

Morning Brief

Today's Outlook:

Government Bonds

Depreciation and Tight PPKM Hit the SUN Market. Market participants responded negatively to the implementation of a stricter Community Activity Restriction (PPKM), which has the opportunity to hamper economic recovery again. Market pressure on Government Securities (SUN) earlier this week, was also in the midst of the depreciation of the rupiah. Previously, investors were still optimistic that the domestic economy was still quite positive. Meanwhile, investors are looking at the direction of the economic recovery in the United States (US), as a number of positive economic data grew last week.

Corporate Bonds

Pefindo: LPEI Bonds Receive idAAA Rating. The Indonesian Export Financing Agency or LPEI received idAAA ratings for two of its bonds from the Indonesian Securities Rating Agency (Pefindo). As a corporation, LPEI has a stable rating. Pefindo has assigned idAAA ratings to its Shelf-Registered Bonds III Phase II Year 2016 Series C worth IDR 1.58 billion and Shelf Registration Bonds IV Year 2020 Series B valued at IDR 190 billion. The two bonds belonging to LPEI (Indonesia Eximbank) will mature on August 25, 2021 and September 5, 2021, respectively. (Bisnis Indonesia)

Domestic Issue

Realization of Tax Holiday and Tax Allowance. The Minister of Finance said that the realization of investment commitments by recipients of the tax holiday facility had only reached IDR 25.13 trillion. This figure is equivalent to 1.96% of the total investment plan from 2018-2021 which reached IDR 1,278.4 trillion. In detail, the investment plan is recorded at IDR 208.5 trillion from the 2018 plan, with a realization of IDR 1.48 trillion. Then in 2019, from an investment plan of IDR 838.2 trillion, only IDR 22.03 trillion was realized. Furthermore, in 2020 from the planned investment of IDR 215.1 trillion, the realization is only IDR 1.61 trillion. Meanwhile, for 2021, the government recorded an investment plan of IDR 17.13 trillion but the realization is still nil. (Kontan)

Recommendation

Tighter PPKM Barriers to Economic Recovery. The rupiah exchange rate at the beginning of the week weakened 0.14% to the level of IDR 14,445/USD. The same thing happened to the Jakarta Interbank Spot Dollar Rate (JISDOR), which weakened from IDR 14,447/USD to USD 14,472. This depreciation makes expectations of higher yields in today's Sukuk auction.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.50%	3.50%	Real GDP	-0.74%	-0.74%
FX Reserve (USD bn)	136.40	138.80	Current Acc (USD bn)	(1.00)	(1.00)
Trd Balance (USD bn)	2.36	2.19	Govt. Spending Yoy	2.96%	2.96%
Exports Yoy	58.74%	51.94%	FDI (USD bn)	4.92	4.92
Imports Yoy	68.68%	29.93%	Business Confidence	104.82	104.82
Inflation Yoy	1.68%	1.42%	Cons. Confidence*	104.40	101.50

PRICE OF BENCHMARK SERIES

FR0086 (5yr): +1.2 Bps to 100.76 (5.31%)
FR0087 (10yr): +2.3 Bps to 99.68 (6.54%)
FR0088 (15yr): +0.1 Bps to 98.64 (6.39%)
FR0083 (20yr): +0.7 Bps to 102.86 (7.21%)

FR0081 (4yr): +2.2 Bps to 105.10 (5.06%)
FR0082 (9yr): -0.1 Bps to 103.71 (6.45%)
FR0080 (14yr): +1.9 Bps to 103.87 (7.05%)

CDS of Indonesia Bonds

CDS 2yr: +0.46% to 30.18
CDS 5yr: -0.36% to 73.28
CDS 10yr: +0.33% to 136.68

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.57%	0.02%
USDIDR	14,445	0.14%
KRWIDR	12.79	-0.05%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,283.27	(150.57)	-0.44%
S&P 500	4,290.61	9.91	0.23%
FTSE 100	7,072.97	(63.10)	-0.88%
DAX	15,554.18	(53.79)	-0.34%
Nikkei	29,048.02	(18.16)	-0.06%
Hang Seng	29,268.30	(19.92)	-0.07%
Shanghai	3,606.37	(1.19)	-0.03%
KOSPI	3,301.89	(0.95)	-0.03%
EIDO	20.18	(0.45)	-2.18%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,778.5	(3.0)	-0.17%
Crude Oil (\$/bbl)	72.91	(1.14)	-1.54%
Coal (\$/ton)	128.55	(2.55)	-1.95%
Nickel LME (\$/MT)	18,299	(224.0)	-1.21%
Tin LME (\$/MT)	31,152	378.0	1.23%
CPO (MYR/Ton)	3,506	(14.0)	-0.40%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday	UK	13:00	Nationwide House Px NSA YoY	Jun	--		10.90%
<i>29 - June</i>	UK	15:30	Mortgage Approvals	May	--		86.9k
	GE	19:00	CPI YoY	Jun		2.30%	2.50%
Wednesday	CH	08:00	Manufacturing PMI	Jun		50.8	51
<i>30 - June</i>	UK	13:00	GDP YoY	1Q21		-6.10%	-6.10%
	GE	14:55	Unemployment Change (000's)	Jun		-15.0k	-15.0k
	US	18:00	MBA Mortgage Applications	Jun		--	2.10%
Thursday	ID	07:30	Markit Indonesia PMI Mfg	Jun		--	55.3
<i>01 - July</i>	CH	08:45	Caixin China PMI Mfg	Jun		51.9	52
	ID	15:00	CPI YoY	Jun		--	1.68%
	EC	15:00	Markit Eurozone Manufacturing PMI	Jun		63.1	63.1
	UK	15:30	Markit UK PMI Manufacturing SA	Jun		--	64.2
	US	19:30	Initial Jobless Claims	Jun		--	411k
	US	20:45	Markit US Manufacturing PMI	Jun		--	62.6
Friday	US	19:30	Unemployment Rate	Jun		5.70%	5.80%
<i>02 - July</i>	US	19:30	Trade Balance	May		-\$70.9b	-\$68.9b

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