

Morning Brief

Today's Outlook:

Government Bonds

Yield Inversion Close Weekend SUN Market. Based on Bloomberg data, the yield on the benchmark 15-year Government Bond (SUN) FR0088 is at the level of 6.37 percent. This figure is lower than the 10-year benchmark SUN FR0087 at 6.66% level. The volatility of the rupiah has made market players avoid short tenors, and there are still concerns over the prospects for the domestic economy going forward. In addition, market players are also interested in the FR0088 price, which is far below par. On the other hand, investors are still adjusting the spread price on the 10-year SUN yield with the same UST tenor, which is currently around 510 bps. Overall, the increase in government securities yield was in line with the increase in UST yield, which was triggered by concerns that the Fed would stop buying bonds.

Corporate Bonds

BFI Finance Ready to Pay Off IDR 966 Billion Bonds. BFI Finance Indonesia Tbk (BFI Finance) has prepared funds from internal cash to pay BFI Finance Indonesia Phase IV 2018 Series C Continuous Bonds III of IDR 966 billion which will mature on March 6, 2021. BFI Finance is currently in the process of registering the Offer General Sustainability (PUB) to the Financial Services Authority (OJK) for Sustainable Bonds V with an amount of up to IDR 6 trillion which will be used to support new financing throughout 2021. (Kontan)

Domestic Issue

Debt to GDP Ratio reached 40.28%. As a result of the corona virus pandemic, government debt has grown thicker, while the economy has been sluggish. As a result, until January 2021 the ratio of government debt to gross domestic product (GDP) has reached 40.28%. In just a month this figure has increased by 1.6% from the position of the ratio of government debt to GDP at the end of 2020, which was 38.68%. Last year, due to corona, the debt ratio has increased by 8.45% in a year. However, the government is optimistic that the economic reversal in 2021 will narrow the increase in the debt ratio. The Director of Management, Financing and Risk of the Ministry of Finance (Kemenkeu) said that by observing expansionary fiscal developments and increasing economic growth, by the end of this year it is projected that the debt-to-GDP ratio is targeted to be in the range of 41% to 43%. (Kontan)

Recommendation

External Sentiment Colored Trade This Week. Market players are watching the potential for high inflation in the US, with expectations of an increase in UST yield. In addition, high inflation has the opportunity to make the Fed conduct monetary tightening starting from tapering. In trading this week, investors are again watching the UST yield. When the yield continues to increase, it will make financial markets move with high volatility. Another sentiment is the US Senate's decision to pass the massive USD 1.9 trillion fiscal aid proposed by Joe Biden.

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	1.38%	1.55%	Cons. Confidence*	84.90	96.50

PRICE OF BENCHMARK SERIES

FR0086 (5yr): +10.8 Bps to 98.95 (5.73%)
FR0087 (10yr): +10.5 Bps to 98.83 (6.66%)
FR0088 (15yr): +3.3 Bps to 98.76 (6.37%)
FR0083 (20yr): +5.2 Bps to 102.37 (7.26%)
FR0081 (4yr): +6.4 Bps to 102.99 (5.69%)
FR0082 (9yr): +8.1 Bps to 101.92 (6.72%)
FR0080 (14yr): +9.6 Bps to 101.56 (7.32%)

CDS of Indonesia Bonds

CDS 2yr: +1.73% to 28.11
CDS 5yr: +4.97% to 79.36
CDS 10yr: +1.16% to 144.66

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.69%	0.12%
USDIDR	14,300	0.23%
KRWIDR	12.70	0.19%

Global Indices

Index	Last	Chg.	%
Dow Jones	31,496.30	572.16	1.85%
S&P 500	3,841.94	73.47	1.95%
FTSE 100	6,630.52	(20.36)	-0.31%
DAX	13,920.69	(135.65)	-0.97%
Nikkei	28,864.32	(65.79)	-0.23%
Hang Seng	29,098.29	(138.50)	-0.47%
Shanghai	3,501.99	(1.51)	-0.04%
KOSPI	3,026.26	(17.23)	-0.57%
EIDO	22.91	0.12	0.53%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,700.6	3.1	0.18%
Crude Oil (\$/bbl)	66.09	2.26	3.54%
Coal (\$/ton)	82.55	(0.35)	-0.42%
Nickel LME (\$/MT)	16,425	292.0	1.81%
Tin LME (\$/MT)	24,444	869.0	3.69%
CPO (MYR/Ton)	3,741	10.0	0.27%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	ID		Consumer Confidence Index	Feb	--		84.9
<i>08 - Mar</i>	GE	14:00	Industrial Production SA MoM	Jan	-1.50%		0.00%
	US	22:00	Wholesale Inventories MoM	Jan	--		1.30%
Tuesday	EC	17:00	GDP SA QoQ	4Q20	-0.60%		-0.60%
<i>09 - Mar</i>	EC	17:00	GDP SA YoY	4Q20	-5.00%		-5.00%
Wednesday	CH	08:30	CPI YoY	Feb	-0.30%		-0.30%
<i>10 - Mar</i>	CH	08:30	PPI YoY	Feb	1.40%		0.30%
	US	19:30	MBA Mortgage Applications	Mar	--		0.50%
	US	20:30	CPI MoM	Feb	0.40%		0.30%
Thursday	EC	19:45	ECB Deposit Facility Rate	Mar	-0.50%		-0.50%
<i>11 - Mar</i>	US	20:30	Initial Jobless Claims	Mar	--		745k
Friday	UK	14:00	Industrial Production MoM	Jan	--		0.20%
<i>12 - Mar</i>	UK	14:00	Manufacturing Production MoM	Jan	--		0.30%
	GE	14:00	CPI YoY	Feb	--		1.30%
	US	20:30	PPI Final Demand MoM	Feb	0.40%		1.30%

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