

Morning Brief

Daily | Sept. 2, 2022

Today's Outlook:

SUN benchmark mixed, amid positive domestic economic data. Controlled inflation and continued expansion of manufacturing were positive catalysts for the government securities market. On the other hand, investors are still keeping an eye on external sentiment, which still stems from the potential for the Fed's aggressive Hawkish to increase the FFR in September.

Corporate Bonds

INDY: Not to Increase Investment in Coal Sector. PT Indika Energy Tbk (INDY) has committed not to increase investment in the coal sector. The Company will focus on developing business diversification including in the electric vehicle sector, new and renewable energy, nature-based solutions, gold mining, logistics and infrastructure. Meanwhile, the company has begun to assemble its non-coal business diversification agenda, one of which is the electric motor industry through PT Ilectra Motor Group (IMG). (Kontan)

Domestic Issue

BPS: Indonesia Books 0.21% Deflation in August 2022. Statistics Indonesia (BPS) reported that in August 2022 there was a deflation of 0.21%, where there was a decline in the Consumer Price Index (CPI) from 111.80 in July 2022 to 111.57 in August 2022. Meanwhile, the main commodities contributing to deflation in August 2022 are shallots, red chilies, cayenne pepper, cooking oil, meat, and purebred chicken. Meanwhile the inflation rate for the calendar year (August 2022 to December 2021) is 3.63% and year-on-year inflation (August 2022 to August 2021) is 4.69%. (SindoNews)

Recommendation

Investors are observing the normalization of Statutory Reserves. Positive domestic economic data, with manufacturing expanding and inflation kept under 5%. Data shows S&P Global Indonesia PMI Mfg Aug. expands to level 51.7 (Jul. 51.3); and CPI Headline Aug. recorded deflation on a monthly basis at -0.2% (Jul. +0.6%); annual inflation was maintained +4.69% (Jul. 4.94%). In addition to BI which has raised BI 7DRRR +25Bps, the normalization of the rupiah statutory reserve requirement to 9% as of September, has the opportunity to make deposit rates increase gradually, in line with rising inflation expectations. The increase in CoF has forced banks to adjust loan interest rates in order to maintain NIM.

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	4.69%	4.94%	Cons. Confidence*	123.20	128.20

PRICE OF BENCHMARK SERIES

FR0090 : -1.5 Bps to 94.27 (6.58%)
FR0091 : +0.7 Bps to 94.87 (7.11%)
FR0093 : -1.5 Bps to 93.68 (7.06%)
FR0092 : +0.1 Bps to 100.33 (7.09%)

FR0086 : +0.4 Bps to 97.02 (6.43%)
FR0087 : +2.9 Bps to 96.56 (7.04%)
FR0083 : -1.2 Bps to 103.02 (7.19%)
FR0088 : +17.9 Bps to 93.00 (7.05%)

CDS of Indonesia Bonds

CDS 2yr: +4.18% to 53.44
CDS 5yr: +11.69% to 123.58
CDS 10yr: +3.02% to 193.85

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.14%	0.01%
USDIDR	14,883	0.27%
KRWIDR	10.99	-0.90%

Global Indices

Index	Last	Chg.	%
Dow Jones	31,656.42	145.99	0.46%
S&P 500	3,966.85	11.85	0.30%
FTSE 100	7,148.50	(135.65)	-1.86%
DAX	12,630.23	(204.73)	-1.60%
Nikkei	27,661.47	(430.06)	-1.53%
Hang Seng	19,597.31	(357.08)	-1.79%
Shanghai	3,184.98	(17.16)	-0.54%
KOSPI	2,415.61	(56.44)	-2.28%
EIDO	23.97	0.21	0.88%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,697.5	(13.5)	-0.79%
Crude Oil (\$/bbl)	86.61	(2.94)	-3.28%
Coal (\$/ton)	427.35	2.35	0.55%
Nickel LME (\$/MT)	20,311	(1100.0)	-5.14%
Tin LME (\$/MT)	21,060	(1733.0)	-7.60%
CPO (MYR/Ton)	3,994	(150.0)	-3.62%

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.	49.4	49.2	49.0
31 - Aug.	US	18:00	MBA Mortgage Applications	Aug. 26	-3.7%	--	-1.2%
	US	19:15	ADP Employment Change	Aug.	132K	300K	268K
	US	20:45	MNI Chicago PMI	Aug.	52.2	52.1	52.1
Thursday	ID	07:30	S&P Global Indonesia PMI Mfg	Aug.	51.7	--	51.3
1 - Sept.	ID	11:00	CPI YoY	Aug.	4.69	4.87%	4.94%
	ID	11:00	CPI MoM	Aug.	-0.21%	-0.10%	0.64%
	ID	11:00	CPI Core YoY	Aug.	3.04%	2.99%	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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