

Daily Economic & Fixed Income Report

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



Economic & Fixed Income Analysis

3 March 2023

Economic and Fixed Income Indicators

Currencies	3/2/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.06	(0.7)	0.2	(1.0)
GBP/USD	1.19	(0.7)	(0.6)	(1.1)
AUD/USD	0.67	(0.5)	0.0	(1.2)
USD/CHF	0.94	0.3	0.0	1.9
USD/JPY	136.8	0.4	0.4	4.3
Dollar Index	105.0	0.5	0.2	1.5
Asia Dollar Index	100.6	(0.4)	0.3	(0.6)
USD/KRW	1,315	(0.6)	(0.6)	3.9
USD/SGD	1.35	0.4	(0.1)	0.6
USD/CNY	6.92	0.7	(0.3)	0.3
USD/INR	82.6	0.1	(0.1)	(0.2)
USD/IDR	15,280	0.3	0.2	(1.8)
USD/IDR 1 Month NDF	15,324	0.5	0.4	(1.3)
USD/MYR	4.48	0.1	(0.3)	1.6
USD/THB	34.8	(0.0)	(1.6)	0.5
USD/PHP	55.0	0.1	(0.6)	(1.3)
Rates	3/2/2023	Daily (bp)	MTD (bp)	YTD (bp)
US Treasuries 10-Year	4.06	6.3	13.6	18.1
Germany Bund 10-Year	2.75	4.0	10.0	18.0
Japan JGB 10-Year	0.51	(0.1)	0.0	8.3
LIBOR Overnight	4.56	0.0	0.4	23.9
LIBOR 1-Month	4.67	0.0	0.4	28.1
Indonesia INDOGB 10-Year	6.96	9.7	6.0	1.9
Indonesia INDOGB 5-Year	6.58	4.8	(1.0)	37.9
Indonesia INDOGB 2-Year	6.51	3.2	0.4	42.8
INDOGB-UST (bp)	290.34	3.4	(7.6)	(16.2)
Indonesia INDON 10-Year	5.23	9.3	11.9	43.3
Indonesia INDON 5-Year	5.12	6.3	7.2	43.1
Indonesia INDON 2-Year	5.20	6.8	6.3	40.8
INDON-UST (bp)	117.34	3.0	(1.7)	25.2
Indonesia Corporate AAA 10-Year	7.79	9.6	6.0	4.1
Indonesia Corporate AAA 5-Year	7.23	5.0	(0.6)	42.4
Indonesia Corporate AAA 2-Year	7.03	4.6	3.2	54.5
INDONIA	5.64	5.6	2.2	61.7
JIBOR 1-Month	6.40	0.0	(0.2)	19.6
Bond Indexes	3/2/2023	Daily (%)	MTD (%)	YTD (%)
S&P Global Bond Developed Index	175.6	(0.3)	(0.6)	(0.2)
EMBI Global Index	767.7	(0.6)	(0.9)	(0.1)
iShare USD EMBI Index	83.8	(0.7)	(1.5)	(1.1)
ICBI Index	349.2	(0.2)	(0.2)	1.3
IDMA Index	98.0	(0.1)	(0.1)	0.6
INDOBeX Government Bond Index	341.5	(0.2)	(0.2)	1.3
INDOBeX Corporate Bond Index	397.1	(0.1)	(0.1)	1.2
Prices	3/2/2023	Daily (%)	MTD (%)	YTD (%)
ID CDS 5-Year	93.7	1.3	(0.1)	(5.9)
JCI	6,857	0.2	0.2	0.1
S&P-Goldman Sachs Commodity Index	585.6	(0.0)	0.9	(4.0)
FR0095	99.25	(0.1)	0.1	0.1
FR0096	100.41	(0.7)	(0.5)	(0.1)
FR0097	99.84	(0.3)	(0.2)	(0.3)
FR0098	99.99	(0.2)	(0.1)	(0.5)

