

Daily Economic & Fixed Income Report

Economic-Currencies-Commodities-Fixed Income-Politics-Policies



Economic & Fixed Income Analysis

28 February 2023

Economic and Fixed Income Indicators

Currencies	2/27/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.06	0.6	(2.3)	(0.9)
GBP/USD	1.21	1.0	(2.1)	(0.2)
AUD/USD	0.67	0.2	(4.5)	(1.1)
USD/CHF	0.94	(0.5)	2.1	1.2
USD/JPY	136.2	(0.2)	4.7	3.9
Dollar Index	104.7	(0.5)	2.5	1.1
Asia Dollar Index	100.3	0.1	(2.9)	(0.8)
USD/KRW	1,323	1.4	7.4	4.6
USD/SGD	1.35	(0.3)	2.5	0.5
USD/CNY	6.94	(0.2)	2.8	0.7
USD/INR	82.8	0.1	1.1	0.1
USD/IDR	15,270	0.3	1.9	(1.9)
USD/IDR 1 Month NDF	15,238	(0.2)	1.5	(1.9)
USD/MYR	4.48	1.0	4.8	1.7
USD/THB	35.1	0.9	6.4	1.4
USD/PHP	55.5	1.2	1.6	(0.4)

Rates	2/27/2023	Daily (bp)	MTD (bp)	YTD (bp)
US Treasuries 10-Year	3.91	(2.9)	40.7	3.9
Germany Bund 10-Year	2.58	4.5	29.6	1.1
Japan JGB 10-Year	0.51	0.3	1.1	8.5
LIBOR Overnight	4.56	0.0	26.3	24.4
LIBOR 1-Month	4.63	0.0	6.1	24.3
Indonesia INDOGB 10-Year	6.86	6.1	15.7	(7.6)
Indonesia INDOGB 5-Year	6.57	7.6	19.1	36.6
Indonesia INDOGB 2-Year	6.47	1.6	58.1	39.3
INDOGB-UST (bp)	294.99	9.0	(25.0)	(11.5)
Indonesia INDON 10-Year	5.15	7.0	38.5	35.2
Indonesia INDON 5-Year	5.08	6.6	51.3	39.5
Indonesia INDON 2-Year	5.12	1.7	49.4	32.4
INDON-UST (bp)	123.39	9.9	(2.2)	31.3
Indonesia Corporate AAA 10-Year	7.69	5.9	14.2	(5.7)
Indonesia Corporate AAA 5-Year	7.21	7.6	13.5	40.5
Indonesia Corporate AAA 2-Year	6.95	1.5	41.5	46.6
INDONIA	5.58	8.0	18.9	55.6
JIBOR 1-Month	6.40	0.5	(1.2)	19.8

Bond Indexes	2/27/2023	Daily (%)	MTD (%)	YTD (%)
S&P Global Bond Developed Index	176.6	0.0	(1.6)	0.4
EMBI Global Index	775.7	0.1	(2.1)	1.0
iShare USD EMBI Index	85.2	0.2	(2.7)	0.6
ICBI Index	349.8	(0.1)	(0.0)	1.5
IDMA Index	98.1	(0.2)	(1.8)	0.7
INDOBeX Government Bond Index	342.2	(0.1)	(0.1)	1.5
INDOBeX Corporate Bond Index	397.2	(0.0)	0.5	1.3

Prices	2/27/2023	Daily (%)	MTD (%)	YTD (%)
ID CDS 5-Year	94.5	(3.7)	7.0	(5.1)
JCI	6,855	(0.0)	0.2	0.1
S&P-Goldman Sachs Commodity Index	576.6	(0.2)	(4.9)	(5.5)
FR0095	99.27	(0.4)	(0.9)	0.1
FR0096	101.06	(0.5)	(1.1)	0.5
FR0097	100.20	(0.3)	(2.2)	0.0
FR0098	100.28	(0.2)	(2.1)	(0.2)

