

# Morning Brief

## Today's Outlook:

### Government Bonds

**FR0088 Yield Inversion.** Government Securities (SUN) series FR0088 posted a yield of 6.12% or the same level compared to FR0087 (10-year) at the close of last week. Yields are relatively attractive and prices below par at the time of issuance last Tuesday, making investors interested in this 15-year benchmark replacement for the FR0080. Based on Bloomberg data, the FR0088 price closed at 101.25 or an increase from the issuance price of 98.87. On the other hand, a number of market players realized the benefits of FR0087, making the yield on this 10-year benchmark increase by more than 10 bps. From the external side, expectations for greater US stimulus also bolstered SUN trading last Friday. The Democrat Party controls the government and legislation of the United States (US), boosting global investor optimism for greater stimulus.

### Corporate Bonds

**Bank Victoria Issues IDR 200 Billion Bonds.** Bank Victoria Tbk (BVIC) plans to raise inorganic funds through the issuance of bonds. BVIC plans to issue bonds in 2H21 to replace the maturing ones worth IDR 200 billion. In addition to replacing maturing bonds, this corporate action will also strengthen the capital structure as well as stabilize the company's funding. In March 2020, Bank Victoria was also recorded as having issued bonds worth IDR 60 billion. (Kontan)

### Domestic Issue

**BPJT Boosts Toll Road FDI in 2021.** The Toll Road Regulatory Agency (BPJT) will again boost foreign direct investment (FDI) in 2021. In 2020, FDI in the toll road sector did not increase, or only IDR 9.9 trillion. BPJT stated that the toll road sector is a sector that is very resistant to pandemics, it is hoped that FDI can increase from IDR 9.9 trillion to IDR 20 trillion. For information, total toll road investment in 2020 shows an increase. The total toll road investment until 2019 was IDR 691.43 trillion, increasing to IDR 729.54 trillion. This figure will also continue to be raised in the next 2021 to reach IDR 887.41 trillion. (Kontan)

### Recommendation

**Expectations of stimulus Encourage Interest in Risk Assets.** Bond market players were watching this sentiment, which made the JCI to close up 1.7% to 6,257 at the end of last week. Meanwhile, safe haven instruments such as bonds were relatively under pressure after investors had anticipated the US political unrest and focused more on stimulus to improve the market. Profit-taking on 10-year tenor government securities, pushed yields to high levels since March 2020. The increase in yield was amid the US economy losing 140,000 jobs in December. Market participants also hoped President-elect Joe Biden's administration would issue a bigger fiscal stimulus and infrastructure spending plan. Investors can partially realize the profits of FR0088, and can return to their attention to FR0087.

## 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)	133.60	133.66	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

FR0086 (5yr): +2.8 Bps to 101.49 (5.16%)  
FR0087 (10yr): +10.5 Bps to 102.82 (6.12%)  
FR0088 (15yr): -7.6 Bps to 101.25 (6.12%)  
FR0083 (20yr): +9.9 Bps to 108.68 (6.69%)

FR0081 (4yr): +5.5 Bps to 104.58 (5.32%)  
FR0082 (9yr): +8.7 Bps to 105.91 (6.17%)  
FR0080 (14yr): +10.9 Bps to 108.42 (6.58%)

## CDS of Indonesia Bonds

CDS 2yr: +2.79% to 24.10  
CDS 5yr: +0.22% to 67.46  
CDS 10yr: +2.01% to 129.09

## Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.15%	0.11%
USDIDR	14,020	0.79%
KRWIDR	12.84	0.35%

## Global Indices

Index	Last	Chg.	%
Dow Jones	31,097.97	56.84	0.18%
S&P 500	3,824.68	20.89	0.55%
FTSE 100	6,873.26	16.30	0.24%
DAX	14,049.53	81.29	0.58%
Nikkei	28,139.03	648.90	2.36%
Hang Seng	27,878.22	329.70	1.20%
Shanghai	3,570.11	(6.10)	-0.17%
KOSPI	3,152.18	120.50	3.97%
EIDO	24.52	0.71	2.98%

## Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,849.0	(64.9)	-3.39%
Crude Oil (USD/B)	52.24	1.41	2.77%
ICE NewCastle (USD/ton)	84.70	4.10	5.09%
LME Nickel (USD/MT)	17,667	(442.0)	-2.44%
LME Tin (USD/MT)	21,000	(110.0)	-0.52%
CPO (MYR/ton)	3,830	13.0	0.34%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	CH	08:30	PPI YoY	Dec		-0.7%	-1.5%
11 - Jan	CH	08:30	CPI YoY	Dec		0.0%	-0.5%
<b>Wednesday</b>	US	19:00	MBA Mortgage Applications	Jan		--	1.7%
13 - Jan	US	20:30	CPI MoM	Dec		0.4%	0.2%
<b>Thursday</b>	US	02:00	Monthly Budget Statement	Dec		--	-\$145.3b
14 - Jan	US	20:30	Initial Jobless Claims	Jan		--	787k
	CH		Trade Balance	Dec		\$71.00b	\$75.43b
	US	20:30	Import Price Index MoM	Dec		0.7%	0.1%
<b>Friday</b>	ID	11:00	Trade Balance	Dec		\$2287m	\$2613m
15 - Jan	UK	14:00	Industrial Production MoM	Nov		--	1.3%
	UK	14:00	Manufacturing Production MoM	Nov		--	1.7%
	US	21:15	Industrial Production MoM	Dec		0.3%	0.4%

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