

# Morning Brief

## Today's Outlook:

### Government Bonds

**FR0083 Close Green Shoe Option.** The result of the additional auction (green shoe option) for SUN yesterday, the government won FR0083 worth IDR 2.1 trillion (BTC 1.7x) or the highest in value among other series in the range of IDR 157 billion to IDR 1.9 trillion. Meanwhile, the total won by the government in the green shoe option for Government Securities (SUN) is valued at IDR 5.7 trillion, from incoming bids worth a total of IDR 9.1 trillion. In more detail, if it is combined with the main SUN auction the day before, the total won by the government is IDR 29.9 trillion. The FR0083's weighted average yield fell by up to 16 bps from the previous auction, making the government win many of the 20-year benchmark series. From the external side, the improvement in incoming and nominal offers was won by the government, in line with the decline in yield on the 10-year UST tenor in the past week.

### Corporate Bonds

**Wijaya Karya Bond Issuance Strategy.** Wijaya Karya Tbk (WIKA) has various strategic plans. Some of WIKA's plans this year include the process of forming a state-owned hotel holding, distribution of mobile motors, construction of Big Asphalt Bitumen Plant, divestment of Prima Container Terminal, investment in Jatiluhur SPAM, increasing the capacity of PT Wijaya Karya Industri and Construction from 75,000 tons to 100,000 tons per year and issuance Phase II ongoing bonds amounting to Rp 3 trillion. (Kontan)

### Domestic Issue

**Electricity Bills Simulations for Customers of 900-6,600 VA and above.** The government opens the opportunity to increase electricity rates in the third quarter of 2021 or starting July 1, 2021. For household customers in the R.1/900 VA class, the government sets the assumption that the average usage per month is 109 kWh, so the projected increase in electricity bills per month is 12.1%. For class R.1/1,300 VA customers, with the assumption that monthly usage is 152 kWh; class R.1/2,200 VA, assuming a month usage of 279 kWh; group R.2/3,500 VA to 5,500 VA, assuming usage of 442 kWh per month; and for the R.3/6,600 VA class and above, assuming electricity consumption of 1,425 kWh per month, the government projects an increase in electricity rates of around 4.91% each. NHKSI Research sees that the highest increase in electricity rates occurred in the R.1/900 VA group, as this group previously received an extra portion of government compensation. (Kontan, NHKSI Research)

### Recommendation

**Profit Taking FR0088.** The yield on this 15-year benchmark SUN is again higher than that of FR0083. For the record, previously there was a yield inversion between these two series. A number of market players took profit taking in this medium tenor following the release of inflation data for the United States (US) for the March 2021 period. The US Consumer Price Index (CPI) for March 2021 reportedly grew 2.6% YoY, compared to February's position of 1, 7%, and even higher than market expectation of 2.5% YoY. In the short term, investors can take advantage of the volatility of FR0087 and FR0083.

## Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.50%	3.50%	Real GDP	-2.19%	-5.32%
FX Reserve (USD bn)	137.10	138.80	Current Acc (USD bn)	0.80	(2.94)
Trd Balance (USD bn)	2.00	1.96	Govt. Spending Yoy	1.76%	-6.90%
Exports Yoy	8.56%	12.24%	FDI (USD bn)	4.26	4.56
Imports Yoy	14.86%	-6.49%	Business Confidence	104.82	105.33
Inflation Yoy	1.37%	1.38%	Cons. Confidence*	93.40	84.90

## PRICE OF BENCHMARK SERIES

FR0086 (5yr): -1.1 Bps to 98.81 (5.77%)  
FR0087 (10yr): -1.7 Bps to 99.59 (6.55%)  
FR0088 (15yr): +14.8 Bps to 96.88 (6.57%)  
FR0083 (20yr): +0.5 Bps to 101.89 (7.31%)

FR0081 (4yr): -0.3 Bps to 102.97 (5.68%)  
FR0082 (9yr): +2.4 Bps to 102.50 (6.63%)  
FR0080 (14yr): +4.1 Bps to 103.06 (7.04%)

## CDS of Indonesia Bonds

CDS 2yr: +0.62% to 33.26  
CDS 5yr: +1.15% to 84.68  
CDS 10yr: +0.54% to 149.07

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.58%	-0.02%
USDIDR	14,603	-0.01%
KRWIDR	13.08	0.83%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,730.89	53.62	0.16%
S&P 500	4,124.66	(16.93)	-0.41%
FTSE 100	6,939.58	49.09	0.71%
DAX	15,209.15	(25.21)	-0.17%
Nikkei	29,620.99	(130.62)	-0.44%
Hang Seng	28,900.83	403.58	1.42%
Shanghai	3,416.72	20.25	0.60%
KOSPI	3,182.38	13.30	0.42%
EIDO	21.63	0.46	2.17%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,736.4	(9.1)	-0.52%
Crude Oil (\$/bbl)	63.15	2.97	4.94%
Coal (\$/ton)	88.40	0.95	1.09%
Nickel LME (\$/MT)	16,378	217.0	1.34%
Tin LME (\$/MT)	26,217	572.0	2.23%
CPO (MYR/Ton)	3,730	4.0	0.11%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Tuesday</b>	UK	13:00	Industrial Production MoM	Feb	1.0%	0.5%	-1.5%
<i>13 - Apr</i>	UK	13:00	Manufacturing Production MoM	Feb	1.3%	0.5%	-2.3%
	GE	16:00	ZEW Survey Current Situation	Apr	-48.8	-54.1	-61.0
	US	19:30	CPI MoM	Mar	0.6%	0.5%	0.4%
	CH		Trade Balance	Mar	\$13.80b	\$52.00b	\$37.88b
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	Apr	-3.7%	--	-5.10%
<i>14 - Apr</i>							
<b>Thursday</b>	ID	11:00	Trade Balance	Mar		\$1300m	\$2010m
<i>15 - Apr</i>	GE	13:00	CPI MoM	Mar		0.50%	0.50%
	GE	13:00	CPI YoY	Mar		1.70%	1.70%
	US	19:30	Initial Jobless Claims	Apr		--	744k
	US	20:15	Industrial Production MoM	Mar		3.00%	-2.20%
<b>Friday</b>	CH	09:00	GDP YoY	1Q21		18.20%	6.50%
<i>16 - Apr</i>	CH	09:00	Retail Sales YoY	Mar		28.00%	--
	CH	09:00	Industrial Production YoY	Mar		18.00%	--
	EC	16:00	CPI YoY	Mar		1.30%	0.90%

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