

Morning Brief

Today's Outlook:

Government Bonds

Without Green Shoe Option, FR0086 and FR0087 Close SUN Auction Target. The government is aggressively winning the two 5-year and 10-year benchmark series, each worth IDR 12.4 trillion at the Government Securities (SUN) auction last Tuesday. The coupon rate, which is only 5.50% and the short tenor yield of 5.15%, has made the government aggressive in winning FR0086. The high volatility of the stock market has made SUN most traded by investors in the last three days. The 10-year benchmark FR0087 posted the highest bid of nearly IDR 35 trillion, far surpassing other fixed rate series ranging from IDR 5.3 trillion to IDR 17.5 trillion offered at the auction yesterday. In addition, the implementation of restrictions on community activities (PPKM) for Java and Bali until February 8 has encouraged market players to return to their current interest in SUN.

Corporate Bonds

Wijaya Karya (WIKA) Pay Off IDR 5.4 Trillion Komodo Bond. Wijaya Karya (Persero) Tbk (WIKA) has paid off its global bond obligation, Komodo Bond of IDR 5.4 trillion. Previously, WIKA issued Komodo Bond on the London Stock Exchange's International Securities Market (ISM) in 2018, recording oversubscribed requests of up to 2.5x. Meanwhile, the profile of global investors who are interested in WIKA's Komodo Bonds is 67% from Asia, 13% from Europe and the Middle East, 10% from the United States and 10% from domestic investors, Indonesia. (Kontan)

Domestic Issue

The Business Competition Index in 2020 Declines. The Business Competition Supervisory Commission (KPPU) calculates the business competition index (IPU) for 2020. As a result, the business competition index for 2020 decreased compared to 2019. In 2020, the overall dimension score of IPU was 4.65, or it was categorized as a slightly high competition. compared to 2019 at a score of 4.72. This condition is influenced by supply and demand due to the pandemic. On the supply and demand side, as developing economic theories do show that this pandemic has not only hit the demand side but also supply in the aggregate. (Kontan)

Recommendation

Stock Market Volatility Makes SBN More Attractive Again. The price of Government Securities (SBN) has the opportunity to continue strengthening amid the volatile domestic stock market. External positive sentiment, strengthening Wall Street market is still unable to convince market players, speculation action of retail stock investors. On the other hand, interest in safe have instruments is in line with the uncertain prospect of fiscal stimulus in the United States (US). As many as ten members of the Senate from the Republican Party sent a letter to US President Joe Biden to reduce the value of the stimulus he proposed USD 1.9 billion, by submitting a counter proposal. Yesterday, the rupiah exchange rate was relatively flat with the spot market and JISDOR at IDR 14,025 / USD and IDR 14,042 / USD, respectively.

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

PRICE OF BENCHMARK SERIES

FR0086 (5yr): +0.0 Bps to 101.61 (5.14%)
FR0087 (10yr): -1.3 Bps to 102.81 (6.12%)
FR0088 (15yr): -4.4 Bps to 100.43 (6.20%)
FR0083 (20yr): -1.9 Bps to 107.67 (6.77%)

FR0081 (4yr): -1.8 Bps to 105.11 (5.17%)
FR0082 (9yr): -2.6 Bps to 106.09 (6.14%)
FR0080 (14yr): -4.3 Bps to 107.92 (6.63%)

CDS of Indonesia Bonds

CDS 2yr: -3.23% to 26.64
CDS 5yr: -2.28% to 75.57 (as of Feb. 1, 2021)
CDS 10yr: -2.48% to 135.44

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.14%	-0.01%
USDIDR	14,025	0.01%
KRWIDR	12.55	0.08%

Global Indices

Index	Last	Chg.	%
Dow Jones	30,687.48	475.57	1.57%
S&P 500	3,826.31	52.45	1.39%
FTSE 100	6,516.65	50.23	0.78%
DAX	13,835.16	213.14	1.56%
Nikkei	28,362.17	271.12	0.97%
Hang Seng	29,248.70	355.84	1.23%
Shanghai	3,533.69	28.40	0.81%
KOSPI	3,096.81	40.28	1.32%
EIDO	23.49	(0.08)	-0.34%

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,838.0	(22.8)	-1.22%
Crude Oil (USD/B)	54.76	1.21	2.26%
ICE NewCastle (USD/ton)	85.00	(0.65)	-0.76%
LME Nickel (USD/MT)	17,691	(109.0)	-0.61%
LME Tin (USD/MT)	22,779	(216.0)	-0.94%
CPO (MYR/ton)	3,391	(99.0)	-2.84%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	ID	07:30	Markit Indonesia PMI Mfg	Jan	--		51.3
<i>01 - Feb</i>	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%
<i>02 - Feb</i>	EC	17:00	GDP SA YoY	4Q20		-6.10%	-4.30%
Wednesday	US	19:00	MBA Mortgage Applications	Jan		--	-4.10%
<i>03 - Feb</i>							
Thursday	UK	19:00	Bank of England Bank Rate	Feb		0.10%	0.10%
<i>04 - Feb</i>	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
<i>05 - Feb</i>	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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