

Morning Brief

Daily | Sept. 5, 2022

Today's Outlook:

Economists are wary of Core Inflation hitting 3%, indicating inflation has reached producer levels. Although the August Headline Inflation was maintained below 5% on an annual basis, and recorded a deflation of 0.21% on a monthly basis. However, the annual Core Inflation in the same period booked 3.04% (Vs. Jul. 2.86%). This increase also occurred when there was no increase in Administered Prices (such as fuel and electricity) for the August period, indicating that producers had anticipated inflation expectations by increasing the prices of a number of goods. NHKSI Research sees that both supply restrictions and subsidized fuel price increases will have a propagation impact on Core Inflation. Meanwhile, limiting the supply of subsidized fuel means that people are directed to use non-subsidized fuel. In the end, inflation expectations mean investors expect a higher Expected Return on investment instruments.

Corporate Bonds

WSKT: Strengthens WBW Capital. PT Waskita Karya (Persero) Tbk (WSKT) strengthened Waskita Bumi Wira's (WBW) capital of IDR38.15 billion, where Waskita Toll Road executed 38,150 shares issued by WBW. Meanwhile, the implementation of this transaction is to meet the funding needs of WBW. (Emiten News)

Domestic Issue

Distribution of Subsidized Fuel Restricted. The government has ensured that restrictions on the distribution of subsidized fuel oil (BBM) will still be carried out even though fuel prices are raised. The restriction on the distribution of subsidized fuel is carried out through a digitalization system by PT Pertamina. The Minister of Energy and Mineral Resources (ESDM) revealed, regarding the accuracy of the allocation of subsidized fuel, many people still use subsidized fuel even though they are classified as capable. (Kontan)

Recommendation

Short term pain for long term gain. The Government's decision to increase subsidized fuel prices by more than 30%, for both Pertalite to IDR10,000/Liter and Diesel to IDR6,800/Liter, made transportation and logistics costs higher, which in turn pushed up food prices and inflation. Meanwhile, NHKSI Research is observing the shifting of fuel subsidy allocations to more productive sectors, such as: building infrastructure and strategic industries. We project that this week, JCI will move in the range of Support: 7,140-7,135 / 7,080-7,060/7,040/7,000/6,950 and Resistance: 7,200-7,230 / 7,260 / 7,300 / 7,350-7,360.

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 : -0.7 Bps to 94.30 (6.57%)
FR0091 : +0.7 Bps to 94.83 (7.12%)
FR0093 : +0.8 Bps to 93.61 (7.07%)
FR0092 : +0.2 Bps to 100.32 (7.09%)

FR0086 : +3.6 Bps to 96.91 (6.47%)
FR0087 : +4.5 Bps to 96.29 (7.09%)
FR0083 : +0.4 Bps to 102.98 (7.19%)
FR0088 : +0.0 Bps to 93.00 (7.05%)

CDS of Indonesia Bonds

CDS 2yr: -3.63% to 51.50
CDS 5yr: -1.09% to 122.23
CDS 10yr: -2.89% to 188.23

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.14%	0.01%
USDIDR	14,897	0.09%
KRWIDR	10.93	-0.54%

Global Indices

Index	Last	Chg.	%
Dow Jones	31,318.44	(337.98)	-1.07%
S&P 500	3,924.26	(42.59)	-1.07%
FTSE 100	7,281.19	132.69	1.86%
DAX	13,050.27	420.04	3.33%
Nikkei	27,650.84	(10.63)	-0.04%
Hang Seng	19,452.09	(145.22)	-0.74%
Shanghai	3,186.48	1.50	0.05%
KOSPI	2,409.41	(6.20)	-0.26%
EIDO	24.04	0.07	0.29%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,712.2	14.7	0.86%
Crude Oil (\$/bbl)	86.87	0.26	0.30%
Coal (\$/ton)	435.00	7.65	1.79%
Nickel LME (\$/MT)	20,529	218.0	1.07%
Tin LME (\$/MT)	21,155	95.0	0.45%
CPO (MYR/Ton)	3,915	(79.0)	-1.98%

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%
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Monday	CH	08:45	Caixin China PMI Composite	Aug.		--	54.0
5 - Sept.	CH	08:45	Caixin China PMI Services	Aug.		54.0	55.5
	GE	14:55	S&P Global Germany Services PMI	Aug. F		48.2	48.2
	GE	14:55	S&P Global Germany Composite PMI	Aug. F		47.6	47.6
	GE	14:55	S&P Global Germany Composite PMI	Aug. F		47.6	47.6
Tuesday	GE	13:00	Factory Orders MoM	Jul.		-0.4%	-0.4%
6 - Sept.	US	20:45	S&P Global US Services PMI	Aug. F		44.2	44.1
	US	20:45	S&P Global US Composite PMI	Aug. F		45.0	45.0
	US	21:00	ISM Services Index	Aug.		55.2	56.7
	US	21:00	ISM Services Index	Aug.		55.2	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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