

Morning Brief

Today's Outlook:

Government Bonds

PBS026 Closes Last Sukuk Auction. The need for short-term funds, and the yield rate for the 4-year sukuk, PBS026, which is below 5%, has made the government aggressive in winning this series in the auction. This yield was the smallest compared to PBS017 and PBS028, which were 5.28% and 7.13%, respectively. The smaller the yield, the lower the cost of funds will be for the government. The government won an incoming bid for PBS026 worth IDR 1.65 trillion (1.73x bid to cover ratio) of the total bid for this series of IDR 2.85 trillion. On the other hand, market players are also interested in the 4-year PBS026 because it offers a rate of return of up to 6.625%, compared to the 5-year PBS017 which is only 6.125%. For the record, the government closed the sukuk auction in 2020 by winning IDR 6.14 trillion from the total incoming bid of IDR 27.76 trillion.

Corporate Bonds

RUPMTN Barata Indonesia Agrees to Postpone Repayment. The General Meeting of Medium Term Notes (RUPMTN) Barata Indonesia (Persero) agreed on a restructuring proposal in the form of a postponement of repayment with a 2-year tenor from original maturity. Quorum RUPMTN Barata Indonesia has approved the restructuring proposal. This agreement is a corporate action in maintaining liquidity and strengthening working capital. Barata Indonesia hopes that the pandemic can be resolved soon in 2021. For the record, Barata as a BUMN Manufacturing Industry is a strategic sector as a driving force in economic transformation. (Investor Daily)

Domestic Issue

Government Completed 11 National Strategic Projects Worth IDR 135.2 Trillion. The government through the Committee for the Acceleration of Priority Infrastructure Provision (KPPIP) has completed 11 National Strategic Projects (PSN) worth IDR 135.2 trillion during the period January to December 4, 2020. Furthermore, the Government is optimistic that it will be able to complete PSN other than the Energy sector in the third quarter of 2024. Monitoring KPPIP for the progress of 201 projects and 10 PSN programs from January to December 4, 2020, shows that in addition to 11 projects have been completely completed and 24 projects are partially operating. KPPIP has also succeeded in pushing 6 projects through the Preparation Stage, including the Yogyakarta - Bawen Toll Road and the Addition of the Scope of the Solo - Yogyakarta - Kulon Progo Toll Rod. (Kontan)

Recommendation

Post Pilkada Consolidation. Increased public confidence, after the implementation of a smooth regional head election, has the opportunity to make the bond market consolidate again. External sentiment comes from the election of Janet Yellen as US Treasury Secretary, which will bring a pro-stimulus policy. The end of the SUN and Sukuk auctions in 2020, allowing investors to look again at FR0086, FR0087, PBS017, and PBS028. Yesterday, the rupiah closed stagnant at IDR 14,110 / USD level on the spot market.

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 105.84 (5.03%)
FR0082 (10yr): -0.8 Bps to 105.97 (6.17%)
FR0080 (15yr): +0.7 Bps to 108.28 (6.60%)
FR0083 (20yr): +0.5 Bps to 106.74 (6.86%)

FR0086 (6yr): -0.3 Bps to 102.00 (5.06%)
FR0087 (11yr): -0.3 Bps to 103.00 (6.09%)

CDS of Indonesia Bonds

CDS 2yr: -0.23% to 25.24
CDS 5yr: -1.83% to 68.65
CDS 10yr: -0.17% to 129.90

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.19%	-0.01%
USDIDR	14,110	0.04%
KRWIDR	13.00	-0.12%

Global Indices

Index	Last	Chg.	%
Dow Jones	30,068.81	(105.07)	-0.35%
S&P 500	3,672.82	(29.43)	-0.79%
FTSE 100	6,564.29	5.47	0.08%
DAX	13,340.26	61.77	0.47%
Nikkei	26,817.94	350.86	1.33%
Hang Seng	26,502.84	198.28	0.75%
Shanghai	3,371.96	(38.21)	-1.12%
KOSPI	2,755.47	54.54	2.02%
EIDO	23.06	0.02	0.09%

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,839.6	(31.0)	-1.66%
Crude Oil (USD/B)	45.52	(0.08)	-0.18%
ICE NewCastle (USD/ton)	78.00	1.30	1.69%
LME Nickel (USD/MT)	16,703	305.0	1.86%
LME Tin (USD/MT)	19,442	267.0	1.39%
CPO (MYR/ton)	3,358	(8.0)	-0.24%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 07 - Dec	ID	10:00	Foreign Reserves	Nov		--	\$133.66b
	GE	14:00	Industrial Production SA MoM	Oct		0.70%	1.60%
Tuesday 08 - Dec	ID		Consumer Confidence Index	Nov		--	79
	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%
Wednesday 09 - Dec	CH	08:30	PPI YoY	Nov		-1.80%	-2.10%
	CH	08:30	CPI YoY	Nov		0.00%	0.50%
	US	19:00	MBA Mortgage Applications	Dec		--	-0.60%
Thursday 10 - Dec	UK	14:00	Industrial Production MoM	Oct		0.30%	0.50%
	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
Friday 11 - Dec	US	20:30	PPI Final Demand MoM	Nov		0.10%	0.30%
	US	22:00	U. of Mich. Sentiment	Dec		76.3	76.9

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