

# Morning Brief

Daily | July 18, 2022

## Today's Outlook:

**Investors avoid short tenors, FR0090 records 13 bps yield increase.** Over the weekend, all benchmark government securities recorded an increase in yields, amidst the wait for the results of the BI RDG this week. Meanwhile, Indonesia's exports in June reached USD 26.1 Billion (+21.3% MoM), supported by high CPO exports; while Indonesia's imports are valued at USD 21 Billion (+12.9% MoM). NHKSI Research sees this trade balance surplus as having a positive impact on GDP growth in 2Q22. Meanwhile, the sloping price of CPO commodities amid a potential global recession, impacting Indonesia's CPO dominated exports, and has the opportunity to reduce the trade balance surplus.

## Corporate Bonds

**Total Bonds and Sukuk Emissions Throughout 2022 So IDR 80.18 Trillion.** The Indonesia Stock Exchange (IDX) recorded that the total issuance of bonds and Sukuk that had been recorded throughout 2022 was 67 emissions from 52 issuers worth IDR 80.18 trillion. Meanwhile, the total issuance of Bonds and Sukuk listed on the IDX amounted to 496 issuances with an outstanding nominal value of IDR 441.73 trillion and USD 47.5 million, issued by 121 Issuers. This figure increased in line with the IDX's arrival of six bonds and one sukuk during the week. (Investor Daily)

## Domestic Issue

**Trade Balance Soars Thanks to CPO Exports.** The Central Statistics Agency (BPS) noted that the goods trade balance surplus in the month under review was USD 5.09 billion, higher than the surplus in May 2022 which amounted to USD 2.89 billion. The trade balance surplus in June 2022 was supported by crude palm oil (CPO). The reason is, in June 2022, the government again opened the tap for exports of CPO and its derivatives. For the record, the CPO surplus was recorded at USD 2.74 billion, or contributed 54% to the surplus in the goods trade balance in June 2022. (Kontan)

## Recommendation

**Even if BI 7DRRR goes up, it is to maintain rupiah and capital outflow, not reduce inflation.** Unlike the case with Hawkish's aggressive FFR which was done to reduce US Headline inflation which reached 9.1% YoY. In fact, the rupiah exchange rate was stable and depreciated around the level of IDR15,000/USD this July, with capital outflows still under control. Meanwhile, Indonesia's low core inflation in June at 2.63% YoY, below the median rate of BI's annual target of 2%-4%, leading some to project that the result of this Thursday's RDG is BI will maintain the BI 7DRRR at the level of 3.50%.

## 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)	136.40	135.60	Current Acc (USD bn)	0.20	4.97
Trd Balance (USD bn)	5.09	2.90	Govt. Spending Yoy	-7.74%	5.25%
Exports Yoy	40.68%	27.00%	FDI (USD bn)	5.67	4.70
Imports Yoy	21.98%	30.74%	Business Confidence	104.82	105.33
Inflation Yoy	4.35%	3.55%	Cons. Confidence*	128.20	113.10

## PRICE OF BENCHMARK SERIES

FR0090	: +13.0 Bps to 94.62 (6.45%)
FR0091	: +3.0 Bps to 93.13 (7.37%)
FR0093	: +1.0 Bps to 91.34 (7.33%)
FR0092	: +8.3 Bps to 96.54 (7.46%)
FR0086	: +13.6 Bps to 96.98 (6.41%)
FR0087	: +13.2 Bps to 94.37 (7.39%)
FR0083	: +3.2 Bps to 99.48 (7.55%)
FR0088	: +3.7 Bps to 90.25 (7.38%)

## CDS of Indonesia Bonds

CDS 2yr	: +0.02% to 71.66
CDS 5yr	: +2.47% to 164.42
CDS 10yr	: +0.04% to 237.43

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.39%	0.03%
USDIDR	14,993	0.00%
KRWIDR	11.31	-1.22%

## Global Indices

Index	Last	Chg.	%
Dow Jones	31,288.26	658.09	2.15%
S&P 500	3,863.16	72.78	1.92%
FTSE 100	7,159.01	119.20	1.69%
DAX	12,864.72	345.06	2.76%
Nikkei	26,788.47	145.08	0.54%
Hang Seng	20,297.72	(453.49)	-2.19%
Shanghai	3,228.06	(53.68)	-1.64%
KOSPI	2,330.98	8.66	0.37%
EIDO	21.62	0.14	0.65%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,708.2	(1.8)	-0.10%
Crude Oil (\$/bbl)	97.59	1.81	1.89%
Coal (\$/ton)	406.55	(9.80)	-2.35%
Nickel LME (\$/MT)	19,385	(17.0)	-0.09%
Tin LME (\$/MT)	24,850	532.0	2.19%
CPO (MYR/Ton)	3,588	20.0	0.56%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	—	—	—	—	—	—	—
<i>18 - July</i>	—	—	—	—	—	—	—
<b>Tuesday</b>	EC	16:00	CPI YoY	Jun.		8.6%	8.1%
<i>19 - July</i>	EC	16:00	CPI MoM	Jun.		0.8%	0.8%
	US	19:30	Housing Starts	Jun.		1,590K	1,549K
	US	19:30	Building Permits	Jun.		1.666K	1,695K
<b>Wednesday</b>	GE	13:00	PPI YoY	Jun.		33.1%	33.6%
<i>20 - July</i>	US	18:00	MBA Mortgage Applications	Jul.		--	-1.7%
	US	21:00	Existing Home Sales	Jun.		5.40Mn	5.41Mn
	US	21:00	Existing Home Sales	Jun.		-0.2%	-3.4%
<b>Thursday</b>	ID	--	Bank Indonesia 7D Reverse Repo Rate	Jul.		3.50%	3.50%
<i>21 - July</i>	JP	06:50	Exports YoY	Jun.		17.2%	15.8%
	US	19:30	Initial Jobless Claims	Jul.		--	244K
	US	19:30	Continuing Claims	Jul.		--	1,331K
<b>Friday</b>	US	20:45	S&P Global US Manufacturing PMI	Jul.		51.0	52.7
<i>22 - July</i>	US	20:45	S&P Global US Services PMI	Jul.		52.0	52.7
	US	20:45	S&P Global US Composite PMI	Jul.		--	52.3

Source: Bloomberg

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