

# Morning Brief

Daily | June 3, 2021

## Today's Outlook:

### Government Bonds

**PBS030 Low Rewards.** The government set the PBS030 (7.1-year) (New Issue) fee of 5.875%. This figure is far below NHKSI Research's projection of 6.35%, or equivalent to the yield of similar tenor Sukuk, namely PBS018 (6.9-years). In addition to low returns, the government is also selective in winning this new series of Sukuk, which only won IDR 350 billion (bid to cover ratio 20x), from the bid to enter this series which was almost IDR 7 trillion. The government's selective attitude can also be seen from the overall results of yesterday's Sukuk auction, in line with the fulfillment of the indicative target for the auction of Government Securities (SBN) for the 2Q21 period. In yesterday's auction, the government only won IDR 11 trillion, out of a total bid of IDR 44.6 trillion.

### Corporate Bonds

**SMAR Issues IDR 1.5 Trillion Bonds.** Sinar Mas Agro Resources & Technology Tbk (SMAR) will issue debt securities titled Sustainable Bonds III Phase I 2021 worth IDR 1.5 trillion. This emission is part of the Shelf-Registered Bonds III with a target of IDR 5 trillion in funds. These emissions will be divided into three series. The first series, namely series A, has an emission value of IDR 600 billion for a 370-day tenor with a coupon of 6.75%. Then, series B bonds have a principal value of IDR 600 billion with a 3-year tenor of 8.75%. The last series, namely series C, has a principal value of IDR 300 billion with a 5-year tenor of 9.25% coupon. (Kontan)

### Domestic Issue

**BPS: May inflation 0.32%.** The Central Statistics Agency (BPS) recorded the Wholesale Price Index (IHPB) rose by 0.32% MoM in May 2021. The agricultural sector contributed the highest inflation to the May 2021 IHPB at 0.41%, with the agricultural sector's share of 0.08%. Several commodities in this sector experienced price increases that contributed to inflation, including beef, coconut, palm oil, beef, and cooking oil. Then, the sector with the highest share of inflation is the industrial sector. This sector recorded inflation of 0.30% with a share of 0.24%. Meanwhile, the mining and quarrying sector has a fairly small share, approaching 0.00%. However, this sector experienced inflation of 0.19%. So the change in IHPB for calendar year 2021 is 1.51% YtD and the change in IHPB year on year is 2.73% YoY. The IHPB for the construction sector in May rose by 0.38%. (Kompas)

### Recommendation

**Indonesian Manufacturing Expansion Positive Sentiment.** Indonesia's manufacturing Purchasing Managers Index (PMI) rose to 55.3 in May 2021. Indonesia's PMI, the highest in Asia, is higher than China's at 52; India 50.2; and Japan, 53.2. The increase in PMI was mainly due to an increase in new demand and production expenditure (output). Meanwhile, the global manufacturing PMI also rose to the range of 56 in the same period or the highest since April 2010. Investors can look back at FR0086, FR0087, PBS017, and PBS029.

## 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	1.68%	1.42%	Cons. Confidence*	101.50	101.50

## PRICE OF BENCHMARK SERIES

FR0086 (5yr): -2.5 Bps to 100.19 (5.45%)  
FR0087 (10yr): -0.5 Bps to 100.70 (6.40%)  
FR0088 (15yr): +1.0 Bps to 99.27 (6.32%)  
FR0083 (20yr): -2.3 Bps to 104.33 (7.07%)

FR0081 (4yr): -0.9 Bps to 104.24 (5.31%)  
FR0082 (9yr): -2.0 Bps to 104.26 (6.38%)  
FR0080 (14yr): -0.1 Bps to 104.31 (7.01%)

## CDS of Indonesia Bonds

CDS 2yr: -0.92% to 28.24  
CDS 5yr: -0.78% to 75.42  
CDS 10yr: -0.82% to 138.22

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.42%	-0.00%
USDIDR	14,280	0.00%
KRWIDR	12.83	-0.65%

## Global Indices

Index	Last	Chg.	%
Dow Jones	34,600.38	25.07	0.07%
S&P 500	4,208.12	6.08	0.14%
FTSE 100	7,108.00	27.54	0.39%
DAX	15,602.71	35.35	0.23%
Nikkei	28,946.14	131.80	0.46%
Hang Seng	29,297.62	(170.38)	-0.58%
Shanghai	3,597.14	(27.58)	-0.76%
KOSPI	3,224.23	2.36	0.07%
EIDO	22.32	0.29	1.32%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,908.4	7.9	0.42%
Crude Oil (\$/bbl)	68.83	1.11	1.64%
Coal (\$/ton)	110.40	(2.00)	-1.78%
Nickel LME (\$/MT)	18,236	106.0	0.58%
Tin LME (\$/MT)	30,845	122.0	0.40%
CPO (MYR/Ton)	4,092	201.0	5.17%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 31 - May	CH	08:00	Manufacturing PMI	May	51.0	51.2	51.1
	GE	19:00	CPI MoM	May	0.5%	0.3%	0.7%
	GE	19:00	CPI YoY	May	2.5%	2.3%	2.0%
<b>Wednesday</b> 02 - June	ID	07:30	Markit Indonesia PMI Mfg	May	55.3	--	54.6
	ID	11:00	CPI YoY	May	1.68%	1.63%	1.42%
	US	18:00	MBA Mortgage Applications	May	-4.0%	--	-4.2%
<b>Thursday</b> 03 - June	US	19:30	Initial Jobless Claims	May		--	406k
<b>Friday</b> 04 - June	US	19:30	Unemployment Rate	May		5.9%	6.1%
	US	21:00	Durable Goods Orders	Apr		--	-1.3%
	US	21:00	Factory Orders	Apr		0.5%	1.1%

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