Source: Bloomberg, SSI Research

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MARKET PREVIEW

- The Asia Pacific financial market started the morning with a rebound after its freefall in the previous session, which was driven by concerns regarding the Fed's hawkish stance.
- US durable goods orders slipped in January as seasonal effects at the end of last year faded. On the other hand, the statement by Fed official P Jefferson that inflation is still far from the Fed's target and will not decrease quickly further adds to the belief that the Fed will continue to maintain its tight monetary policy this year.
- Despite this, the UST 10Y yield slipped by 2bps to 3.92%, mainly due to the fact that the market has predicted a higher-than-expected terminal rate.
- Therefore, we expect that the selling action in the domestic market will be halted, as investors might choose to wait for more domestic macro data. SUN 10Y yield might move towards 6.84% today, while rupiah is projected to reach IDR 15,250/USD.

DATA/POLICY UPDATE

BPS: Four commodities projected to become main contributors to inflation in February.

The Head of the Central Statistics Agency (BPS) mentioned four commodities that could potentially contribute to inflation in February; rice, shallots, red chilies and cooking oil. For rice, BPS saw an increase in prices in 149 districts/cities. It is important to note that BPS will announce February inflation data tomorrow (Investor Daily) **Comment:** We agree with BPS' statements; according to our monitoring, prices of rice went up 2.3% MoM, while prices of red chilies and cayenne peppers rose by 15% MoM and 12% MoM, respectively. Disrupted distribution due to intense rainfall and preparations ahead of Ramadan will cause several commodity prices to rise. However, we see that the prices of other components of inflation, such as air transportation rates and gold, have declined. Therefore, we predict that February 2023 inflation will reach 0.20% MoM, continuing its downward trend (January: 0.34% MoM), while its YoY figure might slightly increase to 5.51% (January: 5.28% YoY). With price pressure still under control, we see that BI still has enough room to hold its benchmark interest rate at 5.75%.

GLOBAL ECON

US pending home sales went up 8.1% mom in January (prev: 1.1% mom). However, its figures were -24.1% yoy lower than in January last year (NAR) **Comment:** The mom increase was mainly caused by the slowdown in the Fed rate hike, which had a positive effect on mortgage rates. However, we might see some rapid decline in the future, particularly if the Fed decides to raise its policy rate by 50 bps in March.

Eurozone economic sentiment fell slightly in February to 99.7 (prev: 99.8), mainly due to the decline in sentiment in the manufacturing sector to 0.5 (prev: 1.2) and the service sector to 9.5 (prev: 10.4). *(DW) Comment:* This data release confirms that the Eurozone is on the verge of recession. In our opinion, conditions in the Eurozone will not improve until there is a significant reduction in inflation.

BUY Recommendation: FR0081, FR0047, FR0073, FR0037, FR0088, FR0054.

Economic Calender

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
02/28/2023 06:50	JN	Industrial Production MoM	Jan P	-2.70%	0.30%
02/28/2023 06:50	JN	Retail Sales MoM	Jan	1.00%	1.10%
02/28/2023 21:00	US	FHFA House Price Index MoM	Dec	-0.20%	-0.10%
02/28/2023 22:00	US	Conf. Board Consumer Confidence	Feb	108.40	107.10

JN = Japan - US = United States - CH = China - EC = Eurozone Aggregate - ID = Indonesia - GE = Germany - FR = France - UK = United Kingdom

