

Morning Brief

Daily | June 9, 2022

Today's Outlook:

Profit taking pushes yield FR0091 up 14 bps. Investors took advantage of Cadev Indonesia's positive sentiment for the May period, which was maintained at USD 135.6 billion. For the record, in April, Indonesia's Cadev was at the level of USD 135.7 billion. Investors also took advantage of the positive sentiment of subdued US core inflation, and the June FFR hike. The survey showed core inflation in May at 0.5% MoM (Vs. Apr. 0.6% MoM) and 5.9% YoY (Vs. Apr. .6.2% YoY). Meanwhile, the sentiment for a 50 bps increase in the FFR June at the FOMC Meeting next week, has occurred as the probability of a June FFR increase to 1.25% - 1.50% reaches 98%, based on CME FedWatch data.

Corporate Bonds

PPRE: Get IDR 770 Billion Loan. PT PP Presisi Tbk (PPRE) together with its subsidiary PT Lancarjaya Mandiri Abadi (LMA) received a Working Capital Credit (KMK) facility from PT Bank Negara Indonesia Tbk (BBNI) worth IDR 770 billion. Meanwhile, the loan will be used to complete the Cinere-Jagorawi Section 3 toll road construction project with a contract value of IDR 1.21 trillion. (Kontan)

Domestic Issue

Foreign Exchange Reserves Dropped In Three Months. Bank Indonesia noted that Indonesia's foreign exchange reserves at the end of May 2022 were USD 135.6 billion. This number is down from the position at the end of April 2022 which was valued at USD 135.7 billion and in March 2022 of USD 139.1 billion. This decline was influenced by foreign capital outflows amid risk off sentiment and the payment of government foreign debt. (Kontan)

Recommendation

UST10Y is trading again with a yield of 3%, as the price of Brent crude oil at the level of USD 120/barrel has penetrated again, potentially revising the inflation outlook and increasing FFR. Investors are also keeping an eye on the reopening of recession risks, as a slight yield inversion occurs between UST5Y (3.03%) and UST10Y (3.02%). Yield inversion illustrates that investors are more interested in long-term bonds than short-term bonds, indicating there is potential risk in the near term.

PRICE OF BENCHMARK SERIES

FR0090 : +8.0 Bps to 95.75 (6.15%)
FR0091 : +14.1 Bps to 94.60 (7.14%)
FR0093 : +2.2 Bps to 91.90 (7.26%)
FR0092 : +2.5 Bps to 98.04 (7.31%)

FR0086 : +6.2 Bps to 99.17 (5.74%)
FR0087 : +13.6 Bps to 96.32 (7.07%)
FR0083 : +0.3 Bps to 102.71 (7.22%)
FR0088 : +3.5 Bps to 90.87 (7.30%)

CDS of Indonesia Bonds

CDS 2yr: +1.27% to 43.25
CDS 5yr: +0.34% to 90.99
CDS 10yr: +1.11% to 170.73

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.17%	0.14%
USDIDR	14,493	0.25%
KRWIDR	11.56	0.59%

Global Indices

Index	Last	Chg.	%
Dow Jones	32,910.90	(269.24)	-0.81%
S&P 500	4,115.77	(44.91)	-1.08%
FTSE 100	7,593.00	(5.93)	-0.08%
DAX	14,445.99	(110.63)	-0.76%
Nikkei	28,234.29	290.34	1.04%
Hang Seng	22,014.59	482.92	2.24%
Shanghai	3,263.79	22.03	0.68%
KOSPI	2,626.15	(0.19)	-0.01%
EIDO	24.57	0.00	0.00%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,853.4	1.0	0.05%
Crude Oil (\$/bbl)	122.11	2.70	2.26%
Coal (\$/ton)	395.40	(1.60)	-0.40%
Nickel LME (\$/MT)	28,855	(626.0)	-2.12%
Tin LME (\$/MT)	37,100	1027.0	2.85%
CPO (MYR/Ton)	6,467	(38.0)	-0.58%

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.50%	3.50%	Real GDP	5.01%	3.51%
FX Reserve (USD bn)	135.60	135.70	Current Acc (USD bn)	0.20	4.97
Trd Balance (USD bn)	7.56	4.53	Govt. Spending Yoy	-7.74%	5.25%
Exports Yoy	47.76%	44.36%	FDI (USD bn)	5.67	4.70
Imports Yoy	21.97%	30.85%	Business Confidence	104.82	105.33
Inflation Yoy	3.55%	3.47%	Cons. Confidence*	113.10	111.00

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	CH	08:45	Caixin China PMI Composite	May	42.2	—	37.2
<i>6 - June</i>	CH	08:45	Caixin China PMI Services	May	41.4	46.0	36.2
Tuesday	US	19:30	Trade Balance	Apr.	-\$87.1Bn	-\$89.5Bn	-\$107.7Bn
<i>7 - June</i>							
Wednesday	ID	10:00	Foreign Reserves	May	\$135.6Bn	—	\$135.7Bn
<i>8 - June</i>	US	18:00	MBA Mortgage Applications	Jun.	-6.5%	—	-2.3%
	US	21:00	Wholesale Inventories MoM	Apr.	2.1%	2.3%	2.1%
Thursday	ID	--	Consumer Confidence Index	May		—	113.1
<i>9 - June</i>	CH	--	Trade Balance	May		\$57.5Bn	\$51.1Bn
	CH	--	Exports YoY	May		8.0%	3.9%
	US	19:30	Initial Jobless Claims	Jun.		—	200k
Friday	CH	08:30	CPI YoY	May		2.3%	2.1%
<i>10 - June</i>	US	19:30	CPI MoM	May		0.7%	0.3%
	US	19:30	CPI YoY	May		8.2%	8.3%
	US	21:00	U. Of Mich. Sentiment	Jun.		58.9	58.4

Source: Bloomberg

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