Source: Bloomberg, SSI Research

MARKET PREVIEW

- Global market players welcomed Atlanta Fed President, R. Bostic's statement that he wanted the Fed to continue to maintain the pace of Fed Funds Rate hike at 25 bps at the next FOMC meeting. Even though Bostic is not an active voter at this year's FOMC meeting, his Fed rate outlook will be taken into consideration by market players while making their next tactical steps in the face of uncertainty over The Fed's monetary policy.
- However, the relatively low jobless claims and higher-than-expected wage cost growth should keep market expectations that the Fed will maintain its hawkish policy stance this year.
- The UST 10Y yield peaked at 4.091% yesterday after the announcement of solid US labor market data, but then slightly decreased to 4.06%, driven by R. Bostic's statement.
- On the domestic debt market, we see that relatively manageable inflationary pressures will be the main consideration for Bank Indonesia in responding to the Fed's aggressiveness. With the current conditions, we still believe BI needs to raise its benchmark interest rate by at least 25bps to prevent extreme rupiah volatility. For today, we believe that the selling pressure on SBN is likely to ease slightly; we expect SUN 10Y yield to remain close to 6.98%, while rupiah is expected to test a new resistance level at IDR 15,300/USD.

GLOBAL ECON

Eurozone inflation declined slightly to 8.5% yoy in February (prev: 8.6% yoy). However, the decline was still lower than expected (cons: 8.2% yoy). Meanwhile, core inflation rose to 5.6% yoy (prev: 5.3% yoy). **(Investing) Comment:** The slower-than-expected decline in Eurozone inflation surprised market players and could potentially prompt the European Central Bank (ECB) to raise interest rates more aggressively. In our opinion, this might hold the European economy in the recession zone for longer than previously expected, slowing down global economic recovery.

US initial jobless claims fell to 190,000 (prev: 192,000) last week. Continuing jobless claims also fell to 1.655 million (prev: 1.66 million). **(Wall Street Journal).** **Comment:** The decline in US continuing and initial jobless claims showed the resilience of the US labor market in February. In our view, the data will encourage the Fed to maintain a hawkish monetary policy by continuing its rate hike cycle (the market expects the cycle to continue through July 2023, peaking at 5.75%). This condition might force Bank Indonesia to continue raising the 7DRRR reference rate to 6.75%.

BUY Recommendation: FR0081, FR0047, FR0073, FR0037, FR0040, FR0054.

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Economic Calender

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
03/03/2023 06:30	JN	Tokyo CPI YoY	Feb	3.40%	4.40%
03/03/2023 06:30	JN	Tokyo CPI Ex-Fresh Food YoY	Feb	3.30%	4.30%
03/03/2023 08:45	CH	Caixin China PMI Services	Feb	54.80	52.90
03/03/2023 21:45	US	ISM Services Index	Feb	54.50	55.20

