

Morning Brief

Today's Outlook:

Government Bonds

UST Volatility Again Pushes Green Shoe Option. The results of the auction of Government Securities (SUN) yesterday were only won with a value of IDR 17 trillion, or far below the indicative target of IDR 30 trillion. This prompted the government to carry out additional auction (green shoe option) today. The government's selective attitude towards the end of the 1Q21 period, in line with the consideration of reasonable yields on the secondary market and the planned financing needs for the National Economic Recovery (PEN) in 2021. In addition, the volatility of US Treasury (UST) yields has led investors to expect relatively high yields. In yesterday's SUN auction, the highest bid was the FR0087 series, valued at IDR 15.2 trillion, with a bid to cover (BTC) ratio of 3.6x. The government finally won IDR 4.2 trillion. Meanwhile, the lowest offer was series SPN12210603 with a value of IDR 550 billion, with a BTC ratio of 1x.

Corporate Bonds

ADMF Releases IDR 9.3 Trillion Bonds. Adira Dinamika Multi Finance, Tbk (ADMF) is aiming for IDR 24 trillion in financing throughout 2021, or growing by around 30% compared to last year's IDR 18 trillion. In order for the financing to be in line with the target, Adira Finance needs at least IDR 9.3 trillion of funding. On the other hand, ADMF also has debt securities with maturity of IDR 9.3 trillion. In obtaining last year's funding needs, ADMF succeeded in issuing bonds in June 2020 amounting to IDR 1.5 trillion. The Company has also used an offshore syndicated loan facility of USD 300 million, where this loan has been fully hedged, both from the principal and the interest rate. (Kontan)

Domestic Issue

BI Issues LTV / FTV Easing Rules. Bank Indonesia (BI) has issued provisions for easing the Loan to Value Ratio (LTV) for property loans, the Financing to Value Ratio (FTV) for property financing, and down payments for loans or motor vehicle financing. This regulation is contained in Bank Indonesia Regulation (PBI) No. 23/2 / PBI / 2021 concerning the Third Amendment to PBI No. 20/8 / PBI / 2018 concerning LTV Ratio for Property Loans, FTV Ratio for Property Financing, and Advances for Motor Vehicle Loans or Financing (PBI LTV / FTV and Advances), which will be effective March 1, 2021. BI has also relaxed the ratio LTV / FTV KP / PP is a maximum of 100% for all types of property (landed houses, flats, and shop houses or office houses), for banks that meet certain criteria for non-performing loans / non-performing financing (NPL / NPF). (Kontan)

Recommendation

Operation Twist and UST Appreciation. Market players are again watching the speculation of the Fed to reactivate Operation Twist, at the upcoming March 16-17 monetary policy meeting. Market participants have also responded positively to the UST price hike, potentially stimulating interest in today's auction. The government is offering back FR0086, FR0087, FR0088, FR0083, and FR0089; with each weighted average yield at the level of 5.65%; 6.54%; 6.37%; 7.22%; 6.89%.

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*	84.90	96.50

PRICE OF BENCHMARK SERIES

FR0086 (5yr): +0.3 Bps to 99.31 (5.65%)
FR0087 (10yr): +2.1 Bps to 99.57 (6.55%)
FR0088 (15yr): +0.3 Bps to 99.02 (6.34%)
FR0083 (20yr): +0.4 Bps to 102.81 (7.22%)

FR0081 (4yr): +0.4 Bps to 103.21 (5.64%)
FR0082 (9yr): -0.2 Bps to 102.49 (6.64%)
FR0080 (14yr): -2.2 Bps to 102.15 (7.25%)

CDS of Indonesia Bonds

CDS 2yr: +1.06% to 26.63
CDS 5yr: -1.16% to 73.74
CDS 10yr: +0.70% to 139.18

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.58%	0.02%
USDIDR	14,325	0.49%
KRWIDR	12.75	0.24%

Global Indices

Index	Last	Chg.	%
Dow Jones	31,391.52	(143.99)	-0.46%
S&P 500	3,870.29	(31.53)	-0.81%
FTSE 100	6,613.75	25.22	0.38%
DAX	14,039.80	26.98	0.19%
Nikkei	29,408.17	(255.33)	-0.86%
Hang Seng	29,095.86	(356.71)	-1.21%
Shanghai	3,508.59	(42.81)	-1.21%
KOSPI	3,043.87	30.92	1.03%
EIDO	23.50	(0.27)	-1.14%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,738.4	13.3	0.77%
Crude Oil (\$/bbl)	59.75	(0.89)	-1.47%
Coal (\$/ton)	83.35	0.65	0.79%
Nickel LME (\$/MT)	18,577	(625.0)	-3.25%
Tin LME (\$/MT)	25,664	(1176.0)	-4.38%
CPO (MYR/Ton)	3,642	(42.0)	-1.14%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	ID	07:30	Markit Indonesia PMI Mfg	Feb	50.9	--	52.2
<i>01 - Mar</i>	CH	08:45	Caixin China PMI Mfg	Feb	50.9	51.3	51.5
	ID	11:00	CPI YoY	Feb	1.38%	1.40%	1.55%
	EC	16:00	Markit Eurozone Manufacturing PMI	Feb	57.9	57.7	57.7
	GE	20:00	CPI YoY	Feb	1.3%	1.20%	1.00%
	US	21:45	Markit US Manufacturing PMI	Feb	58.6	58.5	58.5
Tuesday	GE	15:55	Unemployment Change (000's)	Feb	9.0k	-17.5k	-41.0k
<i>02 - Mar</i>	EC	17:00	CPI MoM	Feb	0.2%	0.2%	0.2%
Wednesday	US	19:00	MBA Mortgage Applications	Feb		--	-11.40%
<i>03 - Mar</i>							
Thursday	US	20:30	Initial Jobless Claims	Feb		--	730k
<i>04 - Mar</i>	US	22:00	Durable Goods Orders	Jan		--	3.40%
	US	22:00	Factory Orders	Jan		1.00%	1.10%
Friday	ID	10:00	Net Foreign Assets IDR	Feb		--	1906.0t
<i>05 - Mar</i>	ID	10:00	Foreign Reserves	Feb		--	\$138.00b
	US	20:30	Trade Balance	Jan		-\$67.5b	-\$66.6b

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