

Morning Brief

Today's Outlook:

Government Bonds

SUN Pressure in the Middle of Surplus Trade Balance. The majority of benchmark Government Securities (SUN) recorded an increase in yield in early trading week. The Central Statistics Agency (BPS) released data on Indonesia's trade balance for January 2021, posting a surplus of USD 1.96 billion. The trade balance surplus has occurred for nine consecutive months. Meanwhile, the import value last month was USD 13.34 billion or decreased by 6.49% YoY. Meanwhile, the export value in January 2021 was USD 15.3 billion, an increase of 12.24%. This increase in exports indicates that demand for developed countries is recovering.

Corporate Bonds

WSKT Bond Waiver of IDR 2.7 Trillion. Meanwhile, the debt securities that have received waiver approval are Sustainable Bonds III Waskita Karya Phase IV Year 2019 worth IDR 1.49 trillion and Continuous Bonds III Waskita Karya Phase I 2017 worth IDR 1.23 trillion. Thus, the total of the two debt securities will be IDR 2.7 trillion. The agreement for the waiver includes what is stated in the Bond Trustee Agreement, namely maintaining the ratio of current assets and current liabilities of not less than 1: 1. Furthermore, maintaining the ratio of total loans to total equity (DER) of not more than 3: 1 and maintaining the ratio between EBITDA and Loan Interest Expense is not less than 1.5: 1. (Investor Daily)

Domestic Issue

January 2021 Trade Balance Surplus of USD 1.96 Billion. The Central Statistics Agency (BPS) noted that the trade balance in January 2021 had a surplus of USD 1.96 billion. This figure is better than the trade balance position in January 2020 with a deficit of USD 640 million, or in January 2019 a deficit of USD 980 million. The January 2021 surplus was supported by exports amounting to USD 15.3 billion or an increase of 12.24% YoY. Meanwhile, imports in January 2021 amounted to USD 13.34 billion or decreased by 7.59% MoM and decreased by 6.49% YoY. The decline in imports was driven by a decline in the performance of imports of consumer goods, auxiliary goods and capital goods, which indicates that the movement in imports is still not as expected. (Kontan)

Recommendation

Foreign Capital Inflow Encourages Interest in SUN Auction. The distribution and effectiveness of the Covid-19 vaccine are still the main sentiments in today's SUN auction. Previously, the increase in Covid-19 cases in the last few weeks was feared to make the economic recovery process not as fast as previously thought. On the other hand, global risks include rising tensions between the United States and China related to technology and the case in Hong Kong. Market players are also watching the increase in UST yield, which has the opportunity to increase yield on Indonesian Government Securities, thereby making the government more selective. Based on data from the Directorate General of Financing and Risk Management (DJPPR) as of 10 February 2021, foreign investors booked a net buy of IDR 18.3 trillion since the beginning of the year, or registered ownership of tradable rupiah Government Securities (SBN) worth IDR 994.77 trillion.

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

PRICE OF BENCHMARK SERIES

FR0086 (5yr): +2.3 Bps to 101.11 (5.25%)
FR0087 (10yr): +2.0 Bps to 102.08 (6.21%)
FR0088 (15yr): +2.0 Bps to 100.16 (6.23%)
FR0083 (20yr): +0.9 Bps to 106.77 (6.85%)

FR0081 (4yr): +1.7 Bps to 104.63 (5.28%)
FR0082 (9yr): +1.2 Bps to 105.18 (6.27%)
FR0080 (14yr): +1.5 Bps to 107.56 (6.67%)

CDS of Indonesia Bonds

CDS 2yr: +0.16% to 24.94
CDS 5yr: -2.28% to 75.57 (as of Feb. 1, 2021)
CDS 10yr: -0.02% to 128.21

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.22%	-0.01%
USDIDR	13,973	-0.07%
KRWIDR	12.65	-0.04%

Global Indices

Index	Last	Chg.	%
Dow Jones	31,458.40	27.70	0.09%
S&P 500	3,934.83	18.45	0.47%
FTSE 100	6,756.11	166.32	2.52%
DAX	14,109.48	59.59	0.42%
Nikkei	30,084.15	564.08	1.91%
Hang Seng	30,173.57	134.85	0.45%
Shanghai	3,655.09	51.60	1.43%
KOSPI	3,147.00	46.42	1.50%
EIDO	23.91	0.03	0.13%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,818.9	(5.4)	-0.29%
Crude Oil (\$/bbl)	59.47	1.23	2.11%
Coal (\$/ton)	83.35	(1.55)	-1.83%
Nickel LME (\$/MT)	18,569	(51.0)	-0.27%
Tin LME (\$/MT)	23,650	350.0	1.50%
CPO (MYR/Ton)	3,715	157.0	4.41%

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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