Morning Brief

NH KORINDO SEKURITAS

Daily | April 12, 2021

Today's Outlook:

Government Bonds

Yield Spread Only 480 Bps. Capital inflow sentiment again pushed the yield of 10-year Government Securities (SUN) FR0087 down to a level of 6.45% at the close of the weekend. This is different, with the relatively flat yield of US Treasury (UST) with similar tenors at a high level, around 1.65% or close to 1.70%. This yield movement narrowed the yield spread for both SUN and UST to only 480 bps. This figure is narrow, when compared to before which was in the range of 500 bps or even up to 520 bps. The decline in government securities yield was in line with foreign investors' capital inflow for the period April 5 to April 8. Non-residents recorded a net buy on the Government Securities (SBN) market of IDR 4.3 trillion. Meanwhile, UST yields remained high after disappointing US jobless claims data. US filing of new jobless benefits claims last week reached 744 thousand, or higher than market expectations of just under around 700 thousand.

Corporate Bonds

Integra Indocabinet Issues IDR 600 Billion Bonds and Sukuk. Integra Indocabinet will issue and offer Continuous Bond I Integra Indocabinet Phase I Year 2021 with a principal amount of IDR 450 billion and Sustainable Sukuk Mudharabah I Integra Indocabinet Phase I Year 2021 with a total fund of IDR 150 billion. Integra Indocabinet offers two series of bonds and sukuk. Series A bonds have a principal amount of IDR 42.18 billion, with a fixed interest rate of 9% per annum with a 370-day tenor. While the series B bonds have a principal amount of IDR 407.82 billion, this 3-year tenor offers a fixed interest rate of 10.25% per annum. Meanwhile, WOOD offers series A sukuk with a value of IDR 52.5 billion, with a 370-day tenor. Meanwhile, the series B sukuk has a principal value of IDR 97.5 billion with a 3-year tenor. Both sukuk series offer floating interest rates. The bond and sukuk public offering period is April 12, the allotment date is April 13, and the distribution of the bonds is April 14. Integra Indocabinet will list its bonds and sukuk on the Indonesia Stock Exchange on April 15 next week. (Kontan)

Domestic Issue

BI Records Foreign Capital Flow Into IDR 2.34 Trillion. In the first week of April 2021, foreign capital inflows were recorded into the domestic financial market. Based on Bank Indonesia (BI) transaction data for the period 5 April 2021 to 8 April 2021, non-residents on the domestic financial market recorded a net purchase of IDR 2.34 trillion. With a net purchase on the Government Securities (SBN) market amounting to IDR 4.15 trillion and a net selling on the stock market amounting to IDR 1.81 trillion. Even so, foreign capital inflows were accompanied by an increase in the investment risk premium or the 5-year credit default swap (CDS) premium to 84.07 bps as of 8 April 2021, from 82.73 as of 2 April 2021. (Kontan)

Recommendation

External Data Dominates Sentiment Next Week. The movement of the SUN market next week will be more influenced by the release of external economic data. Market players will pay close attention to data on weekly jobless claims, inflation, export-import prices, US retail sales for the period March 2021. Meanwhile in China, data on the trade balance and retail sales for March 2021, as well as data on economic growth in 1Q21. In Indonesia, retail sales data for February and trade balance data for March will be released. On the other hand, investors are still anticipating the potential decline in UST yield, in line with changes in global economic projections from the International Monetary Fund (IMF). The IMF projects that the global economy will grow by 6% this year.

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)	2.00	1.96	Govt. Spending Yoy	1.76%	-6.90%
Exports Yoy	8.56%	12.24%	FDI (USD bn)	4.26	4.56
Imports Yoy	14.86%	-6.49%	Business Confidence	104.82	105.33
Inflation Yoy	1.37%	1.38%	Cons. Confidence*	93.40	84.90

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -2.2 Bps to 99.53 (5.60%)
FR0087 (10yr): +0.8 Bps to 100.44 (6.45%)
FR0088 (15yr): -4.1 Bps to 98.34 (6.42%)
FR0083 (20yr): -2.6 Bps to 102.91 (7.21%)

FR0081 (4yr): -1.1 Bps to 103.55 (5.53%)
FR0082 (9yr): -1.0 Bps to 103.56 (6.48%)
FR0080 (14yr): +2.6 Bps to 104.32 (7.01%)

CDS of Indonesia Bonds

CDS 2yr: -0.54% to 33.53
CDS 5yr: -0.61% to 84.69
CDS 10yr: -0.37% to 150.20

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.46%	0.01%
USDIDR	14,565	0.21%
KRWIDR	12.99	-0.13%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,800.60	297.03	0.89%
S&P 500	4,128.80	31.63	0.77%
FTSE 100	6,915.75	(26.47)	-0.38%
DAX	15,234.16	31.48	0.21%
Nikkei	29,768.06	59.08	0.20%
Hang Seng	28,698.80	(309.27)	-1.07%
Shanghai	3,450.68	(31.88)	-0.92%
KOSPI	3,131.88	(11.38)	-0.36%
EIDO	21.67	(0.02)	-0.09%

Commodities

Commodity	Last	Chg.	%
Gold ($/troy oz.)	1,743.9	(12.0)	-0.68%
Crude Oil ($/bbl)	59.32	(0.28)	-0.47%
Coal ($/ton)	82.90	(0.45)	-0.54%
Nickel LME ($/MT)	16,628	(200.0)	-1.19%
Tin LME ($/MT)	25,755	(40.0)	-0.16%
CPO (MYR/Ton)	3,767	(24.0)	-0.63%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday	UK	13:00	Industrial Production MoM	Feb		0.30%	-1.50%
13 - Apr	UK	13:00	Manufacturing Production MoM	Feb		0.50%	-2.30%
	GE	16:00	ZEW Survey Current Situation	Apr		-53	-61
	US	19:30	CPI MoM	Mar		0.50%	0.40%
	CH		Trade Balance	Mar		$52.00b	$78.17b
Wednesday	US	18:00	MBA Mortgage Applications	Apr		--	-5.10%
14 - Apr							
Thursday	ID	11:00	Trade Balance	Mar		$1300m	$2010m
15 - Apr	GE	13:00	CPI MoM	Mar		0.50%	0.50%
	GE	13:00	CPI YoY	Mar		1.70%	1.70%
	US	19:30	Initial Jobless Claims	Apr		--	744k
	US	20:15	Industrial Production MoM	Mar		3.00%	-2.20%
Friday	CH	09:00	GDP YoY	1Q21		18.20%	6.50%
16 - Apr	CH	09:00	Retail Sales YoY	Mar		28.00%	--
	CH	09:00	Industrial Production YoY	Mar		18.00%	--
	EC	16:00	CPI YoY	Mar		1.30%	0.90%

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