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No.	Series	Issue Date	Maturity Date	Tenure (Year)	Coupon Rate	Actual Price	Yield to Maturity	Yield Curve	Valuation Price	Difference (bps)	Recommendation	Duration
1	FR63	8/13/2012	5/15/2023	0.21	5.6%	99.94	5.8%	6.2%	99.88	(34.71)	Expensive	0.22
2	FR46	7/19/2007	7/15/2023	0.38	9.5%	101.40	5.6%	6.2%	101.22	(58.98)	Expensive	0.38
3	FR39	8/24/2006	8/15/2023	0.46	11.8%	102.70	5.7%	6.2%	102.49	(52.14)	Expensive	0.46
4	FR70	8/29/2013	3/15/2024	1.05	8.4%	102.17	6.2%	6.2%	102.13	(6.87)	Expensive	1.00
5	FR77	9/27/2018	5/15/2024	1.21	8.1%	102.23	6.2%	6.3%	102.15	(8.92)	Expensive	1.17
6	FR44	4/19/2007	9/15/2024	1.55	10.0%	105.56	6.2%	6.3%	105.42	(12.73)	Expensive	1.43
7	FR81	8/1/2019	6/15/2025	2.30	6.5%	100.20	6.4%	6.3%	100.36	7.27	Cheap	2.13
8	FR40	9/21/2006	9/15/2025	2.55	11.0%	111.29	6.1%	6.3%	110.81	(21.95)	Expensive	2.23
9	FR84	5/4/2020	2/15/2026	2.97	7.3%	102.46	6.3%	6.4%	102.35	(4.57)	Expensive	2.69
10	FR86	8/13/2020	4/15/2026	3.13	5.5%	97.39	6.4%	6.4%	97.54	5.46	Cheap	2.88
11	FR56	9/23/2010	9/15/2026	3.55	8.4%	106.17	6.4%	6.4%	106.17	(1.00)	Expensive	3.07
12	FR37	5/18/2006	9/15/2026	3.55	12.0%	117.88	6.3%	6.4%	117.52	(12.38)	Expensive	2.94
13	FR90	7/8/2021	4/15/2027	4.13	5.1%	95.37	6.4%	6.4%	95.29	(2.18)	Expensive	3.72
14	FR59	9/15/2011	5/15/2027	4.21	7.0%	101.71	6.5%	6.4%	102.02	7.89	Cheap	3.69
15	FR42	1/25/2007	7/15/2027	4.38	10.3%	115.03	6.3%	6.5%	114.28	(19.03)	Expensive	3.61
16	FR94	3/4/2022	1/15/2028	4.88	5.6%	95.80	6.6%	6.5%	96.35	13.62	Cheap	4.26
17	FR47	8/30/2007	2/15/2028	4.97	10.0%	114.00	6.6%	6.5%	114.71	14.97	Cheap	4.04
18	FR64	8/13/2012	5/15/2028	5.22	6.1%	98.41	6.5%	6.5%	98.35	(1.49)	Expensive	4.49
19	FR95	8/19/2022	8/15/2028	5.47	6.4%	99.26	6.5%	6.5%	99.36	1.96	Cheap	4.65
20	FR71	9/12/2013	3/15/2029	6.05	9.0%	112.37	6.5%	6.5%	112.08	(5.93)	Expensive	4.74
21	FR78	9/27/2018	5/15/2029	6.22	8.3%	108.27	6.6%	6.6%	108.53	4.36	Cheap	4.97
22	FR52	8/20/2009	8/15/2030	7.47	10.5%	122.25	6.7%	6.6%	122.56	4.29	Cheap	5.49
23	FR82	8/1/2019	9/15/2030	7.55	7.0%	101.68	6.7%	6.6%	102.19	8.56	Cheap	5.86
24	FRSDG1	10/27/2022	10/15/2030	7.64	7.4%	103.95	6.7%	6.6%	104.41	7.27	Cheap	5.89
