This week, Indonesia's 2Q22 GDP is projected to grow +5.20% YoY (Vs. 1Q22 5.01% YoY), as more relaxed mobility boosts consumption and production levels during Ramadan and Eid. NHKSI Research sees that the economy is facing the challenge of rising inflation, as the July CPI Headline is projected at 4.82% YoY (Vs. June 4.35% YoY). This projection once again exceeds the upper limit of BI's annual target of 4.5%-4.6%. Inflation in July was influenced by the adjustment of the selling price of processed food, due to the increase in the cost of importing raw materials; and adjustment of TDL and Non-Subsidized LPG. Meanwhile, July's Core CPI is projected to be 2.87% YoY, or still within BI's target of 2%-4%, meaning BI still has room to hold BI at 7DRRR.

## 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	4.35%	3.55%	Cons. Confidence*	128.20	113.10

## PRICE OF BENCHMARK SERIES

FR0090 : -16.0 Bps to 94.76 (6.43%)  
FR0091 : -13.2 Bps to 94.92 (7.10%)  
FR0093 : -15.9 Bps to 95.77 (6.83%)  
FR0092 : +16.6 Bps to 97.15 (7.39%)

FR0086 : -11.1 Bps to 97.28 (6.33%)  
FR0087 : -15.1 Bps to 96.46 (7.05%)  
FR0083 : -9.1 Bps to 101.41 (7.35%)  
FR0088 : -3.1 Bps to 90.25 (7.38%)

## CDS of Indonesia Bonds

CDS 2yr: -8.64% to 51.12  
CDS 5yr: -6.75% to 99.01  
CDS 10yr: -6.69% to 181.98

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.12%	-0.13%
USDIDR	14,833	-0.67%
KRWIDR	11.42	-0.58%

## Global Indices

Index	Last	Chg.	%
Dow Jones	32,845.13	315.50	0.97%
S&P 500	4,130.29	57.86	1.42%
FTSE 100	7,423.43	78.18	1.06%
DAX	13,484.05	201.94	1.52%
Nikkei	27,801.64	(13.84)	-0.05%
Hang Seng	20,156.51	(466.17)	-2.26%
Shanghai	3,253.24	(29.34)	-0.89%
KOSPI	2,451.50	16.23	0.67%
EIDO	23.11	0.00	0.00%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,765.9	10.1	0.58%
Crude Oil (\$/bbl)	98.62	2.20	2.28%
Coal (\$/ton)	407.90	(3.50)	-0.85%
Nickel LME (\$/MT)	23,619	1684.0	7.68%
Tin LME (\$/MT)	25,047	694.0	2.85%
CPO (MYR/Ton)	4,289	332.0	8.39%

## Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Friday</b>	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%
<b>Monday</b>	ID	07:30	S&P Global Indonesia PMI Mfg.	Jul.		--	50.2
<i>1 - Aug.</i>	ID	11:00	CPI MoM / YoY	Jul.		0.53% / 4.82%	0.61% / 4.35%
	ID	11:00	CPI Core YoY	Jul.		2.86%	2.63%
	US	21:00	ISM Manufacturing	Jul.		52.0	53.0
<b>Tuesday</b>	--	--	--	--		--	--
<i>2 - Aug.</i>	--	--	--	--		--	--
<b>Wednesday</b>	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%
<b>Thursday</b>	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
<b>Friday</b>	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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