

Morning Brief

Today's Outlook:

Government Bonds

The New Covid-19 Variant Negative Sentiment, again hit the bond market. FR0086 and FR0087 respectively posted 10 bps and 14 bps increases in yield yesterday. This figure exceeds the increase in the yield on the benchmark series, which only recorded an increase of between 3.5 bps to 8.5 bps. A number of market players responded negatively to the discovery of a new variant of the corona virus which can transmit more rapidly in the UK. The discovery of this virus mutation, in the midst of US stimulus approval, should have been a positive catalyst for the rupiah. Apart from that, yesterday's market movement was in the midst of awaiting the reshuffle of the 6 New Ministers of the Advanced Indonesian Cabinet.

Corporate Bonds

WOMF Paid Off Continuous Bonds III Phase I Series B 2018. Wahana Ottomitra Multiartha Tbk (WOMF) has paid off Sustainable Bonds III Phase I Series B 2018 worth IDR 40 billion. These bonds will mature on December 20, 2020. Based on data from the Indonesian Central Securities Depository (KSEI), the company still has debt securities due on December 20, 2021, namely Continuous Bonds III Phase I Series C worth IDR 119 billion. Meanwhile for Series A, it has a principal amount of IDR 411.50 billion with a 370-day period. The principal amount of the Phase I 2018 Sustainable Bonds III is IDR 570.50 billion. (Kontan)

Domestic Issue

Japan Credit Rating Maintains Indonesia's Debt Rating at BBB + Level. Japan Credit Rating Agency (JCR) maintains Indonesia's sovereign credit rating at the BBB + level with a stable outlook (investment grade). This determination is supported by a flexible exchange rate policy, credibility of monetary policy, and accumulation of foreign exchange reserves. JCR also outlined the main factors supporting the inclusion of this rating, namely: First, the synergy between expansionary fiscal policies in managing restrictions on economic activity and Bank Indonesia (BI) aggressive policies. JCR predicts that the ratio of government debt to GDP will remain under control at around 40% amid this expansionary fiscal policy. Second, the government's commitment to maintaining structural economic reform through the passage of the Job Creation Law, even in the midst of a pandemic. (Kontan)

Recommendation

Investors Waiting for the New 6 Ministerial Program. A number of market players viewed the new minister as providing optimism for economic recovery. The six new ministers are Tri Rismaharini as Minister of Social Affairs, Sakti Wahyu Trenggono as Minister of Maritime Affairs and Fisheries, Muhammad Lutfi as Minister of Trade, Budi Gunadi Sadikin as Minister of Health, Sandiaga Uno as Minister of Tourism and Creative Economy, and Yaqut Cholil Staquf as Minister of Religion. Yesterday, the rupiah exchange rate weakened 0.53% to IDR 14,205 / USD on the spot market. Investors can start to look at the attractive yields of FR0086 and FR0087, as well 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): +8.5 Bps to 104.68 (5.30%)
FR0082 (10yr): +7.5 Bps to 106.50 (6.10%)
FR0080 (15yr): +6.1 Bps to 110.13 (6.41%)
FR0083 (20yr): +3.5 Bps to 110.53 (6.53%)

FR0086 (6yr): +10.1 Bps to 101.00 (5.27%)
FR0087 (11yr): +14.0 Bps to 103.39 (6.04%)

CDS of Indonesia Bonds

CDS 2yr: -0.05% to 25.36
CDS 5yr: -1.32% to 67.23 (as of Dec. 17, 2020)
CDS 10yr: -0.04% to 129.88

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.13%	0.06%
USDIDR	14,205	0.53%
KRWIDR	12.83	0.20%

Global Indices

Index	Last	Chg.	%
Dow Jones	30,015.51	(200.94)	-0.67%
S&P 500	3,687.26	(7.66)	-0.21%
FTSE 100	6,453.16	36.84	0.57%
DAX	13,418.11	171.81	1.30%
Nikkei	26,436.39	(278.03)	-1.04%
Hang Seng	26,119.25	(187.43)	-0.71%
Shanghai	3,356.78	(63.79)	-1.87%
KOSPI	2,733.68	(44.97)	-1.62%
EIDO	22.80	(1.07)	-4.48%

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,860.8	(16.1)	-0.86%
Crude Oil (USD/B)	46.80	(1.17)	-2.44%
ICE NewCastle (USD/ton)	84.30	0.20	0.24%
LME Nickel (USD/MT)	17,267	(217.0)	-1.24%
LME Tin (USD/MT)	19,950	(109.0)	-0.54%
CPO (MYR/ton)	3,412	6.0	0.18%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 21 - Dec	EC	22:00	Consumer Confidence	Dec		--	-17.6
Tuesday 22 - Dec	UK	14:00	GDP QoQ	3Q20		--	15.50%
	UK	14:00	GDP YoY	3Q20		--	-9.60%
	US	20:30	GDP Price Index	3Q20		3.60%	3.60%
	US	22:00	Conf. Board Consumer Confidence	Dec		97.5	96.1
Wednesday 23 - Dec	US	19:00	MBA Mortgage Applications	Dec		--	1.10%
	US	20:30	Initial Jobless Claims	Dec		--	--
	US	20:30	Durable Goods Orders	Nov		0.70%	1.30%
	US	20:30	Personal Income	Nov		-0.20%	-0.70%
	US	20:30	Personal Spending	Nov		0.30%	0.50%
	US	22:00	New Home Sales	Nov		990k	999k

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