

Morning Brief

Today's Outlook:

Government Bonds

Last SUN Auction 2020. The benchmark SUN price slightly strengthened, amid various responses related to the Biden transition period and the cabinet announcement. The 20-year yield of FR0083 holds below the psychological level of 7%. Biden began announcing a number of members from the Obama administration, including: US Secretary of State Anthony Blinken, Treasury Secretary Janet Yellen, Director of National Intelligence Avril Haines, President's special envoy on climate issues John Kerry, leader of the US Department of Homeland Security Alejandro Mayorkas, Biden's adviser Jake Sullivan, and White House chief of staff Ron Klain. The movement of Government Securities (SUN) yesterday was also in the midst of waiting for the last SUN auction for 2020 on Tuesday (1 December 2020) next week. In the previous SUN auction, the government offered fixed rate series FR0086, FR0087, FR0080, FR0083, and FR0076.

Corporate Bonds

KRAS Issues IDR 3 Trillion Mandatory Convertible Bonds. Krakatau Steel Tbk (KRAS) will immediately execute the disbursement of National Economic Recovery (PEN) funds from the government through the issuance of mandatory convertible bonds (OWK) worth IDR 3 trillion. This action is expected to maintain the company's operational performance and help the downstream industry and national steel users. Disbursement of PEN funds is actually the authority of the Ministry of Finance in accordance with the mandate of the Regulation of the Minister of Finance of the Republic of Indonesia Number 118 / PMK.06 / 2020 concerning Government Investment in Program Framework (PEN). Furthermore, management focuses on improving performance, including continuing the restructuring of its subsidiaries. (Investor Daily)

Domestic Issue

Thirteen Laws were amended through the Financial Sector Omnibus Law Bill. The role and function of financial sector institutions has not been optimal yet, making the government, through the Financial Sector Omnibus Law Bill, evaluate several rules in the previous 13 Laws (UU). These laws are concerning: Banking, Capital Market, Bank Indonesia, Government Securities, State Finance, State Treasury, Deposit Insurance Corporation, Limited Liability Companies, State Sharia Securities, Sharia Banking, Financial Services Authority, Financial System Crisis Prevention and Management, and Law on State Financial Policy and Financial System Stability for Handling the Covid-19 Pandemic. (Kontan)

Recommendation

Investors Pay Attention to Bond Index with Highest Record. The Indonesia Composite Bond Index (ICBI) closed up 0.19% at 308.37 yesterday. This increase was supported by positive sentiment on the development of the Covid-19 vaccine, providing stimulus, as well as a number of economic recovery efforts, both global and domestic. Amid the yield on 20-year SUN FR0083 which remained below the psychological level of 7%, a number of market players were also watching the 10-year SUN yield FR0082 which was heading to the psychological level of 6%. On the other hand, investors are keeping a close watch on profit taking after the increase in the SUN market in recent days. Yesterday, the rupiah exchange rate closed at a limited rate of 0.08% to IDR 14,144 / USD. Investors can start looking at FR0086, FR0087, FR0080, FR0083, and FR0076. The five fixed rate series have the opportunity to be offered at the last SUN auction in 2020 on Tuesday.

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): -0.8 Bps to 105.57 (5.11%)
FR0082 (10yr): -2.7 Bps to 106.04 (6.16%)
FR0080 (15yr): -0.7 Bps to 107.70 (6.66%)
FR0083 (20yr): -4.8 Bps to 106.08 (6.92%)

FR0086 (6yr): -1.9 Bps to 101.63 (5.14%)
FR0087 (11yr): -4.3 Bps to 102.70 (6.13%)

CDS of Indonesia Bonds

CDS 2yr: -1.36% to 27.48
CDS 5yr: +13.13% to 89.60 (as of Nov. 23)
CDS 10yr: -1.07% to 134.37

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.19%	-0.03%
USDIDR	14,144	-0.08%
KRWIDR	12.78	0.31%

Global Indices

Index	Last	Chg.	%
Dow Jones	29,872.47	(173.77)	-0.58%
S&P 500	3,629.65	(5.76)	-0.16%
FTSE 100	6,391.09	(41.08)	-0.64%
DAX	13,289.80	(2.64)	-0.02%
Nikkei	26,296.86	131.27	0.50%
Hang Seng	26,669.75	81.55	0.31%
Shanghai	3,362.33	(40.50)	-1.19%
KOSPI	2,601.54	(16.22)	-0.62%
EIDO	22.31	(0.15)	-0.67%

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,807.6	(0.0)	-0.00%
Crude Oil (USD/B)	45.71	0.80	1.78%
ICE NewCastle (USD/ton)	69.35	0.45	0.65%
LME Nickel (USD/MT)	16,058	(184.0)	-1.13%
LME Tin (USD/MT)	18,736	43.0	0.23%
CPO (MYR/ton)	3,285	36.0	1.11%

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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