

Morning Brief

Daily | April 19, 2021

Today's Outlook:

Government Bonds

UST Yield Maintained, FR0087 Price Is Back at Par. The 10-year UST yield has dropped again, or is now at the level of 1.59%. Meanwhile, positive sentiment came from the release of China's 1Q21 economic growth data and the US weekly jobless claims data. China's National Bureau of Statistics noted that the economy grew 18.3% YoY. Although still below market expectations, this 1Q21 growth indicates a recovery. The US bond market also responded positively to US retail sales for the period March 2021, which grew 9.8%, and US jobless claims at the lowest level since in a year. The 10-year benchmark SUN price FR0087 closed at 100.19 with a yield of 6.47%, according to Bloomberg data.

Corporate Bonds

The Spread of Corporate Bonds with SBN Starts to Decrease. Since the beginning of the year, the total issuance of corporate bonds and sukuk reached IDR 29.70 trillion. Meanwhile, the total bond issuance consists of 26 issuances from 20 issuers. In the period 12-16 April 2021, four bonds and two sukuk were officially listed on the Indonesia Stock Exchange (IDX). Meanwhile, one of the triggers for the busy issuance of corporate bonds this year was the narrowing of the spread between corporate bonds and government securities (SBN). In addition, investor interest in corporate bonds has also improved when compared to last year, thus narrowing the spread of corporate bonds with SBN. (Kontan)

Domestic Issue

Third Week of April 2021, Capital Outflow Reaches IDR 0.71 Trillion. Based on Bank Indonesia (BI) transaction data for the period 12 April 2021 to 15 April 2021, foreigners on the domestic financial market saw a net sell of IDR 0.71 trillion. In more detail, with net selling on the Government Securities (SBN) market of IDR 1.30 trillion and net buying on the stock market of IDR 0.59 trillion. Even so, the outflow of foreign capital (capital outflow) was even accompanied by a decrease in the investment risk premium or credit default swap (CDS) premium. Just so you know, the 5-year tenor CDS is in the position of 81.67 bps as of April 15, 2021, from 83.64 as of April 9, 2021. (Kontan)

Recommendation

BI 7-DRRR Sentiment Colored Trade This Week. A number of market players are waiting for the release of the BI 7-DRRR benchmark interest rate data on Thursday (22/04). Based on a Bloomberg survey, it is projected to remain at the 3.5 percent level. NHKSI Research sees this projection amidst Indonesia's low inflation. For the record, inflation in March 2021 was 0.08% MoM or 1.37% YoY. This March 2021 inflation was lower than February 2021 inflation of 0.10% MoM or 1.38% YoY. Investors can start paying close attention to PBS027 and PBS029, ahead of the Sukuk auction on Tuesday (20/04) tomorrow.

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): -10.3 Bps to 99.31 (5.65%)
FR0087 (10yr): -6.9 Bps to 100.19 (6.47%)
FR0088 (15yr): -5.4 Bps to 97.66 (6.49%)
FR0083 (20yr): -5.2 Bps to 102.46 (7.25%)

FR0081 (4yr): -6.4 Bps to 103.33 (5.58%)
FR0082 (9yr): -9.2 Bps to 103.10 (6.55%)
FR0080 (14yr): -5.1 Bps to 103.47 (7.10%)

CDS of Indonesia Bonds

CDS 2yr: -3.47% to 31.69
CDS 5yr: -2.95% to 80.86
CDS 10yr: -2.58% to 143.76

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.49%	-0.34%
USDIDR	14,565	-0.34%
KRWIDR	13.05	-0.23%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,200.67	164.68	0.48%
S&P 500	4,185.47	15.05	0.36%
FTSE 100	7,019.53	36.03	0.52%
DAX	15,459.75	204.42	1.34%
Nikkei	29,683.37	40.68	0.14%
Hang Seng	28,969.71	176.57	0.61%
Shanghai	3,426.62	27.63	0.81%
KOSPI	3,198.62	4.29	0.13%
EIDO	21.95	0.10	0.46%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,776.5	12.6	0.71%
Crude Oil (\$/bbl)	63.13	(0.33)	-0.52%
Coal (\$/ton)	89.45	2.35	2.70%
Nickel LME (\$/MT)	16,363	(1.0)	-0.01%
Tin LME (\$/MT)	26,616	257.0	0.97%
CPO (MYR/Ton)	3,716	126.0	3.51%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday 20 - Apr	UK	13:00	Claimant Count Rate	Mar	--		7.50%
	UK	13:00	Jobless Claims Change	Mar	--		86.6k
	ID	14:20	Bank Indonesia 7D Reverse Repo	Apr		3.50%	3.50%
Wednesday 21 - Apr	UK	13:00	CPI MoM	Mar	--		0.10%
	UK	13:00	CPI YoY	Mar	--		0.40%
	US	18:00	MBA Mortgage Applications	Apr		--	-3.70%
Thursday 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%
Friday 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 51st 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

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

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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