

Morning Brief

Today's Outlook:

Government Bonds

Yield Spreads Narrowing. Post-government bonds (SUN), the benchmark series recorded an increase in prices, or a decrease in yield in early trading week. The 10-year benchmark yield FR0087 is at 6.61% or only 491 bps difference compared to the US Treasury (UST) with the same tenor at 1.70%, according to Bloomberg data. NHKSI Research sees that the narrowing of the yield spread has the opportunity to make investors take profit taking or capital outflows on the SUN market. For the record, these two instruments usually record yield spreads in the range of 500 bps-520 bps. Data from the Directorate General of Financing and Risk Management (DJPPR) show that foreign investors carried out a capital outflow of IDR 20 trillion during March 2021.

Corporate Bonds

Three Banks Pay Off Due Bonds. Based on Pefindo's data, there are three banks that have matured bonds or sukuk throughout April. First, Bank CIMB Niaga Tbk has Sustainable Sukuk Mudharabah I Phase III Year 2020 Series A, worth IDR 322 billion due on April 7, 2021. Repayment is planned to use internal cash, as the Loan to Deposit (LDR) ratio is 82.91% in 2020. Second, Bank OCBS NISP has Bonds II Phase IV 2018 worth IDR 535 billion, which will mature on April 10, 2021. Third, Bank Pan Indonesia has Sustainable Bonds II Phase IV Year 2018 worth IDR 1.5 trillion, which will fall due on April 18, 2021. (Kontan)

Domestic Issue

Two New Incentives to Boost the Economy 2Q21. Domestic economic recovery continues. In order to accelerate economic growth in the second quarter of 2021, the government launched two new stimuli. First, the expansion of the sales tax discount on luxury goods (PPnBM) for cylinder capacities of 1,500 cc to 2,500 cc. This incentive is classified for two types of cars, namely the 4x2 and 4x4 vehicle segments that meet the requirements, which is carried out in stages. Second, the micro, small and medium enterprises (UMKM) credit stimulus amounting to Rp. 400 billion is planned to be enjoyed on April 20, 2021. The aim is to increase the capital of MSME debtors. (Kontan)

Recommendation

High Yield Opens 2Q21 Initial Sukuk Auction. The upward trend and volatility in UST yields are likely to make market players expect higher yields in today's Sukuk auction. High yields will make the government selective in winning the Sukuk auction. NHKSI Research sees that sukuk tenors below 10 years have the opportunity to be attracted to reduce the current volatility of the Sukuk market. For the record, the increase in UST yield after Joe Biden issued an infrastructure budget of USD 2 trillion. UST yields are projected to touch the level of 1.8%, which could then push the yield on 10-year government securities up to 7%.

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)	138.80	138.00	Current Acc (USD bn)	0.80	(2.94)
Trd Balance (USD bn)	2.01	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	1.38%	1.55%	Cons. Confidence*	85.80	84.90

PRICE OF BENCHMARK SERIES

FR0086 (5yr):	-3.2 Bps to 98.75 (5.78%)
FR0087 (10yr):	-5.5 Bps to 99.16 (6.61%)
FR0088 (15yr):	-3.0 Bps to 96.98 (6.56%)
FR0083 (20yr):	-6.0 Bps to 101.63 (7.33%)
FR0081 (4yr):	-3.0 Bps to 102.88 (5.71%)
FR0082 (9yr):	-6.1 Bps to 102.52 (6.63%)
FR0080 (14yr):	-2.1 Bps to 102.76 (7.18%)

CDS of Indonesia Bonds

CDS 2yr:	+0.77% to 33.61
CDS 5yr:	+1.20% to 85.13
CDS 10yr:	+1.00% to 150.16

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.64%	-0.06%
USDIDR	14,515	-0.07%
KRWIDR	12.87	-0.07%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,527.19	373.98	1.13%
S&P 500	4,077.91	58.04	1.44%
FTSE 100	6,737.30	23.67	0.35%
DAX	15,107.17	98.83	0.66%
Nikkei	30,089.25	235.25	0.79%
Hang Seng	28,938.74	560.39	1.97%
Shanghai	3,484.39	18.06	0.52%
KOSPI	3,120.83	8.03	0.26%
EIDO	21.75	(0.18)	-0.82%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,728.3	(0.6)	-0.03%
Crude Oil (\$/bbl)	58.65	(2.80)	-4.56%
Coal (\$/ton)	91.90	0.00	0.00%
Nickel LME (\$/MT)	16,214	146.0	0.91%
Tin LME (\$/MT)	25,123	(265.0)	-1.04%
CPO (MYR/Ton)	3,739	2.0	0.05%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 05 - Apr	US	21:00	Factory Orders	Feb	-0.8%	-0.5%	2.6%
	US	21:00	Durable Goods Orders	Feb	-1.2%	--	-1.1%
Wednesday 07 - Apr	ID	10:00	Foreign Reserves	Mar		--	\$138.80b
	EC	15:00	Markit Eurozone Composite PMI	Mar		--	52.5
	US	18:00	MBA Mortgage Applications	Apr		--	-2.2%
	US	19:30	Trade Balance	Feb		-\$69.9b	-\$68.2b
	ID	10:00	Foreign Reserves	Mar		--	\$138.80b
Thursday 08 - Apr	GE	13:00	Factory Orders MoM	Feb		1.0%	1.4%
	US	19:30	Initial Jobless Claims	Apr		--	--
Friday 09 - Apr	ID		Consumer Confidence Index	Mar		--	85.8
	CH	08:30	CPI YoY	Mar		0.4%	-0.2%
	CH	08:30	PPI YoY	Mar		3.3%	1.7%
	GE	13:00	Industrial Production SA MoM	Feb		1.2%	-2.5%
	US	19:30	PPI Final Demand MoM	Mar		0.5%	0.5%
	US	21:00	Wholesale Inventories MoM	Feb		--	0.5%

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