

Morning Brief

Daily | Aug. 23, 2022

Today's Outlook:

SUN Market Pressure ahead of BI RDG Results. The 5-Year SUN Benchmark recorded a yield increase of up to 10Bps, to the level of 6.48%. BI's commitment to maintain FY22E GDP growth momentum above 5%, has the opportunity to make BI 7DRRR Aug. remains at the level of 3.50%. Meanwhile, investors expect the Fed's Dovish speech at the Annual Jackson Hole Symposium on Aug. 25-27. The latest economic data shows that the inflation rate is slowing down, potentially making the September FFR increase only by 50 bps.

Corporate Bonds

TLKM: Separates Data Center Business. PT Telkom Indonesia Tbk (TLKM) separated the database business worth IDR2.01 trillion. The trick is to move the data center business from PT Sigma Cipta Caraka (TelkomSigma) to PT Telkom Data Ekosistem (TDE). Meanwhile, this was done to restructure the Telkom Group through the consolidation of the data center business in one entity. (Emiten News)

Domestic Issue

2023 UMP Calculation to Use PP 36/2021 Formula. The Ministry of Manpower (Kemenaker) will determine the 2023 provincial minimum wage (UMP) based on the formula in Presidential Regulation Number 36 of 2021. This formula has been used for the determination of the 2022 UMP and will continue in 2023. Based on the PP there are several data needed for the adjustment formula, such as growth, urban inflation rate, Purchasing Power Parity, open unemployment rate by province in 2019-2021. (CNN Indonesia)

Recommendation

The increase in subsidized fuel prices for Peralite and Solar will push September inflation higher. Investors are relatively negative about the Government's plan to increase the price of subsidized Peralite fuel, directly affecting the inflation rate, which in turn has the potential to reduce people's purchasing power. The SUN market pressure was also influenced by the depreciation of the Rupiah which returned to near the level of IDR14,900/USD. On the other hand, investors are also waiting for the results of this Tuesday's RDG, projected to maintain the BI 7DRRR in August at the level of 3.50%.

PRICE OF BENCHMARK SERIES

FR0090	: +9.8 Bps to 94.62 (6.48%)
FR0091	: +6.5 Bps to 94.64 (7.15%)
FR0093	: +1.6 Bps to 93.84 (7.04%)
FR0092	: +1.5 Bps to 99.92 (7.13%)
FR0086	: +2.6 Bps to 97.78 (6.18%)
FR0087	: +9.1 Bps to 96.56 (7.04%)
FR0083	: +1.7 Bps to 102.49 (7.24%)
FR0088	: -36.2 Bps to 94.80 (6.83%)

CDS of Indonesia Bonds

CDS 2yr	: +9.24% to 51.67
CDS 5yr	: +7.65% to 113.97
CDS 10yr	: +6.99% to 194.18

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.17%	0.06%
USDIDR	14,888	0.34%
KRWIDR	11.11	-0.68%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,063.61	(643.13)	-1.91%
S&P 500	4,137.99	(90.49)	-2.14%
FTSE 100	7,533.79	(16.58)	-0.22%
DAX	13,230.57	(313.95)	-2.32%
Nikkei	28,794.50	(135.83)	-0.47%
Hang Seng	19,656.98	(116.05)	-0.59%
Shanghai	3,277.79	19.72	0.61%
KOSPI	2,462.50	(30.19)	-1.21%
EIDO	23.35	(0.26)	-1.10%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,736.3	(10.8)	-0.62%
Crude Oil (\$/bbl)	90.36	(0.08)	-0.09%
Coal (\$/ton)	418.35	2.10	0.50%
Nickel LME (\$/MT)	22,343	85.0	0.38%
Tin LME (\$/MT)	24,465	(330.0)	-1.33%
CPO (MYR/Ton)	4,160	67.0	1.64%

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.50%	3.50%	Real GDP	5.44%	5.01%
FX Reserve (USD bn)	132.20	136.40	Current Acc (USD bn)	0.20	4.97
Trd Balance (USD bn)	5.15	5.09	Govt. Spending Yoy	-5.24%	-7.74%
Exports Yoy	32.03%	40.68%	FDI (USD bn)	5.67	4.70
Imports Yoy	39.86%	21.98%	Business Confidence	104.82	105.33
Inflation Yoy	4.94%	4.35%	Cons. Confidence*	123.20	128.20

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Friday	ID	10:00	BoP Current Account Balance	2Q22	+\$3.9Bn	+\$4.5Bn	+\$407Mn
<i>19 - Aug.</i>	—	—	—	—	—	—	—
Monday	CH	08:15	1Y Loan Prime Rate	Aug.	3.65%	3.60%	3.70%
<i>22 - Aug.</i>	CH	08:15	5Y Loan Prime Rate	Aug.	4.30%	4.35%	4.45%
Tuesday	ID	09:00	BI 7DRRR	Aug.		3.50%	3.50%
<i>23 - Aug.</i>	US	21:00	S&P Global US Manufacturing PMI	Aug.		51.9	52.2
	US	21:00	New Home Sales	Jul.		575K	590K
Wednesday	US	18:00	MBA Mortgage Applications	Aug.		--	-2.3%
<i>24 - Aug.</i>	US	19:30	Durable Goods Orders	Jul.		0.8%	2.0%
Thursday	US	19:30	Initial Jobless Claims	Aug.		252K	250K
<i>25 - Aug.</i>	US	19:30	GDP Annualized QoQ	2Q22		-0.9%	-0.9%
Friday	US	19:30	Personal Income	Jul.		0.6%	0.6%
<i>26 - Aug.</i>	US	19:30	Personal Spending	Jul.		0.4%	1.1%

Source: Bloomberg

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