

Morning Brief

Daily | Sept. 7, 2022

Today's Outlook:

High yield expectations, the Government did not win PBS34. Bids entered in yesterday's Sukuk auction were IDR 24.1 trillion, lower than the previous Sukuk auction of IDR 28.5 trillion. Furthermore, the Government only absorbed IDR 9 trillion from the total incoming bids or in accordance with the indicative target. Meanwhile, the Government's decision not to win at all PBS34, made the absorption of the Sukuk auction this time down compared to the auction two weeks ago which reached IDR 12.1 trillion.

Corporate Bonds

SMGR: Books 4.28% Profit Increase. PT Semen Indonesia Tbk (SMGR) until 1H22 posted a net profit of IDR828.76 billion or grew 4.28% YoY. The increase in profit was due to a 9.7% decrease in selling expenses to IDR1.261 trillion. Meanwhile, sales fell 2.07% to IDR15.876 trillion. (Emiten News)

Domestic Issue

Some PSN Will Be Completed Soon. The government is working on a number of infrastructure projects that are included in the National Strategic Project (PSN) which can be completed soon. Some of them are the Trans Sumatra toll road, the Semarang-Demak toll road, then the land acquisition mechanism with consignment and PSN certainty for the State Capital (IKN) infrastructure project. Meanwhile, the IKN project was asked to be included in the PSN, to facilitate and accelerate its development. (Kontan)

Recommendation

Investors watched Powell's speech and the ECB's decision. Service sector growth boosts the probability of a +75 bps increase in the FFR. US services sector, ISM Services Index Aug. rose to 56.9 points (Vs. Jul. 56.7 points), making investors see a 74% probability of a +75Bps Fed rate hike next September based on CME FedWatch data. Apart from focusing on Powell's speech on Thursday, investors are also anticipating the European Central Bank's monetary policy on the same day. Based on a Bloomberg survey, the ECB Main Refinancing Rate Sept. up +75Bps to 1.250% (Vs. Aug. 0.500%).

PRICE OF BENCHMARK SERIES

FR0090 : +10.1 Bps to 93.92 (6.67%)
FR0091 : +1.0 Bps to 94.76 (7.13%)
FR0093 : +1.4 Bps to 93.49 (7.08%)
FR0092 : 0.0 Bps to 100.32 (7.09%)

FR0086 : +3.3 Bps to 96.81 (6.50%)
FR0087 : +4.0 Bps to 96.04 (7.13%)
FR0083 : +2.6 Bps to 102.72 (7.22%)
FR0088 : +0.0 Bps to 93.00 (7.05%)

CDS of Indonesia Bonds

CDS 2yr: +2.65% to 52.86
CDS 5yr: +0.94% to 123.38
CDS 10yr: +2.12% to 192.24

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.17%	0.01%
USDIDR	14,887	-0.11%
KRWIDR	10.84	-0.27%

Global Indices

Index	Last	Chg.	%
Dow Jones	31,145.30	(173.14)	-0.55%
S&P 500	3,908.19	(16.07)	-0.41%
FTSE 100	7,300.44	13.01	0.18%
DAX	12,871.44	110.66	0.87%
Nikkei	27,626.51	6.90	0.02%
Hang Seng	19,202.73	(22.97)	-0.12%
Shanghai	3,243.45	43.54	1.36%
KOSPI	2,410.02	6.34	0.26%
EIDO	24.13	0.09	0.37%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,702.1	(8.3)	-0.48%
Crude Oil (\$/bbl)	86.88	0.01	0.01%
Coal (\$/ton)	450.25	(7.55)	-1.65%
Nickel LME (\$/MT)	21,574	116.0	0.54%
Tin LME (\$/MT)	21,206	(419.0)	-1.94%
CPO (MYR/Ton)	3,797	(119.0)	-3.04%

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

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Friday	US	19:30	Change in Nonfarm Payrolls	Aug.	315K	298K	526K
2 - Sept.	US	19:30	Unemployment Rate	Aug.	3.7%	3.5%	3.5%
	US	21:00	Factory Orders	Jul.	-1.0%	0.2%	1.8%
	US	21:00	Durable Goods Orders	Jul. F	-0.1%	0.0%	0.0%
	US	21:00	Durable Goods Orders	Jul. F	-0.1%	0.0%	0.0%
Monday	CH	08:45	Caixin China PMI Composite	Aug.	53.0	--	54.0
5 - Sept.	CH	08:45	Caixin China PMI Services	Aug.	55.0	54.0	55.5
	GE	14:55	S&P Global Germany Services PMI	Aug. F	47.7	48.2	48.2
	GE	14:55	S&P Global Germany Composite PMI	Aug. F	46.9	47.6	47.6
	GE	14:55	S&P Global Germany Composite PMI	Aug. F	46.9	47.6	47.6
Tuesday	GE	13:00	Factory Orders MoM	Jul.	-1.1%	-0.7%	-0.3%
6 - Sept.	US	20:45	S&P Global US Services PMI	Aug. F	43.7	44.2	44.1
	US	20:45	S&P Global US Composite PMI	Aug. F	44.6	45.0	45.0
	US	21:00	ISM Services Index	Aug.	56.9	55.3	56.7
	US	21:00	ISM Services Index	Aug.	56.9	55.3	56.7
Wednesday	ID	10:00	Foreign Reserves	Aug.		--	\$132.20Bn
7 - Sept.	ID	--	Consumer Confidence Index	Aug.		--	123.2
	US	18:00	MBA Mortgage Applications	Sept. 2		--	-3.7%
	US	19:30	Trade Balance	Jul.		-\$70.1Bn	-\$79.6Bn
	US	19:30	Trade Balance	Jul.		-\$70.1Bn	-\$79.6Bn
Thursday	EC	19:15	ECB Main Refinancing Rate	Sept. 8		1.000%	0.500%
8 - Sept.	EC	19:15	ECB Marginal Lending Facility	Sept. 8		--	0.750%
	EC	19:15	ECB Deposit Facility Rate	Sept. 8		0.625%	0.000%
	US	19:30	Initial Jobless Claims	Sept. 3		--	232K
	US	19:30	Initial Jobless Claims	Sept. 3		--	232K
Friday	US	21:00	Wholesale Inventories MoM	Jul. F		0.8%	0.8%
9 - Sept.	—	—	—	—	—	—	—

Source: Bloomberg

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