

Morning Brief

Daily | Sept. 19, 2022

Today's Outlook:

FFR September speculation rose +100Bps, responding to Lagging Indicators which recorded an increase in the rate of inflation. Last week, CME FedWatch started projecting a +100Bps September FFR increase probability of 18%, from the previous +75Bps increase of 82%, responding negatively to the US Core Inflation rate for August period to 6.3% YoY (Vs. Jul. 5.9%)). In addition to the Labor Market, Core Inflation is one of the Lagging Indicators, the Fed's benchmark in determining the FFR amount. This aggressive Hawkish speculation, coming after June and July rose +75Bps each, puts the US at risk of an economic recession. This can be seen from the widening of the UST2Y Yield Inversion spread (3.99%) Vs. UST10Y (3.46%) from 25Bps to 43Bps a week.

Corporate Bonds

SMMA Issues IDR 1.6 Trillion Shelf-Registered Bonds. PT Sinar Mas Multiartha Tbk (SMMA) will again offer Shelf-Registered Bonds II Phase III 2022 amounting to IDR 1.66 trillion, in two series. First, series A with an offered amount of Rp 580 billion with a fixed interest rate of 9.75 percent for a five-year term. Second, series B with the principal amount of series B bonds offered amounting to Rp. 1.08 trillion with a fixed interest rate of 10.50 percent per year with a tenor of 10 years. The sustainable bonds are part of the Shelf-Registered Bonds II with a target fund of IDR 5 trillion. (liputan6.com)

Domestic Issue

Carbon Tax will be Implemented Soon. The Ministry of Finance (Kemenkeu) said that the implementation of the carbon tax is expected to take effect before the summit of the G20 Summit in Bali. Currently, the government plans to issue three roadmaps, namely the energy transition roadmap, the carbon market roadmap and the carbon tax roadmap. So that the implementation of the carbon tax rules must be harmonized with the roadmap. (Kontan)

Recommendation

Sacred Thursday, the main indicator to determine the direction of the JCI ahead of the close of 3Q22. Three Central Banks are projected to return to Hawkish, with BI +25Bps; BoE +50Bps and the Fed +75Bps, Thursday West Indonesia Time. NHKSI Research sees that Hawkish continued aggressively by the Fed by using Lagging Indicators (Core Inflation, Labor Market) which still shows inflation, while Leading Indicators (Gold, Copper) have shown deflation, potentially bringing US GDP to the verge of recession, after experiencing a Technical Recession. 1H22. In fact, global oil prices have fallen more than 30% from their peak levels.

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	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 : +8.8 Bps to 94.07 (6.65%)
FR0091 : +3.2 Bps to 94.40 (7.19%)
FR0093 : +1.0 Bps to 94.85 (6.93%)
FR0092 : +2.5 Bps to 99.50 (7.17%)

FR0086 : +4.4 Bps to 96.88 (6.49%)
FR0087 : +1.1 Bps to 95.85 (7.16%)
FR0083 : +0.8 Bps to 102.15 (7.28%)
FR0088 : +0.0 Bps to 92.25 (7.14%)

CDS of Indonesia Bonds

CDS 2yr: -0.71% to 45.80
CDS 5yr: -2.23% to 105.36
CDS 10yr: -0.57% to 171.14

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.22%	0.03%
USDIDR	14,953	0.37%
KRWIDR	10.76	0.71%

Global Indices

Index	Last	Chg.	%
Dow Jones	30,822.42	(139.40)	-0.45%
S&P 500	3,873.33	(28.02)	-0.72%
FTSE 100	7,236.68	(45.39)	-0.62%
DAX	12,741.26	(215.40)	-1.66%
Nikkei	27,567.65	(308.26)	-1.11%
Hang Seng	18,761.69	(168.69)	-0.89%
Shanghai	3,126.40	(73.52)	-2.30%
KOSPI	2,382.78	(19.05)	-0.79%
EIDO	24.27	(0.48)	-1.94%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,675.1	10.0	0.60%
Crude Oil (\$/bbl)	85.11	0.01	0.01%
Coal (\$/ton)	439.00	(6.50)	-1.46%
Nickel LME (\$/MT)	24,249	1122.0	4.85%
Tin LME (\$/MT)	21,137	327.0	1.57%
CPO (MYR/Ton)	3,724	(132.0)	-3.42%

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.		1,621K	1,685K
<i>20 - Sept.</i>	US	19:30	Building Permits MoM	Aug.		-3.8%	-0.6%
	US	19:30	Housing Starts	Aug.		1,460K	1,446K
	US	19:30	Housing Starts MoM	Aug.		1.0%	-9.6%
Wednesday	US	18:00	MBA Mortgage Applications	Sept. 16		--	-1.2%
<i>21 - Sept.</i>	US	21:00	Existing Home Sales	Aug.		4.70Mn	4.81Mn
	US	21:00	Existing Home Sales MoM	Aug.		-2.3%	-5.9%
Thursday	US	01:00	FOMC Rate Decision (Lower/ Upper)	Sept. 21		3.00%/3.25%	2.25%/2.50%
<i>22 - Sept.</i>	ID	14:20	Bank Indonesia 7D Reverse Repo	Sept.		4.00%	3.75%
	UK	18:00	Bank of England Bank Rate	Sept. 22		2.25%	1.75%
	US	19:30	Initial Jobless Claims	Sept. 17		--	213K
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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