

Morning Brief

Today's Outlook:

Government Bonds

Green Option Closes Sukuk Auction 1Q21. Yesterday, the government won the auction of State Sharia Securities (SBSN / Sukuk) worth IDR 6.4 trillion, or lower than the indicative target set at IDR 12 trillion. This prompted the government to hold an additional Sukuk auction (Green Shoe Option) on Wednesday (24/03). Meanwhile, capital outflow sentiment and the increase in Indonesia's risk profile were the negative sentiments in the auction yesterday. Earlier this week, Indonesia's 5-year Credit Default Swap (CDS) was at the 86.29 bps level, or exceeding the previous range of 67.5 bps to -86 bps throughout 2021. Meanwhile, Indonesia's 10-year CDS the level of 146.05 bps, or approaching the upper limit in the range 126.50 bps to 151.85 bps in this year's movement. The depreciation of the rupiah exchange rate also adds to the risk of the domestic bond market.

Corporate Bonds

Set Coupon of 5.5%, Tower Bersama Releases IDR 970 Billion Bonds. Tower Bersama Infrastructure Tbk (TBIG) is holding a Phase IV Sustainable Public Offering (PUB) worth IDR 970 billion, as a form of refinancing the subsidiary's debt. The new bonds are offered at an interest rate of 5.50% per annum and have a period of 370 days. Meanwhile, the bond public offering period will be on April 1-6, electronic distribution on April 9, and listing on the Indonesia Stock Exchange on April 12. Fitch Ratings has assigned an AA + rating for the issuance of Tower Bersama bonds. Fitch predicts that the ratio of funds from operation (FFO) to Tower Bersama's net debt will remain around 5.0x until 2021, below the negative sensitivity threshold of 5.5x. (Investor Daily)

Domestic Issue

State revenue grew positively by 0.7% in February 2021. The Minister of Finance (Menkeu) explained that the realization of state revenue until the end of February 2021 reached IDR 219.2 trillion or 12.6% of the APBN target of IDR 1,743.6 trillion. What is interesting and of course positive is that our country's income has grown by 0.7%. Last year, before February, there was no pandemic yet. State revenues actually contracted by 0.1%. Meanwhile, the realization of state revenue of IDR 219.2 trillion consists of tax revenues of IDR 181.8 trillion, non-tax state revenues (PNBP) of IDR 37.3 trillion, and grants of IDR 0.1 trillion. (Kontan)

Recommendation

Attractive Yields PBS027, PBS017, and PBS028. The three series offer weighted average yields of 4.92% each; 5.71%; and 7.20%. This figure is higher than the previous Green Shoe Option Sukuk yield offering at the level of 4.83%; 5.61%; and 7.13%. The focus of funding sources on short and long tenors has the opportunity to make the government win all three series. On the other hand, the government is still trying to reduce the cost of funds, with the opportunity to make today's Green Shoe Option Sukuk auction selective.

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):	-5.8 Bps to 98.50 (5.84%)
FR0087 (10yr):	-4.2 Bps to 98.55 (6.70%)
FR0088 (15yr):	-1.6 Bps to 96.74 (6.59%)
FR0083 (20yr):	-1.2 Bps to 100.73 (7.42%)
FR0081 (4yr):	-5.2 Bps to 102.50 (5.81%)
FR0082 (9yr):	-6.0 Bps to 101.68 (6.75%)
FR0080 (14yr):	-5.1 Bps to 101.54 (7.32%)

CDS of Indonesia Bonds

CDS 2yr:	-16.83% to 31.07
CDS 5yr:	-2.17% to 84.41
CDS 10yr:	+2.31% to 149.44

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	32,423.15	(308.05)	-0.94%
S&P 500	3,910.52	(30.07)	-0.76%
FTSE 100	6,699.19	(26.91)	-0.40%
DAX	14,662.02	4.81	0.03%
Nikkei	28,995.92	(178.23)	-0.61%
Hang Seng	28,497.38	(387.96)	-1.34%
Shanghai	3,411.51	(31.93)	-0.93%
KOSPI	3,004.74	(30.72)	-1.01%
EIDO	22.52	(0.56)	-2.43%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,727.1	(12.0)	-0.69%
Crude Oil (\$/bbl)	57.76	(3.80)	-6.17%
Coal (\$/ton)	91.20	(3.55)	-3.75%
Nickel LME (\$/MT)	16,463	164.0	1.01%
Tin LME (\$/MT)	25,800	125.0	0.49%
CPO (MYR/Ton)	3,930	87.0	2.26%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday	UK	14:00	Jobless Claims Change	Feb	86.6k	--	-20.0k
<i>23 - Mar</i>	US	21:00	New Home Sales	Feb	775k	870k	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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