

Morning Brief

Today's Outlook:

Government Bonds

SUN Benchmark Strengthens Ahead of the Last Auction. The benchmark series Government Bond (SUN) prices closed slightly higher on Friday (27/11) amid the lack of positive sentiment. Yields on the short 5-year FR0081 and 20-year long-tenor FR0083 are hovering around the 5% and 7% levels, respectively. In the previous SUN auction, foreign investors were interested in long tenors. This can be seen from the increasingly competitive yield, with a decrease in the weighted average yield (WAY), both for the FR0086, FR0087, FR0080 and FR0083 series. This mid-November SUN auction was the fourth highest throughout the 2020 current period. The total bid was IDR 104.7 trillion, or up 57.6% from the previous auction, with the Bid to cover ratio also increasing from 2.24x to 4.26x.

Corporate Bonds

Six SOE aim for IDR 21.2 Trillion Funds. The six State-Owned Enterprises (SOE) are: First, Wijaya Karya Tbk (WIKA) offers bonds worth IDR 1.5 trillion and sukuk IDR 500 billion, with A and A Sharia ratings pinned by the Indonesian Securities Rating (Pefindo). Second, Waskita Karya Tbk (WSKT) issues bonds through a Phase II Sustainable Public Offering (PUB) IV of around IDR 1-2 trillion no later than early January 2021. Third, Sarana Multi Infrastruktur (SMI) issues PUB II phase V worth IDR 3.33 trillion. Series A with IDR 2.21 trillion interest 6.30% 3-year tenor, and Series B IDR 1.11 trillion interest 6.70% 5-year tenor. Fourth, Permodalan Nasional Madani (PNM) also released PUB III stage IV worth IDR 2.4 trillion. A total of IDR 875.8 billion in series A with 6.50% interest on 1-year tenor, IDR 337 billion in series B with 7.75% interest in 3-years, and IDR 280 billion with 8.75% interest on 5-years. Then, Garuda Indonesia Tbk (GIAA) and Krakatau Steel Tbk (KRAS) also succeeded in obtaining shareholder permits to disburse the National Economic Recovery (PEN) fund from the government through the issuance of mandatory convertible bonds. Each of them is valued at IDR 8.5 trillion and IDR 3 trillion. (Investor Daily)

Domestic Issue

BI Predicts 0.25% Inflation in November 2020. Bank Indonesia (BI) predicts inflation in November 2020. Based on the BI price monitoring survey in the fourth week of November 2020, inflation is projected to be 0.25% MoM. With these developments, the inflation forecast for November 2020 will be on a calendar year basis of 1.21% YtD and an annual basis of 1.57% YoY. Meanwhile, the main contributor to inflation was chicken meat, which rose 0.10% MoM. Meanwhile, there were still commodities that experienced a decline in prices which prevented inflation, such as gold jewelry which fell 0.02% MoM and air transport tariffs which fell by 0.01% MoM. (Kontan)

Recommendation

Low FFR Supports Rupiah Appreciation. The Fed, which will still keep the FFR (Fed Fund Rate) interest rate low until an undetermined time limit, has the opportunity to push the strengthening of the rupiah to below the level of IDR 14,000 / USD. At the end of the week, the rupiah strengthened 0.07% to IDR 14,090 / USD on the spot market, or rose 0.56% in a week. This week, the Fed will deliver a statement before the senate. Meanwhile, the increase in SUN prices at the weekend amidst the waiting for the last SUN auction in 2020 on Tuesday. The government offers fixed rate series FR0086, FR0087, FR0080, FR0083, and FR0076.

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 105.76 (5.06%)
FR0082 (10yr): +1.9 Bps to 106.00 (6.17%)
FR0080 (15yr): +1.7 Bps to 107.71 (6.66%)
FR0083 (20yr): +1.3 Bps to 106.32 (6.90%)

FR0086 (6yr): +0.0 Bps to 101.92 (5.08%)
FR0087 (11yr): +0.9 Bps to 103.04 (6.09%)

CDS of Indonesia Bonds

CDS 2yr: +0.03% to 26.52
CDS 5yr: +13.13% to 89.60 (as of Nov. 23)
CDS 10yr: -0.02% to 134.43

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.19%	0.02%
USDIDR	14,090	-0.07%
KRWIDR	12.75	-0.08%

Global Indices

Index	Last	Chg.	%
Dow Jones	29,910.37	37.90	0.13%
S&P 500	3,638.35	8.70	0.24%
FTSE 100	6,367.58	4.65	0.07%
DAX	13,335.68	49.11	0.37%
Nikkei	26,644.71	107.40	0.40%
Hang Seng	26,894.68	75.23	0.28%
Shanghai	3,408.31	38.57	1.15%
KOSPI	2,633.45	7.54	0.29%
EIDO	22.68	0.37	1.66%

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,787.8	(28.0)	-1.54%
Crude Oil (USD/B)	45.53	(0.18)	-0.39%
ICE NewCastle (USD/ton)	69.30	(0.65)	-0.93%
LME Nickel (USD/MT)	16,455	183.0	1.12%
LME Tin (USD/MT)	18,911	101.0	0.54%
CPO (MYR/ton)	3,338	111.0	3.44%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 30 - Nov	CH	08:00	Manufacturing PMI	Nov		51.5	51.4
	GE	20:00	CPI YoY	Nov		-0.10%	-0.20%
Tuesday 01 - Dec	ID	07:00	Markit Indonesia PMI Mfg	Nov		--	47.8
	ID	11:00	CPI YoY	Nov		1.53%	1.44%
	GE	15:55	Unemployment Change (000's)	Nov		15.0k	-35.0k
	UK	16:30	Markit UK PMI Manufacturing SA	Nov		55.2	55.2
	US	21:45	Markit US Manufacturing PMI	Nov		--	56.7
Wednesday 02 - Dec	US	19:00	MBA Mortgage Applications	Nov		--	3.90%
Thursday 03 - Dec	US	20:30	Initial Jobless Claims	Nov		--	778k
Friday 04 - Dec	GE	14:00	Factory Orders MoM	Oct		2.00%	0.50%
	US	20:30	Unemployment Rate	Nov		6.80%	6.90%
	US	22:00	Factory Orders	Oct		0.80%	1.10%
	US	22:00	Durable Goods Orders	Oct		--	1.30%

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