

# Morning Brief

Daily | April 23, 2021

## Today's Outlook:

### Government Bonds

**Rupiah Appreciation Supports Strengthening of SUN.** The rupiah exchange rate was at IDR 14,520 / USD yesterday, or a 0.07% increase from the previous day's close, based on Bloomberg data. On the other hand, the depreciation of the US dollar was influenced by the response of market players regarding the initial tightening of US monetary policy. Meanwhile, the extension of the micro-scale PPKM and the extension of the prohibition period for going home, with the main objective of preventing the spread of Covid-19. This will accelerate the recovery process for Indonesia's domestic economy.

### Corporate Bonds

**Bank Central Asia's Profit Grows 7%.** The performance of PT Bank Central Asia Tbk (BBCA) and its subsidiaries is still solid after one year of the pandemic spreading in Indonesia. This is reflected in the net profit until March 2021 reaching IDR 7.04 trillion. This value grew 7% YoY compared to March 2020's profit of IDR 6.6 trillion. Net interest income (NII) grew by 3.3% YoY to IDR 14.13 trillion. Meanwhile, BCA's non-interest income or non-interest income was corrected by 14.5% YoY to IDR 5.9 trillion. So that BCA's total operating income reaches IDR 19.1 trillion or a 2% correction YoY until March 2021. (Kontan)

### Domestic Issue

**S&P Maintain a Negative Outlook.** The global debt rating agency Standard and Poor's (S&P) maintained the Sovereign Credit Rating of the Republic of Indonesia at BBB with a negative outlook on April 22, 2021. S&P said Indonesia's rating was maintained at the BBB level due to strong economic growth prospects and a track record of prudent policies that remain taken by the monetary and fiscal authorities. On the other hand, S&P also stated that Indonesia's fiscal risks and external risks related to the Covid-19 pandemic need attention. Previously, S&P maintained Indonesia's Sovereign Credit Rating at BBB and revised the outlook from Stable to negative on April 17, 2020. (Kontan)

### Recommendation

**Negative Outlook S&P Holds SUN Strengthening.** Market players have the opportunity to respond negatively to S&P's statement which maintains Indonesia's rating at the BBB level with a negative outlook. According to S&P, Indonesia will face challenges from the fiscal and external sides related to the Covid-19 pandemic. Apart from the risk of depreciation of the rupiah exchange rate, S&P estimates that Indonesia's total External Debt (ULN) could reach 128% of the current account. For the record, Indonesia's fiscal deficit in 2021 is projected to be at the level of 4.7% of Gross Domestic Product (GDP). This figure is the highest in the last decade. In the short term, investors can look back at the FR0086 and FR0088 which are still below par.

## 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): -1.6 Bps to 99.57 (5.59%)  
FR0087 (10yr): -2.1 Bps to 100.63 (6.41%)  
FR0088 (15yr): -1.0 Bps to 98.42 (6.41%)  
FR0083 (20yr): -2.5 Bps to 102.92 (7.21%)

FR0081 (4yr): -2.2 Bps to 103.68 (5.49%)  
FR0082 (9yr): -0.9 Bps to 103.78 (6.45%)  
FR0080 (14yr): -1.5 Bps to 103.86 (7.06%)

## CDS of Indonesia Bonds

CDS 2yr: +1.01% to 29.83  
CDS 5yr: -0.71% to 79.33  
CDS 10yr: +0.76% to 145.48

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.43%	-0.02%
USDIDR	14,520	-0.07%
KRWIDR	12.99	0.02%

