

Morning Brief

Daily | Oct. 20, 2022

Today's Outlook:

Wait and see investors, SUN Benchmark depressed. Investors are taking a wait and see attitude, waiting for the results of BI's RDG which is projected to raise the FFR by 25Bps-50Bps, based on a Bloomberg survey. Meanwhile, the yield on UST10Y again surpassed the 4% level or reached its highest level since mid-2008, as housing data has not been able to contain the Hawkish stance of the Fed. Data shows US Housing Starts Sept. up by 1.4 million (Vs. Aug. 1.6 million); affected by the high Mortgage Rates, along with the increase in FFR in 2022. Furthermore, the Fed is planned to raise the FFR by 75 bps for the fourth time in a row at the FOMC meeting next November.

Corporate Bonds

PNM Bonds Earn idAA Ratings. Bonds belonging to PT Permodalan Nasional Madani (PNM) which will mature have received an idAA rating from PT Perneringkat Efek Indonesia (Pefindo). Meanwhile, the bonds are Continuous Bonds V Phase I/2021 Series A which has a principal value of IDR 1 trillion. These bonds will mature on December 20, 2022. (Kontan)

Domestic Issue

BI Cuts Indonesia's Inflation Projection. Bank Indonesia (BI) cut Indonesia's inflation projection in 2022 to 6.3% YoY. Previously, BI projected inflation at the level of 6.6% - 6.7%. Although BI's latest inflation projection is lower, it still exceeds the upper limit of the target range of 4% YoY. In more detail, the source of the current increase in Indonesia's inflation is the price adjustment of subsidized fuel oil (BBM) in September 2022. In addition, there is also an increase in food inflation. (Kontan)

Recommendation

Investors anticipate Hawkish BI 7DRR. BI's decision to revise down the 2022 inflation target to 6.3% YoY; or 30Bps-40Bps lower than the previous target of 6.6%-6.7%; indicating the potential for continued tight monetary policy by BI in the rest of the year. Besides Indonesia Headline Inflation Oct. which has approached 6% y/y, and surpassed 1% m/m, BI should also anticipate Strong Dollar sentiment, with DXY holding on to a high of 113 points (Vs. Highest Level 114), ahead of talk of a +75Bps FFR hike in early November. The high global uncertainty has made investors interested in USD safe haven instruments, making the Rupiah close to the level of IDR15,500/USD this 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)	130.80	132.20	Current Acc (USD bn)	0.41	4.97
Trd Balance (USD bn)	4.99	5.76	Govt. Spending Yoy	-5.24%	-7.74%
Exports Yoy	20.28%	30.15%	FDI (USD bn)	4.28	4.70
Imports Yoy	22.02%	32.81%	Business Confidence	104.82	105.33
Inflation Yoy	5.95%	4.69%	Cons. Confidence*	117.20	124.70

PRICE OF BENCHMARK SERIES

FR0090 : +5.6 Bps to 92.64 (7.06%)
FR0091 : +3.1 Bps to 92.83 (7.44%)
FR0093 : +4.0 Bps to 90.41 (7.45%)
FR0092 : +0.6 Bps to 96.53 (7.46%)

FR0086 : +2.5 Bps to 95.76 (6.88%)
FR0087 : +5.4 Bps to 93.77 (7.51%)
FR0083 : +0.7 Bps to 99.92 (7.50%)
FR0088 : -24.5 Bps to 90.42 (7.37%)

CDS of Indonesia Bonds

CDS 2yr: +0.44% to 69.32

CDS 5yr: -0.38% to 154.11

CDS 10yr: +0.22% to 226.52

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.47%	0.03%
USDIDR	15,498	0.19%
KRWIDR	10.86	-0.05%

Global Indices

Index	Last	Chg.	%
Dow Jones	30,423.81	(99.99)	-0.33%
S&P 500	3,695.16	(24.82)	-0.67%
FTSE 100	6,924.99	(11.75)	-0.17%
DAX	12,741.41	(24.20)	-0.19%
Nikkei	27,257.38	101.24	0.37%
Hang Seng	16,511.28	(403.30)	-2.38%
Shanghai	3,044.38	(36.58)	-1.19%
KOSPI	2,237.44	(12.51)	-0.56%
EIDO	22.70	0.06	0.27%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,629.4	(22.8)	-1.38%
Crude Oil (\$/bbl)	85.55	2.73	3.30%
Coal (\$/ton)	391.00	3.15	0.81%
Nickel LME (\$/MT)	21,876	335.0	1.56%
Tin LME (\$/MT)	19,450	(195.0)	-0.99%
CPO (MYR/Ton)	4,118	107.0	2.67%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	ID	11:00	Trade Balance	Sept.	%4.9Bn	\$4.8Bn	\$5.7Bn
<i>17 - Oct.</i>	ID	11:00	Exports YoY	Sept.	20.28%	28.60%	30.03%
	ID	11:00	Imports YoY	Sept.	22.02%	33.40%	32.81%
	US	19:30	Empire Manufacturing	Oct.	-9.1	-4.3	-1.5
Tuesday	US	20:15	Industrial Production MoM	Sept.	0.4%	0.1%	-0.1%
<i>18 - Oct.</i>	—	—	—	—	—	—	—
Wednesday	EC	16:00	CPI YoY	Sept. F	9.9%	10.0%	9.1%
<i>19 - Oct.</i>	US	18:00	MBA Mortgage Applications	Oct. 14	-4.5%	--	-2.0%
	US	19:30	Building Permits	Sept.	1,564K	1,550K	1,542K
	US	19:30	Housing Starts	Sept.	1,439K	1,488K	1,575K
Thursday	ID	14:20	Bank Indonesia 7D Reverse Repo	Oct. 20		4.63%	4.25%
<i>20 - Oct.</i>	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	—	—	—	—	—	—	—
<i>21 - Oct.</i>	—	—	—	—	—	—	—

Source: Bloomberg

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