

# Morning Brief

## Today's Outlook:

### Government Bonds

**Trade Balance Surplus Press Yield FR0080.** Indonesia's trade balance for the November period returned to a surplus of USD 2.62 billion, in line with the improvement in exports and imports on a monthly basis. November 2020 exports were recorded at USD 15.28 billion, an increase of 6.36% MoM and 9.54% YoY, supported by demand from Indonesia's trading partners and rising commodity prices, especially coal and Crude Palm Oil (CPO). Yesterday, the FR0080 benchmark posted a yield drop of 18 bps to 6.31% or the deepest drop compared to other benchmark series. Apart from a surplus in the trade balance, yesterday's market movements were also awaiting the release of the BI 7-DRRR interest rate. This BI decision will provide an overview of the economic recovery in early 2021.

### Corporate Bonds

**CTRA Prepares Capex IDR 1 Trillion.** Ciputra Development Tbk (CTRA) plans to prepare a budget of around IDR 1 trillion. This property issuer will use around 60% of the capital expenditure (capex) for land acquisition and the rest for construction. This portion is not much different from the absorption in 2020. Thus, it can be said that about 40% is used for construction of malls, hospitals and hotels.

### Domestic Issue

**Three Umbrella Acts on Sovereign Wealth Fund.** The government is accelerating the formation of an Investment Management Institution (LPI) or Sovereign Wealth Fund (SWF) in accordance with the mandate of Law Number 11 Year 2020 on Job Creation. Most recently, the government has issued three legal frameworks for this investment management institution. First, Government Regulation (PP) Number 73 Year 2020, concerning LPI Initial Capital of IDR 15 trillion and sourced from the 2020 State Budget. Second, Government Regulation Number 74 of 2020 which regulates the governance and operation of SWF. The SWF structure has a two-level hierarchy consisting of a supervisory board and a board of directors. The SWF may also establish an advisory board, to provide investment policy advice to the board of directors. Third, Presidential Decree Number 128/P of 2020 concerning the Formation of a Selection Committee for the Selection of Candidates for the LPI Supervisory Board from Professional Elements. (Kontan)

### Recommendation

**The Fed Commits to Buy US Bonds.** The Federal Reserve (The Fed) will continue channeling liquidity to financial markets until the US economy recovers. This commitment comes after taking into account the short-term risks to the economy and expectations of a coronavirus vaccine. Previously, the US congress approached a Covid-19 aid decision of USD 900 billion. This aid package includes a stimulus of USD 600-700 billion and an extension of unemployment assistance. Yesterday, the rupiah was relatively stagnant at IDR 14,125 / USD on the spot market and IDR 14,151 / USD at the BI middle rate.

## 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): -1.5 Bps to 105.52 (5.10%)  
FR0082 (10yr): -3.4 Bps to 106.76 (6.06%)  
FR0080 (15yr): -17.9 Bps to 111.11 (6.31%)  
FR0083 (20yr): -8.2 Bps to 110.31 (6.55%)

FR0086 (6yr): -1.0 Bps to 101.87 (5.09%)  
FR0087 (11yr): -4.5 Bps to 103.73 (6.00%)

## CDS of Indonesia Bonds

CDS 2yr: +0.38% to 25.05  
CDS 5yr: -1.84% to 68.13  
CDS 10yr: +0.23% to 128.92

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.09%	-0.04%
USDIDR	14,125	0.04%
KRWIDR	12.92	0.16%

## Global Indices

Index	Last	Chg.	%
Dow Jones	30,154.54	(44.77)	-0.15%
S&P 500	3,701.17	6.55	0.18%
FTSE 100	6,570.91	57.59	0.88%
DAX	13,565.98	203.11	1.52%
Nikkei	26,757.40	69.56	0.26%
Hang Seng	26,460.29	253.00	0.97%
Shanghai	3,366.98	(0.25)	-0.01%
KOSPI	2,771.79	14.97	0.54%
EIDO	24.04	0.46	1.95%

## Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,864.8	11.2	0.60%
Crude Oil (USD/B)	47.82	0.20	0.42%
ICE NewCastle (USD/ton)	84.20	(0.30)	-0.36%
LME Nickel (USD/MT)	17,590	306.0	1.77%
LME Tin (USD/MT)	19,750	325.0	1.67%
CPO (MYR/ton)	3,365	10.0	0.30%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Tuesday</b>	CH	09:00	Industrial Production YoY	Nov		7.00%	6.90%
<i>15 - Dec</i>	CH	09:00	Retail Sales YoY	Nov		5.10%	4.30%
	ID	11:00	Trade Balance	Nov		\$2603m	\$3607m
<b>Wednesday</b>	UK	14:00	CPI MoM	Nov		--	0.00%
<i>16 - Dec</i>	UK	14:00	CPI YoY	Nov		0.70%	0.70%
	EC	16:00	Markit Eurozone Manufacturing PMI	Dec		53	53.8
	UK	16:30	Markit UK PMI Manufacturing SA	Dec		55.5	55.6
	US	19:00	MBA Mortgage Applications	Dec		--	-1.20%
	US	21:45	Markit US Manufacturing PMI	Dec		55.8	56.7
<b>Thursday</b>	ID	14:20	Bank Indonesia 7D Reverse Repo	Dec		3.75%	3.75%
<i>17 - Dec</i>	EC	17:00	CPI YoY	Nov		-0.30%	-0.30%
	UK	19:00	Bank of England Bank Rate	Dec		0.10%	0.10%
	US	20:30	Initial Jobless Claims	Dec		--	853k
<b>Friday</b>	GE	16:00	IFO Expectations	Dec		93	91.5
<i>18 - Dec</i>	US	22:00	Leading Index	Nov		0.40%	0.70%

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