

Morning Brief

Daily | April 26, 2021

Today's Outlook:

Government Bonds

SUN Market Closed Mixed. SUN market movement for a week, amidst the policy of restricting homecoming activities. A number of market players consider this policy to erase the momentum of increasing public consumption, which accounts for 57% of the national economy. As for external sentiment coming from the US, Joe Biden is considering almost doubling the investment capital gains tax to 39.6%. This applies to large-income segments of society to finance child subsidies and education in Biden's American Family Plan. This speculation has prompted investors to divert their funds from the US capital market, although the release of financial reports for a number of issuers is projected to be good. If the policy is realized, there will be a potential for capital inflow to developing countries such as Indonesia.

Corporate Bonds

PTPP Bonds Issuance as Planned. Pembangunan Perumahan (Persero) Tbk (PTPP) ensures that the bond issuance plan will continue. As a reminder, the Rp 2 trillion bond issuance will be used to refinance maturing bonds. This year, PTPP is targeting new contract growth of 35% or Rp 30.1 trillion from the realization at the end of 2020 of Rp 22 trillion. In line with the increase in the target for new contracts in 2021, PTPP is targeting growth in operating income and net profit of around 40% and 50%. Based on the sector, until March 2021, PTPP's new contracts were dominated by the construction sector, which reached 44%. (Kontan)

Domestic Issue

Retail and Shopping Center Tax Incentives. The Coordinating Minister (Menko) said that the government will provide tax incentives for the retail industry and shopping centers or malls. As is known, since last March the government has provided incentives in the form of a sales tax discount on luxury goods (PPnBM) for motor vehicles, and a value added tax (VAT) discount for the sale / purchase of new homes. As for the national economic recovery program (PEN) the two tax incentives are given a budget ceiling of IDR 3.46 trillion for PPnBM on motor vehicles and IDR 4.62 trillion for VAT on housing, respectively. (Kontan)

Recommendation

The Fed Monthly Meeting and US GDP. This week, external sentiment will dominate SUN trading at the end of April 2021. The results of the monthly meeting of the Fed will be read out on Thursday morning Indonesian time. Market expectations are projecting the Fed to keep its benchmark interest rate at the level of 0% - 0.25%. On the other hand, market players are keeping a close watch on the Fed's position on the accelerating US inflation rate. For the record, US inflation was at 0.6% MoM in March 2021, or the highest since 2012. Meanwhile, annual inflation was at 2.6% YoY. Another external sentiment is the release of 1Q21 economic growth data for a number of countries. Meanwhile, the release of US GDP data on April 29, 2021) local time.

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): +0.8 Bps to 99.54 (5.60%)
FR0087 (10yr): +0.4 Bps to 100.61 (6.41%)
FR0088 (15yr): -0.2 Bps to 98.44 (6.41%)
FR0083 (20yr): -0.9 Bps to 103.01 (7.20%)

FR0081 (4yr): +1.5 Bps to 103.62 (5.50%)
FR0082 (9yr): +1.0 Bps to 103.71 (6.46%)
FR0080 (14yr): +0.4 Bps to 103.82 (7.06%)

CDS of Indonesia Bonds

CDS 2yr: -1.59% to 29.36
CDS 5yr: -0.23% to 79.14
CDS 10yr: -1.24% to 143.68

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.44%	0.00%
USDIDR	14,525	0.03%
KRWIDR	12.99	-0.01%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,043.49	227.59	0.67%
S&P 500	4,180.17	45.19	1.09%
FTSE 100	6,938.56	0.32	0.00%
DAX	15,279.62	(40.90)	-0.27%
Nikkei	29,020.63	(167.54)	-0.57%
Hang Seng	29,078.75	323.41	1.12%
Shanghai	3,474.17	9.05	0.26%
KOSPI	3,186.10	8.58	0.27%
EIDO	21.94	0.56	2.62%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,777.2	(6.7)	-0.38%
Crude Oil (\$/bbl)	62.14	0.71	1.16%
Coal (\$/ton)	85.50	(2.10)	-2.40%
Nickel LME (\$/MT)	16,395	332.0	2.07%
Tin LME (\$/MT)	26,780	(5.0)	-0.02%
CPO (MYR/Ton)	3,927	(62.0)	-1.55%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 26 - Apr	GE	15:00	IFO Expectations	Apr	--		100.4
	GE	15:00	IFO Business Climate	Apr	--		96.6
	US	19:30	Durable Goods Orders	Mar		2.0%	-1.2%
Tuesday 27 - Apr	US	21:00	Conf. Board Consumer Confidence	Apr		111.9	109.7
Wednesday 28 - Apr	US	18:00	MBA Mortgage Applications	Apr	--		8.6%
	US	19:30	Wholesale Inventories MoM	Mar	--		0.6%
	UK		Nationwide House Px NSA YoY	Apr	--		5.7%
Thursday 29 - Apr	GE	14:55	Unemployment Change (000's)	Apr	--		-8.0k
	GE	19:00	CPI YoY	Apr	--		1.7%
	US	19:30	Initial Jobless Claims	Apr	--		547k
	US	19:30	GDP Annualized QoQ	1Q21		6.5%	4.3%
Friday 30 - Apr	CH	08:00	Manufacturing PMI	Apr		51.7	51.9
	GE	15:00	GDP SA QoQ	1Q20	--		0.3%
	EC	16:00	CPI MoM	Apr	--		0.9%
	EC	16:00	GDP SA YoY	1Q21	--		-4.9%

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