

Morning Brief

Today's Outlook:

Government Bonds

FR0088 Towards Par and Profit Taking FR0087. Investors were again actively trading the new 15-year benchmark series FR0088 yesterday. The price is still below the par level, making the FR0088 yield drop by almost 10 bps. Note that the benchmark prices for FR0086 (5-year), FR0087 (10-year), and FR0083 (20-year) are all well above the par level. In addition, the minimum outstanding FR0088 in the secondary market has made investors actively seek out the secondary market. For the record, in the initial auction of new issuance FR0088 at the auction of Government Securities (SUN) last Tuesday, only IDR 12.8 trillion (bid to cover ratio of 2.5x) was won from the incoming bid for this series of IDR 31.4 trillion. On the other hand, investors have relatively realized FR0087's profits after recording a significant gain.

Corporate Bonds

SMF Prepares IDR 9.35 Trillion Debt Issuance. Sarana Multigriya Finansial (SMF) plans to issue debt securities of IDR 9.35 trillion this year. This value increases compared to the issuance of debt securities in 2020 which reached IDR 7.26 trillion. As for the forms of debt securities to be issued, more will be in the form of bonds than medium term notes (MTN). Furthermore, in early 2021, SMF listed asset-backed securities in the form of a participation letter (EBA-SP) worth IDR 576.34 billion. This effect has an interest rate of 6.5% p.a. and has a 3-year tenor. The assets that are securitized in this EBA-SP are a collection of home ownership credit (KPR) collections with a collection value of IDR 631 billion. The company also received an AAA rating from the Indonesian Securities Rating Agency (Pefindo) for this securities issuance. (Investor Daily)

Domestic Issue

Indonesia Issued USD 3 Billion and EUR 1 Billion Bonds. Starting in 2021, the Indonesian government has successfully conducted transactions in the sale of Government Securities (SUN) in 2 (two) foreign currencies (dual-currency), namely USD 3 billion and EUR 1 billion in the SEC-Registered Shelf Take-Down format. For the USD-denominated series, the initial price guidance is in the area of 2.35% for the 10-year tenor, around 3.55% for the 30-year tenor, and around 3.85% for the 50-year tenor. However, this transaction managed to get a good order book, so that the final price guidance could be reduced by 45 bps to 1.9% for the 10-year tenor; 3.1% for the 30-year tenor, and 3.4% for the 50-year tenor. Likewise for euro-denominated bonds, the government succeeded in pushing down prices by 40 bps from initial price guidance in the 175 bps area to final price guidance at 135 bps. (CNBC Indonesia)

Recommendation

PSBB is Strict Again to Restrain Rupiah. The rupiah exchange rate closed up 0.14%, both on the spot market and the middle rate of Bank Indonesia (BI), to the levels of IDR 13,895 / USD and IDR 13,926 / USD, respectively. The movement to appreciate the rupiah is hampered by the implementation of tighter Large-Scale Social Restrictions (PSBB) by the government. Previously, the superiority of the Democrats in the struggle for the US Senate seat resulted in a depreciation of the US dollar exchange rate. Investors are looking again at the new 15-year benchmark FR0088 and the new 10-year benchmark FR0087.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.75%	3.75%	Real GDP	-3.49%	-5.32%
FX Reserve (USD bn)	133.60	133.66	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): +0.8 Bps to 101.74 (5.11%)
FR0087 (10yr): +3.3 Bps to 104.21 (5.93%)
FR0088 (15yr): -9.5 Bps to 99.80 (6.27%)
FR0083 (20yr): -0.1 Bps to 110.33 (6.54%)

FR0081 (4yr): +2.6 Bps to 104.99 (5.22%)
FR0082 (9yr): +7.8 Bps to 107.05 (6.02%)
FR0080 (14yr): +3.1 Bps to 110.03 (6.42%)

CDS of Indonesia Bonds

CDS 2yr: +0.06% to 24.25
CDS 5yr: -0.32% to 68.97
CDS 10yr: +0.00% to 130.00

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	5.96%	0.04%
USDIDR	13,895	-0.14%
KRWIDR	12.80	0.08%

Global Indices

Index	Last	Chg.	%
Dow Jones	30,829.40	437.80	1.44%
S&P 500	3,748.14	21.28	0.57%
FTSE 100	6,841.86	229.61	3.47%
DAX	13,891.97	240.75	1.76%
Nikkei	27,055.94	(102.69)	-0.38%
Hang Seng	27,692.30	42.44	0.15%
Shanghai	3,550.88	22.20	0.63%
KOSPI	2,968.21	(22.36)	-0.75%
EIDO	24.00	(0.31)	-1.28%

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,919.0	(31.0)	-1.61%
Crude Oil (USD/B)	50.54	0.61	1.22%
ICE NewCastle (USD/ton)	79.45	(0.90)	-1.12%
LME Nickel (USD/MT)	17,682	278.0	1.60%
LME Tin (USD/MT)	21,185	136.0	0.65%
CPO (MYR/ton)	3,877	122.0	3.25%

Date	Country	Hour	Event	Period	Actual	Consensus	Previous
Monday	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
Tuesday	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
Wednesday	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%
Thursday	GE	14:00	Factory Orders MoM	Nov		-1.2%	2.9%
<i>07 - Jan</i>	US	20:30	Initial Jobless Claims	Jan		--	--
Friday	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%

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PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

District 8 Treasury Tower 51st
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

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