

Indonesia Market Daily

October 12, 2021

Market Review

Tapering concern weighed on risk sentiment despite improving Indonesia's retail sales and the jump in oil price. JCI declined by -22.07 points (-0.34%) to 6,459.70 as the negative external sentiment offset the improvement in the domestic economy. The US nonfarm payrolls increased 194,000 last month, lower than the consensus estimation of 500,000. On the other hand, the US unemployment rate fell to 4.8%, the lowest since February 2021. The Fed is estimated to still begin scaling back monetary support before year-end. Meanwhile, foreign investors continue to perform a net buy on Monday's trading session amid the improvement in Indonesia's retail sales which improve gradually in September 2021. The retail sales index contracted 1.8% YoY to 190.3 last month, but the contraction is smaller than the 2.1% YoY contraction in August.

Trading Value: IDR 16.15trn
Foreign Net Buy: IDR 903.73bn

The US 10-year Treasury yields surged above 1.6%, the highest since early June

Bond: 2Y: 4.119% (-3.28bp) / 10Y: 6.469% (+0.63bp)

Bond yields of 2-year and 10-year instruments were mixed as pressured by the sustained gain on the WTI and Brent crude price above USD 80 per barrel, which increase the concern on inflation and trigger the jump in the US Treasury yields. The global funds sold a net USD 225.4mn in Indonesian bonds on 7 October according to the latest data from the finance ministry. Moreover, Indonesia's 5-year sovereign CDS widened 9bps to 96bps. The CDS market implied default profitability over the next five years is now 8.04%.

Elevated commodity prices continue to support the currency

FX: USD/IDR: 14,208 (-0.11%)

Indonesia Rupiah was strengthened due to the expectation that Indonesia's trade balance will be recorded at a surplus as exporter of coal and palm oil is benefiting from a global energy crisis. The Rupiah rose 1.3% in 3Q21, while the other Asian emerging currency weakened with rising Treasury yields.

Company News

PT Kalbe Farma Tbk (KLBF)

KLBF is optimistic that export performance to improve this year with the focus on the nutritional and OTC products, concentrated in SEA through deeper market penetration by establishing new distribution partnerships. The new factory in Myanmar also has already been completed and will start to operate by the end of this year. KLBF estimated the growth of export to be single-digit in 2021 as some countries in the region still implementing a lockdown.

Source: *Bisnis Indonesia*

PT Waskita Beton Precast Tbk (WSBP)

WSBP would arrange a tender offer for the divestment of three concrete plants worth IDR 709bn that will be conducted virtually on 3 November 2021. WSBP to sell three precast concrete factories in Klaten, Cibitung, and Karawang that are currently still operating. The indicative prices of these factories are estimated to reach IDR 176.5bn, IDR 115bn, and IDR 417.5bn, respectively. Therefore, the total indicative proceeds from divesting these plants would arrive at IDR 709bn.

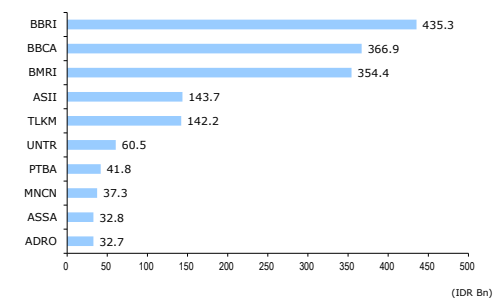
Source: *IDN Financials*

Indices

	Last	Change	Change (%)
US 30 Futures	34,361.20	-134.90	-0.39%
US 500 Futures	4,342.50	-18.70	-0.43%
Dow Jones	34,496.06	-250.19	-0.72%
S&P 500	4,361.19	-30.15	-0.69%
Nasdaq	14,486.20	-93.30	-0.64%
S&P 500 VIX	20	1.23	6.55%
Dollar Index	94.438	0.06	0.06%

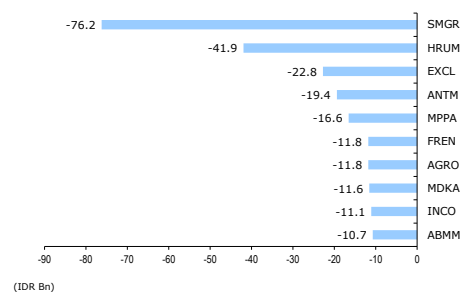
Source: *Investing.com, Shinhan Sekuritas Indonesia*

