Morning Brief

NH KORINDO SEKURITAS

Daily | February 4, 2021

Today's Outlook:

Government Bonds

Stock Market Volatility Eased, SUN Market closed Mixed. The majority of the benchmark series Government Bond (SUN) prices closed higher, with the highest increase in the 15-year tenor FR0088 closing at 101.14, according to Bloomberg data. FR0088 price continues strengthening above par this week. Investors are interested in the SUN benchmark to replace FR0080, after being depressed to the price level of 99.92 last Thursday. On the other hand, yesterday's movement on the SUN market was amidst the easing of volatility in the stock market. Market participants are now starting to return to risky assets and are starting to leave safe haven assets. The market movement yesterday was also in the midst of waiting for the release of Indonesia's Gross Domestic Product (GDP) data and foreign exchange reserves on Friday.

Corporate Bonds

Pertamina Offers Yankee Bond. Pertamina (Persero) is holding a roadshow on offers of debt securities issued in the United States (US) market or yankee bonds. The bonds are offered in two series, namely 5-years and 10-years. The issuance is part of a global medium term notes (MTN) program with a ceiling of up to USD 20 billion. The international rating agency, Fitch Ratings, has assigned a BBB rating to Pertamina's proposed yankee bond. Previously, Pertamina had launched a global MTN program of USD 10 billion in January 2020. (Investor Daily)

Domestic Issue

Four Investment Priority Sectors in 2021. The Investment Coordinating Board (BKPM) said that to boost investment this year, the government has set a strategy for four priority sectors. First, industries with export-oriented works include pharmaceuticals and medical devices, automotive and electronics. Second, the new and renewable energy industry. Third, infrastructure. Fourth, mining that creates added value. The medical equipment sector has great potential, with drugs and raw materials of 80% -90% imported. In terms of the mining industry, the government is currently building a nickel ecosystem as raw material for electric car batteries. This has resulted in a ban on nickel ore exports since last year, with the aim of creating added value. (Kontan)

Recommendation

Investors Start Looking At Indonesia's GDP Data Tomorrow. Based on a Bloomberg survey, Indonesia's GDP for the 4Q20 period is again projected to contract by –0.22% QoQ and –2.30% YoY, respectively. A number of market players began to compare this projection with the realization of GDP in the previous quarter, amounting to 5.05% QoQ and –3.49% YoY. Yesterday, the rupiah on the spot market strengthened 0.14% to the level of IDR 14,005 / USD. Meanwhile, BI's middle rate strengthened 0.19% to IDR 14,017 / USD. In the short term, investors can look back at the FR0086, FR0087, and FR0088.

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -0.2 Bps to 101.61 (5.13%)
FR0087 (10yr): -1.6 Bps to 102.93 (6.10%)
FR0088 (15yr): -7.2 Bps to 101.14 (6.13%)
FR0083 (20yr): +0.1 Bps to 107.66 (6.77%)

FR0081 (4yr): -0.7 Bps to 105.13 (5.16%)
FR0082 (9yr): -1.8 Bps to 106.22 (6.13%)
FR0080 (14yr): -2.6 Bps to 108.16 (6.60%)

CDS of Indonesia Bonds

CDS 2yr: -2.87% to 25.87
CDS 5yr: -2.28% to 75.57 (as of Feb. 1, 2021)
CDS 10yr: -2.28% to 132.34

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.12%	-0.02%
USDIDR	14,005	-0.14%
KRWIDR	12.57	0.12%

Global Indices

Index	Last	Chg.	%
Dow Jones	30,723.60	36.12	0.12%
S&P 500	3,830.17	3.86	0.10%
FTSE 100	6,507.82	(8.83)	-0.14%
DAX	13,933.63	98.47	0.71%
Nikkei	28,646.50	284.33	1.00%
Hang Seng	29,307.46	58.76	0.20%
Shanghai	3,517.31	(16.38)	-0.46%
KOSPI	3,129.68	32.87	1.06%
EIDO	23.61	0.12	0.51%

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)	2.10	2.61	Govt. Spending Yoy	9.76%	-6.90%
Exports Yoy	14.63%	9.54%	FDI (USD bn)	3.92	4.56
Imports Yoy	-0.47%	-17.46%	Business Confidence	104.82	105.33
Inflation Yoy	1.55%	1.68%	Cons. Confidence*	96.50	92.00

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,834.0	(4.0)	-0.22%
Crude Oil (USD/B)	55.69	0.93	1.70%
ICE NewCastle (USD/ton)	79.60	(2.40)	-2.93%
LME Nickel (USD/MT)	17,691	(109.0)	-0.61%
LME Tin (USD/MT)	22,779	(216.0)	-0.94%
CPO (MYR/ton)	3,226	(165.0)	-4.87%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	ID	07:30	Markit Indonesia PMI Mfg	Jan		--	51.3
01 - Feb	ID	11:00	CPI YoY	Jan		1.68%	1.68%
	EC	16:00	Markit Eurozone Manufacturing PMI	Jan		54.7	54.7
	UK	16:30	Markit UK PMI Manufacturing SA	Jan		--	52.9
	US	21:45	Markit US Manufacturing PMI	Jan		59.1	59.1
Tuesday	UK	14:00	Nationwide House Px NSA YoY	Jan		6.90%	7.30%
02 - Feb	EC	17:00	GDP SA YoY	4Q20		-6.10%	-4.30%
Wednesday	US	19:00	MBA Mortgage Applications	Jan		--	-4.10%
03 - Feb							
Thursday	UK	19:00	Bank of England Bank Rate	Feb		0.10%	0.10%
04 - Feb	US	20:30	Initial Jobless Claims	Jan		--	847k
	US	22:00	Durable Goods Orders	Dec		--	0.20%
Friday	ID	10:00	Foreign Reserves	Jan		--	$135.90b
05 - Feb	ID	11:00	GDP YoY	4Q20		-2.00%	-3.49%
	GE	14:00	Factory Orders MoM	Dec		-2.00%	2.30%
	US	20:30	Trade Balance	Dec		-$66.0b	-$68.1b

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