25	FR87	8/13/2020	2/15/2031	7.97	6.5%	98.65	6.7%	6.6%	99.10	7.52	Cheap	6.25
26	FR85	5/4/2020	4/15/2031	8.13	7.8%	106.25	6.7%	6.7%	106.80	8.20	Cheap	6.13
27	FR73	8/6/2015	5/15/2031	8.22	8.8%	112.39	6.8%	6.7%	113.07	9.74	Cheap	6.08
28	FR54	7/22/2010	7/15/2031	8.38	9.5%	117.56	6.7%	6.7%	117.98	5.49	Cheap	6.04
29	FR91	7/8/2021	4/15/2032	9.14	6.4%	97.32	6.8%	6.7%	97.80	7.08	Cheap	6.90
30	FR58	7/21/2011	6/15/2032	9.30	8.3%	110.28	6.7%	6.7%	110.54	3.19	Cheap	6.63
31	FR74	11/10/2016	8/15/2032	9.47	7.5%	104.75	6.8%	6.7%	105.43	9.37	Cheap	6.91
32	FR96	8/19/2022	2/15/2033	9.98	7.0%	101.06	6.9%	6.7%	101.88	11.26	Cheap	7.26
33	FR65	8/30/2012	5/15/2033	10.22	6.6%	98.62	6.8%	6.7%	99.10	6.41	Cheap	7.46
34	FR68	8/1/2013	3/15/2034	11.05	8.4%	111.10	6.9%	6.8%	112.23	13.63	Cheap	7.41
35	FR80	7/4/2019	6/15/2035	12.30	7.5%	103.94	7.0%	6.8%	105.49	18.08	Cheap	8.11
36	FR72	7/9/2015	5/15/2036	13.22	8.3%	110.57	7.0%	6.9%	111.89	14.08	Cheap	8.42
37	FR88	1/7/2021	6/15/2036	13.31	6.3%	97.18	6.6%	6.9%	94.65	(29.97)	Expensive	8.94
38	FR45	5/24/2007	5/15/2037	14.22	9.8%	124.00	7.0%	6.9%	125.54	14.42	Cheap	8.48
39	FR93	1/6/2022	7/15/2037	14.39	6.4%	97.25	6.7%	6.9%	95.19	(23.35)	Expensive	9.37
40	FR75	8/10/2017	5/15/2038	15.22	7.5%	104.20	7.0%	6.9%	105.26	10.84	Cheap	9.31
41	FR98	9/15/2022	6/15/2038	15.31	7.1%	100.25	7.1%	6.9%	101.75	15.80	Cheap	9.31
42	FR50	1/24/2008	7/15/2038	15.39	10.5%	130.50	7.2%	6.9%	133.34	24.74	Cheap	8.65
43	FR79	1/7/2019	4/15/2039	16.14	8.4%	112.70	7.0%	7.0%	113.55	7.97	Cheap	9.34
44	FR83	11/7/2019	4/15/2040	17.14	7.5%	104.19	7.1%	7.0%	105.02	8.01	Cheap	9.85
45	FR57	4/21/2011	5/15/2041	18.22	9.5%	124.00	7.1%	7.0%	125.25	10.17	Cheap	9.73
46	FR62	2/9/2012	4/15/2042	19.14	6.4%	93.50	7.0%	7.0%	93.00	(5.03)	Expensive	10.81
47	FR92	7/8/2021	6/15/2042	19.31	7.1%	100.60	7.1%	7.1%	100.78	1.61	Cheap	10.51
48	FR97	8/19/2022	6/15/2043	20.31	7.1%	100.27	7.1%	7.1%	100.54	2.43	Cheap	10.74
49	FR67	7/18/2013	2/15/2044	20.98	8.8%	115.37	7.3%	7.1%	117.99	21.68	Cheap	10.48
50	FR76	9/22/2017	5/15/2048	25.23	7.4%	102.63	7.1%	7.2%	102.39	(2.13)	Expensive	11.76
51	FR89	1/7/2021	8/15/2051	28.48	6.9%	98.10	7.0%	7.2%	95.93	(18.37)	Expensive	12.51

