

# Morning Brief

## Today's Outlook:

### Government Bonds

**External Sentiment Earlier in the Week.** Sentiment on the passage of the US stimulus law pushed yields of Government Securities (SUN) to rise again at the start of the week. Last Saturday (06/03), the US Senate passed a fiscal stimulus bill worth USD 1.9 trillion. This endorsement comes a day after the release of US jobs data showing that the US economy is starting to create more jobs than the previous month. The economic recovery, faster than expected, also came from China. China's exports for the January-February 2021 period grew up to 60.6% YoY. Meanwhile, imports, grew 22.2% YoY in the same period. The faster economic recovery, provides further opportunities for interest rate hikes. From the SUN market, yield inversion is still happening with the 10-year benchmark FR0087 and 15-year FR0088, at the level of 6.76% and 6.43%, respectively.

### Corporate Bonds

**Jasa Marga Rely on Banking, Bonds and Divestment Funding.** Jasa Marga Tbk (JSMR) this year prepares a capital expenditure (capex) budget of around IDR 5 trillion to IDR 7 trillion for the needs of the Jakarta Outer Ring Road (JORR) 2 toll road project, the Balikpapan-Samarinda toll road and the Manado-Bitung toll road. Of this need, Jasa Marga has a standby loan facility of IDR 2.7 trillion and the remainder of the ongoing general issuance of bonds worth IDR 2.5 trillion. From the divestment of assets included in the Sovereign Wealth Fund (SWF) of the Indonesia Investment Authority (INA), Jasa Marga hopes to obtain funding of IDR 1.5 trillion to IDR 3 trillion from two to three assets. (Kontan)

### Domestic Issue

**February 2021 Consumer Confidence Index Rises.** Bank Indonesia (BI) consumer survey shows that the Consumer Confidence Index (IKK) for February 2021 of 85.8 is a relative increase from 84.9 in January 2021. Improvement is supported by improving consumer perceptions of current economic conditions, despite consumer expectations of economic conditions downward relatively thin but stable forward. In detail, the improvement in consumer perceptions of current economic conditions is reflected in the current Economic Condition Index (IKE) for February 2021 which stood at 65.1 or improved from 63.0 in the previous month. However, the Consumer Expectation Index (IEK) for February 2021 was recorded at 106.5, down slightly from the achievement in January 2021 of 106.7. (Kontan)

### Recommendation

**High Yield Expectations Coloring Sukuk Auction.** The passing of the US stimulus law has the opportunity to again boost yield expectations on the Indonesian domestic bond market. Previously, the 10-year UST yield, which is the market reference, scored 1.62 percent last week. Today, the government is again offering PBS027, PBS017, PBS029, PBS004, and PBS028 in a Sukuk auction. The government also offers a short tenor sukuk SPNS 10092021 (New Opening) in this auction.

## Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.50%	3.75%	Real GDP	-2.19%	-5.32%
FX Reserve (USD bn)	138.00	135.90	Current Acc (USD bn)	0.80	(2.94)
Trd Balance (USD bn)	1.96	2.10	Govt. Spending Yoy	1.76%	-6.90%
Exports Yoy	12.24%	14.63%	FDI (USD bn)	4.26	4.56
Imports Yoy	-6.49%	-0.47%	Business Confidence	104.82	105.33
Inflation Yoy	1.38%	1.55%	Cons. Confidence*	85.80	84.90

## PRICE OF BENCHMARK SERIES

FR0086 (5yr): +14.6 Bps to 98.31 (5.88%)  
FR0087 (10yr): +10.0 Bps to 98.12 (6.76%)  
FR0088 (15yr): +5.6 Bps to 98.22 (6.43%)  
FR0083 (20yr): +7.1 Bps to 101.64 (7.33%)

FR0081 (4yr): +17.4 Bps to 102.33 (5.87%)  
FR0082 (9yr): +14.5 Bps to 100.90 (6.86%)  
FR0080 (14yr): +13.8 Bps to 100.34 (7.45%)

## CDS of Indonesia Bonds

CDS 2yr: +6.72% to 30.00  
CDS 5yr: +4.39% to 82.84  
CDS 10yr: +4.97% to 151.85

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.78%	0.09%
USDIDR	14,360	0.42%
KRWIDR	12.68	-0.22%

## Global Indices

Index	Last	Chg.	%
Dow Jones	31,802.44	306.14	0.97%
S&P 500	3,821.35	(20.59)	-0.54%
FTSE 100	6,719.13	88.61	1.34%
DAX	14,380.91	460.22	3.31%
Nikkei	28,743.25	(121.07)	-0.42%
Hang Seng	28,540.83	(557.46)	-1.92%
Shanghai	3,421.41	(80.57)	-2.30%
KOSPI	2,996.11	(30.15)	-1.00%
EIDO	22.59	(0.32)	-1.40%

## Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,683.5	(17.1)	-1.01%
Crude Oil (\$/bbl)	65.05	(1.04)	-1.57%
Coal (\$/ton)	80.50	(2.05)	-2.48%
Nickel LME (\$/MT)	16,425	292.0	1.81%
Tin LME (\$/MT)	24,444	869.0	3.69%
CPO (MYR/Ton)	3,878	137.0	3.66%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	ID		Consumer Confidence Index	Feb	85.8	--	84.9
<i>08 - Mar</i>	GE	14:00	Industrial Production SA MoM	Jan	-2.5%	-1.5%	0.0%
	US	22:00	Wholesale Inventories MoM	Jan	1.3%	1.3%	1.3%
<b>Tuesday</b>	EC	17:00	GDP SA QoQ	4Q20		-0.60%	-0.60%
<i>09 - Mar</i>	EC	17:00	GDP SA YoY	4Q20		-5.00%	-5.00%
<b>Wednesday</b>	CH	08:30	CPI YoY	Feb		-0.30%	-0.30%
<i>10 - Mar</i>	CH	08:30	PPI YoY	Feb		1.40%	0.30%
	US	19:30	MBA Mortgage Applications	Mar		--	0.50%
	US	20:30	CPI MoM	Feb		0.40%	0.30%
<b>Thursday</b>	EC	19:45	ECB Deposit Facility Rate	Mar		-0.50%	-0.50%
<i>11 - Mar</i>	US	20:30	Initial Jobless Claims	Mar		--	745k
<b>Friday</b>	UK	14:00	Industrial Production MoM	Jan		--	0.20%
<i>12 - Mar</i>	UK	14:00	Manufacturing Production MoM	Jan		--	0.30%
	GE	14:00	CPI YoY	Feb		--	1.30%
	US	20:30	PPI Final Demand MoM	Feb		0.40%	1.30%

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