

# Morning Brief

## Today's Outlook:

### Government Bonds

**The Fed's Low Interest Rates.** The US Central Bank (the Fed) has again kept the Fed Rate low, even though the economy of the United States (US) is recovering faster than expected. The interest rate is still 0.25%, and the Fed's commitment to maintain it until 2023. The Fed's statement, encouraging capital inflow on the Indonesian bond market, all benchmark series Government Bonds (SUN) recorded an increase in prices yesterday. On the other hand, the 10-year UST yield was stuck at the 1.62% level, making the yield on the same tenor SUN again attractive because it recorded a fairly wide spread.

### Corporate Bonds

**Batavia Prosperindo Finance Bonds Achieved idBBB Rating.** The Indonesian Securities Rating Agency (Pefindo) affirmed the idBBB rating for the 2018 Phase I Sustainable Bonds II by Batavia Prosperindo Finance Tbk (BPFI) with a value of IDR 206.5 billion, which will mature on June 25, 2021. The company will pay off the bonds using a credit facility that has not yet used in the amount of IDR 479.2 billion. Then, the average monthly installment receivable is IDR 67.2 billion and internal cash of IDR 71.6 billion as of March 2021. BPFI is a finance company that focuses on used car financing. As of December 31, 2020, the company operates through its head office and 75 branches supported by 1,186 employees. (Kontan)

### Domestic Issue

**Minister of Finance: Indonesia's Economic Growth 5.8% in 2022.** Minister of Finance Sri Mulyani Indrawati said the government is targeting economic growth in 2022 of 5.8% YoY. The minister said, this projection could be achieved if there was structural reform. Sri Mulyani is optimistic that in 2022 the economy can skyrocket from the estimated growth in 2021 which ranges from 4.5% to 5.3% YoY. In order to achieve the projected economic growth next year, the Minister of Finance said the main driving factors were investment and exports. Minister of Finance details with reforms, in 2022 household consumption is expected to grow 5.2% YoY, consumption of Non-Profit Institutions Serving Households (LNPR) 7.2% YoY, government consumption 5.2% YoY, investment 6.6% YoY, export 6.8% YoY, and import 6.1% YoY. (Kontan)

### Recommendation

**US GDP Positive Sentiment Grows 6.4%.** The US Gross Domestic Product (GDP) has recorded a recovery from the impact of Covid-19. US economy 1Q21 period at 6.4% YoY. This figure continues the previous 4.3% expansion in Q4 2020, and also topped market expectations of 6.1%. On the other hand, business reopening and increased spending pushed US headline inflation up 3.5% in January to March, compared to 1.5% in the previous quarter. In the short term, investors can look back to the FR0086 and FR0087.

## 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)	1.99	2.01	Govt. Spending Yoy	1.76%	-6.90%
Exports Yoy	30.47%	8.56%	FDI (USD bn)	4.26	4.56
Imports Yoy	25.73%	14.86%	Business Confidence	104.82	105.33
Inflation Yoy	1.37%	1.38%	Cons. Confidence*	93.40	84.90

## PRICE OF BENCHMARK SERIES

FR0086 (5yr):	-4.1 Bps to 99.40 (5.63%)
FR0087 (10yr):	-2.6 Bps to 100.27 (6.46%)
FR0088 (15yr):	-2.9 Bps to 98.36 (6.42%)
FR0083 (20yr):	-2.5 Bps to 102.56 (7.24%)
FR0081 (4yr):	-0.5 Bps to 103.58 (5.51%)
FR0082 (9yr):	-1.1 Bps to 103.44 (6.50%)
FR0080 (14yr):	-1.5 Bps to 103.43 (7.10%)

## CDS of Indonesia Bonds

CDS 2yr:	-2.42% to 28.74
CDS 5yr:	-1.94% to 77.09
CDS 10yr:	-1.87% to 141.07

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.48%	-0.04%
USDIDR	14,450	-0.34%
KRWIDR	13.04	0.06%

## Global Indices

Index	Last	Chg.	%
Dow Jones	34,060.36	239.98	0.71%
S&P 500	4,211.47	28.29	0.68%
FTSE 100	6,961.48	(2.19)	-0.03%
DAX	15,154.20	(137.98)	-0.90%
Nikkei	29,053.97	62.08	0.21%
Hang Seng	29,303.26	231.92	0.80%
Shanghai	3,474.90	17.83	0.52%
KOSPI	3,174.07	(7.40)	-0.23%
EIDO	21.87	0.13	0.60%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,772.2	(9.5)	-0.53%
Crude Oil (\$/bbl)	65.01	1.15	1.80%
Coal (\$/ton)	88.05	0.75	0.86%
Nickel LME (\$/MT)	17,257	(172.0)	-0.99%
Tin LME (\$/MT)	28,475	(64.0)	-0.22%
CPO (MYR/Ton)	3,936	(133.0)	-3.27%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 26 - Apr	GE	15:00	IFO Expectations	Apr	99.5	101.2	100.4
	GE	15:00	IFO Business Climate	Apr	96.8	97.8	96.6
	US	19:30	Durable Goods Orders	Mar	0.5%	2.3%	-1.2%
<b>Tuesday</b> 27 - Apr	US	21:00	Conf. Board Consumer Confidence	Apr	121.7	113.0	109.7
<b>Wednesday</b> 28 - Apr	US	18:00	MBA Mortgage Applications	Apr	-2.5%	--	8.6%
	US	19:30	Wholesale Inventories MoM	Mar	1.4%	0.5%	0.6%
<b>Thursday</b> 29 - Apr	GE	14:55	Unemployment Change (000's)	Apr	9.0K	-10.0K	-8.0k
	GE	19:00	CPI YoY	Apr	2.0%	1.9%	1.7%
	US	19:30	Initial Jobless Claims	Apr	553K	540K	547k
	US	19:30	GDP Annualized QoQ	1Q21	6.4%	6.7%	4.3%
<b>Friday</b> 30 - Apr	CH	08:00	Manufacturing PMI	Apr		51.7	51.9
	GE	15:00	GDP SA QoQ	1Q20		--	0.3%
	EC	16:00	CPI MoM	Apr		--	0.9%
	EC	16:00	GDP SA YoY	1Q21		--	-4.9%

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