

Morning Brief

Daily | Aug. 31, 2022

Today's Outlook:

Attractive coupons, investors are interested in FR96 and FR97. The two series of 10-year and 20-year benchmark candidates recorded bids of up to IDR 17.8 trillion and IDR 9.3 trillion, surpassing the other series between IDR 1.2 trillion to IDR 6.5 trillion in yesterday's SUN auction. Meanwhile, FR96 and FR97 each have coupons of 7.00% and 7.125%. Finally, the government won this auction for a total of IDR 19 trillion out of a total incoming bid of IDR 47.2 trillion.

Corporate Bonds

KB Bukopin Gets a Social Bond Loan from IFC in the Value of IDR 4.4 Trillion. KB Bukopin, Tbk signed a social bond financing cooperation agreement with the International Finance Corporation (IFC). Through this agreement, IFC is committed to providing loans totaling USD 300 million or equivalent to IDR 4.41 trillion to KB Bukopin. The USD 300 million loan will be used to help the Indonesian people, especially in the fields of education, the environment, and information technology, to recover. (Tempo)

Domestic Issue

Government Absorbs IDR 19 Trillion in SUN Auction. Investors' interest in investing in government bonds (SUN) is quite high. Bids entered in the SUN auction on Tuesday (30/8) reached IDR 47.24 trillion. DJPPR noted that bids entered in the SUN auction reached 2.49 times the indicative target. Taking into account the reasonable yield of SBN in the secondary market and the planned financing needs for 2022, the government decided to win the demand of IDR 19 trillion or according to the announced indicative target. (Kontan)

Recommendation

With a tug of war the amount of the price increase in subsidized fuel. Investors are beginning to observe the positive impact of shifting fuel subsidies to more productive sectors. Meanwhile, part of the fuel subsidies will be used by the government to finance three social assistances worth a total of IDR 24.2 trillion, with the hope of reducing the burden due to rising inflationary pressures.

PRICE OF BENCHMARK SERIES

FR0090 : -5.0 Bps to 94.20 (6.60%)
FR0091 : -5.1 Bps to 94.99 (7.10%)
FR0093 : -1.2 Bps to 93.45 (7.09%)
FR0092 : -0.1 Bps to 100.02 (7.12%)

FR0086 : +6.5 Bps to 97.03 (6.42%)
FR0087 : -2.7 Bps to 96.69 (7.02%)
FR0083 : -0.0 Bps to 102.84 (7.21%)
FR0088 : +26.9 Bps to 92.25 (7.14%)

CDS of Indonesia Bonds

CDS 2yr: +1.24% to 49.46
CDS 5yr: -1.15% to 107.94
CDS 10yr: +0.90% to 186.92

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.13%	-0.05%
USDIDR	14,843	-0.36%
KRWIDR	11.02	-0.10%

Global Indices

Index	Last	Chg.	%
Dow Jones	31,790.87	(308.12)	-0.96%
S&P 500	3,986.16	(44.45)	-1.10%
FTSE 100	7,361.63	(65.68)	-0.88%
DAX	12,961.14	68.15	0.53%
Nikkei	28,195.58	316.62	1.14%
Hang Seng	19,949.03	(74.19)	-0.37%
Shanghai	3,227.22	(13.51)	-0.42%
KOSPI	2,450.93	24.04	0.99%
EIDO	23.72	0.11	0.47%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,724.0	(13.1)	-0.75%
Crude Oil (\$/bbl)	91.64	(5.37)	-5.54%
Coal (\$/ton)	414.55	(8.20)	-1.94%
Nickel LME (\$/MT)	21,369	(264.0)	-1.22%
Tin LME (\$/MT)	23,652	(1098.0)	-4.44%
CPO (MYR/Ton)	4,144	(30.0)	-0.72%

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)	0.41	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)	4.28	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

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Friday	US	19:30	Personal Income	Jul.	0.2%	0.6%	0.7%
26 - Aug.	US	19:30	Personal Spending	Jul.	0.1%	0.5%	1.0%
Monday	—	—	—	—	—	—	—
29 - Aug.	—	—	—	—	—	—	—
Tuesday	GE	19:00	CPI MoM	Aug. P	0.3%	0.4%	0.9%
30 - Aug.	GE	19:00	CPI YoY	Aug. P	7.9%	7.8%	7.5%
	US	21:00	Conf. Board Consumer Confidence	Aug.	103.2	98.0	95.3
Wednesday	CH	08:30	Manufacturing PMI	Aug.		49.3	49.0
31 - Aug.	US	18:00	MBA Mortgage Applications	Aug. 26		--	-1.2%
	US	19:15	ADP Employment Change	Aug.		300K	--
	US	20:45	MNI Chicago PMI	Aug.		52.5	52.1
Thursday	ID	07:30	S&P Global Indonesia PMI Mfg	Aug.		--	51.3
1 - Sept.	ID	11:00	CPI YoY	Aug.		5.10%	4.94%
	ID	11:00	CPI MoM	Aug.		-0.15%	0.64%
	ID	11:00	CPI Core YoY	Aug.		2.95%	2.86%
Friday	US	19:30	Change in Nonfarm Payrolls	Aug.		300K	528K
2 - Sept.	US	19:30	Unemployment Rate	Aug.		3.5%	3.5%
	US	21:00	Factory Orders	Jul.		0.2%	2.0%
	US	21:00	Durable Goods Orders	Jul. F		0.0%	0.0%

Source: Bloomberg

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