

Morning Brief

Today's Outlook:

Government Bonds

Economic Recovery Optimism Boosts Inflation. Domestic Government Bonds (SUN) yields rose within a week, indicating that market players have relatively given up these safe haven assets. This increase was amidst the increase in the yield of US Treasury (UST) in the same period. The 10-year UST yield touched the 1.6% level. The increase in yield on UST and SUN was triggered by optimism for global economic recovery due to the ongoing massive Covid-19 vaccination program. At the end of the week, the 10-year benchmark SUN yield remained relatively low at 6.57%. On the other hand, the movement on the SUN market at the weekend was also awaiting the release of February inflation data. NHKSI Research projects Indonesia's inflation in February 2021 to be in the range of 0.09%. This relatively well-maintained inflation has the opportunity to sustain movement in the rupiah at the beginning of the week.

Corporate Bonds

Pupuk Indonesia Issues IDR 2.75 Trillion Bonds. Pupuk Indonesia (Persero) issued bonds worth IDR 2.75 trillion through a Public Offering of Sustainable Bonds II Phase II in 2021. The funds will be used to cover the loans of its subsidiaries, namely Petrokimia Gresik and Pupuk Indonesia Logistik. Petrokimia Gresik will use IDR 2.51 trillion from the bond offering to pay off the investment credit, while Pupuk Indonesia Logistik will use IDR 240 billion from the bond offering to pay off working capital loans. The bonds are offered in three series, namely Series A IDR 350 billion, coupon 5.60% and 3-year tenor; Series B with IDR 1.6 trillion, 6.20% coupon and 5-year tenor. Finally, Series C IDR 800 billion, coupon 7.20% and 7-year tenor. (Investor Daily)

Domestic Issue

BI Estimates Inflation in February 2021 at 0.08%. Bank Indonesia (BI) predicts slight inflation in February 2021. Based on a price monitoring survey on the fourth week of February 2021, inflation is estimated at 0.08% MoM. With these developments, the inflation forecast for February 2021 is estimated at 0.34% YtD on a calendar year and on an annual basis at 1.35% YoY. The main contributors to inflation in February 2021 were commodities of cayenne pepper, red chili and water spinach, which each experienced inflation of 0.02% MoM. Then followed by an increase in the prices of shallots, spinach, beef, concrete iron, and filter clove cigarettes each by 0.01% MoM. (Kontan)

Recommendation

Domestic Inflation and UST Yield. In early trading this week, market players have been watching the release of data on Indonesia's inflation for February and the movement in UST yields. UST yield volatility will still be the main driving force for global financial markets, including Indonesia. UST yields on the backdrop of potential US economic growth, accompanied by the possibility of rising inflation. This is what market players anticipate, the possibility of the Fed reducing the value of quantitative easing or tapering. Within a week, the rupiah exchange rate depreciated by more than 1% to the level of IDR 14,240 / USD. Good liquidity and interest have kept the yield on the 10-year benchmark SUN FR0087 holding around the 6.59% level. On the other hand, investors can take advantage of the volatility of the FR0086, FR0088, and FR0083 benchmarks.

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

FR0086 (5yr):	+6.8 Bps to 99.23 (5.67%)
FR0087 (10yr):	+5.1 Bps to 99.45 (6.57%)
FR0088 (15yr):	+5.6 Bps to 98.76 (6.37%)
FR0083 (20yr):	+4.5 Bps to 102.83 (7.22%)
FR0081 (4yr):	+10.6 Bps to 102.98 (5.70%)
FR0082 (9yr):	+9.6 Bps to 102.12 (6.69%)
FR0080 (14yr):	+16.7 Bps to 101.75 (7.29%)

CDS of Indonesia Bonds

CDS 2yr:	+11.85% to 27.65
CDS 5yr:	+7.74% to 76.91
CDS 10yr:	+8.46% to 147.10

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.61%	0.05%
USDIDR	14,235	1.08%
KRWIDR	12.67	-0.28%

Global Indices

Index	Last	Chg.	%
Dow Jones	30,932.37	(469.64)	-1.50%
S&P 500	3,811.15	(18.19)	-0.48%
FTSE 100	6,483.43	(168.53)	-2.53%
DAX	13,786.29	(93.04)	-0.67%
Nikkei	28,966.01	(1202.26)	-3.99%
Hang Seng	28,980.21	(1093.96)	-3.64%
Shanghai	3,509.08	(75.97)	-2.12%
KOSPI	3,012.95	(86.74)	-2.80%
EIDO	22.85	0.03	0.13%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,734.0	(36.5)	-2.06%
Crude Oil (\$/bbl)	61.50	(2.03)	-3.20%
Coal (\$/ton)	81.45	1.50	1.88%
Nickel LME (\$/MT)	18,577	(625.0)	-3.25%
Tin LME (\$/MT)	25,664	(1176.0)	-4.38%
CPO (MYR/Ton)	3,742	(42.0)	-1.11%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	ID	07:30	Markit Indonesia PMI Mfg	Feb		--	52.2
<i>01 - Mar</i>	CH	08:45	Caixin China PMI Mfg	Feb		51.3	51.5
	ID	11:00	CPI YoY	Feb		1.40%	1.55%
	EC	16:00	Markit Eurozone Manufacturing PMI	Feb		57.7	57.7
	GE	20:00	CPI YoY	Feb		1.20%	1.00%
	US	21:45	Markit US Manufacturing PMI	Feb		58.5	58.5
Tuesday	GE	15:55	Unemployment Change (000's)	Feb		-17.5k	-41.0k
<i>02 - Mar</i>	EC	17:00	CPI MoM	Feb		--	0.20%
Wednesday	US	19:00	MBA Mortgage Applications	Feb		--	-11.40%
<i>03 - Mar</i>							
Thursday	US	20:30	Initial Jobless Claims	Feb		--	730k
<i>04 - Mar</i>	US	22:00	Durable Goods Orders	Jan		--	3.40%
	US	22:00	Factory Orders	Jan		1.00%	1.10%
Friday	ID	10:00	Net Foreign Assets IDR	Feb		--	1906.0t
<i>05 - Mar</i>	ID	10:00	Foreign Reserves	Feb		--	\$138.00b
	US	20:30	Trade Balance	Jan		-\$67.5b	-\$66.6b

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