

Morning Brief

Today's Outlook:

Government Bonds

BI 7-DRRR Sentiment Started Limited, Yield FR0083 was below 7%. Earlier this week, the benchmark Government Securities (SUN) closed mixed with a 20-year yield of FR0083 below the 7% level. The bond market still responded positively to the Bank Indonesia Seven Days Reverse Repo Rate (BI 7-DRRR) cut from 4% to 3.75%. Meanwhile, it is possible that there will still be room for Bank Indonesia (BI) to carry out reductions. This is certainly a positive sentiment and welcomed by investors. On the other hand, this sentiment has begun to subside as bond prices have risen high enough to not produce maximum results.

Corporate Bonds

INKP Releases IDR 3.55 Trillion Bonds. Indah Kiat Pulp & Paper Tbk (INKP). targeting fresh funds of IDR 3.55 trillion from the issuance of bonds. The bonds will be guaranteed with a full commitment and consist of three series, namely: Series A worth IDR 504.63 billion with a coupon of 8.5% with a 370-day tenor; Series B worth IDR 2.46 trillion with a 10% coupon for 3-years, and Series C with IDR 582.71 billion with 11% coupon for 5-years. These bonds are part of the Sustainable Public Offering (PUB) through the Sustainable Bonds I Indah Kiat Pulp & Paper in 2020 with a target fund raised of IDR 10 trillion. (Bisnis Indonesia)

Macroeconomy

Tax Revenues from 3 Sectors Begin to Recover. The three business sectors that experienced a recovery include, first, construction and real estate grew minus 26.92% compared to the realization in October 2019. However, in the previous period it showed a more severe realization, namely minus 32.6% in 3Q20 and minus 16.72 % in 2Q20. Second, the transportation and warehousing sector grew negatively by 19.3%, better than the achievement in 3Q20 which was minus 27.18% and 2Q20 minus 9.68%. Third, the mining sector grew negatively by 57% at the beginning of the 4Q20 period. This achievement shows the direction of recovery compared to the realization in 3Q20 and 2Q20 which respectively minus 62.4% and 47.3% on an annual basis. (Kontan).

Recommendation

Investors Are Interested In The Last Second Sukuk Auction This Year. NHKSI Research projects that the interest in the auction of State Sharia Securities (SBSN / Sukuk) will increase significantly from the previous one. Last week, the Government Securities (SBN) market was quite aggressive as reflected in the SUN auction which reached more than IDR 100 trillion. This causes the yield movement in the secondary market to continue to decline, in line with high demand. This investor interest was also supported by the BI 7-DRRR cut. For the record, the state sukuk auction in mid-November 2020 only posted an incoming bid of IDR 22.63 trillion. Yesterday, the rupiah exchange rate weakened 0.11% to IDR 14,149 / USD on the spot market. Meanwhile, BI's middle rate strengthened 0.45% to IDR 14,164 / USD.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.75%	4.00%	Real GDP	-3.49%	-5.32%
FX Reserve (USD bn)	133.66	135.15	Current Acc (USD bn)	0.96	(2.94)
Trd Balance (USD bn)	3.61	2.44	Govt. Spending Yoy	9.76%	-6.90%
Exports Yoy	-3.29%	-0.51%	FDI (USD bn)	3.92	4.56
Imports Yoy	-26.93%	-18.88%	Business Confidence	104.82	105.33
Inflation Yoy	1.44%	1.42%	Cons. Confidence*	79.00	83.40

PRICE OF BENCHMARK SERIES

FR0081 (5yr): -0.5 Bps to 105.42 (5.14%)
FR0082 (10yr): +1.1 Bps to 105.76 (6.20%)
FR0080 (15yr): -0.2 Bps to 107.49 (6.68%)
FR0083 (20yr): +0.3 Bps to 105.28 (6.99%)

FR0086 (6yr): -0.1 Bps to 101.47 (5.18%)
FR0087 (11yr): -1.8 Bps to 102.31 (6.18%)

CDS of Indonesia Bonds

CDS 2yr: -2.80% to 29.28
CDS 5yr: +13.13% to 89.60
CDS 10yr: -2.18% to 141.21

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.23%	0.01%
USDIDR	14,149	-0.11%
KRWIDR	12.74	0.43%

Global Indices

Index	Last	Chg.	%
Dow Jones	29,591.27	327.79	1.12%
S&P 500	3,577.59	20.05	0.56%
FTSE 100	6,333.84	(17.61)	-0.28%
DAX	13,126.97	(10.28)	-0.08%
Nikkei	25,527.37	(106.97)	-0.42%
Hang Seng	26,486.20	34.66	0.13%
Shanghai	3,414.49	36.76	1.09%
KOSPI	2,602.59	49.09	1.92%
EIDO	21.96	0.38	1.76%

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,837.9	(33.1)	-1.77%
Crude Oil (USD/B)	43.06	0.64	1.51%
ICE NewCastle (USD/ton)	67.05	1.70	2.60%
LME Nickel (USD/MT)	15,935	(216.0)	-1.34%
LME Tin (USD/MT)	18,640	(155.0)	-0.82%
CPO (MYR/ton)	3,326	38.0	1.16%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday	EC	16:00	Markit Eurozone Manufacturing PMI	Nov		--	54.8
23 - Nov	EC	16:00	Markit Eurozone Composite PMI	Nov		--	50
	UK	16:30	Markit UK PMI Manufacturing SA	Nov		--	53.7
	US	21:45	Markit US Manufacturing PMI	Nov		52.5	53.4
Wednesday	GE	14:00	GDP SA QoQ	3Q20		--	8.20%
24 - Nov	GE	16:00	IFO Expectations	Nov		--	95
	US	22:00	Conf. Board Consumer Confidence	Nov		98	100.9
Thursday	US	19:00	MBA Mortgage Applications	Nov		--	-0.30%
25 - Nov	US	20:30	GDP Annualized QoQ	3Q20		33.10%	33.10%
	US	20:30	GDP Price Index	3Q20		3.60%	3.60%
	US	20:30	Initial Jobless Claims	Nov		--	--
	US	20:30	Durable Goods Orders	Oct		1.30%	1.90%
	US	22:00	Personal Spending	Oct		0.60%	1.40%
	US	22:00	New Home Sales	Oct		968k	959k
Friday	EC	16:00	M3 Money Supply YoY	Oct		--	10.40%
26 - Nov							

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