

Morning Brief

Daily | Oct. 17, 2022

Today's Outlook:

US economic data dominate market sentiment for the week. In addition, the US Unemployment Rate fell to a low of 3.5%; US PPI and CPI Sept. at 8.5% YoY and 8.2% YoY respectively; guarantee FFR Nov. the 4% level remains on track. Inflation that persists at a high level has a chance to make the PCE Core Deflator US Sept. surpassed the 5% YoY level, another Fed indicator in determining the size of the FFR hike. Meanwhile, the Indonesian Consumer Confidence Index Sept. which is still at an optimistic level, or at the level of 117.2 points, has not been able to withstand market pressures last week.

Corporate Bonds

Indika Buyback Bonds Almost IDR 450 Billion. PT Indika Energy Tbk (INDY) has bought back the 2024 debt securities worth USD 29.02 million or equivalent to IDR 448.9 billion. The repurchased debt securities represent 5.05% of the initial principal value of the debt securities in 2024 which reached USD 362.39 million or around IDR 5.6 trillion. (Investor Daily)

Domestic Issue

Services Balance Deficit Widens in 2Q22. The record of services balance in 2Q22 showed a deficit of USD 4.97 billion, or it can be said that this deficit is widened compared to the deficit in 1Q22 which was USD 3.70 billion. Compared to the deficit during the same period in the previous year, which was 3.70 billion, the deficit in 2Q22 widened. These numbers mainly come from the deficit in freight transportation services, in line with the import increase of goods that prompt freight services. (Kontan)

Recommendation

The release of domestic economic data, including Trade Balance, Exports and Imports, and BI 7DRR. Assuming BI 7DRR Oct. up +50Bps to 4.75%; and there is still RDG BI Nov. and Dec. In the future, the BI 7DRR by the end of 2022 can exceed the 5% level. From a global perspective, investors will keep an eye on the Strong Dollar sentiment, ahead of the fourth +75Bps FFR hike in early November.

PRICE OF BENCHMARK SERIES

FR0090 : +2.1 Bps to 93.16 (6.92%)
FR0091 : +2.2 Bps to 93.40 (7.35%)
FR0093 : +2.2 Bps to 91.59 (7.31%)
FR0092 : +3.3 Bps to 97.53 (7.36%)

FR0086 : +2.3 Bps to 95.87 (6.84%)
FR0087 : +1.0 Bps to 94.55 (7.38%)
FR0083 : +0.7 Bps to 100.31 (7.46%)
FR0088 : -3.1 Bps to 90.25 (7.39%)

CDS of Indonesia Bonds

CDS 2yr: +2.14% to 73.51
CDS 5yr: +1.01% to 160.04
CDS 10yr: +1.78% to 238.35

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.38%	0.03%
USDIDR	15,423	0.40%
KRWIDR	10.80	0.59%

Global Indices

Index	Last	Chg.	%
Dow Jones	29,634.83	(403.89)	-1.34%
S&P 500	3,583.07	(86.84)	-2.37%
FTSE 100	6,858.79	8.52	0.12%
DAX	12,437.81	82.23	0.67%
Nikkei	27,090.76	853.34	3.25%
Hang Seng	16,587.69	198.58	1.21%
Shanghai	3,071.99	55.63	1.84%
KOSPI	2,212.55	49.68	2.30%
EIDO	22.56	(0.52)	-2.25%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,644.5	(21.9)	-1.31%
Crude Oil (\$/bbl)	85.61	(3.50)	-3.93%
Coal (\$/ton)	392.50	(1.00)	-0.25%
Nickel LME (\$/MT)	21,777	(650.0)	-2.90%
Tin LME (\$/MT)	19,930	(170.0)	-0.85%
CPO (MYR/Ton)	3,833	168.0	4.58%

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)	130.80	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	5.95%	4.69%	Cons. Confidence*	117.20	124.70

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	ID	11:00	Trade Balance	Sept.		\$4.84Bn	\$5.76Bn
17 - Oct.	ID	11:00	Exports YoY	Sept.		28.30%	30.15%
	ID	11:00	Imports YoY	Sept.		33.25%	32.81%
	US	19:30	Empire Manufacturing	Oct.		-1.0	-1.5
Tuesday	CH	09:00	Industrial Production YoY	Sept.		4.9%	4.2%
18 - Oct.	CH	09:00	GDP YoY	3Q22		3.5%	0.4%
	CH	09:00	Retail Sales YoY	Sept.		3.2%	5.4%
	US	20:15	Industrial Production MoM	Sept.		-0.1%	-0.2%
Wednesday	EC	16:00	CPI YoY	Sept. F		10.0%	9.1%
19 - Oct.	US	18:00	MBA Mortgage Applications	Oct. 14		--	-2.0%
	US	19:30	Building Permits	Sept.		1,550K	1,542K
	US	19:30	Housing Starts	Sept.		1,488K	1,575K
Thursday	ID	14:20	Bank Indonesia 7D Reverse Repo	Oct. 20		4.63%	4.25%
20 - Oct.	US	19:30	Initial Jobless Claims	Oct. 15		--	228K
	US	21:00	Existing Home Sales	Sept.			
	US	21:00	Leading Index	Sept.		-0.3%	-0.3%
Friday	—	—	—	—	—	—	—
21 - Oct.	—	—	—	—	—	—	—

Source: Bloomberg

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