

# Morning Brief

Daily | April 22, 2021

## Today's Outlook:

### Government Bonds

**BTC 1x.** The government won all incoming bids for PBS027, PBS017, and PBS028, as they offered weighted average yields of 4.81% each; 5.73%; and 7.23%. The yield was 4 bps to 9 bps lower than the previous Sukuk auction, which was able to reduce the cost of funds for the government. For the record, the three series recorded a Bid to Cover Ratio (BTC) each of 1x. On the other hand, the weighted average yield of PBS004 is still relatively high at 6.67%, making the government again selective in winning this 15.8-year Sukuk. Overall, the total bid for the additional Sukuk auction (Green Shoe Option) yesterday was worth a total of IDR 3.41 trillion, with a nominal won of IDR 2.63 trillion. Meanwhile, this auction received positive sentiment from BI's decision to keep the BI 7-DRRR benchmark interest rate low at 3.50%.

### Corporate Bonds

**BPFI and PJAA Prepare Bonds Repayment Fund of IDR 550 Billion.** Batavia Prosperindo Finance Tbk (BPFI) and PT Pembangunan Jaya Ancol Tbk (PJAA) have stated their readiness to pay off maturing bonds of up to IDR 550 billion. The Batavia Prosperindo Finance II Sustainable Bonds Phase II 2020 will mature on May 14, 2021, valued at IDR 200 billion. Meanwhile, the bonds maturing in Pembangunan Jaya Ancol on May 18, 2021, Sustainable Bonds I Jaya Ancol Phase II Year 2018 Series B amounting to IDR 350 billion. (Investor Daily)

### Domestic Issue

**Bappenas Asks Sri Mulyani to Apply Carbon Tax and Cut Fuel Subsidies.** The Minister for National Development Planning (PPN) / Head of the National Development Planning Agency (Bappenas) said that the transformation of an environmentally friendly national economy must be supported by fiscal policy. Therefore, the National Development Planning Agency (Bappenas) recommends that the fiscal authorities also phase out the fuel oil (BBM) subsidy up to 100% in 2030. In addition, the Ministry of Finance (Kemenkeu) also needs to gradually impose a carbon tax until it reaches a peak of 50% in 2030. This fiscal policy can encourage the creation of zero emissions which will also have a positive impact on the domestic economy going forward. The net zero emission scenario can provide annual gross domestic product (GDP) growth of up to 2% higher than the business as usual scenario in the 2021 to 2070 period. (Kontan)

### Recommendation

**Investors Again Pay Attention to Indonesia's GDP Growth Revision.** Various market players responded to the downward revision of Indonesia's GDP economic growth to 4.1% - 5.1%. Market participants have the opportunity to be interested in FR0086 and FR0088, which are still recording prices below par. On the other hand, investors are still watching the potential for profit taking in the FR0087 series towards the end of the week. As for the sentiment of the soaring cases of the Covid-19 outbreak in the world, there is an opportunity for investors to return to their interest in safe haven bonds.

## PRICE OF BENCHMARK SERIES

FR0086 (5yr): -0.1 Bps to 99.50 (5.61%)  
FR0087 (10yr): +1.4 Bps to 100.48 (6.43%)  
FR0088 (15yr): -0.6 Bps to 98.32 (6.42%)  
FR0083 (20yr): -0.4 Bps to 102.65 (7.24%)

FR0081 (4yr): +0.2 Bps to 103.61 (5.51%)  
FR0082 (9yr): -0.0 Bps to 103.72 (6.46%)  
FR0080 (14yr): +1.3 Bps to 103.72 (7.07%)

## CDS of Indonesia Bonds

CDS 2yr: -7.77% to 29.53  
CDS 5yr: -0.67% to 79.90  
CDS 10yr: -0.24% to 144.37

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.45%	0.01%
USDIDR	14,530	0.22%
KRWIDR	12.99	-0.34%

## Global Indices

Index	Last	Chg.	%
Dow Jones	34,137.31	316.01	0.93%
S&P 500	4,173.42	38.48	0.93%
FTSE 100	6,895.29	35.42	0.52%
DAX	15,195.97	66.46	0.44%
Nikkei	28,508.55	(591.83)	-2.03%
Hang Seng	28,621.92	(513.81)	-1.76%
Shanghai	3,472.93	(0.01)	0.00%
KOSPI	3,171.66	(49.04)	-1.52%
EIDO	21.72	0.16	0.74%

## 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

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,793.8	15.0	0.85%
Crude Oil (\$/bbl)	61.35	(1.32)	-2.11%
Coal (\$/ton)	87.20	(2.00)	-2.24%
Nickel LME (\$/MT)	16,199	161.0	1.00%
Tin LME (\$/MT)	26,939	117.0	0.44%
CPO (MYR/Ton)	3,894	89.0	2.34%

## Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Tuesday</b> 20 - Apr	UK	13:00	Claimant Count Rate	Mar	7.3%	--	7.5%
	UK	13:00	Jobless Claims Change	Mar	10.1k	--	86.6k
	ID	14:20	Bank Indonesia 7D Reverse Repo	Apr	3.50%	3.50%	3.50%
<b>Wednesday</b> 21 - Apr	UK	13:00	CPI MoM	Mar	0.3%	0.4%	0.1%
	UK	13:00	CPI YoY	Mar	0.7%	0.8%	0.4%
	US	18:00	MBA Mortgage Applications	Apr	8.6%	--	-3.7%
<b>Thursday</b> 22 - Apr	EC	18:45	ECB Deposit Facility Rate	Apr		--	-0.50%
	US	19:30	Initial Jobless Claims	Apr		--	576k
	US	21:00	Leading Index	Mar		0.60%	0.20%
<b>Friday</b> 23 - Apr	UK	13:00	Retail Sales Inc Auto Fuel MoM	Mar		--	2.10%
	GE	14:30	Markit Germany Manufacturing PMI	Apr		--	66.6
	EC	15:00	Markit Eurozone Manufacturing PMI	Apr		--	62.5
	UK	15:30	Markit UK PMI Manufacturing SA	Apr		--	58.9
	US	20:45	Markit US Manufacturing PMI	Apr		60	59.1

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