

Morning Brief

Today's Outlook:

Government Bonds

PMI Encourages Last SUN Auction in 2020. Yesterday's Government Bond (SUN) auction results recorded the largest incoming bids in 10-year to 20-year tenors (FR0087, FR0080, and FR0083) reaching 68.4% of the total incoming bids of IDR 94,3 trillion. On the other hand, the government remains selective or only won IDR 25.6 trillion. This figure is still in the range of the indicative target of IDR 20 trillion to IDR 40 trillion. In the same period, IHS Markit reported manufacturing activity as reflected by the Indonesian Manufacturing Purchasing Managers' Index (PMI) at 50.6 in November 2020. This figure was a significant increase compared to the previous month's position of 47.8, and market consensus was at the level of 47.2.

Corporate Bonds

Fitch Affirms Bank Banten A's Rating with a Stable Outlook. Rating Agency Fitch Ratings Indonesia reaffirms the long-term national rating of Banten Regional Development Bank Tbk (Bank Banten / BEKS) at 'A (idn)' with a stable outlook. Bank Banten had a market share of around 2% in Banten Province at the end of September 2020, and Fitch projects this market share to increase significantly in the medium term. The Provincial Government of Banten, through Banten Global Development, is the largest shareholder of the bank, with 51% ownership. Bank Banten's long-term business model is to provide loans to civil servants and regional businesses. This is similar to other regional development banks in Indonesia. (CNBC Indonesia)

Domestic Issue

November Inflation Occurred 0.28%. The Central Statistics Agency (BPS) noted that the inflation rate in November 2020 was 0.28% MoM. Accordingly, calendar year inflation was recorded at 1.23% YtD and annual inflation at 1.59% YoY. The occurrence of this inflation is an early indicator if the economic activity of the lower middle income community and MSME business is also improving. Even so, the upper middle class still put the brakes on non-essential spending. On the other hand, November inflation was due to rising prices, particularly in terms of prices for the food, beverage and tobacco category, which were driven by the rainy season. Market participants are projecting that inflation may return in December, in line with seasonal factors such as the Christmas and New Year holidays that usually boost demand. (Kontan)

Recommendation

Positive Sentiment on Inflation Data. The Central Statistics Agency (BPS) released November inflation data of 0.28%, or above market consensus of 0.21%. This time, the inflation rate is the highest since February 2020 at 0.28%. After the previous quarter from July to September, Indonesia posted deflation indicating a decline in people's purchasing power. Investors can look again at FR0086, FR0087, 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)	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): -1.3 Bps to 105.89 (5.02%)
FR0082 (10yr): -1.1 Bps to 106.19 (6.14%)
FR0080 (15yr): -2.3 Bps to 108.02 (6.63%)
FR0083 (20yr): -1.7 Bps to 106.50 (6.88%)

FR0086 (6yr): +1.6 Bps to 101.92 (5.08%)
FR0087 (11yr): -1.0 Bps to 103.19 (6.07%)

CDS of Indonesia Bonds

CDS 2yr: -3.14% to 26.16
CDS 5yr: +13.13% to 89.60 (as of Nov. 23)
CDS 10yr: -2.45% to 130.49

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.17%	-0.01%
USDIDR	14,130	0.07%
KRWIDR	12.76	0.04%

Global Indices

Index	Last	Chg.	%
Dow Jones	29,823.92	185.28	0.63%
S&P 500	3,662.45	40.82	1.13%
FTSE 100	6,384.73	118.54	1.89%
DAX	13,382.30	91.14	0.69%
Nikkei	26,787.54	353.92	1.34%
Hang Seng	26,567.68	226.19	0.86%
Shanghai	3,451.94	60.18	1.77%
KOSPI	2,634.25	42.91	1.66%
EIDO	22.50	0.74	3.40%

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,815.2	38.3	2.15%
Crude Oil (USD/B)	44.55	(0.79)	-1.74%
ICE NewCastle (USD/ton)	69.80	(0.15)	-0.21%
LME Nickel (USD/MT)	16,278	245.0	1.53%
LME Tin (USD/MT)	18,895	274.0	1.47%
CPO (MYR/ton)	3,347	42.0	1.27%

Date	Country	Hour	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%

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.



PT. NH Korindo Sekuritas Indonesia Member of Indonesia Stock Exchange

Head Office :

District 8 Treasury Tower 51st
Fl. Unit A, SCBD Lot.28
Jl. Jendral Sudirman Kav. 52-53
Jakarta Selatan 12190
Telp : +62 21 50889100
Fax : +62 21 50889101

Branch Office BSD:

ITC BSD Blok R No.48
Jl. Pahlawan Seribu Serpong
Tangerang Selatan 15322
Indonesia
Telp : +62 21 5316 2049
Fax : +62 21 5316 1687

Branch Office Medan :

Jl. Timor No 147
Medan, Sumatera Utara
20234
Indonesia
Telp : +62 614 156500
Fax : +62 614 568560

A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
Jakarta