

Morning Brief

Today's Outlook:

Government Bonds

Sukuk Private Placement IDR 750 Billion. Last week, the government issued State Sharia Securities (SBSN) or State Sukuk PBS026 (3,4-year) and PBS003 (5,7-year), through a private placement method. This issuance complements the auction of Government Securities (SBN) in May 2021, which only took place twice, namely the Sukuk auction on May 4, 2021, and the auction of Government Securities (SUN) on May 25, 2021, due to the long Idul Fitri holiday. In more detail, PBS026 was issued worth IDR 500 billion, with a reward of 6.625% and a yield of 5.30%. This Sukuk PBS026 will mature on October 15, 2024. Meanwhile, PBS003 was issued worth IDR 250 billion, with a return of 6% and a yield of 5.75%. The PBS003 series will mature on January 15, 2027. For the record, both PBS026 and PBS003 are not series routinely offered in bi-weekly Sukuk auctions such as: PBS027 (2-year), PBS017 (4.4-year), PBS029 (12.8-years), PBS004 (15.8-years), and PBS028 (25.4-years).

Corporate Bonds

Solusi Tunas Pratama Aims for IDR 22 Trillion in Funds. Telecommunication infrastructure network provider issuer, Solusi Tunas Pratama Tbk (SUPR) is preparing a jumbo corporate action. The company will ask for the blessing of shareholders at the extraordinary general meeting of shareholders (EGMS) on June 3, 2021, with the agenda of issuing bonds and private placement of shares. For bond issuance, SUPR has three options. First, SUPR will issue bonds in rupiah currency with a maximum of IDR 8 trillion with a maximum interest rate of 12% per year. Second, Solusi Tunas Pratama will issue bonds in USD with a maximum value of USD 400 million and a maximum coupon offer of 8%. Third, is the issuance of bonds in rupiah and US dollars with a total value of IDR 13.64 trillion. The maximum tenor of this bond is seven years or it will be determined later. (Kontan)

Domestic Issue

Village Funds Realization Reaches IDR 18.8 Trillion. The Ministry of Villages, Disadvantaged Areas and Transmigration (Kemendes PDTT) stated that the realization of village funds until May 8, 2021 had reached IDR 18.8 trillion or around 26% of the total ceiling of IDR 72 trillion. This allocation has been sought for 52,372 villages or about 70% of the total villages of 74,961 villages. Of that amount, the village funds allocated for Covid-19 safe villages amounted to IDR 3.4 trillion or 18.4%. Meanwhile, the funds allocated for the Village Fund BLT were IDR 2.2 trillion or around 12% of the disbursement. (Investor Daily)

Recommendation

Indonesia's Trade Balance and Japan's GDP. Apart from Indonesia's trade balance data, the release of Japan's Gross Domestic Product (GDP) data will be the trade sentiment this week. Japan's GDP for the 1Q21 period is projected to contract by around 1.1%, based on a Bloomberg survey, or is at risk of entering a recession cycle again. For the record, Japan has previously managed to get out of the recession zone, after successfully recording GDP growth for two consecutive quarters annually. The absence of a SUN auction this week has the opportunity for investors to return to seek benchmark SUN on the secondary market. Market participants can look back to the 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	-0.74%	-2.19%
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	2.96%	1.76%
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	1.42%	1.37%	Cons. Confidence*	93.40	84.90

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -0.5 Bps to 99.88 (5.52%)
FR0087 (10yr): +3.0 Bps to 100.62 (6.41%)
FR0088 (15yr): -0.0 Bps to 99.62 (6.28%)
FR0083 (20yr): +0.8 Bps to 103.94 (7.11%)

FR0081 (4yr): +0.7 Bps to 103.85 (5.43%)
FR0082 (9yr): +2.4 Bps to 103.70 (6.46%)
FR0080 (14yr): +3.7 Bps to 103.68 (7.08%)

CDS of Indonesia Bonds

CDS 2yr: +3.17% to 30.01
CDS 5yr: -2.92% to 77.88
CDS 10yr: -2.22% to 142.35

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.43%	0.03%
USDIDR	14,198	0.00%
KRWIDR	12.68	-0.55%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,382.13	360.68	1.06%
S&P 500	4,173.85	61.35	1.49%
FTSE 100	7,043.61	80.28	1.15%
DAX	15,416.64	216.96	1.43%
Nikkei	28,084.47	636.46	2.32%
Hang Seng	28,027.57	308.90	1.11%
Shanghai	3,490.38	60.84	1.77%
KOSPI	3,153.32	31.21	1.00%
EIDO	21.78	0.32	1.49%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,843.4	16.7	0.91%
Crude Oil (\$/bbl)	65.37	1.55	2.43%
Coal (\$/ton)	99.40	(3.15)	-3.07%
Nickel LME (\$/MT)	17,544	221.0	1.28%
Tin LME (\$/MT)	29,515	309.0	1.06%
CPO (MYR/Ton)	4,506	156.0	3.59%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	CH	09:00	Retail Sales YoY	Apr		25.00%	34.20%
<i>17 - May</i>	CH	09:00	Industrial Production YoY	Apr		9.90%	14.10%
	UK	13:00	Claimant Count Rate	Apr		--	7.30%
	UK	13:00	Jobless Claims Change	Apr		--	10.1k
Tuesday	EC	16:00	GDP SA YoY	1Q21		--	-1.80%
<i>18 - May</i>	UK	13:00	CPI MoM	Apr		--	0.30%
	UK	13:00	CPI YoY	Apr		--	0.70%
Wednesday	EC	16:00	CPI YoY	Apr		--	1.30%
<i>19 - May</i>	US	18:00	MBA Mortgage Applications	May		--	--
Thursday	ID	11:00	Trade Balance	Apr		--	\$1560m
<i>20 - May</i>	US	19:30	Initial Jobless Claims	May		--	--
Friday	EC	15:00	Markit Eurozone Manufacturing PMI	May		--	62.9
<i>21 - May</i>	UK	15:30	Markit UK PMI Manufacturing SA	May		--	60.9
	US	20:45	Markit US Manufacturing PMI	May		--	60.5

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