

Morning Brief

Today's Outlook:

Government Bonds

Welcome 2021. The increase in corona virus cases has triggered speculation about the withdrawal of the emergency brake (Large-Scale Social Restrictions / Total PSBB) in DKI Jakarta. A number of market players are concerned that the policy will affect the domestic economic recovery process. This triggered profit taking on the stock market, and investors are interested in safe havens such as SUN. Yield on benchmark SUN closed lower, with the FR0082 and FR0087 posting the deepest losses compared to the short and long tenors. Meanwhile, other positive commitments from US stimulus and the post-Brexit trade agreement between the UK and EU also made investors interested in SUN. For the record, Trump finally signed a stimulus package worth USD 900 billion, including direct cash assistance of USD 600 to US citizens last Monday.

Corporate Bonds

Waskita Ready to Release 11 Toll Roads in 2021. State-Owned Enterprise (BUMN) construction issuer, Waskita Karya Tbk (WSKT) is preparing 11 toll roads to be divested next year. The potential funds that the company can get from this divestment can reach IDR 31 trillion. Waskita Karya President Director Destiawan Soewardjono said the divestment proceeds are considered to reduce the company's financial burden starting next year. This is because the current limit of the company's ability to underwrite debt (gearing ratio) has almost reached the maximum limit, while the company's funding needs are still relatively large. (CNBC Indonesia)

Domestic Issue

The Target of Income Tax Article 23 is the Highest Growth. The Ministry of Finance has set a target for Income Tax (PPh) Article 23 of IDR 40.22 trillion in the 2021 State Budget. This figure has grown by 5.9% compared to this year's projected revenue of IDR 37.84 trillion. The target growth for PPh Article 23 revenue is the highest compared to other non-oil and gas PPh income posts, among others, Article 22 PPh (3.8%), Article 22 Import Income Tax (4.3%), Article 25/29 Personal Income Tax (0.2%), Article 26 income tax (1.7%), and final income tax (1.8%). The objects of Income Tax Article 23 include dividends, interest and royalties. Then, taxes on rent and other income in connection with the use of assets, except for leases of land and / or buildings. (Kontan)

Recommendation

Speculation on Jakarta Emergency Brakes Encourages Interest in SUN. The 10-year benchmark yield FR0082 is back below the psychological level, or 5.93% yesterday. This shows the second time the yield of FR0082 has fallen to below 6% in 2020. Speculation of slowing domestic economic recovery has prompted market players to return to interest in safe haven instruments such as SUN.

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

FR0081 (5yr): -2.7 Bps to 105.38 (5.12%)
FR0082 (10yr): -4.4 Bps to 107.80 (5.93%)
FR0080 (15yr): -2.8 Bps to 111.05 (6.32%)
FR0083 (20yr): -0.4 Bps to 111.17 (6.47%)

FR0086 (6yr): -0.2 Bps to 101.98 (5.06%)
FR0087 (11yr): -3.7 Bps to 105.11 (5.82%)
FR0088 (15yr): n/a

CDS of Indonesia Bonds

CDS 2yr: -1.19% to 23.99
CDS 5yr: -2.55% to 67.74
CDS 10yr: -0.92% to 129.14

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	5.96%	-0.04%
USDIDR	14,130	-0.18%
KRWIDR	12.92	-0.04%

Global Indices

Index	Last	Chg.	%
Dow Jones	30,335.67	(68.30)	-0.22%
S&P 500	3,729.28	(6.24)	-0.16%
FTSE 100	6,602.65	100.54	1.55%
DAX	13,761.38	(28.91)	-0.21%
Nikkei	27,568.15	714.12	2.66%
Hang Seng	26,568.49	253.86	0.96%
Shanghai	3,379.04	(18.25)	-0.54%
KOSPI	2,820.51	11.91	0.42%
EIDO	23.51	(0.21)	-0.89%

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,878.5	4.8	0.26%
Crude Oil (USD/B)	47.98	0.36	0.76%
ICE NewCastle (USD/ton)	84.20	(1.15)	-1.35%
LME Nickel (USD/MT)	16,993	119.0	0.71%
LME Tin (USD/MT)	20,185	152.0	0.76%
CPO (MYR/ton)	3,550	8.0	0.23%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 28 - Dec	US	22:30	Dallas Fed Manf. Activity	Dec		10.2	12.0
Wednesday 30 - Dec	UK	14:00	Nationwide House PX MoM	Dec		0.4%	0.9%
	UK	14:00	Nationwide House Px NSA YoY	Dec		6.4%	6.5%
	US	20:30	Wholesale Inventories MoM	Nov		0.9%	1.1%
	US	21:45	MNI Chicago PMI	Dec		56.7	58.2
	US	22:00	Pending Home Sales MoM	Nov		0.1%	-1.1%

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