

Morning Brief

Today's Outlook:

Government Bonds

Banks are interested in FR0086 and FR0087. The two series recorded the highest incoming bids, valued at IDR 15.9 trillion and IDR 15.0 trillion, respectively. The high supply on short tenors indicates the banking sector's participation in the 5-year and 10-year benchmarks. FR0086 and FR0087 have good liquidity, in accordance with the investment strategy of the banking sector. In yesterday's auction, bids totaled IDR 60.8 trillion for seven series, namely SPN032105019 (new issuance), SPN12220203 (reopening), FR0086 (reopening), FR0087 (reopening), FR0088 (new issuance), FR0083 (reopening), and FR0089 (reopening). This figure is lower than the previous auction bid for Government Securities (SUN), valued at IDR 83.7 trillion. Meanwhile, the total nominal value won from the seven series offered is IDR 30 trillion.

Corporate Bonds

Bonds and Sukuk Worth IDR 10.5 Trillion will be Issue. The Indonesia Stock Exchange (IDX) noted that as many as eight issuers will issue bonds and sukuk in the near future. The value of the bond issuance reaches Rp 10.5 trillion. The eight issuers will issue 10 issuances, consisting of three sukuk issuances and seven bond issues with a value of IDR 10.5 trillion. One of the non-financial corporations that will issue bonds is Wijaya Karya Tbk (WIKA), which is offering bonds and sukuk worth IDR 3 trillion. (Investor Daily)

Domestic Issue

Processing Industry Exports January 2021 USD 11.99 Billion. The Central Statistics Agency (BPS) noted that exports of the processing industry in January 2021 amounted to USD 11.99 billion. On a monthly basis, the export value has decreased. However, when compared to January 2020, this value has increased. When compared to the performance in December 2020, manufacturing industry exports experienced a decrease of 7.15% MoM. The decline in exports was driven by lower exports of iron and steel, palm oil, jewelry and valuables, as well as televisions and television equipment. (Kontan)

Recommendation

Waiting for the BI Meeting Results. Market movements today and tomorrow are influenced by market players' anticipation at the Bank Indonesia (BI) Board of Governors Meeting (RDG) to discuss the BI Seven Days Reverse Repo Rate (BI 7-DRRR) benchmark rate, which is projected to fall 25 bps to 3, 5%. The movement of the rupiah exchange rate is projected to depreciate again today, after experiencing a significant strengthening. On the other hand, the addition of positive cases of Covid-19 in Indonesia will be a negative sentiment for the rupiah. In the short term, investors are watching the FR0086 and FR0087 which were under pressure yesterday. Market participants can also look at the medium tenor FR0088 which is again trading below par.

PRICE OF BENCHMARK SERIES

FR0086 (5yr): +4.4 Bps to 100.91 (5.29%)
FR0087 (10yr): +4.5 Bps to 101.75 (6.26%)
FR0088 (15yr): +2.1 Bps to 99.94 (6.25%)
FR0083 (20yr): +2.6 Bps to 106.48 (6.88%)

FR0081 (4yr): +0.5 Bps to 104.61 (5.28%)
FR0082 (9yr): +4.9 Bps to 104.82 (6.31%)
FR0080 (14yr): +3.2 Bps to 107.25 (6.70%)

CDS of Indonesia Bonds

CDS 2yr: -0.54% to 24.81
CDS 5yr: -2.28% to 75.57 (as of Feb. 1, 2021)
CDS 10yr: -0.46% to 127.62

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.29%	0.04%
USDIDR	13,930	0.14%
KRWIDR	12.64	0.08%

Global Indices

Index	Last	Chg.	%
Dow Jones	31,522.75	64.35	0.20%
S&P 500	3,932.59	(2.24)	-0.06%
FTSE 100	6,748.86	(7.25)	-0.11%
DAX	14,064.60	(44.88)	-0.32%
Nikkei	30,467.75	383.60	1.28%
Hang Seng	30,746.66	573.09	1.90%
Shanghai	3,655.09	51.60	1.43%
KOSPI	3,163.25	16.25	0.52%
EIDO	23.83	(0.08)	-0.33%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,794.5	(24.4)	-1.34%
Crude Oil (\$/bbl)	60.05	0.58	0.98%
Coal (\$/ton)	78.50	(0.85)	-1.07%
Nickel LME (\$/MT)	18,569	(51.0)	-0.27%
Tin LME (\$/MT)	23,650	350.0	1.50%
CPO (MYR/Ton)	3,535	11.0	0.31%

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.75%	3.75%	Real GDP	-2.19%	-5.32%
FX Reserve (USD bn)	138.00	135.90	Current Acc (USD bn)	0.96	(2.94)
Trd Balance (USD bn)	1.96	2.10	Govt. Spending Yoy	1.76%	-6.90%
Exports Yoy	12.24%	14.63%	FDI (USD bn)	3.92	4.56
Imports Yoy	-6.49%	-0.47%	Business Confidence	104.82	105.33
Inflation Yoy	1.55%	1.68%	Cons. Confidence*	84.90	92.00

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 15 - Feb	ID	11:00	Trade Balance	Jan		\$1335m	\$2101m
Tuesday 16 - Feb	GE	17:00	ZEW Survey Current Situation	Feb		--	-66.4
	EC	17:00	GDP SA YoY	4Q20		--	-5.10%
Wednesday 17 - Feb	UK	14:00	CPI YoY	Jan		--	0.60%
	UK	14:00	CPI Core YoY	Jan		--	1.40%
	US	19:00	MBA Mortgage Applications	Feb		--	-4.10%
	US	21:15	Industrial Production MoM	Jan		0.40%	1.60%
Thursday 18 - Feb	ID	14:20	Bank Indonesia 7D Reverse Repo	Feb		3.50%	3.75%
	US	20:30	Initial Jobless Claims	Feb		--	--
Friday 19 - Feb	ID	10:00	BoP Current Account Balance	4Q20		\$1250m	\$964m
	GE	15:30	Markit Germany Manufacturing PMI	Feb		--	57.1
	EC	16:00	Markit Eurozone Manufacturing PMI	Feb		--	54.8
	UK	16:30	Markit UK PMI Manufacturing SA	Feb		--	54.1
	US	21:45	Markit US Manufacturing PMI	Feb		59	59.2

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