

# Morning Brief

Daily | May 24, 2021

## Today's Outlook:

### Government Bonds

**Current Account Deficit Again, SUN Yield Declines.** Bank Indonesia (BI) recorded a surplus of USD 4.1 billion in Indonesia's balance of payments in 1Q21, or better than 4Q20, which was a deficit of USD 0.2 billion. However, the current account deficit returned after recording a surplus in two consecutive quarters, namely: a surplus of USD 892 million in 4Q20 and a surplus of USD 1 billion in 3Q20. The 1Q21 current account recorded a deficit of USD 1 billion or 0.4% of the Gross Domestic Product (GDP). Previously, Indonesia recorded a surplus of USD 892 million or 0.3% of GDP. At the end of the week, the yield of 10-year Government Securities (SUN) FR0087 closed at 6.44 percent, according to Bloomberg data.

### Corporate Bonds

**Oki Pulp & Paper Offers IDR 4 Trillion Notes.** The SinarMas Group business unit, Oki Pulp & Paper Mills, which is part of Asia Pulp & Paper (APP), issued bonds phase I in 2021 amounting to IDR 3 trillion. The company also issued Sukuk Mudharabah phase I worth IDR 1 trillion. The bonds worth a total of Rp 4 trillion have received A+ and A+ sy ratings from the Indonesian Efektif Rating (Pefindo). The bonds and sukuk phase I are divided into three series, namely Series A with a 370-day tenor, Series B with a 3-year tenor, and Series C with a 5-year tenor. Meanwhile, the initial offering period falls on 21 May-10 June 2021 and the public offering period is on 21-25 June 2021. Bonds and sukuk will be listed on the Indonesia Stock Exchange (IDX) on July 2, 2021. (Investor Daily)

### Domestic Issue

**BOP in Quarter I-2021 USD 4.1 Billion Surplus.** Indonesia's Balance of Payments (BOP) in the first quarter of 2021 recorded a surplus, after experiencing a deficit in the fourth quarter of 2020. The balance of payments in the first three months of this year recorded a surplus of USD 4.1 billion, while in the last quarter of last year it recorded a deficit of USD 0.2 billion. This surplus comes from a capital and financial account surplus that exceeds a low current account deficit (CAD). CAD in the first quarter of 2021 recorded a deficit of USD 1.0 billion or 0.4% of Gross Domestic Product (GDP), after recording a surplus of USD 0.9 billion in the previous quarter or equivalent to 0.3% of GDP. (Kontan)

### Recommendation

**Maintained Yield Supports SUN Auction.** NHKSI Research projects that interest in SUN auction will increase again, with bids of around IDR 50 trillion. Meanwhile, the release of domestic economic data was able to offset negative sentiment from the surge in global positive cases of Covid and the increase in UST yield. Indonesia's inflation is stable at around 1.4%, assuming the yield on 10-year SUN is 6.5%, making the real yield spread around 500 bps. We also see that rupiah volatility is relatively narrow compared to regional ones, thus supporting the SUN auction at the end of May 2021.

## Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.50%	3.50%	Real GDP	-0.74%	-2.19%
FX Reserve (USD bn)	138.80	137.10	Current Acc (USD bn)	(1.00)	0.80
Trd Balance (USD bn)	2.19	1.56	Govt. Spending Yoy	2.96%	1.76%
Exports Yoy	51.94%	30.47%	FDI (USD bn)	4.92	4.26
Imports Yoy	29.93%	25.73%	Business Confidence	104.82	105.33
Inflation Yoy	1.42%	1.37%	Cons. Confidence*	101.50	85.80

## PRICE OF BENCHMARK SERIES

FR0086 (5yr): -2.9 Bps to 99.75 (5.55%)  
FR0087 (10yr): -4.5 Bps to 100.40 (6.44%)  
FR0088 (15yr): -1.7 Bps to 99.64 (6.28%)  
FR0083 (20yr): -0.9 Bps to 103.67 (7.14%)

FR0081 (4yr): -1.8 Bps to 103.91 (5.41%)  
FR0082 (9yr): -2.6 Bps to 103.68 (6.46%)  
FR0080 (14yr): -2.6 Bps to 103.62 (7.08%)

## CDS of Indonesia Bonds

CDS 2yr: +0.11% to 30.62  
CDS 5yr: -0.02% to 78.97  
CDS 10yr: +0.16% to 144.47

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.46%	-0.05%
USDIDR	14,355	-0.14%
KRWIDR	12.74	0.32%

## Global Indices

Index	Last	Chg.	%
Dow Jones	34,207.84	123.69	0.36%
S&P 500	4,155.86	(3.26)	-0.08%
FTSE 100	7,018.05	(1.74)	-0.02%
DAX	15,437.51	67.25	0.44%
Nikkei	28,317.83	219.58	0.78%
Hang Seng	28,458.44	8.15	0.03%
Shanghai	3,486.56	(20.39)	-0.58%
KOSPI	3,156.42	(5.86)	-0.19%
EIDO	21.00	(0.27)	-1.27%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,881.3	4.0	0.22%
Crude Oil (\$/bbl)	63.58	1.64	2.65%
Coal (\$/ton)	104.70	4.70	4.70%
Nickel LME (\$/MT)	16,791	(357.0)	-2.08%
Tin LME (\$/MT)	29,530	(220.0)	-0.74%
CPO (MYR/Ton)	3,991	(121.0)	-2.94%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Tuesday</b> 25 - May	GE	13:00	GDP SA QoQ	1Q21		-1.70%	-1.70%
	ID	14:20	Bank Indonesia 7D Reverse Repo	May		3.50%	3.50%
	GE	15:00	IFO Business Climate	May		97.8	96.8
	US	21:00	Conf. Board Consumer Confidence	May		120	121.7
<b>Wednesday</b> 26 - May	US	18:00	MBA Mortgage Applications	May		--	1.20%
<b>Thursday</b> 27 - May	US	19:30	Durable Goods Orders	Apr		0.80%	0.80%
	US	19:30	GDP Annualized QoQ	1Q21		6.40%	6.40%
	US	19:30	Initial Jobless Claims	May		--	444k
<b>Friday</b> 28 - May	US	19:30	Wholesale Inventories MoM	Apr		--	1.30%
	US	19:30	Personal Income	Apr		-15.00%	21.10%
	US	21:00	U. of Mich. Sentiment	May		83	82.8
	UK		Nationwide House Px NSA YoY	May		--	7.10%

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