

Morning Brief

Daily | Oct. 28, 2022

Today's Outlook:

October's inflation rate is sloping. Based on a Bloomberg Survey, Indonesia's headline inflation rate for the October period is projected to be only 0.09% MoM. In addition to the normalization of a number of food commodity prices, NHKSI Research sees the impact of a significant increase in subsidized fuel prices of up to 30%, which has been reflected in the September inflation rate. Headline inflation in September reached 1.17% MoM, compared to August which recorded a deflation of 0.21% MoM.

Corporate Bonds

ASRI Buyback Global Bonds USD 138.59 Million. Alam Sutera Realty Tbk. (ASRI) bought back (buyback) global bonds worth USD 138.59 million after holding a tender offer (tender offer). ASRI made faster payments for debt securities maturing in 2024. The total outstanding debt securities reached USD 171.39 million. (Bisnis Indonesia)

Domestic Issue

BI: Current Account Balance Will Still Surplus in 3Q22. Indonesia's current account balance is expected to record another surplus in 3Q22. The trade balance surplus will support the current account surplus. In 2Q22, Indonesia's current account balance recorded a surplus of USD 3.9 billion or 1.1% of gross domestic product (GDP). Additionally, the potential current account surplus was also driven by the goods trade balance surplus. (Kontan)

Recommendation

The Strong Dollar put pressure on the 4Q22 GDP. The U.S. economy re-expanded with Annualized 3Q22 GDP QoQ grow +2.6% (Vs. contractions of -0.6% 2Q22 and -1.6% 1Q22), driven by export growth. The GDP growth which exceeds market expectations has the opportunity to make the Fed Ultra Hawkish to reduce the inflation pace. Moreover, the strength of Strong Dollar sentiment amid the DXY, which stayed at its high level in 4Q22, potentially hampering exports and slowing down the U.S. GDP, followed by a recession in 2023.

PRICE OF BENCHMARK SERIES

FR0090 : -12.4 Bps to 92.25 (7.18%)
FR0091 : -6.1 Bps to 92.15 (7.55%)
FR0093 : -7.2 Bps to 89.25 (7.59%)
FR0092 : -2.5 Bps to 94.92 (7.62%)

FR0086 : -7.1 Bps to 95.28 (7.05%)
FR0087 : -2.8 Bps to 93.22 (7.61%)
FR0083 : +11.2 Bps to 98.66 (7.63%)
FR0088 : +1.3 Bps to 88.50 (7.62%)

CDS of Indonesia Bonds

CDS 2yr: -1.63% to 61.53
CDS 5yr: -2.52% to 141.30
CDS 10yr: -1.14% to 205.19

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.58%	-0.06%
USDIDR	15,568	-0.01%
KRWIDR	10.98	0.58%

Global Indices

Index	Last	Chg.	%
Dow Jones	32,033.28	194.17	0.61%
S&P 500	3,807.30	(23.30)	-0.61%
FTSE 100	7,073.69	17.62	0.25%
DAX	13,211.23	15.42	0.12%
Nikkei	27,345.24	(86.60)	-0.32%
Hang Seng	15,427.94	110.27	0.72%
Shanghai	2,982.90	(16.60)	-0.55%
KOSPI	2,288.78	39.22	1.74%
EIDO	23.61	(0.04)	-0.17%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,663.3	(1.3)	-0.08%
Crude Oil (\$/bbl)	89.08	1.17	1.33%
Coal (\$/ton)	385.60	(0.90)	-0.23%
Nickel LME (\$/MT)	22,384	(286.0)	-1.26%
Tin LME (\$/MT)	18,690	8.0	0.04%
CPO (MYR/Ton)	4,147	26.0	0.63%

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	4.75%	4.25%	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

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	EC	15:00	S&P Global Eurozone Mfg. PMI	Oct. P	46.6	47.9	48.4
24 - Oct.	US	20:45	S&P Global US Manufacturing PMI	Oct. P	49.9	51.0	52.0
	US	20:45	S&P Global US Services PMI	Oct. P	46.6	49.5	49.3
	US	20:45	S&P Global US Composite PMI	Oct. P	47.3	49.2	49.5
	US	21:00	Conf. Board Consumer Confidence	Oct.	102.5	105.9	107.8
Tuesday	—	—	—	—	—	—	—
25 - Oct.	US	18:00	MBA Mortgage Applications	Oct. 21	-1.7%	--	-4.5%
	US	19:30	Wholesale Inventories MoM	Sept. P	0.8%	1.0%	1.4%
	US	19:30	Retail Inventories MoM	Sept.	0.4%	1.2%	1.4%
	US	21:00	New Home Sales	Sept.	603K	580K	677K
Thursday	US	19:30	GDP Annualized QoQ	3Q A	2.6%	2.4%	-0.6%
	US	19:30	Durable Goods Orders	Sept. P	0.4%	0.6%	0.2%
	US	19:30	Personal Consumption	3Q A	1.4%	1.0%	2.0%
	US	19:30	Initial Jobless Claims	Oct. 22	217K	220K	214K
Friday	US	19:30	Personal Income	Sept.		0.4%	0.3%
	US	19:30	Personal Spending	Sept.		0.4%	0.4%
	US	21:00	U. of Mich. 1Y Inflation	Oct. F		--	5.1%
	US	21:00	U. of Mich. 5-10Y Inflation	Oct. F		2.9%	2.9%

Source: Bloomberg

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