

Morning Brief

Daily | June 9, 2021

Today's Outlook:

Government Bonds

High Liquidity, Ignore Tapering Issues. The bid for the auction of Government Securities (SUN) yesterday managed to record a value of IDR 78.5 trillion. This figure is slightly higher than the previous auction of IDR 78.2 trillion. This high demand again indicates that liquidity is still high, amidst the trend of low interest rates. Meanwhile, the FR0087 and FR0086 series again dominated the auction bids. The 10-year benchmark became the most sought after by investors with the number of incoming bids up to IDR 33.7 trillion, with IDR 14.7 trillion won (bid to cover ratio, BTC 2.3x). Then followed, the 5-year benchmark worth IDR 20.4 trillion, won IDR 11 trillion (BTC 1.9x). Market participants are also not worried about the Fed's tapering discourse, which will not take place in the near future. The Fed is still observing a number of inconclusive data indicators.

Corporate Bonds

WOMF Pays Off IDR 295 Billion Bonds. Wahana Ottomitra Multiartha Tbk. (WOMF) provided information that it has paid off bonds with a total value of IDR 295 billion. The bonds that have been repaid by the company are Shelf Registration Bonds III Phase III Series A Year 2020 worth IDR 227.5 billion, and Shelf Registration Bonds II Phase V Series B Year 2018 valued at IDR 67.5 billion. Each bears a fixed interest of 8.50% and 8.60%. Meanwhile, both are due on Tuesday (08/06). (Bisnis Indonesia)

Domestic Issue

RI's Foreign Exchange Reserves Reach USD 136.4 Billion. Bank Indonesia (BI) reported the position of Indonesia's foreign exchange reserves (cadev) at the end of May 2021 at USD 136.4 billion. This foreign exchange reserve remained high, although it decreased compared to the position at the end of April 2021 of USD 138.8 billion, influenced by the payment of the Government's foreign debt. The current position is equivalent to financing 9.5 months of imports or 9.1 months of imports and servicing government external debt, and is above the international adequacy standard of around 3 months of imports. (Kontan)

Recommendation

The Deepest Cadev Decline Since the Pandemic. Some market participants responded negatively to the May 2021 Cadev data, which fell to its lowest level this year. Investors tend to release medium to long tenor SUN. This yield volatility occurred after BI released data on foreign exchange reserves in May 2021, which fell USD 2.4 billion from the previous month. The decline in cadev this time is also the deepest decline since March 2020, or when Covid-19 was declared an outbreak. For the record, the reserve for the March 2020 period fell to USD 9.5 billion from the previous month. Meanwhile, this cadev is due to the payment of the government's foreign debt. In the short term, investors can look back at FR0086, FR0087, and PBS030.

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)	136.40	138.80	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	1.68%	1.42%	Cons. Confidence*	101.50	101.50

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -1.6 Bps to 100.28 (5.43%)
FR0087 (10yr): -1.5 Bps to 100.80 (6.38%)
FR0088 (15yr): -0.7 Bps to 99.27 (6.32%)
FR0083 (20yr): -1.0 Bps to 104.89 (7.02%)

FR0081 (4yr): -2.8 Bps to 104.43 (5.26%)
FR0082 (9yr): -1.6 Bps to 104.72 (6.31%)
FR0080 (14yr): -2.8 Bps to 105.06 (6.92%)

CDS of Indonesia Bonds

CDS 2yr: -3.87% to 29.30
CDS 5yr: -0.68% to 75.14
CDS 10yr: -1.51% to 136.92

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.41%	-0.01%
USDIDR	14,253	-0.08%
KRWIDR	12.79	-0.21%

Global Indices

Index	Last	Chg.	%
Dow Jones	34,599.82	(30.42)	-0.09%
S&P 500	4,227.26	0.74	0.02%
FTSE 100	7,095.09	17.87	0.25%
DAX	15,640.60	(36.55)	-0.23%
Nikkei	28,963.56	(55.68)	-0.19%
Hang Seng	28,781.38	(5.90)	-0.02%
Shanghai	3,580.11	(19.44)	-0.54%
KOSPI	3,247.83	(4.29)	-0.13%
EIDO	21.98	(0.38)	-1.70%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,892.9	(6.3)	-0.33%
Crude Oil (\$/bbl)	70.05	0.82	1.18%
Coal (\$/ton)	116.75	1.15	0.99%
Nickel LME (\$/MT)	18,020	129.0	0.72%
Tin LME (\$/MT)	30,865	879.0	2.93%
CPO (MYR/Ton)	4,049	(80.0)	-1.94%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	GE	13:00	Factory Orders MoM	Apr	-0.2%	0.5%	3.0%
07 - May	CH		Trade Balance	May	\$45.53b	\$50.50b	\$42.85b
	CH		Foreign Reserves	May	\$3221.8b	\$3214.50b	\$3198.18b
Tuesday	ID	10:00	Net Foreign Assets IDR	May	1911.1t	--	1972.4t
08 - June	ID	10:00	Foreign Reserves	May	\$136.40b	--	\$138.80b
	EC	16:00	GDP SA YoY	1Q21	-1.3%	-1.8%	-1.8%
	US	19:30	Trade Balance	Apr	-\$68.9b	-\$68.5b	-\$74.4b
Wednesday	CH	08:30	CPI YoY	May		1.60%	0.90%
09 - June	GE	13:00	Trade Balance	Apr		--	20.5b
	US	18:00	MBA Mortgage Applications	Jun		--	-4.00%
	ID		Consumer Confidence Index	May		--	101.5
Thursday	US	19:30	CPI MoM	May		0.40%	0.80%
10 - June	US	19:30	CPI YoY	May		4.60%	4.20%
	US	19:30	Initial Jobless Claims	Jun		--	385k
Friday	US	01:00	Monthly Budget Statement	May		--	-\$225.6b
11 - June	UK	13:00	Monthly GDP (MoM)	Apr		--	2.10%

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