

# Indonesia Market Daily

October 8, 2021

## Market Review

**Record-high foreign exchange reserves and the optimism on domestic economic recovery limit the negative sentiment from the correction in energy prices.** JCI was moved sideways by -0.93 points (-0.01%) to 6,416.40 in the midst of the lower closing in the Energy (-2.83%) sector as oil and natural gas prices cooling down. The latest data showed an increase in the US domestic production and inventories of oil and gas, while Russia also affirms that the country could stabilize gas prices in the European region by increasing production. Nevertheless, the surge of the Consumer Non-Cyclicals (+2.58%) sectors managed to support the JCI, in line with the gain of UNVR (+13.11%) shares. Further relaxation on the mobility restriction is expected to boost economic activity and lead to an improvement in purchasing power. Besides that, investors also digest Indonesia's tax reform that has been approved by the parliament which includes a rise in the value-added tax, addition of a new carbon tax, cancel the planned corporate tax cut, and introduce a new tax amnesty program.

Trading Value: IDR 17.92trn  
Foreign Net Buy: IDR 1.57trn

**Pressures from the rising US Treasury yields ease while investors digest the latest Indonesia's tax reform.**

**Bond: 2Y: 4.134% (-0.04bp) / 10Y: 6.447% (+1.82bp)**

Bond yields of 2-year and 10-year instruments were mixed as the US Treasury yields fell slightly, even though still hover above the 1.5% level. From inside the country, the government has set the indicative target of IDR 8trn for the government's bond auction on 12 October 2021, which was lower compared with the target of IDR 12trn at the previous auction. The central bank's bond purchases and positive fiscal developments become the reason for the lower issuance target, while the latest Indonesian tax reform is also expected the country to reduce budget deficit below 3% of GDP. Meanwhile, the latest official data showed that Indonesia year to date bond sales reached USD 385.5bn as of 6 October, up by 406% YoY. The US Dollar value of Rupiah bond sales reached USD 373.3bn (+471% YoY) and the foreign currency issuance was up to USD 12.2bn (+13% YoY).

**Indonesia's foreign reserves increase to fresh record.**

**FX: USD/IDR: 14,217 (-0.25%)**

Indonesia Rupiah was appreciated against the US Dollar driven by the country's foreign exchange reserves that reached a record high of USD 146.9bn in September, supported by tax and services receipts and the government's external debt withdrawal.

## Company News

### PT Itama Ranoraya Tbk (IRRA)

IRRA's parent company, PT Global Dinamika Kencana, is now the new shareholder of PT Nusa Konstruksi Enjiniring Tbk (DGIK) after purchasing 51.85% of its shares. The acquisition was executed with a price of IDR 80 per share. The purpose of this takeover is to expand its business and solidify the company's business in the construction service field. After this acquisition, the company would gear up for its mandatory tender offer as supposed to according to the Financial Service Authority (OJK) regulation.

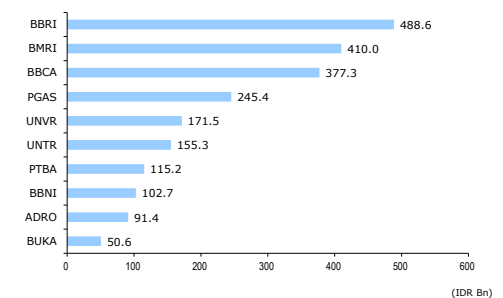
Source: IDN Financials

## Indices

	Last	Change	Change (%)
US 30 Futures	34,766.50	11.60	0.03%
US 500 Futures	4,398.80	-1.00	-0.02%
Dow Jones	34,754.94	337.95	0.98%
S&P 500	4,399.76	36.21	0.83%
Nasdaq	14,654.00	152.10	1.05%
S&P 500 VIX	19.54	-1.46	-6.95%
Dollar Index	94.237	0.01	0.01%

