

Morning Brief

Today's Outlook:

Government Bonds

Sentiment on Covid-19 Vaccination. After the Food and Drug Administration (BPOM) issued a permit for the emergency use of the Covid-19 Sinovac vaccine, this became the main driving force for the bond market yesterday. President Jokowi is the first person in Indonesia to be vaccinated, having undergone a series of vaccinations at the Merdeka Palace. There are at least four stages, such as: data classification, medical tests, vaccine injection, and provision of Covid-19 vaccine injection identification cards. A number of market players responded to this as a short-term sentiment. The prices of short and medium tenor Government Securities (SUN) strengthened, while long tenors weakened relatively. For the record, the yield on the benchmark 10-year SUN FR0087 fell by 3.3 bps to the level of 6.16%. On the other hand, the yield on the benchmark 20-year long tenor FR0083 rose 5 bps to 6.81% and SUN FR0067 rose 0.8 bps to 7.31%.

Corporate Bonds

Adhi Properti Prepares IDR 500 Billion Bonds. Adhi Commuter Properti (ACP), a subsidiary of Adhi Karya Tbk (ADHI), plans to raise around IDR 500 billion from the issuance of bonds in 1Q21. The company, which is engaged in the transit-oriented development (TOD) business, will use the proceeds from the bond issuance for land acquisition needs. The plan is for these bonds to be issued in two series, namely series A and series B in 1Q21 or April 2021. For information, ACP will focus on continuing existing projects throughout 2021. For example, the company is developing the second phase of the Adhi City Sentul Zone in collaboration with PT Sigma. Eltra Propertindo. This project is a township development in Sentul, Bogor. (Investor Daily)

Domestic Issue

Corporate Income Tax 100% Discount for Business Activities in KEK. The government has determined that it will provide a corporate income tax (PPH) discount of 100% of the amount of tax stated for business activities in the Special Economic Zone (KEK) area. This policy is regulated in the Minister of Finance Regulation (PMK) Number 237 / PMK.010 / 2020 concerning Tax, Customs and Excise Treatment in Special Economic Zones which are the implementing rules of Government Regulation (PP) Number 12 of 2020 concerning Facilities and Facilities in KEK. This PMK comes into force as of January 30, 2021. (Kontan)

Recommendation

Additional Speculations of Fiscal Stimulus. Investors are watching this external sentiment, after previously triggering an increase in US Treasury yields. On the other hand, investors will also respond positively to the United States (US) December consumer price index to see opportunities for inflation growth. The US consumer price index for the period December 2020 was at the level of 0.4% or in accordance with market expectations. Previously, the minimum figure for the fiscal package worth USD 500 billion consisted of additional salary stimulus, extension of unemployment benefits, and financing of health services and vaccines. This stimulus will be a driving factor for US economic growth in 2021. In the short term, investors can return to the short and medium tenors FR0086, FR0087, FR0081, and FR0082.

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -1.5 Bps to 101.36 (5.19%)
FR0087 (10yr): -3.3 Bps to 102.46 (6.16%)
FR0088 (15yr): -4.0 Bps to 101.20 (6.12%)
FR0083 (20yr): +5.0 Bps to 107.30 (6.81%)
FR0081 (4yr): -2.0 Bps to 104.27 (5.39%)
FR0082 (9yr): -2.6 Bps to 105.36 (6.25%)
FR0080 (14yr): -1.2 Bps to 107.23 (6.70%)

CDS of Indonesia Bonds

CDS 2yr: -1.23% to 26.06
CDS 5yr: +1.38% to 73.44
CDS 10yr: -0.97% to 134.47

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.19%	-0.04%
USDIDR	14,060	-0.50%
KRWIDR	12.83	-0.27%

Global Indices

Index	Last	Chg.	%
Dow Jones	31,060.47	(8.22)	-0.03%
S&P 500	3,809.84	8.65	0.23%
FTSE 100	6,745.52	(8.59)	-0.13%
DAX	13,939.71	14.65	0.11%
Nikkei	28,456.59	292.25	1.04%
Hang Seng	28,235.60	(41.15)	-0.15%
Shanghai	3,598.65	(9.69)	-0.27%
KOSPI	3,148.29	22.34	0.71%
EIDO	24.66	0.04	0.16%

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,843.9	(5.1)	-0.28%
Crude Oil (USD/B)	52.25	0.01	0.02%
ICE NewCastle (USD/ton)	85.30	1.30	1.55%
LME Nickel (USD/MT)	17,667	(442.0)	-2.44%
LME Tin (USD/MT)	21,000	(110.0)	-0.52%
CPO (MYR/ton)	3,797	(33.0)	-0.86%

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

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	CH	08:30	PPI YoY	Dec		-0.7%	-1.5%
11 - Jan	CH	08:30	CPI YoY	Dec		0.0%	-0.5%
Wednesday	US	19:00	MBA Mortgage Applications	Jan		--	1.7%
13 - Jan	US	20:30	CPI MoM	Dec		0.4%	0.2%
Thursday	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%
Friday	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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