Foreigner Most Buy (Net) 8/10/21



Source: *IDX, Shinhan Sekuritas Indonesia*

Foreigner Most Sell (Net) 8/10/21



Source: *IDX, Shinhan Sekuritas Indonesia*

Jakarta Stock Exchange Composite Index



Source: *IDX, Shinhan Sekuritas Indonesia*

PT Pindad (Persero) maturing MTN rated "idBBB+." Pefindo has affirmed its "idBBB+" for PT Pindad (Persero) (PIND) Medium-Term Notes (MTN) Year 2017 Series D of IDR 84.2bn and Series E of IDR 265bn due on December 6 and 7, 2021. The company will pay the maturing MTN using the combination of bank loans and payment proceed from its customers. PIND reported cash and cash equivalents of IDR 353.4bn by the end of June 2021.

WSKT to Issue IDR 3.8trn Bonds and Sukuk in 2022. PT Waskita Karya Tbk (WSKT) plans to issue bonds and Sukuk with a total value of IDR 3.8trn in 2022 to refinance the company's maturing debt. Besides that, the remaining proceeds will be used for working capital. The bonds and Sukuk will be guaranteed by the government, given WSKT positive a state-owned company. The government support for the company was also reflected in the form of state-equity participation (PMN) amounted to IDR 7.9trn through a rights issue.

Indonesia Government Bond Yield

Tenor	Last (%)	Previous (%)	Change	Change (bps)
1.0	3.47	3.52	-0.046	-4.640
2.0	4.12	4.15	-0.033	-3.280
3.0	4.60	4.61	-0.013	-1.300
4.0	4.99	4.98	0.002	0.210
5.0	5.32	5.31	0.010	1.040
6.0	5.61	5.59	0.013	1.340
7.0	5.87	5.85	0.013	1.280
8.0	6.09	6.08	0.011	1.070
9.0	6.29	6.29	0.008	0.820
10.0	6.47	6.46	0.006	0.630
15.0	7.01	7.00	0.008	0.840
20.0	7.20	7.19	0.018	1.850
30.0	7.28	7.26	0.028	2.790

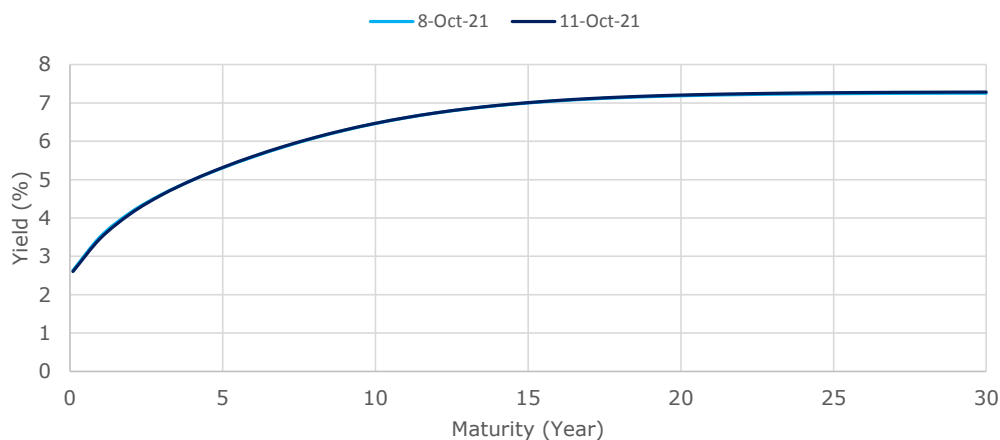
Source: PHEI

Benchmark Price

Series	Yield (%)	Change (bps)	Price (%)	Change (bps)
FR0086 (5Y)	5.203	2.12	101.18	-8.61
FR0087 (10Y)	6.359	0.60	100.97	-4.30
FR0088 (15Y)	6.347	0.98	99.08	-9.17
FR0083 (20Y)	7.249	4.28	102.54	-44.07

Source: PHEI

Indonesia Government Bond Yield Curve



Source: PHEI



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