

Morning Brief

Daily | July 15, 2022

Today's Outlook:

The SBN market responded negatively to US inflation, which reached 9%. FFR Futures support a 100 bps rate hike at the end of July, to reduce Headline Inflation or June CPI which reached 1.3% MoM (Vs. May 1.0% MoM) and 9.1% YoY (Vs. May 8.6% YoY). Inflation in June was driven by spikes in fuel and natural gas prices, which rose 11.2% MoM and 8.2% MoM, respectively. The increase also occurred in core inflation, with CPI Ex. Food and Energy which reached 0.7% MoM (Vs. May 0.6% MoM) and 5.9% YoY (Vs. May 6.0% YoY). This raises the question of how severe the impact of the Fed's aggressive Hawkish on a potential US economic recession will be, and has again boosted the safe-haven interest in UST10Y and USD. FR0091 led yesterday's yield gains, up more than 12 bps to 7.34%.

Corporate Bonds

Protelindo to Issue IDR 1 Trillion Bonds. PT Professional Telekomunikasi Indonesia (Protelindo) issued Shelf-Registered Bonds III Phase I Year 2022 worth IDR 1 trillion, which is part of Shelf-Registered Bonds III with a total value of IDR 5 trillion. Protelindo offers three series of bonds in this first phase of issuance. Series A has a 370-day tenor, Series B has a 3-year tenor, and Series C has a 5-year tenor. (Kontan)

Domestic Issue

Carbon Tax Applicable This Year. The government has postponed the implementation of the carbon tax twice, most recently the implementation of the carbon tax which was supposed to be implemented in July 2022 was postponed. This delay is the second time in 2022. Actually, the carbon tax would be implemented in April 2022. However, the policy was postponed and the plan is to take effect in July 2022. Unfortunately, this policy is delayed again. The Minister of Finance confirmed that the implementation of the carbon tax would still be carried out this year by targeting coal-fired power plants (PLTU). (Kontan)

Recommendation

Expectations of an increase in the Trade Balance surplus and export growth are positive catalysts. Indonesia's Trade Balance in June is projected to have a surplus of +USD3.5B (Vs. May +USD2.9B); June exports are projected to grow +30.3% YoY (Vs. May +27% YoY), as the rupiah exchange rate stabilizes and depreciates in the range of IDR15,000/USD. On the other hand, investors are still concerned about the BI 7DRRR issue in July, which based on Bloomberg survey data remains 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)	2.90	7.56	Govt. Spending Yoy	-7.74%	5.25%
Exports Yoy	27.00%	47.76%	FDI (USD bn)	5.67	4.70
Imports Yoy	30.74%	21.97%	Business Confidence	104.82	105.33
Inflation Yoy	4.35%	3.55%	Cons. Confidence*	128.90	113.10

PRICE OF BENCHMARK SERIES

FR0090 : +9.7 Bps to 95.12 (6.32%)
FR0091 : +12.2 Bps to 93.33 (7.34%)
FR0093 : +2.0 Bps to 91.43 (7.32%)
FR0092 : +3.4 Bps to 97.37 (7.37%)

FR0086 : +14.8 Bps to 97.42 (6.28%)
FR0087 : +9.0 Bps to 95.18 (7.26%)
FR0083 : +2.0 Bps to 99.79 (7.52%)
FR0088 : 0.0 Bps to 90.55 (7.34%)

CDS of Indonesia Bonds

CDS 2yr: +1.13% to 71.65
CDS 5yr: +1.90% to 160.45
CDS 10yr: +0.93% to 237.32

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.36%	0.12%
USDIDR	14,993	0.03%
KRWIDR	11.45	-0.20%

Global Indices

Index	Last	Chg.	%
Dow Jones	30,630.17	(142.62)	-0.46%
S&P 500	3,790.38	(11.40)	-0.30%
FTSE 100	7,039.81	(116.56)	-1.63%
DAX	12,519.66	(236.66)	-1.86%
Nikkei	26,643.39	164.62	0.62%
Hang Seng	20,751.21	(46.74)	-0.22%
Shanghai	3,281.74	(2.55)	-0.08%
KOSPI	2,322.32	(6.29)	-0.27%
EIDO	21.48	0.02	0.09%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,709.9	(25.6)	-1.47%
Crude Oil (\$/bbl)	95.78	(0.52)	-0.54%
Coal (\$/ton)	416.35	(13.65)	-3.17%
Nickel LME (\$/MT)	19,402	(1748.0)	-8.26%
Tin LME (\$/MT)	24,318	(1046.0)	-4.12%
CPO (MYR/Ton)	3,568	(193.0)	-5.13%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	JP	06:50	Core Machine Orders MoM	May	-5.6%	-5.5%	10.8%
<i>11 - July</i>	JP	06:50	Core Machine Orders YoY	May	7.4%	5.6%	19.0%
	JP	13:00	Machine Tool Orders YoY	Jun.	17.1%	--	23.7%
Tuesday	JP	06:50	PPI YoY	Jun.	9.2%	8.9%	9.3%
<i>12 - July</i>	JP	06:50	PPI MoM	Jun.	0.7%	0.6%	0.1%
Wednesday	GE	13:00	CPI YoY	Jun.	7.6%	7.6%	7.6%
<i>13 - July</i>	US	18:00	MBA Mortgage Applications	Jul.	-1.7%	--	-5.4%
	US	19:30	CPI MoM	Jun.	1.3%	1.1%	1.0%
	US	19:30	CPI YoY	Jun.	9.1%	8.8%	8.6%
Thursday	US	19:30	PPI Final Demand MoM	Jun.	1.1%	0.8%	0.9%
<i>14 - July</i>	US	19:30	PPI Final Demand YoY	Jun.	11.3%	10.7%	10.9%
	US	19:30	Initial Jobless Claims	Jul.	244K	235K	235K
	US	19:30	Continuing Claims	Jul.	1,380K	1,331K	1,372K
Friday	ID	11:00	Trade Balance	Jun.		\$3,250Mn	\$2,900Mn
<i>15 - July</i>	ID	11:00	Exports YoY	Jun.		27.64%	27.00%
	ID	11:00	Imports YoY	Jun.		20.10%	30.74%
	US	21:00	U. of Mich. Sentiment	Jul.		49.0	50.0

Source: Bloomberg

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