

# Morning Brief

## Today's Outlook:

### Government Bonds

**UST Yield Increases Again, The majority of Benchmark SUN is below Par.** Based on Bloomberg data, the yield on the 10-year US Treasury (UST) rose again on Thursday (25/2), rising nearly 15 bps to the level of 1.52%. A number of domestic bond investors responded negatively to this. All benchmark series Government Bonds (SUN) posted yield increases, with the 10-year benchmark rising by 10 bps to 6.52%. Previously, market players paid close attention to the Fed's statement in the opinion that inflation was not a threat. The Fed also stated that it will take up to 3 years to reach the inflation target set by the central bank. However, the Fed has a strategy to anticipate a possible increase in inflation if it does occur.

### Corporate Bonds

**CIMB Niaga Ready to Pay Off the Bonds.** Bank CIMB Niaga Tbk (BNGA) will repay the Continuous Sukuk I of Bank CIMB Niaga Phase III Year 2020 Series A amounting to IDR 322 billion which will mature on April 7, 2021. The payment will entirely use the company's internal cash. For the record, CIMB Niaga has three series of bonds maturing in 2021 with a total of IDR 878 billion. The company's strong liquidity level is also reflected in the Loan to Deposit (LDR) ratio of 82.91% as of 31 December 2020 and considering the relatively low credit growth of the banking industry. Therefore, CIMB Niaga does not see the need to undertake corporate funding actions in the form of issuing bonds or sukuk. (Investor Daily)

### Domestic Issue

**Credit Interest Rates at Large Banks Begin to Drop.** The Financial Services Authority (OJK) revealed that credit interest rates at several banks have started to decline, following the policy of lowering the benchmark interest rate of Bank Indonesia (BI). According to the OJK, the decline in credit interest rates tends to be faster for working capital loans at large banks. Meanwhile, the decrease in consumer credit interest was still limited, especially at banks operating in retail. For the record, currently there are several banks that have to face large debt restructuring costs, totaling IDR 971 trillion. During 2020, the BI benchmark interest rate had fallen 125 bps to 3.75% at the end of December 2020. However, the decline in bank lending rates only fell 83 bps throughout 2020 to 9.7%. (Investor Daily)

### Recommendation

**Looking forward to US Inflation Data.** The movement of the SUN market at the weekend, amidst the anticipation of higher US inflation. Higher inflation has made bond market players expect higher yields in line with the increase in risk. This has the opportunity to increase the yield on SUN. On the other hand, domestic sentiment in the second phase of the vaccination program will support the movement of the rupiah. Yesterday, the rupiah exchange rate was relatively flat with the spot market rate and BI middle rate, at IDR 14,083 / USD and IDR 14,104 / USD, respectively. Next week, the government through the DJPPR will again offer FRO086, FRO087, FRO088, FRO083, and FRO089 at the SUN auction on Tuesday (02/03).

## Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.50%	3.75%	Real GDP	-2.19%	-5.32%
FX Reserve (USD bn)	138.00	135.90	Current Acc (USD bn)	0.80	(2.94)
Trd Balance (USD bn)	1.96	2.10	Govt. Spending Yoy	1.76%	-6.90%
Exports Yoy	12.24%	14.63%	FDI (USD bn)	4.26	4.56
Imports Yoy	-6.49%	-0.47%	Business Confidence	104.82	105.33
Inflation Yoy	1.55%	1.68%	Cons. Confidence*	84.90	96.50

## PRICE OF BENCHMARK SERIES

FRO086 (5yr): +7.4 Bps to 99.53 (5.60%)  
FRO087 (10yr): +10.0 Bps to 99.82 (6.52%)  
FRO088 (15yr): +0.2 Bps to 99.30 (6.32%)  
FRO083 (20yr): +3.9 Bps to 103.31 (7.17%)

FRO081 (4yr): +5.0 Bps to 103.39 (5.59%)  
FRO082 (9yr): +10.0 Bps to 102.80 (6.59%)  
FRO080 (14yr): +8.7 Bps to 103.25 (7.13%)

## CDS of Indonesia Bonds

CDS 2yr: +1.79% to 24.72  
CDS 5yr: +1.95% to 71.38  
CDS 10yr: +1.36% to 135.62

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.56%	0.11%
USDIDR	14,083	-0.01%
KRWIDR	12.71	0.24%

## Global Indices

Index	Last	Chg.	%
Dow Jones	31,402.01	(559.85)	-1.75%
S&P 500	3,829.34	(96.09)	-2.45%
FTSE 100	6,651.96	(7.01)	-0.11%
DAX	13,879.33	(96.67)	-0.69%
Nikkei	30,168.27	496.57	1.67%
Hang Seng	30,074.17	355.93	1.20%
Shanghai	3,585.05	20.97	0.59%
KOSPI	3,099.69	104.71	3.50%
EIDO	22.82	(1.03)	-4.32%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,770.6	(34.5)	-1.91%
Crude Oil (\$/bbl)	63.53	0.31	0.49%
Coal (\$/ton)	79.60	1.05	1.34%
Nickel LME (\$/MT)	19,202	(507.0)	-2.57%
Tin LME (\$/MT)	26,840	140.0	0.52%
CPO (MYR/Ton)	3,784	133.0	3.64%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	GE	16:00	IFO Expectations	Feb	94.2	91.7	91.1
<i>22 - Feb</i>	GE	16:00	IFO Business Climate	Feb	90.6	89.1	90.1
	US	22:00	Leading Index	Jan	0.5%	0.4%	0.3%
<b>Tuesday</b>	UK	14:00	Jobless Claims Change	Jan	-20.0k	--	7.0k
<i>23 - Feb</i>	EC	17:00	CPI YoY	Jan	0.9%	0.9%	0.9%
	US	22:00	Conf. Board Consumer Confidence	Feb	91.3	90	89.3
<b>Wednesday</b>	US	19:00	MBA Mortgage Applications	Feb	-11.4%	--	-5.1%
<i>24 - Feb</i>	US	22:00	New Home Sales	Jan	923k	859k	842k
<b>Thursday</b>	US	20:30	Durable Goods Orders	Jan	3.4%	1.3%	0.5%
<i>25 - Feb</i>	US	20:30	Initial Jobless Claims	Feb	730k	825k	861k
	US	20:30	GDP Annualized QoQ	4Q20	4.1%	4.2%	4.0%
<b>Friday</b>	US	20:30	Wholesale Inventories MoM	Jan		--	0.30%
<i>26 - Feb</i>	US	20:30	Personal Income	Jan		10.00%	0.60%
	US	22:00	U. of Mich. Sentiment	Feb		76.2	76.2

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