

Morning Brief

Today's Outlook:

Government Bonds

Economic Recovery Sentiment Encourages Interest in Risk Assets. The price of Government Securities (SUN) has been relatively under pressure for a week, amid expectations of economic recovery due to vaccinations. This makes investors interested in risky assets such as stocks, and insuring safe haven assets such as government bonds. The yield on 10-year government securities rose nearly 8 bps a week, heading to the 6.24% level. The highest yield increase was in the 15-year tenor, which rose nearly 9 bps to 6.22%. As for external sentiment, the stimulus from the United States (US) government and vaccination sentiment fueled expectations that the US economy would recover more quickly. This sentiment also led to an increase in the yield of the 10-year United States Treasury (UST), to close above the psychological level of 1%.

Corporate Bonds

Permata Bank Pays IDR 20.56 Billion Bond Coupon. Bank Permata Tbk (BNLI) will pay coupons for the 25th Bank Permata II Phase II Year 2014 Sustainable Subordinated Bonds of IDR 20.56 billion on January 25, 2021. Meanwhile, this bond coupon is 11.75% with a principal value of IDR 700 billion, and will mature on October 24, 2021. In the latest development, the integration of Bank Permata and Bangkok Bank Public Company Limited. This Thai bank is said to have placed funds as a deposit for Bank Permata's capital worth IDR 10.82 trillion. Management said that the integration between the two was carried out through the transfer of assets with good quality and certain liabilities from Bangkok Bank. (Bisnis Indonesia)

Domestic Issue

SWF Investment Partners are Free of Dividend Income Tax and Share Tax Relief. The government is designing tax incentives for the investment ecosystem under the Investment Management Institution (LPI) or the Sovereign Wealth Fund (SWF). One of them is by providing relaxation of tax collection to third parties. This legislative candidate is a derivative rule of Law (UU) Number 11 of 2020 concerning Job Creation. The third parties referred to are investment partners, investment managers, state-owned enterprises (BUMN), government agencies or institutions, and / or other entities both domestic and foreign. (Kontan)

Recommendation

Investors Pay Attention to GDP Data from Several Countries. In trading this week, market players have begun to pay close attention to the release of Gross Domestic Product (GDP) data such as the US, South Korea, France, Germany and the European Union. US GDP data on Thursday is projected to grow 4.7% QoQ or contract by 3.5% YoY. US consumption rate fell significantly in 4Q20, as indicated by retail sales fell 0.7% after the previous month which was also relatively depressed. Apart from GDP, the US will also release interest rate data with the expectation to stick to loose monetary policy. Ahead of the Sukuk auction on Tuesday (26/01), investors can start looking at PBS027, PBS017, PBS029, PBS004, and PBS028.

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	1.68%	1.59%	Cons. Confidence*	96.50	92.00

PRICE OF BENCHMARK SERIES

FR0086 (5yr): +0.8 Bps to 101.26 (5.21%)
FR0087 (10yr): +1.6 Bps to 101.85 (6.24%)
FR0088 (15yr): +0.3 Bps to 100.23 (6.22%)
FR0083 (20yr): -0.3 Bps to 106.88 (6.84%)

FR0081 (4yr): +0.3 Bps to 104.20 (5.40%)
FR0082 (9yr): +0.8 Bps to 104.96 (6.30%)
FR0080 (14yr): -1.0 Bps to 106.59 (6.77%)

CDS of Indonesia Bonds

CDS 2yr: +1.30% to 26.41
CDS 5yr: -3.96% to 71.57 (as of Jan. 21, 2021)
CDS 10yr: +0.73% to 137.01

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.27%	0.01%
USDIDR	14,035	0.25%
KRWIDR	12.71	-0.16%

Global Indices

Index	Last	Chg.	%
Dow Jones	30,996.98	(179.03)	-0.57%
S&P 500	3,841.47	(11.60)	-0.30%
FTSE 100	6,695.07	(20.35)	-0.30%
DAX	13,873.97	(32.70)	-0.24%
Nikkei	28,631.45	(125.41)	-0.44%
Hang Seng	29,447.85	(479.91)	-1.60%
Shanghai	3,606.75	(14.51)	-0.40%
KOSPI	3,140.63	(20.21)	-0.64%
EIDO	24.41	(0.52)	-2.09%

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,855.6	(14.4)	-0.77%
Crude Oil (USD/B)	52.27	(0.86)	-1.62%
ICE NewCastle (USD/ton)	84.45	1.05	1.26%
LME Nickel (USD/MT)	18,269	(126.0)	-0.68%
LME Tin (USD/MT)	21,960	(41.0)	-0.19%
CPO (MYR/ton)	3,282	(2.0)	-0.06%

Date	Country	Hour	Event	Period	Actual	Consensus	Previous
Monday	GE	16:00	IFO Business Climate	Jan		91	92.1
25 - Jan	GE	16:00	IFO Expectations	Jan		91.5	92.8
Tuesday	UK	14:00	Claimant Count Rate	Dec		--	7.40%
26 - Jan	UK	14:00	Jobless Claims Change	Dec		--	64.3k
	US	22:00	Conf. Board Consumer Confidence	Jan		88.8	88.6
Wednesday	US	19:00	MBA Mortgage Applications	Jan		--	-1.90%
27 - Jan	US	20:30	Durable Goods Orders	Dec		1.00%	1.00%
	GE	20:30	CPI MoM	Jan		0.60%	0.50%
Thursday	GE	20:30	CPI YoY	Jan		0.90%	-0.30%
28 - Jan	US	20:30	GDP Annualized QoQ	4Q20		4.10%	33.40%
	US	20:30	Initial Jobless Claims	Jan		--	900k
Friday	GE	15:55	Unemployment Change (000's)	Jan		10.0k	-37.0k
29 - Jan	EC	16:00	M3 Money Supply YoY	Dec		--	11.00%
	US	20:30	Personal Income	Dec		0.20%	-1.10%

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