

Morning Brief

Today's Outlook:

Government Bonds

2021 Benchmarks: FR0086, FR0087, FR0088, and FR0083. The government, through the Directorate General of Financing and Risk Management (DJPPR), set the benchmark series Government Securities (SUN) for 2021, on Wednesday (23/12) last week. This stipulation is regulated in the Decree of the Director General of Financing and Risk Management Number 84 / PR / 2020 concerning Benchmark Series Government Bonds Year 2021. The government has set FR0086 (Reopening) which will mature on April 15, 2026 as the benchmark 5-year tenor. Then, FR0087 (Reopening) with maturity on February 15, 2031, as the benchmark 10-year tenor. Furthermore, FR0088 (New Issuance) which will mature on June 15, 2036 as the 15-year benchmark. And finally, FR0083 (Reopening) which will mature on April 15, 2040 as the benchmark 20-year SUN. Last week, the SUN market weakened. Apart from last week's short trade, market players also responded negatively to the mutation of the corona virus in the UK. Investors also realized profits because they had experienced significant gains in the last few weeks. For the record, the yield on 10-year government securities was again below the psychological level of 6% or the lowest since mid-2013.

Corporate Bonds

Pefindo Assigns A Rating for WIKA's Bonds and Sukuk. The Indonesian Securities Rating Agency (Pefindo) assigned an A rating for the Sustainable Bonds I / 2020 issued by Wijaya Karya Tbk (WIKa) with a total maximum value of IDR 4 trillion. Pefindo has also assigned an A rating for Sukuk Mudharabah I / 2020 with a total maximum value of IDR 1 trillion. The proceeds from the bond instrument will be used to refinance WIKa's Komodo bonds. Meanwhile, the funds from the Sukuk Mudharabah will be used for working capital for infrastructure and building projects that do not conflict with Sharia principles in the capital market. The outlook for the corporate rating is stable. (Kontan)

Domestic Issue

State Revenue This Year Could Drop 15%. The Minister of Finance said that state revenue this year could fall by up to 15%, in line with the weakening economy affected by the corona virus pandemic. When referring to the target of state revenue in Perpres 72/2020, it is estimated that by the end of this year it will only collect IDR 1,445 trillion. When compared with the realization of state revenue in 2019 of Rp.1,957.2 trillion, the projection of the Minister of Finance is even minus 26.17%. Furthermore, in terms of tax revenue up to December 23, 2020, it was Rp. 1,019.56 trillion, equivalent to 85.05% of the target of Rp. 1,198.8 trillion. (Kontan)

Recommendation

Investors Observe SUN Benchmark 2021. Last week, the government set SUN benchmark series for 2021. This determination takes into account a number of factors, such as: liquidity, outstanding value, and coupon rate for each SUN series. On the other hand, SUN series FR0088 is a new series of SUN to be issued next year. FR0088 will take effect on January 1, 2021. In the short term, investors can return to pay attention to long tenors such as, FR0080 and FR0083.

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)	2.61	3.61	Govt. Spending Yoy	9.76%	-6.90%
Exports Yoy	9.54%	-3.29%	FDI (USD bn)	3.92	4.56
Imports Yoy	-17.46%	-26.93%	Business Confidence	104.82	105.33
Inflation Yoy	1.59%	1.44%	Cons. Confidence*	92.00	79.00

PRICE OF BENCHMARK SERIES

FR0081 (5yr): -5.8 Bps to 104.91 (5.25%)
FR0082 (10yr): -6.8 Bps to 107.01 (6.03%)
FR0080 (15yr): -1.8 Bps to 110.30 (6.39%)
FR0083 (20yr): -2.9 Bps to 110.88 (6.50%)

FR0086 (6yr): -3.8 Bps to 101.17 (5.24%)
FR0087 (11yr): -11.3 Bps to 104.26 (5.93%)
FR0088 (15yr): n/a

CDS of Indonesia Bonds

CDS 2yr: +0.04% to 24.32
CDS 5yr: +3.41% to 69.52 (as of Dec. 23, 2020)
CDS 10yr: +0.24% to 130.62

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.06%	-0.07%
USDIDR	14,200	-0.04%
KRWIDR	12.82	-0.04%

Global Indices

Index	Last	Chg.	%
Dow Jones	30,199.87	70.04	0.23%
S&P 500	3,703.06	13.05	0.35%
FTSE 100	6,502.11	6.36	0.10%
DAX	13,418.11	171.81	1.30%
Nikkei	26,656.61	(11.74)	-0.04%
Hang Seng	26,386.56	43.46	0.16%
Shanghai	3,396.56	33.45	1.00%
KOSPI	2,806.86	47.04	1.70%
EIDO	23.20	0.22	0.96%

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,883.5	10.6	0.56%
Crude Oil (USD/B)	48.23	0.11	0.23%
ICE NewCastle (USD/ton)	83.60	(0.40)	-0.48%
LME Nickel (USD/MT)	16,993	119.0	0.71%
LME Tin (USD/MT)	20,185	152.0	0.76%
CPO (MYR/ton)	3,569	34.0	0.96%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 28 - Dec	US	22:30	Dallas Fed Manf. Activity	Dec		10.2	12.0
Wednesday 30 - Dec	UK	14:00	Nationwide House PX MoM	Dec		0.4%	0.9%
	UK	14:00	Nationwide House Px NSA YoY	Dec		6.4%	6.5%
	US	20:30	Wholesale Inventories MoM	Nov		0.9%	1.1%
	US	21:45	MNI Chicago PMI	Dec		56.7	58.2
	US	22:00	Pending Home Sales MoM	Nov		0.1%	-1.1%

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