

Morning Brief

Today's Outlook:

Government Bonds

FR0086 and FR0087 Prices Rise Amid Corona Surge. The two series respectively recorded yields near the psychological level of 5% and 6%, after the announcement of the domestic corona virus case which recorded a record increase. Investors are also interested in the 5-year and 10-year benchmark candidates ahead of the latest 2020 Government Securities (SUN) auction on Tuesday (01/12). For the record, the strengthening of Government Securities (SBN) prices yesterday was also awaiting the release of November 2020 inflation data. Previously, Bank Indonesia (BI) had projected inflation of 0.25% in November 2020. With these developments, the inflation forecast for November 2020 is based on a calendar year. at 1.21% YtD and on an annual basis at 1.57% YoY.

Corporate Bonds

CGIF Full Guarantee of IDR 700 Billion Triasmitra Bonds. Credit Guarantee and Investment Facility (CGIF) will again fully guarantee the issuance of bonds for one issuer in Indonesia. A full guarantee will be given for bonds worth IDR 700 billion which will be released by Ketrosden Triasmitra later this year. The Ketrosden Triasmitra I Bond Year 2020 is fully supported by CGIF in its role as the guarantor of the bonds to ensure the full and timely payment of Ketrosden Triasmitra. The full coverage from CGIF to bondholders is unconditional and irrevocable. CGIF has also received an idAAA credit rating with a stable outlook from Pefindo and an AAA rating with a stable outlook by Fitch Ratings Indonesia.(Investor Daily)

Domestic Issue

The Health Budget in the New PEN Absorbed 41.2%. The health budget in the National Economic Recovery (PEN) program until 25 November 2020 has only been absorbed 41.2% of the ceiling valued at IDR 97.9 trillion. The Minister of Finance said that if the budget has not been absorbed this year it will be reserved for vaccine procurement. Ministry of Finance data shows, until November 25, 2020, the realization of the health budget reached IDR 40.32 trillion. This means that the remaining budget distributed until December is IDR 57.58 trillion. In detail, the realization has been allocated in six derivative programs. First, incentives for central health workers and an area of IDR 5.55 trillion. Second, health insurance compensation of IDR 40 billion for 125 health workers. Third, the handling fee by the Covid-19 Task Force is IDR 3.22 trillion. Fourth, spending on handling Covid-19 IDR 25.03 trillion. Fifth, national health insurance contribution assistance of IDR 2.7 trillion, which is given to 47.2 million people. And, sixth, health tax incentives worth IDR 3.78 trillion. (Kontan)

Recommendation

Pay close attention to inflation and the latest SUN Auction. Investors are waiting for the November 2020 inflation data, which has the opportunity to bring positive sentiment to the rupiah exchange rate. Yesterday, the rupiah depreciated 0.2% to IDR 14,120 / USD on the spot market. Meanwhile, BI's middle rate weakened 0.12% to IDR 14,128 / USD, in line with the capital outflow of foreign funds. BI projects that inflation will occur again in November, namely at 0.25%. On the other hand, investors will likely return high interest in FR0086 and FR0087 at today's SUN auction. However, high yields also have the opportunity for investors to be interested in long tenors.

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) | 3.61 | 2.44 | Govt. Spending Yoy | 9.76% | -6.90% |
| Exports Yoy | -3.29% | -0.51% | FDI (USD bn) | 3.92 | 4.56 |
| Imports Yoy | -26.93% | -18.88% | Business Confidence | 104.82 | 105.33 |
| Inflation Yoy | 1.44% | 1.42% | Cons. Confidence* | 79.00 | 83.40 |

PRICE OF BENCHMARK SERIES

FR0081 (5yr): -2.0 Bps to 105.84 (5.04%)
FR0082 (10yr): -1.5 Bps to 106.11 (6.15%)
FR0080 (15yr): -0.9 Bps to 107.80 (6.65%)
FR0083 (20yr): -0.0 Bps to 106.32 (6.90%)

FR0086 (6yr): -1.6 Bps to 101.99 (5.06%)
FR0087 (11yr): -1.0 Bps to 103.11 (6.08%)

CDS of Indonesia Bonds

CDS 2yr: +1.84% to 27.01
CDS 5yr: +13.13% to 89.60 (as of Nov. 23)
CDS 10yr: -0.48% to 133.78

Government Bond Yields & FX

| | Last | Chg. |
|----------------|--------|--------|
| Tenor: 10 year | 6.18% | -0.01% |
| USDIDR | 14,120 | 0.21% |
| KRWIDR | 12.76 | 0.04% |

Global Indices

| Index | Last | Chg. | % |
|-----------|-----------|----------|--------|
| Dow Jones | 29,638.64 | (271.73) | -0.91% |
| S&P 500 | 3,621.63 | (16.72) | -0.46% |
| FTSE 100 | 6,266.19 | (101.39) | -1.59% |
| DAX | 13,291.16 | (44.52) | -0.33% |
| Nikkei | 26,433.62 | (211.09) | -0.79% |
| Hang Seng | 26,341.49 | (553.19) | -2.06% |
| Shanghai | 3,391.76 | (16.55) | -0.49% |
| KOSPI | 2,591.34 | (42.11) | -1.60% |
| EIDO | 21.76 | (0.92) | -4.06% |

Commodities

| Commodity | Last | Chg. | % |
|-------------------------|---------|---------|--------|
| Gold (USD/t oz) | 1,777.0 | (10.8) | -0.61% |
| Crude Oil (USD/B) | 45.34 | (0.19) | -0.42% |
| ICE NewCastle (USD/ton) | 69.95 | 0.65 | 0.94% |
| LME Nickel (USD/MT) | 16,033 | (422.0) | -2.56% |
| LME Tin (USD/MT) | 18,621 | (290.0) | -1.53% |
| CPO (MYR/ton) | 3,305 | (33.0) | -0.99% |

| Date | Country | Hour Jakarta | Event | Period | Actual | Consensus | Previous |
|------------------------------|---------|--------------|--------------------------------|--------|--------|-----------|----------|
| Monday 30 - Nov | CH | 08:00 | Manufacturing PMI | Nov | | 51.5 | 51.4 |
| | GE | 20:00 | CPI YoY | Nov | | -0.10% | -0.20% |
| Tuesday 01 - Dec | ID | 07:00 | Markit Indonesia PMI Mfg | Nov | | -- | 47.8 |
| | ID | 11:00 | CPI YoY | Nov | | 1.53% | 1.44% |
| | GE | 15:55 | Unemployment Change (000's) | Nov | | 15.0k | -35.0k |
| | UK | 16:30 | Markit UK PMI Manufacturing SA | Nov | | 55.2 | 55.2 |
| | US | 21:45 | Markit US Manufacturing PMI | Nov | | -- | 56.7 |
| Wednesday 02 - Dec | US | 19:00 | MBA Mortgage Applications | Nov | | -- | 3.90% |
| Thursday 03 - Dec | US | 20:30 | Initial Jobless Claims | Nov | | -- | 778k |
| Friday 04 - Dec | GE | 14:00 | Factory Orders MoM | Oct | | 2.00% | 0.50% |
| | US | 20:30 | Unemployment Rate | Nov | | 6.80% | 6.90% |
| | US | 22:00 | Factory Orders | Oct | | 0.80% | 1.10% |
| | US | 22:00 | Durable Goods Orders | Oct | | -- | 1.30% |

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