

Morning Brief

Today's Outlook:

Government Bonds

CDS Increase Early Week, Benchmark SUN Prices Strengthen. External sentiment is still the main factor for foreign investors' capital outflow from the Indonesian bond market. This action complements the increase in Indonesia's Credit Default Swap (CDS) earlier in the week. Indonesia's CDS with a 5-year tenor, was at the level of 86.29 bps yesterday, or exceeding the previous range of 67.5 bps to -86 bps throughout 2021. Meanwhile, Indonesia's 10-year CDS was at the level of 146.05 bps, or still was in the 126.50 bps to 151.85 bps range in the same period. Yesterday, all benchmark series Government Bonds (SUN) moved higher, with short tenors FR0086 and FR0087 recording the highest price increases. Based on Bloomberg data, the yield for FR0087 was closed at 6.74% level.

Corporate Bonds

BNI Prepares Global Bonds of USD 500 Million. Bank Negara Indonesia Tbk (BNI) is preparing the issuance of 10-year global bonds with an emission target of up to USD 500 million. The global bonds will be issued in basel III-compliant subordinated notes format. The results of the Fitch Ratings rating that pinned BB (EXP) for the subordinated debt securities. Based on Fitch's assessment, the BNI subordinated bond rating is two levels below the support-driven Long-Term Issuer Default Rating (IDR). The rating assessment is based on strong support from the Indonesian government as the company's controlling shareholder. Meanwhile, the rating for subordinated debt securities, which is two levels lower than IDR, reflects a more vulnerable prospect, compared to unsecured senior bonds. Tier 2 debt instruments also have a write-down feature. This clause can be triggered when a bank approaches a point of non-viability. (Investor Daily)

Domestic Issue

Foreign Capital Flows Into IDR 3.81 Trillion. Based on Bank Indonesia (BI) transaction data for the period 15 March 2021 to 18 March 2021, non-residents on the domestic financial market recorded a net purchase of IDR 3.81 trillion. With a net purchase on the Government Securities (SBN) market amounting to IDR 3.39 trillion and a net purchase on the stock market amounting to IDR 0.42 trillion. In line with the inflows of foreign capital, the investment risk premium or the 5-year Indonesian Credit Default Swap (CDS) fell to 75.54 bps as of 18 March 2021, from 79.8 bps as of 12 March 2021. Settlement data for 2021 (ytd), non-residents on the domestic financial market still recorded a net sale of IDR 11 trillion. (Kontan)

Recommendation

Domestic Risks Close Sukuk Auction 1Q21. The high risk of the Indonesian bond market is in line with the increase in US Treasury (UST) yields. This has made a number of market players more interested in placing their funds in the United States (US). On the other hand, the increase in UST yield pushed the yield on 10-year government securities to touch 6.80%. This figure recorded an increase of more than 15 bps compared to the previous month. The depreciation of the rupiah exchange rate also adds to the risk of the domestic bond market. NHKSI Research projects that domestic investors will still be interested in today's Sukuk auction. Meanwhile, foreign investors are likely to be more interested in entering through the secondary market. Today's auction bid results are likely to be relatively the same as the previous auction, with potential bids in the range of IDR 15 trillion to IDR 20 trillion.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.50%	3.50%	Real GDP	-2.19%	-5.32%
FX Reserve (USD bn)	138.80	138.00	Current Acc (USD bn)	0.80	(2.94)
Trd Balance (USD bn)	2.01	1.96	Govt. Spending Yoy	1.76%	-6.90%
Exports Yoy	8.56%	12.24%	FDI (USD bn)	4.26	4.56
Imports Yoy	14.86%	-6.49%	Business Confidence	104.82	105.33
Inflation Yoy	1.38%	1.55%	Cons. Confidence*	85.80	84.90

PRICE OF BENCHMARK SERIES

FR0086 (5yr):	-4.2 Bps to 98.25 (5.90%)
FR0087 (10yr):	-3.7 Bps to 98.24 (6.74%)
FR0088 (15yr):	-0.3 Bps to 96.59 (6.60%)
FR0083 (20yr):	-3.7 Bps to 100.60 (7.43%)
FR0081 (4yr):	-3.8 Bps to 102.31 (5.87%)
FR0082 (9yr):	-3.1 Bps to 101.27 (6.81%)
FR0080 (14yr):	-2.0 Bps to 101.09 (7.37%)

CDS of Indonesia Bonds

CDS 2yr:	+28.82% to 37.36
CDS 5yr:	+14.62% to 86.29
CDS 10yr:	+4.40% to 146.05

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.80%	0.02%
USDIDR	14,408	-0.01%
KRWIDR	12.74	-0.66%

Global Indices

Index	Last	Chg.	%
Dow Jones	32,731.20	103.23	0.32%
S&P 500	3,940.59	27.49	0.70%
FTSE 100	6,726.10	17.39	0.26%
DAX	14,657.21	36.21	0.25%
Nikkei	29,174.15	(617.90)	-2.07%
Hang Seng	28,885.34	(105.60)	-0.36%
Shanghai	3,443.44	38.78	1.14%
KOSPI	3,035.46	(4.07)	-0.13%
EIDO	23.08	(0.27)	-1.16%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,739.0	(6.2)	-0.36%
Crude Oil (\$/bbl)	61.56	0.12	0.20%
Coal (\$/ton)	94.75	3.90	4.29%
Nickel LME (\$/MT)	16,463	164.0	1.01%
Tin LME (\$/MT)	25,800	125.0	0.49%
CPO (MYR/Ton)	3,843	119.0	3.20%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday	UK	14:00	Jobless Claims Change	Feb		--	-20.0k
<i>23 - Mar</i>	US	21:00	New Home Sales	Feb		--	923k
Wednesday	UK	14:00	CPI MoM	Feb		--	-0.20%
<i>24 - Mar</i>	UK	14:00	CPI YoY	Feb		--	0.70%
	EC	16:00	Markit Eurozone Manufacturing PMI	Mar		--	57.9
	US	18:00	MBA Mortgage Applications	Mar		--	-2.20%
	US	19.30	Durable Goods Orders	Feb		0.70%	3.40%
	US	20:45	Markit US Manufacturing PMI	Mar		58.8	58.6
Thursday	US	19:30	Initial Jobless Claims	Mar		--	770k
<i>25 - Mar</i>	US	19:30	GDP Annualized QoQ	4Q		4.10%	4.10%
Friday	US	21:00	U. of Mich. Sentiment	Mar		83.6	83
<i>26 - Mar</i>							

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