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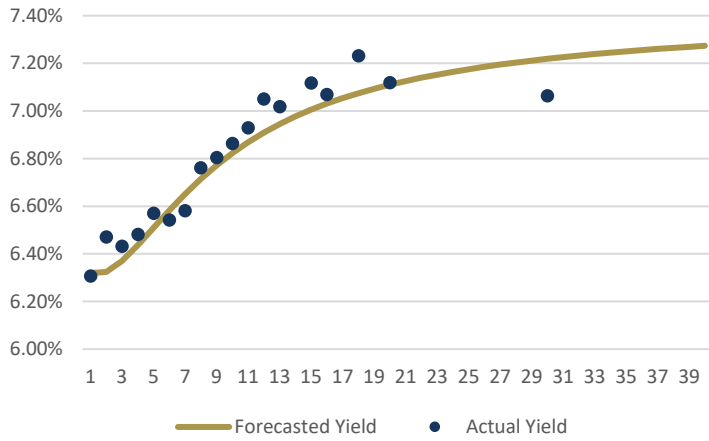
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Chart 1. Samuel's Yield Curve Forecast



Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



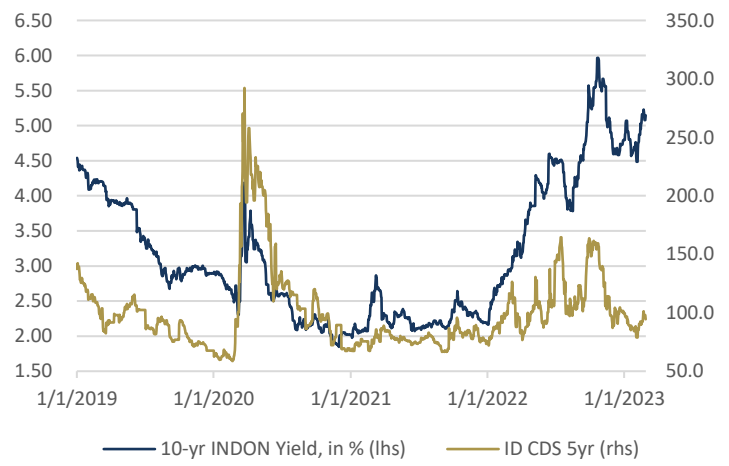
Source: Bloomberg

Chart 3. Leading Indicator for US-Indonesia Bond Market Linkage



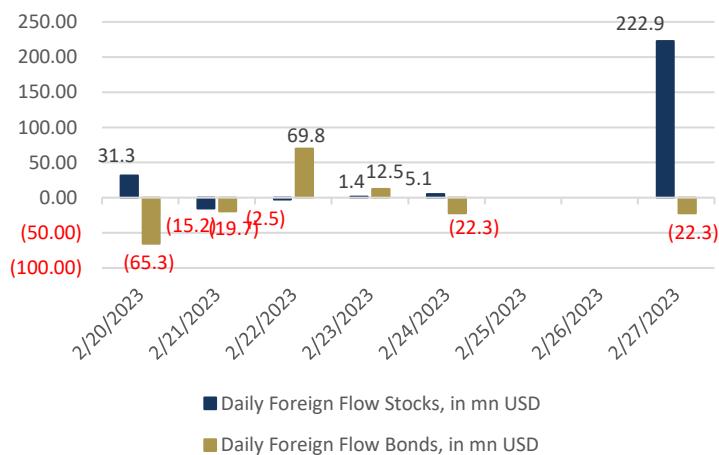
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



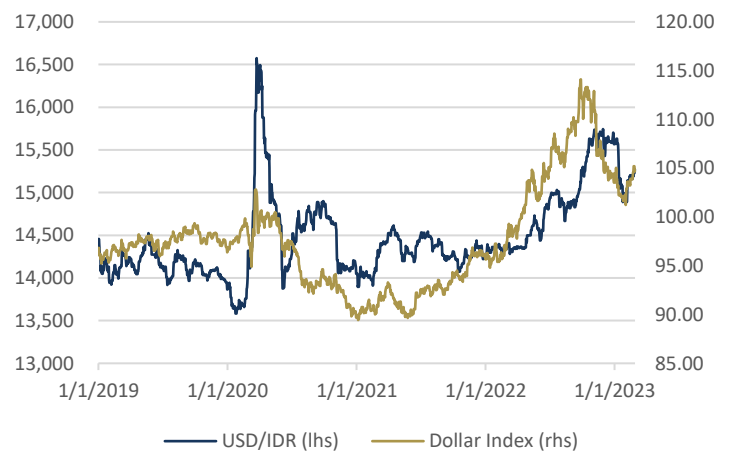
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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