## Global Indices

Index	Last	Chg.	%
Dow Jones	33,815.90	(321.41)	-0.94%
S&P 500	4,134.98	(38.44)	-0.92%
FTSE 100	6,938.24	42.95	0.62%
DAX	15,320.52	124.55	0.82%
Nikkei	29,188.17	679.62	2.38%
Hang Seng	28,755.34	133.42	0.47%
Shanghai	3,465.11	(7.82)	-0.23%
KOSPI	3,177.52	5.86	0.18%
EIDO	21.38	(0.34)	-1.57%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,783.9	(9.9)	-0.55%
Crude Oil (\$/bbl)	61.43	0.08	0.13%
Coal (\$/ton)	87.05	0.65	0.75%
Nickel LME (\$/MT)	16,063	(136.0)	-0.84%
Tin LME (\$/MT)	26,785	(154.0)	-0.57%
CPO (MYR/Ton)	3,989	95.0	2.44%

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	-0.500%	-0.500%	-0.500%
	US	19:30	Initial Jobless Claims	Apr	547k	610k	576k
	US	21:00	Leading Index	Mar	0.5%	0.6%	0.2%
<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

## Research Division

### Head of Research

**Anggaraksa Arismunandar**

Market Strategy, Misc. Industry, Banking

T +62 21 5088 ext. 9134

E anggaraksa@nhsec.co.id

### Senior Technical Analyst

**Dimas Wahyu Putra Pratama**

Technical

T +62 21 5088 ext

E dimas.wahyu@nhsec.co.id

### Analyst

**Arief Machrus**

Fixed Income, Macro Economy

T +62 21 5088 ext 9127

E arief.machrus@nhsec.co.id

### Analyst

**Ajeng Kartika Hapsari**

Property, Construction, Cement

T +62 21 5088 ext 9130

E ajeng@nhsec.co.id

### Analyst

**Putu Chantika**

Consumer, Retail

T +62 21 5088 ext 9129

E putu.chantika@nhsec.co.id

### Analyst

**Restu Pamungkas**

Telco, Tower, Toll road, Poultry

T +62 21 5088 ext 9133

E restu.pamungkas@nhsec.co.id

### Research Support

**Jasmine Kusumawardani**

T +62 21 5088 ext 9132

E jasmine.kusumawardani@nhsec.co.id

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## PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

### Head Office :

District 8 Treasury Tower 51<sup>st</sup> Fl. Unit A, SCBD Lot.28

Jl. Jendral Sudirman Kav. 52-53

Jakarta Selatan 12190

Telp : +62 21 50889100

Fax : +62 21 50889101

### Branch Office BSD:

ITC BSD Blok R No.48

Jl. Pahlawan Seribu Serpong

Tangerang Selatan 15322

Indonesia

Telp : +62 21 5316 2049

Fax : +62 21 5316 1687

### Branch Office Medan :

Jl. Timor No 147

Medan, Sumatera Utara 20234

Indonesia

Telp : +62 614 156500

Fax : +62 614 568560

### Branch Office Semarang:

Jl. MH Thamrin No. 152

Semarang 50314

Indonesia

Telp : +62 24 844 6878

Fax : +62 24 844 6879

### Branch Office Jakarta Utara:

Jl. Bandengan Utara Kav. 81

Blok A No.02, Lt 1

Jakarta Utara 14440

Indonesia

Telp : +62 21 6667 4959

Fax : +62 21 6667 4960

### Branch Office Pekanbaru:

Sudirman City Square

Jl. Jend. Sudirman Blok A No.7

Pekanbaru

Indonesia

Telp : +62 761 801 133

### Branch Office Surabaya:

Spazio Tower Lt. 10, Unit S05

Jl. Mayjen Yono Suwoyo

Surabaya 60226

Indonesia

Telp : +62 31 9914 1344

### Branch Office Makassar:

Jl. Gunung Latimojong No.120A

Makassar

Indonesia

Telp : +62 411 361 5255

### Branch Office Bandung:

Paskal Hypersquare Blok A1

Jl. Pasirkaliki No 25-27

Bandung 40181

Indonesia

Telp : +62 22 8606 1012

### Branch Office Denpasar:

Ruko Griya Alamanda No.9

Jl. Cok Agung Tresna

Denpasar

Indonesia

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Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |  
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