

# Morning Brief

## Today's Outlook:

### Government Bonds

**Low Interest Rate Press New Issuance Coupons FR0088 and FR0089.** The two series, respectively, are offering coupons of 6.25% and 6.875%, or the lowest yield of the series in the auction of Government Securities (SUN) today. For the record, the government won the inaugural SUN auction in 2021 worth IDR 41 trillion. This figure is above the indicative target set at IDR 35 trillion. Meanwhile, the highest bid was in the New Issuance FR0088 series valued at IDR 31.39 trillion, with a bid to cover ratio of 2.46x. Apart from restoring manufacturing and purchasing power in Indonesia, market players have responded positively to the prospects for the distribution of the Covid-19 virus vaccine in Indonesia.

### Corporate Bonds

**SMF Issues EBA-SP SMF-BTN06 Worth IDR 631 Billion.** Sarana Multigriya Finansial (SMF) has again issued Asset Backed Securities in the form of Participation Letter with series EBA-SP SMF-BTN06. With an idAAA rating from the Indonesian Securities Rating Agency (Pefindo), which is officially listed on the Indonesia Stock Exchange (IDX) on January 5, 2021. This listing is the result of the securitization of Housing Loan (KPR) assets worth IDR 631 billion between SMF and Bank Tabungan Negara Tbk (BBTN). As for this publication, it consists of Class A (senior) and Class B (junior). Class A is offered through a public offering with a 3-year Weighted Average Life or WAL (weighted average maturity) tenor offered at a nominal value of IDR 576,734 billion (91.4% of the total bill) with a fixed interest rate of 6.50% per year. Meanwhile, as a form of protection for Class A, Class B was formed with a total nominal value of IDR 54,266 billion (8.6% of the total bill) which is offered on a limited offer basis. (Investor Daily)

### Domestic Issue

**Debt to GDP Ratio Potential to Level 41.8%.** The government has set the issuance of Government Securities (SBN) in 2021 at IDR 1,207.3 trillion. In the initial stage in 1Q21, the government will sell IDR 342 trillion in SBN. With the issuance of new debt this year, the government calculates the debt ratio to Gross Domestic Product (GDP) in 2021 will be at the level of 41.8%. This outlook is getting closer to the limit of the debt ratio mandated in the State Finance Law (UU) of 60% of GDP. As for 2020, the debt-to-GDP ratio is projected to reach 38.5%, an increase compared to 2019 which was 30.5%. (Kontan)

### Recommendation

**Investors Pay Attention to Ratings of USD and Euro SBN.** The international rating agency, Fitch Ratings, assigns a BBB rating to Indonesian Government Securities (SBN) denominated in dollars and euros. This rating is in line with the debt rating and the rupiah's long-term stable outlook. On the other hand, Fitch's rating is also amid the potential for an increase in Indonesia's debt ratio to Gross Domestic Product (GDP) which has the potential to reach the level of 41.8%. For the record, in 2020 the debt-to-GDP ratio is projected to reach 38.5%, an increase compared to 2019 which was 30.5%. Yesterday, the majority of SUN prices closed lower amid fears of a new variant of the corona virus (Covid-19).

## 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

FR0086 (5yr): +1.3 Bps to 101.78 (5.10%)  
FR0087 (10yr): +3.5 Bps to 104.47 (5.90%)  
FR0088 (15yr): N/A Bps to 98.87 (6.36%)  
FR0083 (20yr): +4.6 Bps to 110.32 (6.54%)

FR0081 (4yr): -0.1 Bps to 105.10 (5.19%)  
FR0082 (9yr): +2.7 Bps to 107.65 (5.94%)  
FR0080 (14yr): +5.3 Bps to 110.34 (6.39%)

## CDS of Indonesia Bonds

CDS 2yr: +2.30% to 24.23  
CDS 5yr: +2.69% to 69.20  
CDS 10yr: +1.72% to 130.00

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	5.93%	0.04%
USDIDR	13,915	0.14%
KRWIDR	12.79	-0.35%

## Global Indices

Index	Last	Chg.	%
Dow Jones	30,391.60	167.71	0.55%
S&P 500	3,726.86	26.21	0.71%
FTSE 100	6,612.25	40.37	0.61%
DAX	13,651.22	(75.52)	-0.55%
Nikkei	27,158.63	(99.75)	-0.37%
Hang Seng	27,649.86	177.05	0.64%
Shanghai	3,528.68	25.72	0.73%
KOSPI	2,990.57	46.12	1.57%
EIDO	24.31	0.48	2.01%

## Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,950.0	7.1	0.37%
Crude Oil (USD/B)	49.93	2.31	4.85%
ICE NewCastle (USD/ton)	78.50	(2.05)	-2.55%
LME Nickel (USD/MT)	17,682	278.0	1.60%
LME Tin (USD/MT)	21,185	136.0	0.65%
CPO (MYR/ton)	3,755	31.0	0.83%

Date	Country	Hour	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	ID	07:30	Markit Indonesia PMI Mfg	Dec		--	50.6
<i>04 - Jan</i>	ID	11:00	CPI YoY	Dec		1.61%	1.59%
	CH	08:45	Caixin China PMI Mfg	Dec		54.9	54.9
	EC	16:00	Markit Eurozone Manufacturing PMI	Dec		55.5	55.5
	US	21:45	Markit US Manufacturing PMI	Dec		56.3	56.5
<b>Tuesday</b>	GE	15:55	Unemployment Change (000's)	Dec		10.0k	-39.0k
<i>05 - Jan</i>	EC	16:00	M3 Money Supply YoY	Nov		10.6%	10.5%
	US	22:00	ISM Manufacturing	Dec		56.5	57.5
<b>Wednesday</b>	US	19:00	MBA Mortgage Applications	Jan		--	0.8%
<i>06 - Jan</i>	GE	20:00	CPI YoY	Dec		-0.2%	-0.3%
	US	22:00	Durable Goods Orders	Nov		--	0.9%
<b>Thursday</b>	GE	14:00	Factory Orders MoM	Nov		-1.2%	2.9%
<i>07 - Jan</i>	US	20:30	Initial Jobless Claims	Jan		--	--
<b>Friday</b>	GE	14:00	Industrial Production SA MoM	Nov		0.7%	3.2%
<i>08 - Jan</i>	US	20:30	Unemployment Rate	Dec		6.8%	6.7%

#### 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 51<sup>st</sup>  
 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