

Morning Brief

Daily | May 28, 2021

Today's Outlook:

Government Bonds

UST Yield Rises, SUN Market Mixed. US Treasury (UST) yields rose in trading Thursday, ahead of the release of jobless claims data. The 10-year UST yield rose to 1.59%, with the 30-year UST rising to 2.27%. Market participants project that as many as 425 thousand citizens of the United States (US) have applied for unemployment benefits in the third week of May. The previous week, jobless claims hit a record low during the pandemic, at 444,000 claims. Domestically, the yield on the benchmark series Government Securities (SUN) closed mixed, with the 10-year FR0087 relatively flat at 6.42 percent, according to Bloomberg data.

Corporate Bonds

Moodys Ranks Baa3 for ICBP Global Bonds. Indofood CBP Sukses Makmur Tbk. (ICBP) plans to release global bonds denominated in US dollars. The proceeds from the proposed Global Bond Public Offering will be used to finance the repayment of a portion of the bank loan in connection with the acquisition of Pinehill Company Limited. The company has obtained ratings with Baa3 and BBB- ratings, respectively from Moody's Investor Service and Fitch Ratings. (Bisnis Indonesia)

Domestic Issue

Residential Property Sales Increase. Residential property sales in 1Q21 appeared to be increasing, as reflected in residential property sales that grew by 13.95% YoY. In the previous quarter, residential property sales contracted 20.59% YoY. Even in the same period in 2020, residential property sales fell by 43.19% YoY. The increase in sales volume in 1Q21 was driven by the increase in sales volume for all types of houses, the highest in the middle type which grew 25.86% YoY, up from minus 24.13% YoY in 4Q20. Despite experiencing positive growth, there are still a number of risk factors that limit residential property sales growth, such as: rising prices for building materials, licensing problems, mortgage interest rates (KPR), a high proportion of down payments, and taxation. (Kontan)

Recommendation

US Economic Recovery Sentiment. SUN trading this weekend received positive sentiment from US jobless claims data, which only amounted to 406 thousand claims per last week. This figure is better than market players' expectations, which reached 425 thousand. For the record, this unemployment claim is the lowest level in the pandemic era. The positive employment data indicates a recovery in the US economy. In the short term, market players can again watch 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	-0.74%	-0.74%
FX Reserve (USD bn)	138.80	137.10	Current Acc (USD bn)	(1.00)	(1.00)
Trd Balance (USD bn)	2.19	1.56	Govt. Spending Yoy	2.96%	2.96%
Exports Yoy	51.94%	30.47%	FDI (USD bn)	4.92	4.92
Imports Yoy	29.93%	25.73%	Business Confidence	104.82	104.82
Inflation Yoy	1.42%	1.37%	Cons. Confidence*	101.50	101.50

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -0.1 Bps to 99.84 (5.53%)
FR0087 (10yr): -0.4 Bps to 100.54 (6.42%)
FR0088 (15yr): +1.8 Bps to 99.23 (6.32%)
FR0083 (20yr): -0.9 Bps to 103.97 (7.11%)

FR0081 (4yr): +0.3 Bps to 104.05 (5.36%)
FR0082 (9yr): -0.2 Bps to 103.89 (6.43%)
FR0080 (14yr): -0.3 Bps to 103.83 (7.06%)

CDS of Indonesia Bonds

CDS 2yr: -0.03% to 30.72
CDS 5yr: -0.66% to 76.73
CDS 10yr: -0.05% to 144.17

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.44%	-0.01%
USDIDR	14,288	-0.28%
KRWIDR	12.78	-0.37%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,464.64	141.59	0.41%
S&P 500	4,200.88	4.89	0.12%
FTSE 100	7,019.67	(7.26)	-0.10%
DAX	15,406.73	(43.99)	-0.28%
Nikkei	28,549.01	(93.18)	-0.33%
Hang Seng	29,113.20	(52.81)	-0.18%
Shanghai	3,608.85	15.49	0.43%
KOSPI	3,165.51	(2.92)	-0.09%
EIDO	21.26	(0.10)	-0.47%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,896.5	(0.1)	-0.01%
Crude Oil (\$/bbl)	66.85	0.64	0.97%
Coal (\$/ton)	109.00	1.10	1.02%
Nickel LME (\$/MT)	17,898	610.0	3.53%
Tin LME (\$/MT)	29,910	385.0	1.30%
CPO (MYR/Ton)	3,916	(108.0)	-2.68%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday 25 - May	GE	13:00	GDP SA QoQ	1Q21	1.8%	-1.7%	-1.7%
	ID	14:20	Bank Indonesia 7D Reverse Repo	May	3.5%	3.5%	3.5%
	GE	15:00	IFO Business Climate	May	99.2	97.8	96.8
	US	21:00	Conf. Board Consumer Confidence	May	117.2	120	121.7
Thursday 27 - May	US	19:30	Durable Goods Orders	Apr	-1.3%	0.8%	0.8%
	US	19:30	GDP Annualized QoQ	1Q21	6.4%	6.5%	6.4%
	US	19:30	Initial Jobless Claims	May	406k	425k	444k
Friday 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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