

Morning Brief

Today's Outlook:

Government Bonds

Maintained Inflation and Manufacturing Expansion, Supporting SUN in Early March. The Central Statistics Agency (BPS) announced that Indonesia's inflation in February 2021 will be 0.10% MoM or 1.38% YoY. This figure is in line with market expectations of 0.08% MoM and 1.36% YoY. Yesterday, the benchmark 10-year Government Bond (SUN) yield fell by almost 4 bps, or the deepest drop compared to other benchmark series. The yield decrease is amidst the decline in US Treasury (UST) yield from its highest level last week. For the record, the 10-year UST yield as of Friday (26/02) has dropped to the level of 1.40%. The SUN market was maintained yesterday, also amid the release of Indonesia's manufacturing data as measured by the Purchasing Managers' Index (PMI) at 50.9 or will continue to expand for the February 2021 period.

Corporate Bonds

Bank Mantap Issues IDR 2 Trillion Bonds. Bank Mandiri Taspen (Bank Mantap) plans to issue a Phase II Sustainable Public Offering (PUB) I in 2021 with a principal amount of IDR 2 trillion. The bonds consist of two series, namely bonds series A and series B, each of which is offered at 100% of the principal amount of the bonds. The number of series A bonds offered reaches IDR 800 billion with a fixed interest rate or coupon of 6.5% per year. The term of series A is three years from the date of issuance. Meanwhile, for series B bonds, the amount offered is IDR 1.2 trillion with a fixed interest rate of 7.25% per year. (Kontan)

Domestic Issue

February Inflation and Housing VAT Exemption. The Central Statistics Agency (BPS) noted, inflation in February 2021 was 0.10% MoM or 1.38% YoY. This achievement decreased from January 2021 when it experienced inflation of 0.26% MoM or 1.55% YoY. Inflation in February 2021 cannot be separated from the impact of the Covid-19 pandemic which is still haunting the economy of Indonesia and various countries in the world. Meanwhile, the government provides incentives in the form of value added tax (VAT) exemptions for homes with a selling price of IDR 2 billion. The government also provides a 50% VAT reduction for this type of house, which is in the selling price range of IDR 2 billion to IDR 5 billion. This policy is stated in the Minister of Finance Regulation (PMK) Number 21 / PMK / 010/2021 which comes into effect today, Monday (01/03). (Kontan)

Recommendation

The Fed's Operation Twist Speculation. Market participants are watching speculation that the Fed will reactivate Operation Twist, at the upcoming March 16-17 monetary policy meeting. In Operation Twist, the United States (US) government will sell short tenor bonds and buy long tenor bonds. This policy causes the yield of short tenor bonds to increase and long tenors to decrease, which in turn makes the yield curve sloping. In addition, this policy is to reduce volatility in the US bond market. From within the country, the government is again offering FR0086, FR0087, FR0088, FR0083, and FR0089 in today's SUN 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	1.55%	1.68%	Cons. Confidence*	84.90	96.50

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -2.0 Bps to 99.32 (5.65%)
FR0087 (10yr): -3.7 Bps to 99.72 (6.53%)
FR0088 (15yr): -3.1 Bps to 99.06 (6.34%)
FR0083 (20yr): -0.2 Bps to 102.86 (7.22%)

FR0081 (4yr): -6.5 Bps to 103.23 (5.63%)
FR0082 (9yr): -5.1 Bps to 102.48 (6.64%)
FR0080 (14yr): -2.4 Bps to 101.96 (7.27%)

CDS of Indonesia Bonds

CDS 2yr: -4.70% to 26.35
CDS 5yr: -2.99% to 74.61
CDS 10yr: -6.05% to 138.20

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.56%	-0.05%
USDIDR	14,255	0.14%
KRWIDR	12.72	0.38%

Global Indices

Index	Last	Chg.	%
Dow Jones	31,535.51	603.14	1.95%
S&P 500	3,901.82	90.67	2.38%
FTSE 100	6,588.53	105.10	1.62%
DAX	14,012.82	226.53	1.64%
Nikkei	29,663.50	697.49	2.41%
Hang Seng	29,452.57	472.36	1.63%
Shanghai	3,551.40	42.32	1.21%
KOSPI	3,012.95	(86.74)	-2.80%
EIDO	23.77	0.92	4.03%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,725.0	(9.0)	-0.52%
Crude Oil (\$/bbl)	60.64	(0.86)	-1.40%
Coal (\$/ton)	83.80	2.35	2.89%
Nickel LME (\$/MT)	18,577	(625.0)	-3.25%
Tin LME (\$/MT)	25,664	(1176.0)	-4.38%
CPO (MYR/Ton)	3,684	(58.0)	-1.55%

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		-17.5k	-41.0k
<i>02 - Mar</i>	EC	17:00	CPI MoM	Feb		--	0.20%
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

Research Division

Head of Research

Anggaraksa Arismunandar

Market Strategy, Economy, Misc. Industry
T +62 21 5088 ext. 9134
E anggaraksa@nhsec.co.id

Senior Technical Analyst

Dimas Wahyu Putra Pratama

Technical
T +62 21 5088 ext
E dimas.wahyu@nhsec.co.id

Analyst

Arief Machrus

Banking, Fixed Income
T +62 21 5088 ext 9127
E arief.machrus@nhsec.co.id

Analyst

Ajeng Kartika Hapsari

Property, Construction, Cement
T +62 21 5088 ext 9130
E ajeng@nhsec.co.id

Analyst

Maryoki Pajri Alhusnah

Mining, Agriculture, Trade
T +62 21 5088 ext 9128
E maryoki.pajri@nhsec.co.id

Analyst

Putu Chantika

Consumer, Retail
T +62 21 5088 ext 9129
E putu.chantika@nhsec.co.id

Analyst

Restu Pamungkas

Telco, Tower, Toll road, Poultry
T +62 21 5088 ext 9133
E restu.pamungkas@nhsec.co.id

Research Support

Jasmine Kusumawardani

T +62 21 5088 ext 9132
E jasmine.kusumawardani@nhsec.co.id

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

District 8 Treasury Tower 51st
Fl. Unit A, SCBD Lot.28
Jl. Jendral Sudirman Kav. 52-53
Jakarta Selatan 12190
Telp : +62 21 50889100
Fax : +62 21 50889101

Branch Office BSD:

ITC BSD Blok R No.48
Jl. Pahlawan Seribu Serpong
Tangerang Selatan 15322
Indonesia
Telp : +62 21 5316 2049
Fax : +62 21 5316 1687

Branch Office Medan :

Jl. Timor No 147
Medan, Sumatera Utara
20234
Indonesia
Telp : +62 614 156500
Fax : +62 614 568560

A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
Jakarta