

# Morning Brief

Daily | Oct. 3, 2022

## Today's Outlook:

External sentiment, **investors faced continued Hawkish** or November +75Bps and December +50Bps FFR hikes, closing FY22E FFR to 4.25%-4.50% levels. Meanwhile, US FR30Y mortgage interest has reached 6.70% 3Q22 (Vs. 2.88% 3Q21); the highest level since the 2008 Subprime Mortgage crisis, as yield on UST10Y touched 4%. The Hawkish Fed was supported by a solid labor market, US Initial Jobless Claims fell 8% for the week. On the domestic side, the Government is targeting a 28% increase in tax revenue in 2023, in contrast to the potential normalization of prices for a number of commodities and the risk of an economic recession in some of Indonesia's main trading partners.

## Corporate Bonds

**Mandala Multifinance Bonds mature in December 2022.** The Indonesian Securities Rating Agency or Pefindo has assigned idA ratings to two bonds owned by PT Mandala Multifinance Tbk. (MFIN) which will mature in the fourth quarter of 2022 or December 2022. The bonds that will mature consist of Shelf-Registered Bonds IV Phase IV/2021 Series A worth Rp300 billion and Shelf Registration Bonds III Phase IV/2019 Series B worth Rp10 billion which will mature on December 10, 2022 and December 20, 2022, respectively. (Bisnis Indonesia)

## Domestic Issue

**Ministry of Finance will not issue Euro Bonds.** The Ministry of Finance (Kemenkeu) stated that it will not issue debt securities in the form of foreign currencies, namely euro bonds this year, due to the economic turmoil that occurred in Europe. Apart from the energy crisis in Europe due to the Russia-Ukraine conflict, EUR/USD weakened due to the increase in the Fed Funds Rate and the strengthening of the US dollar, which is a safe haven. The euro has weakened 11.79% since the start of the year. (Kontan)

## Recommendation

**Inflation beats economic growth.** Bloomberg survey, Headline Inflation per September is projected to reach 6% YoY, or exceed 3Q22 GDP which is projected to only grow 5.5% according to BI's version. High inflation, which has also exceeded the BI target of 4%, tends to make the Rupiah depreciate. On the other hand, high inflation has the opportunity to push BI 7DRRR to the level of 4.75%-5.00% FY22E. Apart from inflation, a number of other economic data will be released this week, such as: Indonesia's Manufacturing PMI, which is projected to continue to expand, and September's Cadev, as the depreciation of the Rupiah approached the level of IDR15,300/USD last week.

## 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)	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 : -6.3 Bps to 94.02 (6.67%)  
FR0091 : -4.3 Bps to 93.41 (7.34%)  
FR0093 : -2.3 Bps to 92.35 (7.22%)  
FR0092 : -7.7 Bps to 97.14 (7.40%)

FR0086 : -1.5 Bps to 96.20 (6.72%)  
FR0087 : +1.0 Bps to 94.71 (7.35%)  
FR0083 : +1.5 Bps to 100.39 (7.45%)  
FR0088 : +6.2 Bps to 90.50 (7.36%)

## CDS of Indonesia Bonds

CDS 2yr: -10.22% to 70.09  
CDS 5yr: -1.40% to 161.35  
CDS 10yr: -5.45% to 226.55

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.42%	0.00%
USDIDR	15,263	0.00%
KRWIDR	10.60	0.08%

## Global Indices

Index	Last	Chg.	%
Dow Jones	28,725.51	(500.10)	-1.71%
S&P 500	3,585.62	(54.85)	-1.51%
FTSE 100	6,893.81	12.22	0.18%
DAX	12,114.36	138.81	1.16%
Nikkei	25,937.21	(484.84)	-1.83%
Hang Seng	17,222.83	56.96	0.33%
Shanghai	3,024.39	(16.82)	-0.55%
KOSPI	2,155.49	(15.44)	-0.71%
EIDO	23.32	(0.13)	-0.55%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,660.6	0.1	0.00%
Crude Oil (\$/bbl)	79.49	(1.74)	-2.14%
Coal (\$/ton)	433.70	(2.05)	-0.47%
Nickel LME (\$/MT)	21,107	(1241.0)	-5.55%
Tin LME (\$/MT)	20,634	111.0	0.54%
CPO (MYR/Ton)	3,416	74.0	2.21%

## Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	ID	07:30	S&P Global Indonesia PMI Mfg	Sept.	--		51.7
3 - Oct.	ID	11:00	CPI YoY	Sept.	5.96%		4.69%
	ID	11:00	CPI MoM	Sept.	1.17%		-0.21%
	ID	11:00	CPI Core YoY	Sept.	3.51%		3.04%
	ID	11:00	CPI Core YoY	Sept.	3.51%		3.04%
<b>Tuesday</b>	EC	16:00	PPI MoM	Aug.	--		4.0%
4 - Oct.	EC	16:00	PPI YoY	Aug.	--		37.9%
	US	21:00	Factory Orders	Aug.	0.2%		-1.0%
	US	21:00	Durable Goods Orders	Aug. F	--		-0.2%
	US	21:00	Durable Goods Orders	Aug. F	--		-0.2%
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	Sept. 30	--		-3.7%
5 - Oct.	US	19:15	ADP Employment Change	Sept.	200K		132K
	US	19:30	Trade Balance	Aug.	-\$67.9Bn		-\$70.7Bn
	US	20:45	S&P Global US Composite PMI	Sept. F	--		49.3
	US	20:45	S&P Global US Composite PMI	Sept. F	--		49.3
<b>Thursday</b>	GE	13:00	Factory Orders MoM	Aug.	-0.5%		-1.1%
6 - Oct.	EC	16:00	Retail Sales MoM	Aug.	-0.4%		0.3%
	US	19:30	Initial Jobless Claims	Oct. 1	--		193K
	US	19:30	Continuing Claims	Sept. 24	--		1,347K
	US	19:30	Continuing Claims	Sept. 24	--		1,347K
<b>Friday</b>	US	19:30	Change in NonFarm Payrolls	Sept.	250K		315K
7 - Oct.	US	19:30	Change in Manufact. Payrolls	Sept.	20K		22K
	US	19:30	Unemployment Rate	Sept.	3.7%		3.7%
	US	21:00	Wholesale Inventories MoM	Aug. F	--		1.3%
	US	21:00	Wholesale Inventories MoM	Aug. F	--		1.3%

Source: Bloomberg

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