

Morning Brief

Daily | May 18, 2021

Today's Outlook:

Government Bonds

US Inflation Risk Again Presses the SUN Market. Market participants are again watching fears of rising inflation in the United States (US) and triggering speculation that the Fed will reduce the rate of bond purchases in the market. The US Consumer Price Index (CPI) in April rose 4.2% YoY, or exceeded the Dow Jones survey result of 3.6%. To be more detailed, March's figure grew by 0.8% MoM, or much higher than the survey's 0.2%. A number of investors view the annual increase in inflation to be the highest since 2008. Meanwhile, the absence of an auction for Government Securities (SUN) this week has held back the rate of decline in prices on the secondary market. The yield on the 10-year benchmark series SUN FR0087 is at the level of 6.43%, or record the yield inversion with the 15-year benchmark FR0088 which is at the level of 6.29%.

Corporate Bonds

ISAT: Record a 10% increase in data traffic during Eid. PT Indosat Ooredoo Tbk (ISAT) recorded an increase in data traffic of 10% which was offset by the performance of the 4G network with video quality during this year's Eid. The increase in traffic was driven by virtual friendship activities by utilizing digital telecommunications technology. In addition, mobile gaming service usage was recorded to have increased by 90%, social media by 26%, messaging and video calls by 21%, and streaming video and music by 1%. (Kontan)

Domestic Issue

Morgan Stanley Cuts Indonesia's Economic Growth. Morgan Stanley has revised its projection for Indonesia's economic growth in 2021 to 4.5% year on year (yoy). Whereas previously, Morgan Stanley estimated that domestic economic growth this year could reach 6.2% yoy. With the average consensus compiled from Consensus Economics of 4.4% yoy. Morgan Stanley then explained that Indonesia's economic growth this year could not be separated from the achievement of economic growth per quarter. In the first quarter of 2021, Indonesia's economic growth is still recorded at negative 0.7% yoy. Then in the second quarter of 2021, Morgan Stanley predicts economic growth could soar to the 6.5% yoy range. (Kontan)

Recommendation

US Dollar Appreciation End Rupiah Rally. The rupiah exchange rate on the spot market was at IDR 14,280 / USD or weakened 0.6% compared to last week's closing position. Meanwhile, the Jakarta Interbank Spot Dollar Rate (JISDOR), the rupiah was at IDR 14,284 / USD or weakened by 0.57% in the same period. For the record, last week's trading was short or just two days. Today, market players are waiting for the release of Japan's Gross Domestic Product (GDP) data for the 1Q21 period.

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)	137.10	138.80	Current Acc (USD bn)	0.80	(2.94)
Trd Balance (USD bn)	1.99	2.01	Govt. Spending Yoy	2.96%	1.76%
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	1.42%	1.37%	Cons. Confidence*	93.40	84.90

PRICE OF BENCHMARK SERIES

FR0086 (5yr): +3.3 Bps to 99.74 (5.55%)
FR0087 (10yr): +2.6 Bps to 100.43 (6.43%)
FR0088 (15yr): +1.1 Bps to 99.52 (6.29%)
FR0083 (20yr): +1.1 Bps to 103.82 (7.12%)

FR0081 (4yr): +2.0 Bps to 103.77 (5.45%)
FR0082 (9yr): +1.5 Bps to 103.59 (6.47%)
FR0080 (14yr): +3.1 Bps to 103.41 (7.11%)

CDS of Indonesia Bonds

CDS 2yr: -0.31% to 29.92
CDS 5yr: -1.29% to 76.88
CDS 10yr: -0.23% to 142.02

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.47%	0.03%
USDIDR	14,283	0.60%
KRWIDR	12.59	0.05%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,327.79	(54.34)	-0.16%
S&P 500	4,163.29	(10.56)	-0.25%
FTSE 100	7,032.85	(10.76)	-0.15%
DAX	15,396.62	(20.02)	-0.13%
Nikkei	27,824.83	(259.64)	-0.92%
Hang Seng	28,194.09	166.52	0.59%
Shanghai	3,517.62	27.24	0.78%
KOSPI	3,134.52	(18.80)	-0.60%
EIDO	21.33	(0.45)	-2.07%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,866.9	23.5	1.27%
Crude Oil (\$/bbl)	66.27	0.90	1.38%
Coal (\$/ton)	94.85	(2.90)	-2.97%
Nickel LME (\$/MT)	17,911	367.0	2.09%
Tin LME (\$/MT)	29,895	380.0	1.29%
CPO (MYR/Ton)	4,242	(43.0)	-1.00%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	CH	09:00	Retail Sales YoY	Apr	17.7%	25.0%	34.2%
17 - May	CH	09:00	Industrial Production YoY	Apr	9.8%	10.0%	14.1%
Tuesday	UK	13:00	Claimant Count Rate	Apr		--	7.30%
18 - May	UK	13:00	Jobless Claims Change	Apr		--	10.1k
	EC	16:00	GDP SA YoY	1Q21		--	-1.80%
Wednesday	UK	13:00	CPI MoM	Apr		--	0.30%
19 - May	UK	13:00	CPI YoY	Apr		--	0.70%
	EC	16:00	CPI YoY	Apr		--	1.30%
	US	18:00	MBA Mortgage Applications	May		--	--
Thursday	ID	11:00	Trade Balance	Apr		--	\$1560m
20 - May	US	19:30	Initial Jobless Claims	May		--	--
Friday	EC	15:00	Markit Eurozone Manufacturing PMI	May		--	62.9
21 - May	UK	15:30	Markit UK PMI Manufacturing SA	May		--	60.9
	US	20:45	Markit US Manufacturing PMI	May		--	60.5

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