

Morning Brief

Daily | Dec. 21, 2021

Today's Outlook:

Government Bonds

Benchmark Strengthens Amid Lack of Sentiment. All benchmark series of Government Securities (SUN) closed higher, with yields falling between 0.3 bps to 2.1 bps. In the midst of the lack of new positive sentiment towards the end of 2021, market participants are weighing the impact of the decision for the Federal Reserve to end stimulus more quickly, as well as plans to increase interest rates. Meanwhile, several countries in the European region have begun to tighten their activities due to suppress the spread of the Omicron variant of the Covid-19 virus.

Corporate Bonds

Mandiri Tunas Finance Pays Off IDR 800 Billion Bonds. PT Mandiri Tunas Finance (MTF) has prepared funds for payment of the Mandiri Tunas Finance Bond IV Phase 1 Year 2019 Series A worth IDR 800 billion, which will mature on January 8, 2022. The Company has prepared the Bond principal amounting to IDR 800 billion along with interest to 12 of IDR 18.8 billion. For your information, next year MTF will also issue bonds whose value reaches IDR 2.7 trillion. The bonds will be issued in two stages. (Kontan)

Domestic Issue

BKPM Targets IDR 1,200 Trillion Investment. The Ministry of Investment / Investment Coordinating Board (BKPM) targets the value of direct investment in Indonesia in 2022 to reach IDR 1,200 trillion. Meanwhile, the BKPM's strategy is, as much as 40% will be encouraged to invest in the downstream sector of commodities, such as nickel, bauxite, and also tin. BKPM also directs investment in environmentally friendly industries (green industry). (Kontan)

Recommendation

Omicron Variant Hurdles Economic Recovery. US stocks fell again earlier in the week, with all three major indexes down more than 1% each. The spike in Covid-19 cases that occurred throughout the weekend, became a major source of concern for investors. Another negative sentiment came from Senator Joe Manchin's statement refusing to support the Biden administration's USD 1.75 trillion Investment program. On the other hand, concerns over the Omicron variant, which has the potential to hamper economic recovery, put pressure on sectors such as Industrial (-1.52%) and Cyclic Consumer (-1.48%).

Indonesia Macroeconomic Data

| Monthly Indicators | Last | Prev. | Quarterly Indicators | Last | Prev. |
|------------------------|--------|--------|----------------------|--------|--------|
| BI 7 Day Rev Repo Rate | 3.50% | 3.50% | Real GDP | 3.51% | 7.07% |
| FX Reserve (USD bn) | 145.90 | 145.46 | Current Acc (USD bn) | 4.50 | (1.97) |
| Trd Balance (USD bn) | 3.51 | 5.74 | Govt. Spending Yoy | 0.66% | 8.03% |
| Exports Yoy | 49.70% | 53.35% | FDI (USD bn) | 4.77 | 6.52 |
| Imports Yoy | 52.62% | 51.06% | Business Confidence | 104.82 | 105.33 |
| Inflation Yoy | 1.75% | 1.66% | Cons. Confidence* | 118.50 | 113.40 |

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -1.8 Bps to 101.28 (5.16%)
FR0087 (10yr): -2.1 Bps to 100.73 (6.39%)
FR0088 (15yr): -0.3 Bps to 99.84 (6.26%)
FR0083 (20yr): -1.6 Bps to 104.42 (7.06%)

FR0090 (5.5yr): +1.3 Bps to 100.70 (4.97%)
FR0091 (10.5yr): +1.7 Bps to 100.44 (6.31%)
FR0092 (20.6yr): +0.4 Bps to 102.63 (6.88%)

CDS of Indonesia Bonds

CDS 2yr: +3.56% to 30.33
CDS 5yr: +3.44% to 78.84
CDS 10yr: +2.58% to 142.82

Government Bond Yields & FX

| | Last | Chg. |
|----------------|--------|--------|
| Tenor: 10 year | 6.43% | -0.03% |
| USDIDR | 14,368 | 0.17% |
| KRWIDR | 12.16 | 0.21% |

Global Indices

| Index | Last | Chg. | % |
|-----------|-----------|----------|--------|
| Dow Jones | 34,932.16 | (433.28) | -1.23% |
| S&P 500 | 4,568.02 | (52.62) | -1.14% |
| FTSE 100 | 7,198.03 | (71.89) | -0.99% |
| DAX | 15,239.67 | (292.02) | -1.88% |
| Nikkei | 27,937.81 | (607.87) | -2.13% |
| Hang Seng | 22,744.86 | (447.77) | -1.93% |
| Shanghai | 3,593.60 | (38.76) | -1.07% |
| KOSPI | 2,963.00 | (54.73) | -1.81% |
| EIDO | 22.71 | (0.08) | -0.35% |

Commodities

| Commodity | Last | Chg. | % |
|--------------------|---------|---------|--------|
| Gold (\$/troy oz.) | 1,790.9 | (7.2) | -0.40% |
| Crude Oil (\$/bbl) | 68.61 | (2.11) | -2.98% |
| Coal (\$/ton) | 183.15 | 3.05 | 1.69% |
| Nickel LME (\$/MT) | 19,320 | (305.5) | -1.55% |
| Tin LME (\$/MT) | 38,222 | (212.5) | -0.55% |
| CPO (MYR/Ton) | 4,295 | (113.0) | -2.56% |

Global & Domestic Economic Calendar

| Date | Country | Hour Jakarta | Event | Period | Actual | Consensus | Previous |
|------------------|---------|-----------------|---------------------------------|--------|--------|-----------|----------|
| Friday | — | — | — | — | — | — | — |
| <i>17 - Dec.</i> | — | — | — | — | — | — | — |
| Monday | — | — | — | — | — | — | — |
| <i>20 - Dec.</i> | — | — | — | — | — | — | — |
| Tuesday | EC | 22:00 | Consumer Confidence | Dec. | | -8.1% | -6.8% |
| <i>21 - Dec.</i> | — | — | — | — | — | — | — |
| Wednesday | US | 19:00 | MBA Mortgage Applications | Dec. | | — | -4.0% |
| <i>22 - Dec.</i> | US | 20:30 | GDP Annualized QoQ | 3Q21 | | 2.1% | 2.1% |
| | US | 22:00 | Conf. Board Consumer Confidence | Dec. | | 110.8 | 109.5 |
| | US | 22:00 | Existing Home Sales MoM | Nov. | | 6.55Mn | 6.34Mn |
| Thursday | US | 20:30 | Initial Jobless Claims | Dec. | | — | — |
| <i>23 - Dec.</i> | US | 20:30 | Durable Goods Orders | Nov. | | 1.7% | -0.4% |
| | US | 22:00 | U. of Mich. Sentiment | Dec. | | 70.4 | 70.4 |
| | US | 22:00 | New Home Sales | Nov. | | 765k | 745k |
| Friday | — | — | — | — | — | — | — |
| <i>24 - Dec.</i> | — | — | — | — | — | — | — |

Source: Bloomberg

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