

# Morning Brief

## Today's Outlook:

### Government Bonds

**Still Responds Positively to Vaccination Sentiments.** The Government Securities (SUN) market closed mixed, with yield inversions occurring again at the 10-year and 15-year benchmarks. Yields FR0087 and FR0088 closed at 6.17% and 6.11%, respectively, based on Bloomberg data. The official mass vaccination process began last Wednesday. Although the vaccination process throughout Indonesia will take a long time, it creates hopes for domestic economic recovery. The trade in SUN yesterday was also in the midst of waiting for the release of Indonesia's trade balance data at the end of 2020. This December 2020 trade balance performance will support the trade surplus throughout 2020.

### Corporate Bonds

**Tower Bersama Offers USD 300 Million Global Bond.** Tower Bersama Infrastructure Tbk (TBIG) issued global bonds worth USD 300 million with an interest rate of 2.75% and will mature in 2026. The proceeds from the bond issuance will be used to pay (refinance) the debt. Meanwhile, the 2026 global bond offering will close on January 20, and will be listed on the Singapore Stock Exchange. The company plans to use the proceeds from this corporate action to pay a portion of the outstanding balance of the 2019 revolving loan facility of USD 375 million. (Investor Daily)

### Domestic Issue

**Sri Mulyani Extends Pharmaceutical Sector Tax Incentives.** Finance Minister Sri Mulyani Indrawati has extended the provision of tax incentives to taxpayers in the health sector, including the pharmaceutical sector. This policy is valid until June 30, 2021. The regulation is stated in the Minister of Finance Regulation (PMK) Number 239 / PMK.03 / 2020 and the Extension of Income Tax Facilities Based on Government Regulation Number 29 Year 2020. This PMK states that the fiscal authority provides five tax incentives. First, incentives for value added tax (VAT) and import VAT. Second, exemption from collection and / or income tax (PPH) of Article 22 Import. Third, the exemption of Article 21 Income Tax for individual domestic taxpayers. Fourth, Income Tax Article 23 exemption is given on income in connection with technical services, management services, consulting services, and other services. Fifth, the application of a 0% income tax facility and is final on income in the form of compensation or compensation for the use of assets. (Kontan)

### Recommendation

**Expected Trade Balance Surplus.** Indonesia's trade balance at the end of 2020 is projected to have a surplus of USD 2.7 billion, or higher than the realization in November 2020 of USD 2.6 billion. This projection is supported by Indonesia's export performance, in line with the recovery of global manufacturing. As for Indonesia's trade partners, such as: Japan, the US, China, the European Union, India and Thailand. From the external side, investors are watching the US stimulus discourse which is estimated to reach USD 2 trillion, as well as speeches by the governors of the Fed and the BOJ. Yesterday, the rupiah exchange rate was stagnant at IDR 14,059 / USD for the spot market and IDR 14,059 / USD for the middle rate of Bank Indonesia (BI), respectively.

## 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):  | -0.4 Bps to 101.37 (5.19%) |
| FR0087 (10yr): | +0.5 Bps to 102.42 (6.17%) |
| FR0088 (15yr): | -0.8 Bps to 101.28 (6.11%) |
| FR0083 (20yr): | +0.7 Bps to 107.21 (6.81%) |
| FR0081 (4yr):  | +0.4 Bps to 104.25 (5.40%) |
| FR0082 (9yr):  | -1.0 Bps to 105.43 (6.24%) |
| FR0080 (14yr): | -0.5 Bps to 107.28 (6.70%) |

## CDS of Indonesia Bonds

|           |                  |
|-----------|------------------|
| CDS 2yr:  | +0.61% to 26.22  |
| CDS 5yr:  | -1.09% to 72.63  |
| CDS 10yr: | +0.50% to 135.15 |

## Government Bond Yields & FX

|                | Last   | Chg.   |
|----------------|--------|--------|
| Tenor: 10 year | 6.19%  | 0.00%  |
| USDIDR         | 14,059 | -0.01% |
| KRWIDR         | 12.79  | -0.27% |

## Global Indices

| Index     | Last      | Chg.    | %      |
|-----------|-----------|---------|--------|
| Dow Jones | 30,991.52 | (68.95) | -0.22% |
| S&P 500   | 3,795.54  | (14.30) | -0.38% |
| FTSE 100  | 6,801.96  | 56.44   | 0.84%  |
| DAX       | 13,988.70 | 48.99   | 0.35%  |
| Nikkei    | 28,698.26 | 241.67  | 0.85%  |
| Hang Seng | 28,496.86 | 261.26  | 0.93%  |
| Shanghai  | 3,565.91  | (32.75) | -0.91% |
| KOSPI     | 3,149.93  | 1.64    | 0.05%  |
| EIDO      | 24.91     | 0.25    | 1.01%  |

## Commodities

| Commodity               | Last    | Chg.    | %      |
|-------------------------|---------|---------|--------|
| Gold (USD/t oz)         | 1,846.5 | 1.0     | 0.06%  |
| Crude Oil (USD/B)       | 53.57   | 0.66    | 1.25%  |
| ICE NewCastle (USD/ton) | 88.35   | (0.45)  | -0.51% |
| LME Nickel (USD/MT)     | 18,281  | 603.0   | 3.41%  |
| LME Tin (USD/MT)        | 21,007  | (28.0)  | -0.13% |
| CPO (MYR/ton)           | 3,527   | (165.0) | -4.47% |

| Date             | Country | Hour Jakarta | Event                        | Period | Actual | Consensus | Previous  |
|------------------|---------|--------------|------------------------------|--------|--------|-----------|-----------|
| <b>Monday</b>    | CH      | 08:30        | PPI YoY                      | Dec    |        | -0.7%     | -1.5%     |
| 11 - Jan         | CH      | 08:30        | CPI YoY                      | Dec    |        | 0.0%      | -0.5%     |
| <b>Wednesday</b> | US      | 19:00        | MBA Mortgage Applications    | Jan    |        | --        | 1.7%      |
| 13 - Jan         | US      | 20:30        | CPI MoM                      | Dec    |        | 0.4%      | 0.2%      |
| <b>Thursday</b>  | US      | 02:00        | Monthly Budget Statement     | Dec    |        | --        | -\$145.3b |
| 14 - Jan         | US      | 20:30        | Initial Jobless Claims       | Jan    |        | --        | 787k      |
|                  | CH      |              | Trade Balance                | Dec    |        | \$71.00b  | \$75.43b  |
|                  | US      | 20:30        | Import Price Index MoM       | Dec    |        | 0.7%      | 0.1%      |
| <b>Friday</b>    | ID      | 11:00        | Trade Balance                | Dec    |        | \$2287m   | \$2613m   |
| 15 - Jan         | UK      | 14:00        | Industrial Production MoM    | Nov    |        | --        | 1.3%      |
|                  | UK      | 14:00        | Manufacturing Production MoM | Nov    |        | --        | 1.7%      |
|                  | US      | 21:15        | Industrial Production MoM    | Dec    |        | 0.3%      | 0.4%      |

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