

Morning Brief

Today's Outlook:

Government Bonds

Low Unemployment Claims, Encourage Interest in Risk Assets. The United States Department of Labor (US) recorded 684,000 US claims for unemployment benefits last week. This figure decreased 97,000 compared to the previous week, or reached the lowest level since November 2020. In addition, stock market players responded positively to the World Bank's latest forecast on China's economic growth. On the other hand, this has received a negative response from bond market players. The World Bank projects that China's economy has the opportunity to grow up to 8.1% in 2021. At the end of the week, the yield on Government Securities (SUN) series FR0087 10-year tenor was relatively flat at 6.68% level. This yield movement was amidst the 3 bps increase in UST yield on the same tenor to the 1.64% level.

Corporate Bonds

Bonds and Sukuk SMF Oversubscribed 3X. Sarana Multigriya Finansial (SMF) issues debt securities with a total value of IDR 2 trillion. Consisting of conventional bonds, Shelf Registration Bonds V Phase V Year 2021. These bonds are released in two series, 1-year and 3-year tenors with a total value of IDR 1.9 trillion. SMF will also issue Sustainable Sukuk Mudharabah I Phase III Year 2021 in a series, namely a 1-year tenor worth IDR 100 billion. The total demand for the SMF bookbuilding period was IDR 7.4 trillion, or 3x higher (oversubscribed) compared to the issued amount of IDR 2 trillion. Meanwhile, these bond funds will be used to support the company's business and replace part of the equity funds channeled as loans to public housing loans (KPR). Likewise, sukuk issuance funds are also used to replace equity funds channeled for secondary financing of Islamic housing through the SMF sharia business unit. (Kontan)

Domestic Issue

Foreign Capital Outflow IDR 990 Billion. In the fourth week of March 2021, foreign capital flows out of the Indonesian financial market were observed. Based on Bank Indonesia (BI) transaction data for the period 22 March 2021 to 25 March 2021, non-residents on the domestic financial market recorded a net sale of IDR 990 billion. With net selling on the Government Securities (SBN) market amounting to IDR 0.26 trillion and net selling on the stock market amounting to IDR 0.73 trillion. In line with the outflow of foreign capital, the investment risk premium or 5-year Indonesian Credit Default Swap (CDS) rose to 86.49 bps as of March 25, 2021, from 73.56 bps as of March 19, 2021. settlement data for 2021 (ytd), non-residents on the domestic financial market still recorded a net sell of IDR 9.32 trillion. (Kontan)

Recommendation

Bidding Trend Decreases, Closes Last 1Q21 SUN Auction. NHKSI Research projects a low trend of incoming bids, still coloring the SUN auction on Tuesday. This auction on March 30, 2021, will be the seventh auction in 2021. For the record, the initial SUN auction on January 5, 2021 succeeded in recording an incoming bid of IDR 97.2 trillion, and was won by IDR 41 trillion. The entry bid fell at the next SUN auction (19/01), which was only IDR 55.2 trillion. Then the mid-February 2021 auction returned to a low of IDR 60.8 trillion, in early March of IDR 49.7 trillion, before finally the incoming bids recorded a record low of IDR 40 trillion throughout 2021 on March 16. Apart from inflation in Indonesia, this week market players are watching data on the consumer confidence index, jobless claims and the Purchasing Manager Index.

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):	-0.2 Bps to 98.67 (5.80%)
FR0087 (10yr):	-0.6 Bps to 98.64 (6.68%)
FR0088 (15yr):	-0.4 Bps to 96.91 (6.57%)
FR0083 (20yr):	+2.1 Bps to 100.45 (7.45%)
FR0081 (4yr):	+0.6 Bps to 102.76 (5.74%)
FR0082 (9yr):	+0.3 Bps to 101.97 (6.71%)
FR0080 (14yr):	+0.0 Bps to 102.75 (7.18%)

CDS of Indonesia Bonds

CDS 2yr:	-1.50% to 31.77
CDS 5yr:	-0.45% to 86.51
CDS 10yr:	-1.24% to 152.11

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.71%	-0.01%
USDIDR	14,418	-0.06%
KRWIDR	12.77	0.30%

Global Indices

Index	Last	Chg.	%
Dow Jones	33,072.88	453.40	1.39%
S&P 500	3,974.54	65.02	1.66%
FTSE 100	6,740.59	65.76	0.99%
DAX	14,748.94	127.58	0.87%
Nikkei	29,176.70	446.82	1.56%
Hang Seng	28,336.43	436.82	1.57%
Shanghai	3,418.33	54.74	1.63%
KOSPI	3,041.01	32.68	1.09%
EIDO	23.03	0.68	3.04%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,732.5	5.6	0.32%
Crude Oil (\$/bbl)	60.97	2.41	4.12%
Coal (\$/ton)	88.40	(0.90)	-1.01%
Nickel LME (\$/MT)	16,389	237.0	1.47%
Tin LME (\$/MT)	25,575	375.0	1.49%
CPO (MYR/Ton)	3,692	(171.0)	-4.43%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday <i>30 - Mar</i>	US	21:00	Conf. Board Consumer Confidence	Mar		96	91.3
Wednesday <i>31 - Mar</i>	CH	08:00	Manufacturing PMI	Mar		51.2	50.6
	UK	13:00	GDP YoY	4Q20			-7.80%
	US	18:00	MBA Mortgage Applications	Mar			-2.50%
Thursday <i>01 - Apr</i>	ID	07:30	Markit Indonesia PMI Mfg	Mar			50.9
	CH	08:45	Caixin China PMI Mfg	Mar		51.3	50.9
	ID	11:00	CPI YoY	Mar		1.42%	1.38%
	EC	15:00	Markit Eurozone Manufacturing PMI	Mar		62.4	62.4
	UK	15:30	Markit UK PMI Manufacturing SA	Mar			57.9
	US	20:45	Markit US Manufacturing PMI	Mar			59
Friday <i>02 - Apr</i>	US	19:30	Unemployment Rate	Mar		6.00%	6.20%

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