

Morning Brief

Today's Outlook:

Government Bonds

Strengthened Again Ahead of the Last SUN Auction 2020. Yield benchmarks FR0081 and FR0082 which headed for the psychological level of 5% and 6%, in yesterday's trading. A number of market players still respond positively to the US 3Q20 Gross Domestic Product (GDP) data which is expansive, after previously contracting by 31% in 2Q20 or the deepest fall since the government started recording GDP in 1947. The US Department of Commerce reported that GDP growth was 33.1 % YoY, confirming the pace of US economic expansion in 3Q20. Meanwhile, public consumption is the main driver of growth. Government stimulus and weekly unemployment benefits, increase the purchasing power of citizens. The movement of Government Securities (SUN) yesterday was also in the midst of waiting for the last SUN auction for 2020 on Tuesday. The government will offer SPN12210304, SPN12211202, FR0086, FR0087, FR0080, FR0083, and FR0076.

Corporate Bonds

Waskita Karya will Issue Bonds. Waskita Karya (Persero) Tbk (WSKT) will issue Phase 2 Sustainable Public Offering (PUB) bonds to meet the working capital needs of construction projects as well as investment. WSKT said the funds from this issuance are worth between IDR 1 trillion to 2 trillion with a maturity period of 1 to 3 years. The PUB IV phase 2 issuance transaction is expected to be completed no later than the beginning of January 2021. As is known, this year there are several unrealized payments for Waskita projects, such as the Palembang LRT payment of IDR 1.9 Trillion and the Trans Terbanggi Besar - Timber Toll Road. Agung, Japek Selatan's VGF portion is IDR 1.7 trillion. (Liputan6)

Domestic Issue

BI Becomes SBN Standby Buyer During the Financial Crisis. After carrying out burden sharing with the government, namely buying Government Securities (SBN) to finance the impact of the pandemic, this time Bank Indonesia (BI) is positioned as a standby buyer of SBN in the event of a financial crisis. This policy refers to the Financial Sector Omnibus Law Bill (RUU) or the Bill on Handling Banking Problems, Strengthening Coordination, and Reorganizing the Authority of Financial Sector Institutions. In this regulation, BI has the authority to buy long-term SBN in the primary market. BI is also authorized to provide access to finance to corporations / private entities by means of repo SBN owned by corporations / private companies through banks. In addition, BI is also directed to purchase SBN repos owned by the Deposit Insurance Corporation (LPS) to anticipate and fulfill liquidity needs in dealing with problem banks. (Kontan)

Recommendation

Lack of Weekend Sentiment. Yesterday, the rupiah exchange rate on the spot market strengthened 0.31% to IDR 14,100 / USD. The movement of the rupiah was amidst positive sentiment on the positive domestic current account and the depreciation of the US dollar exchange rate. Meanwhile, the holiday in US stock exchanges due to the Thanksgiving celebration made the domestic bond market relatively low on sentiment this weekend. In the short term, investors can look at FR0081 and FR0082 which recorded yields approaching the psychological level of 5% and 6%, respectively.

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): -5.7 Bps to 105.80 (5.05%)
FR0082 (10yr): -1.4 Bps to 106.14 (6.15%)
FR0080 (15yr): -1.8 Bps to 107.87 (6.64%)
FR0083 (20yr): -3.5 Bps to 106.46 (6.88%)

FR0086 (6yr): -6.3 Bps to 101.92 (5.08%)
FR0087 (11yr): -5.3 Bps to 103.11 (6.08%)

CDS of Indonesia Bonds

CDS 2yr: -3.51% to 26.51
CDS 5yr: +13.13% to 89.60 (as of Nov. 23)
CDS 10yr: +0.06% to 134.46

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.17%	-0.01%
USDIDR	14,100	-0.31%
KRWIDR	12.76	-0.16%

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	6,362.93	(28.16)	-0.44%
DAX	13,286.57	(3.23)	-0.02%
Nikkei	26,537.31	240.45	0.91%
Hang Seng	26,819.45	149.70	0.56%
Shanghai	3,369.73	7.41	0.22%
KOSPI	2,625.91	24.37	0.94%
EIDO	22.31	(0.15)	-0.67%

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,815.8	7.6	0.46%
Crude Oil (USD/B)	45.71	0.80	1.78%
ICE NewCastle (USD/ton)	69.95	0.35	0.50%
LME Nickel (USD/MT)	16,272	214.0	1.33%
LME Tin (USD/MT)	18,810	74.0	0.39%
CPO (MYR/ton)	3,227	(58.0)	-1.77%

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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