

Morning Brief

Daily | Sept. 23, 2022

Today's Outlook:

Investors digested the Fed and BI rate hikes. The yield on SUN Benchmark short tenor FR90 rose 8 bps. Apart from the FFR increase which was in line with expectations, investors were also watching the September BI 7DRRR increase of +50 bps. Meanwhile, the ADB's upward revision of Indonesia's economic growth projection from 5.0% to 5.4% in 2022 is another positive sentiment.

Corporate Bonds

JSMR: Participating in Tendering 3 Toll Road Sections. PT Jasa Marga Tbk (JSMR) participated in the tender for three toll roads tendered by the Ministry of PUPR. The tenders participated by the company include the Patimban Access Toll Road, which is currently in the auction negotiation stage because the Jasa Marga Consortium is a single bidder. The second is the tender for the Bogor-Serpong Toll Road (Via Parung) and the third is the Sentul Selatan-Karawang Barat Toll Road where Jasa Marga has been declared to have passed the prequalification. (Kontan)

Domestic Issue

BI Interest Rate Hike 50 bps to 4.25%. Bank Indonesia (BI) has decided to raise the benchmark BI 7 Days Reverse Repo Rate by 50 basis points (bps) to 4.25%, with the deposit facility rate increasing to 3.5% and the lending facility rate to 5%. This decision was stipulated in the September 2022 BI Board of Governors Meeting, Thursday (22/9/2022). The RDG was held in two days to determine the direction of the central bank's interest rates and monetary policy. (CNBC Indonesia)

Recommendation

BI closed 3Q22 with BI 7DRRR +50Bps increase. Investors responded positively to BI's efforts to reduce the potential for soaring inflation, following the increase of more than 30% in domestic subsidized fuel prices. BI's tight monetary policy continued, raising the September BI 7DRRR by +50bps to 4.25%; after previously in August rose +25Bps. From a global perspective, the US labor market's Lagging Indicator remains solid, the Fed's continued Hawkish justification in November and December. US jobless claims for the week ended September 17, rose a modest 2% to as many as 213K claims, indicating the labor market remains resilient, amid the Fed's aggressive tight monetary policy to cool inflation. Risk-Off occurred in the bond market, Yield Inversion spread between UST2Y Vs. UST10Y widened to close to 50Bps, or yields breached the 4% and 3.5% levels, respectively, the highest levels since the Subprime Mortgage crisis.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	4.25%	3.75%	Real GDP	5.44%	5.01%
FX Reserve (USD bn)	132.20	132.20	Current Acc (USD bn)	0.41	4.97
Trd Balance (USD bn)	5.76	4.22	Govt. Spending Yoy	-5.24%	-7.74%
Exports Yoy	30.15%	32.03%	FDI (USD bn)	4.28	4.70
Imports Yoy	32.81%	39.86%	Business Confidence	104.82	105.33
Inflation Yoy	4.69%	4.94%	Cons. Confidence*	124.70	123.20

PRICE OF BENCHMARK SERIES

FR0090 : +8.0 Bps to 93.80 (6.72%)
FR0091 : +4.3 Bps to 94.21 (7.22%)
FR0093 : +1.1 Bps to 94.34 (6.99%)
FR0092 : +4.0 Bps to 98.18 (7.29%)

FR0086 : +3.4 Bps to 96.76 (6.53%)
FR0087 : +6.5 Bps to 95.38 (7.24%)
FR0083 : +1.2 Bps to 101.53 (7.34%)
FR0088 : +0.0 Bps to 92.25 (7.14%)

CDS of Indonesia Bonds

CDS 2yr: +6.86% to 68.91
CDS 5yr: +4.17% to 136.93
CDS 10yr: +5.57% to 203.63

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.25%	0.05%
USDIDR	15,018	0.13%
KRWIDR	10.63	-1.03%

Global Indices

Index	Last	Chg.	%
Dow Jones	30,076.68	(107.10)	-0.35%
S&P 500	3,757.99	(31.94)	-0.84%
FTSE 100	7,159.52	(78.12)	-1.08%
DAX	12,531.63	(235.52)	-1.84%
Nikkei	27,153.83	(159.30)	-0.58%
Hang Seng	18,147.95	(296.67)	-1.61%
Shanghai	3,108.91	(8.27)	-0.27%
KOSPI	2,332.31	(14.90)	-0.63%
EIDO	24.34	0.12	0.50%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,671.2	(2.7)	-0.16%
Crude Oil (\$/bbl)	83.49	0.55	0.66%
Coal (\$/ton)	435.65	(8.85)	-1.99%
Nickel LME (\$/MT)	24,562	(387.0)	-1.55%
Tin LME (\$/MT)	21,650	480.0	2.27%
CPO (MYR/Ton)	3,826	(61.0)	-1.57%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Friday	EC	16:00	CPI YoY	Aug. F	9.1%	9.1%	9.1%
<i>16 - Sept.</i>	EC	16:00	CPI MoM	Aug. F	0.6%	0.5%	0.5%
	EC	16:00	CPI Core YoY	Aug. F	4.3%	4.3%	4.3%
	US	21:00	U. of Mich. Sentiment	Sept. P	60.0	59.5	58.2
Monday	—	—	—	—	—	—	—
<i>19 - Sept.</i>	—	—	—	—	—	—	—
Tuesday	US	19:30	Building Permits	Aug.	1,517K	1,604K	1,685K
<i>20 - Sept.</i>	US	19:30	Building Permits MoM	Aug.	-10.0%	-4.8%	-0.6%
	US	19:30	Housing Starts	Aug.	1,575K	1,450K	1,404K
	US	19:30	Housing Starts MoM	Aug.	12.2%	0.3%	-10.9%
Wednesday	US	18:00	MBA Mortgage Applications	Sept. 16	3.8%	--	-1.2%
<i>21 - Sept.</i>	US	21:00	Existing Home Sales	Aug.	4.80Mn	4.70Mn	4.82Mn
	US	21:00	Existing Home Sales MoM	Aug.	-0.4%	-2.3%	-5.7%
Thursday	US	01:00	FOMC Rate Decision (Lower/ Upper)	Sept. 21	3.00%/3.25%	3.00%/3.25%	2.25%/2.50%
<i>22 - Sept.</i>	ID	14:20	Bank Indonesia 7D Reverse Repo	Sept.	4.25%	4.00%	3.75%
	UK	18:00	Bank of England Bank Rate	Sept. 22	2.25%	2.25%	1.75%
	US	19:30	Initial Jobless Claims	Sept. 17	213K	217K	208K
Friday	US	20:45	S&P Global US Manufacturing PMI	Sept. P		51.3	51.5
<i>23 - Sept.</i>	US	20:45	S&P Global US Services PMI	Sept. P		45.0	43.7
	US	20:45	S&P Global US Composite PMI	Sept. P		--	44.6

Source: Bloomberg

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