

Morning Brief

Today's Outlook:

Government Bonds

Pressures on the Bond Market to Close in 2020. In addition to profit taking towards the close of 2020, market players also responded negatively to external sentiment from the United States (US). Senate Republicans blocked Democrats' efforts to increase stimulus payments for direct cash assistance in newly enforced Covid-19 assistance from USD 600 to USD 2,000. The majority of government bonds (SUN) prices closed lower amid pressure on the domestic stock market. The yield on the benchmark 5-year SUN FR0081 increased by 3.7 bps to 5.16%.

Corporate Bonds

Ketrosden Triasmitra Prepares IDR 700 Billion Bonds. Ketrosden Triasmitra will issue bonds worth IDR 700 billion which are divided into two series. First, series A of IDR 400 billion and interest of 6.8% 3-year tenor. Both series B amounted to IDR 168 billion and interest at 7.25% for 5-year tenors. Meanwhile, the remaining IDR 132 billion will be guaranteed on a Best Effort basis. The schedule for the bond public offering starts from the effective date: December 29, 2020; public offering period: January 4-5, 2021; allotment: January 8, 2021; and will be listed on the Indonesia Stock Exchange on January 11, 2021. (Bisnis Indonesia)

Domestic Issue

The IDR 10,000 stamp is valid per January 1. The single stamp tariff of IDR 10,000 has been in effect as of January 1, 2021, in accordance with the provisions of Law Number 10 of 2020 concerning Stamp Duty. This stamp duty replaces the prevailing rates of IDR 3,000 and IDR 6,000. The government also adjusted the documents that were stamped, starting from IDR 250,000 to IDR 5 million. This year, stamp duty will also apply to all digital documents and electronic transactions. (Kontan)

Recommendation

Investors Await the Initial SUN Auction in 2021. A number of domestic market players, particularly the banking sector, are projected to still enliven the initial SUN auction in 2021 tomorrow. On the other hand, a number of investment managers also have the opportunity to be interested in this auction to add new reference series, particularly the FR0086 and FR0087. For the record, the government through the DJPPR will conduct the initial SUN auction in 2021 on Tuesday (5/1). The government offers SPN03210406 (New Issuance), SPN12220106 (New Issuance), FR0086 (Reopening), FR0087 (Reopening), FR0088 (New Issuance), FR0083 (Reopening), and FR0089 (New Issuance). This inaugural SUN auction, an indicative target of IDR 35 trillion and a maximum target of IDR 52.5 trillion. Sentiment on the depreciation of the US dollar and the development of vaccines are likely to encourage foreign interest. On the domestic side, Bank Indonesia will continue to participate in the primary market through competitive bidding in the form of issued and private placement.

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

FR0086 (5yr): +6.2 Bps to 101.69 (5.12%)
FR0087 (10yr): +4.3 Bps to 104.77 (5.86%)
FR0088 (15yr): n/a
FR0083 (20yr): +3.4 Bps to 110.77 (6.51%)

FR0081 (4yr): +3.7 Bps to 105.23 (5.16%)
FR0082 (9yr): -6.8 Bps to 108.32 (5.86%)
FR0080 (14yr): +2.9 Bps to 110.76 (6.35%)

CDS of Indonesia Bonds

CDS 2yr: -0.93% to 23.74
CDS 5yr: +0.05% to 67.78 (as of Dec. 30, 2020)
CDS 10yr: -0.75% to 128.01

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	5.96%	-0.04%
USDIDR	14,130	-0.18%
KRWIDR	12.92	-0.04%

Global Indices

Index	Last	Chg.	%
Dow Jones	30,606.48	196.92	0.65%
S&P 500	3,756.07	24.03	0.64%
FTSE 100	6,460.52	(95.30)	-1.45%
DAX	13,718.78	(42.60)	-0.31%
Nikkei	27,444.17	(123.98)	-0.45%
Hang Seng	27,231.13	84.02	0.31%
Shanghai	3,473.07	58.62	1.72%
KOSPI	2,873.47	52.96	1.88%
EIDO	23.42	0.11	0.47%

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,898.4	4.0	0.21%
Crude Oil (USD/B)	48.52	0.12	0.25%
ICE NewCastle (USD/ton)	80.50	(1.10)	-1.35%
LME Nickel (USD/MT)	16,613	(166.0)	-0.99%
LME Tin (USD/MT)	20,325	(10.0)	-0.05%
CPO (MYR/ton)	3,600	12.0	0.33%

Date	Country	Hour	Event	Period	Actual	Consensus	Previous
Monday	ID	07:30	Markit Indonesia PMI Mfg	Dec		--	50.6
<i>04 - Jan</i>	ID	11:00	CPI YoY	Dec		1.61%	1.59%
	CH	08:45	Caixin China PMI Mfg	Dec		54.9	54.9
	EC	16:00	Markit Eurozone Manufacturing PMI	Dec		55.5	55.5
	US	21:45	Markit US Manufacturing PMI	Dec		56.3	56.5
Tuesday	GE	15:55	Unemployment Change (000's)	Dec		10.0k	-39.0k
<i>05 - Jan</i>	EC	16:00	M3 Money Supply YoY	Nov		10.6%	10.5%
	US	22:00	ISM Manufacturing	Dec		56.5	57.5
Wednesday	US	19:00	MBA Mortgage Applications	Jan		--	0.8%
<i>06 - Jan</i>	GE	20:00	CPI YoY	Dec		-0.2%	-0.3%
	US	22:00	Durable Goods Orders	Nov		--	0.9%
Thursday	GE	14:00	Factory Orders MoM	Nov		-1.2%	2.9%
<i>07 - Jan</i>	US	20:30	Initial Jobless Claims	Jan		--	--
Friday	GE	14:00	Industrial Production SA MoM	Nov		0.7%	3.2%
<i>08 - Jan</i>	US	20:30	Unemployment Rate	Dec		6.8%	6.7%

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