

# Morning Brief

## Today's Outlook:

### Government Bonds

**Mixed SUN Market Responds to Stagnant Foreign Reserve.** Bank Indonesia (BI) reported foreign exchange reserves as of November 2020 worth USD 133.6 billion, or relatively stagnant from the previous month's USD 133.7 billion. Meanwhile, the payment of government debt is still a foreign reserve sentiment in Indonesia. For the record, foreign reserve recorded an all-time high of USD 137 billion in August. Yesterday, all benchmark short tenor government bonds (SUN) recorded an increase in yield. Meanwhile, investors are interested in the medium tenor FR0083 and long tenor FR0080, because they still offer attractive yields.

### Corporate Bonds

**Corporate Bond Issuance Optimism.** The Financial Services Authority (OJK) noted that as of the second week of November 2020, the issuance of corporate bonds and sukuk had decreased by around 36.46% compared to the same period last year. The total issuance of bonds until the second week of November 2020 was recorded at IDR 71.55 trillion and IDR 6.59 trillion for corporate sukuk. Meanwhile, in the same period last year, corporate bonds amounted to IDR 110.41 trillion and corporate sukuk amounted to IDR 12.57 trillion. However, there are still a number of issuers that dare to issue bonds recently. For example, Adhi Karya Tbk (ADHI), which issued Sustainable Bonds III Phase I Year 2020 of up to IDR 600 billion. Then Wijaya Karya Tbk (WIKA) is also in the estimated effective date of issuance of IDR 2 trillion debt securities. (Kontan)

### Domestic Issue

**Adjustment of Oil Palm Export Levies Tariffs.** The government has adjusted the export levy rates for palm oil products through the Minister of Finance Regulation (PMK) Number 191 / PMK.05 / 2020 concerning the Tariff for the Public Service Agency for the Oil Palm Plantation Fund Management Agency. With this regulation, the amount of export levies on palm oil products including crude palm oil (CPO) and its derivative products is determined based on the CPO price reference by the Ministry of Trade. For CPO, for example, the export tariff is set at USD 55 per ton when the CPO price is below or equal to USD 670 per ton. The levy rate increases again every time the CPO price increases by USD 25 per ton. In the position of the price range above USD 670 to USD 695 per ton, for example, the tariff for CPO export levies is set at USD 60 per ton. The levy rate increased again to USD 75 per ton when the CPO price was above USD 695 - USD 720 per ton and continued to reach the highest levy of USD 255 per ton when the CPO price reached above USD 995 per ton. (Kontan)

### Recommendation

**Investors Chances To Be Interested In Long Tenors.** This interest is influenced by the easing of external pressure along with a number of positive catalysts such as the corona virus vaccine. On the other hand, bond yields have been on a downward trend in recent weeks. This has attracted investors to high yields, namely debt securities with long tenors. Yesterday, the exchange rate on the spot market closed at 14,105 / USD. Meanwhile, BI's middle rate strengthened 0.33% to IDR 14,135 / USD. Investors can watch PBS017 and PBS028 in today's trading.

## 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): +0.2 Bps to 105.83 (5.03%)  
FR0082 (10yr): +0.9 Bps to 105.91 (6.18%)  
FR0080 (15yr): -1.0 Bps to 108.35 (6.59%)  
FR0083 (20yr): -0.3 Bps to 106.80 (6.85%)

FR0086 (6yr): -1.3 Bps to 101.98 (5.06%)  
FR0087 (11yr): +0.2 Bps to 102.97 (6.10%)

## CDS of Indonesia Bonds

CDS 2yr: +1.13% to 24.94  
CDS 5yr: N.A to 69.38  
CDS 10yr: +0.68% to 128.71

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.21%	0.01%
USDIDR	14,105	0.00%
KRWIDR	13.02	-0.12%

## Global Indices

Index	Last	Chg.	%
Dow Jones	30,069.79	(148.47)	-0.49%
S&P 500	3,691.96	(7.16)	-0.19%
FTSE 100	6,555.39	5.16	0.08%
DAX	13,271.00	(27.96)	-0.21%
Nikkei	26,547.44	(203.80)	-0.76%
Hang Seng	26,506.85	(329.07)	-1.23%
Shanghai	3,416.60	(27.98)	-0.81%
KOSPI	2,745.44	13.99	0.51%
EIDO	23.13	0.39	1.72%

## Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,862.7	23.9	1.30%
Crude Oil (USD/B)	45.76	(0.50)	-1.08%
ICE NewCastle (USD/ton)	77.35	1.55	2.04%
LME Nickel (USD/MT)	16,399	445.0	2.79%
LME Tin (USD/MT)	18,955	60.0	0.32%
CPO (MYR/ton)	3,392	(45.0)	-1.31%

Date	Country	Hour	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	ID	10:00	Foreign Reserves	Nov	--		\$133.66b
07 - Dec	GE	14:00	Industrial Production SA MoM	Oct	0.70%		1.60%
<b>Tuesday</b>	ID		Consumer Confidence Index	Nov	--		79
08 - Dec	GE	17:00	ZEW Survey Expectations	Dec	35		39
	EC	17:00	GDP SA QoQ	3Q20	12.60%		12.60%
	EC	17:00	GDP SA YoY	3Q20	-4.30%		-4.40%
<b>Wednesday</b>	CH	08:30	PPI YoY	Nov	-1.80%		-2.10%
09 - Dec	CH	08:30	CPI YoY	Nov	0.00%		0.50%
	US	19:00	MBA Mortgage Applications	Dec	--		-0.60%
<b>Thursday</b>	UK	14:00	Industrial Production MoM	Oct	0.30%		0.50%
10 - Dec	EC	19:45	ECB Deposit Facility Rate	Dec	-0.50%		-0.50%
	US	20:30	CPI MoM	Nov	0.10%		0.00%
	US	20:30	Initial Jobless Claims	Dec	--		712k
<b>Friday</b>	US	20:30	PPI Final Demand MoM	Nov	0.10%		0.30%
11 - Dec	US	22:00	U. of Mich. Sentiment	Dec	76.3		76.9

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