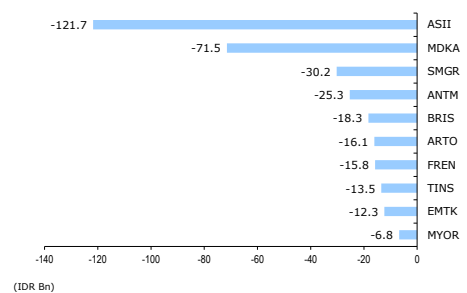
Source: Investing.com, Shinhan Sekuritas Indonesia

## Foreigner Most Buy (Net)



Source: IDX, Shinhan Sekuritas Indonesia

## Foreigner Most Sell (Net)



Source: IDX, Shinhan Sekuritas Indonesia

## Jakarta Stock Exchange Composite Index



Source: IDX, Shinhan Sekuritas Indonesia

**S&P demoted BUMI's rating in risk of refinancing.** PT Bumi Resources Tbk (BUMI) noticed an elevated risk of refinancing following insufficient dividends received from its subsidiaries. It might end up with BUMI not being able to cover its debts. This condition drove the S&P rating agency to lower BUMI's rating to "CCC" with a negative outlook. S&P explained that the dividend obtained by BUMI from its subsidiaries was not enough to cut its debts significantly. BUMI stagnancy in financing, further convincing S&P that BUMI would meet difficulties in paying tranche A and B debt when due in December 2022. These debts accumulated to USD 1.2bn.

**PT Erajaya Swasembada Tbk rated "idA" with stable outlook.** Pefindo has assigned its "idA" rating for PT Erajaya Swasembada Tbk (ERAA). The outlook for the corporate rating is stable. The corporate rating reflects ERAA's strong market position in the cellular phone and tablet retail and distribution business, its extensive retail and distribution network, and diversified business portfolio. The rating is constrained by its moderate cash flow protection and liquidity measures and intense competition in the industry.

#### Indonesia Government Bond Yield

Tenor	Last (%)	Previous (%)	Change	Change (bps)
1.0	3.49	3.48	0.016	1.640
2.0	4.13	4.13	0.000	-0.040
3.0	4.59	4.60	-0.001	-0.140
4.0	4.96	4.96	0.003	0.310
5.0	5.28	5.28	0.008	0.850
6.0	5.57	5.56	0.013	1.300
7.0	5.83	5.82	0.016	1.590
8.0	6.07	6.05	0.018	1.760
9.0	6.27	6.25	0.018	1.820
10.0	6.45	6.43	0.018	1.820
15.0	6.98	6.97	0.015	1.530
20.0	7.16	7.15	0.014	1.370
30.0	7.23	7.21	0.013	1.320

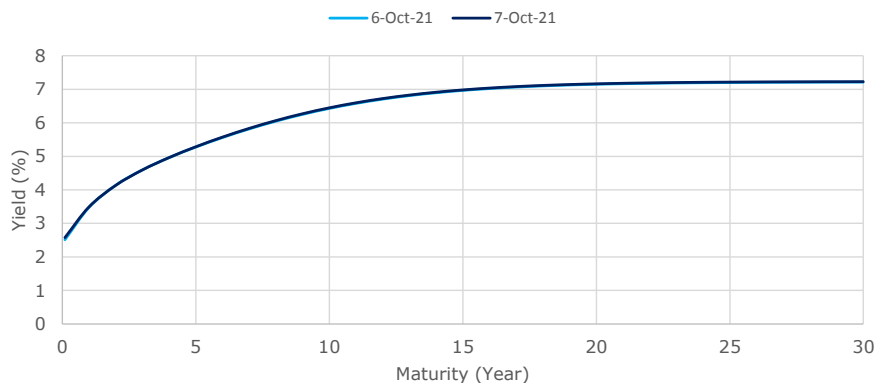
Source: PHEI

#### Benchmark Price

Series	Yield (%)	Change (bps)	Price (%)	Change (bps)
FR0086 (5Y)	5.162	0.31	101.34	-1.31
FR0087 (10Y)	6.338	3.48	101.12	-24.53
FR0088 (15Y)	6.322	0.16	99.31	-1.50
FR0083 (20Y)	7.130	2.88	103.77	-30.29

Source: PHEI

#### Indonesia Government Bond Yield Curve



Source: PHEI



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