Morning Brief

NH KORINDO SEKURITAS

Daily | January 18, 2021

Today's Outlook:

Government Bonds

Trade Balance Surplus Supports SUN Weekend. The Central Statistics Agency (BPS) recorded that the trade balance for the period of December 2020 had a surplus of USD 2.1 billion. Throughout 2020, Indonesia's trade balance surplus was recorded at USD 21.74 billion, the highest since 2011. Yield benchmark short and medium tenors fell, with FR0087 and FR0088 at 6.16% and 6.10%, respectively. The surplus in December's trade balance was due to weak export performance and lower imports as a result of the Covid-19 outbreak. Indonesia's export value was recorded at USD 16.5 billion, or grew by 14.6% YoY. Meanwhile, imports were valued at USD 14.4 billion or down 0.47% YoY.

Corporate Bonds

Waskita End Ranking with Fitch Ratings. Waskita Karya (Persero) (WSKT) has ended its rating with Fitch Ratings Indonesia. Fitch has also withdrawn the entire long-term national rating for Waskita on January 14, 2021, including Waskita's senior unsecured note program and bonds issued under the program. The decision to end the rating through Fitch was taken by Waskita's management by considering the existence of a double rating for the company. Apart from Fitch, the Indonesian Securities Rating Agency ("Pefindo") has also assigned a "BBB" rating with a stable outlook for Waskita and Waskita's bond program. (CNBC Indonesia)

Domestic Issue

Government Immediately Disburses IDR 66.99 Trillion in Funds to Banks. The Ministry of Finance (Kemenkeu) will place government funds of IDR 66.99 trillion for banks with 2.8% interest. The goal is for banks to channel credit to the business world, with the main target being Micro, Small and Medium Enterprises (MSMEs). This policy is part of the 2021 national economic recovery program (PEN), and the placement of these funds is still prioritized to the association of state-owned banks (Himbara), Islamic banks and regional development banks (BPD). (Kontan)

Recommendation

Sentiment of Biden's Inauguration and BI 7-DRRR Data. President-elect Joe Biden's inauguration on Wednesday (20/01) local time, became a positive sentiment as the euphoria of the change in leadership of the US President. Meanwhile, Bank Indonesia (BI) will announce an interest rate policy for the January 2021 period. BI is projected to keep the BI 7-DRRR benchmark interest rate at 3.75%. Meanwhile, this projection takes into account low inflation, maintained external stability, and as further steps to accelerate domestic economic recovery. The rupiah exchange rate strengthened at the end of the week, both on the spot market appreciated 0.28% to the level of IDR 14,020 / USD, and the middle rate of BI strengthened 0.36% to the level of IDR 14,068 / USD. Investors can start looking at FR0086, FR0087, FR0088, FR0083, and FR0089. The five series will be offered again at the SUN auction on Tuesday (19/01) tomorrow.

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)	135.90	133.60	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	1.68%	1.59%	Cons. Confidence*	96.50	92.00

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -2.4 Bps to 101.48 (5.17%)
FR0087 (10yr): -1.0 Bps to 102.49 (6.16%)
FR0088 (15yr): -1.3 Bps to 101.41 (6.10%)
FR0083 (20yr): +0.6 Bps to 107.15 (6.82%)

FR0081 (4yr): -1.3 Bps to 104.30 (5.38%)
FR0082 (9yr): -0.5 Bps to 105.47 (6.23%)
FR0080 (14yr): -0.5 Bps to 107.49 (6.68%)

CDS of Indonesia Bonds

CDS 2yr: +2.00% to 26.74
CDS 5yr: +2.46% to 74.42
CDS 10yr: +1.46% to 137.13

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.18%	-0.01%
USDIDR	14,020	-0.28%
KRWIDR	12.75	-0.31%

Global Indices

Index	Last	Chg.	%
Dow Jones	30,814.26	(177.26)	-0.57%
S&P 500	3,768.25	(27.29)	-0.72%
FTSE 100	6,735.71	(66.25)	-0.97%
DAX	13,787.73	(200.97)	-1.44%
Nikkei	28,519.18	(179.08)	-0.62%
Hang Seng	28,573.86	77.00	0.27%
Shanghai	3,566.38	0.47	0.01%
KOSPI	3,085.90	(64.03)	-2.03%
EIDO	24.49	(0.42)	-1.69%

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,828.5	(18.1)	-0.98%
Crude Oil (USD/B)	52.36	(1.21)	-2.26%
ICE NewCastle (USD/ton)	88.75	(0.25)	-0.28%
LME Nickel (USD/MT)	18,007	(274.0)	-1.50%
LME Tin (USD/MT)	21,100	93.0	0.44%
CPO (MYR/ton)	3,423	(104.0)	-2.95%

Date	Country	Hour	Event	Period	Actual	Consensus	Previous
Monday	CH	09:00	GDP YoY	4Q20		6.2%	4.9%
18 - Jan	CH	09:00	Industrial Production YoY	Dec		6.9%	7.0%
Tuesday	GE	14:00	CPI MoM	Dec		0.5%	0.5%
19 - Jan	GE	14:00	CPI YoY	Dec		-0.3%	-0.3%
	GE	17:00	ZEW Survey Expectations	Jan		56	55
Wednesday	UK	14:00	CPI MoM	Dec		--	-0.1%
20 - Jan	UK	14:00	CPI YoY	Dec		0.5%	0.3%
	EC	17:00	CPI YoY	Dec		-0.3%	-0.3%
Thursday	EC	19:45	ECB Deposit Facility Rate	Jan		-0.5%	-0.5%
21 - Jan	US	20:30	Initial Jobless Claims	Jan			965k
	ID		Bank Indonesia 7D Reverse Repo	Jan		3.75%	3.75%
Friday	EC	16:00	Markit Eurozone Manufacturing PMI	Jan		54.9	55.2
22 - Jan	UK	16:30	Markit UK PMI Manufacturing SA	Jan		53	57.5
	US	21:45	Markit US Manufacturing PMI	Jan		56.5	57.1

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