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	0.20	5.6%	99.92	5.9%	6.4%	99.85	(44.89)	Expensive	0.21
2	FR46	7/19/2007	7/15/2023	0.37	9.5%	101.33	5.7%	6.4%	101.12	(72.63)	Expensive	0.37
3	FR39	8/24/2006	8/15/2023	0.45	11.8%	102.53	5.9%	6.4%	102.37	(50.13)	Expensive	0.45
4	FR70	8/29/2013	3/15/2024	1.04	8.4%	102.12	6.2%	6.4%	101.93	(21.90)	Expensive	0.99
5	FR77	9/27/2018	5/15/2024	1.21	8.1%	102.07	6.3%	6.4%	101.93	(15.41)	Expensive	1.16
6	FR44	4/19/2007	9/15/2024	1.54	10.0%	105.51	6.2%	6.5%	105.13	(30.18)	Expensive	1.42
7	FR81	8/1/2019	6/15/2025	2.29	6.5%	100.11	6.4%	6.5%	100.01	(5.17)	Expensive	2.12
8	FR40	9/21/2006	9/15/2025	2.54	11.0%	110.63	6.4%	6.5%	110.37	(13.77)	Expensive	2.22
9	FR84	5/4/2020	2/15/2026	2.96	7.3%	102.62	6.3%	6.5%	101.91	(27.27)	Expensive	2.69
10	FR86	8/13/2020	4/15/2026	3.12	5.5%	97.26	6.5%	6.5%	97.10	(5.52)	Expensive	2.87
11	FR56	9/23/2010	9/15/2026	3.54	8.4%	105.98	6.4%	6.6%	105.65	(11.41)	Expensive	3.06
12	FR37	5/18/2006	9/15/2026	3.54	12.0%	117.50	6.4%	6.6%	116.94	(18.97)	Expensive	2.93
13	FR90	7/8/2021	4/15/2027	4.12	5.1%	95.18	6.5%	6.6%	94.78	(11.28)	Expensive	3.71
14	FR59	9/15/2011	5/15/2027	4.21	7.0%	101.73	6.5%	6.6%	101.46	(7.76)	Expensive	3.68
15	FR42	1/25/2007	7/15/2027	4.37	10.3%	115.03	6.3%	6.6%	113.65	(35.06)	Expensive	3.60
16	FR94	3/4/2022	1/15/2028	4.88	5.6%	95.73	6.6%	6.6%	95.77	1.18	Cheap	4.25
17	FR47	8/30/2007	2/15/2028	4.96	10.0%	114.00	6.6%	6.6%	114.04	(0.28)	Expensive	4.03
18	FR64	8/13/2012	5/15/2028	5.21	6.1%	98.05	6.6%	6.6%	97.74	(7.42)	Expensive	4.48
19	FR95	8/19/2022	8/15/2028	5.46	6.4%	99.25	6.5%	6.7%	98.72	(11.67)	Expensive	4.64
20	FR71	9/12/2013	3/15/2029	6.04	9.0%	111.53	6.6%	6.7%	111.36	(3.84)	Expensive	4.73
21	FR78	9/27/2018	5/15/2029	6.21	8.3%	108.11	6.6%	6.7%	107.81	(6.23)	Expensive	4.96
22	FR52	8/20/2009	8/15/2030	7.46	10.5%	121.49	6.8%	6.7%	121.73	3.02	Cheap	5.47
23	FR82	8/1/2019	9/15/2030	7.55	7.0%	101.23	6.8%	6.7%	101.47	4.00	Cheap	5.85
24	FRSDG1	10/27/2022	10/15/2030	7.63	7.4%	103.95	6.7%	6.8%	103.67	(5.02)	Expensive	5.89
25	FR87	8/13/2020	2/15/2031	7.96	6.5%	98.31	6.8%	6.8%	98.38	1.26	Cheap	6.24
26	FR85	5/4/2020	4/15/2031	8.13	7.8%	106.25	6.7%	6.8%	106.03	(3.70)	Expensive	6.12
27	FR73	8/6/2015	5/15/2031	8.21	8.8%	112.48	6.7%	6.8%	112.28	(3.54)	Expensive	6.07
28	FR54	7/22/2010	7/15/2031	8.38	9.5%	117.56	6.7%	6.8%	117.15	(6.42)	Expensive	6.03
29	FR91	7/8/2021	4/15/2032	9.13	6.4%	96.92	6.8%	6.8%	97.07	2.28	Cheap	6.89
30	FR58	7/21/2011	6/15/2032	9.30	8.3%	109.12	6.9%	6.8%	109.75	8.25	Cheap	6.61
31	FR74	11/10/2016	8/15/2032	9.46	7.5%	104.56	6.8%	6.8%	104.66	1.30	Cheap	6.90
32	FR96	8/19/2022	2/15/2033	9.97	7.0%	100.36	6.9%	6.8%	101.13	10.69	Cheap	7.24
33	FR65	8/30/2012	5/15/2033	10.21	6.6%	98.08	6.9%	6.8%	98.37	3.96	Cheap	7.45
34	FR68	8/1/2013	3/15/2034	11.04	8.4%	110.61	7.0%	6.9%	111.45	10.11	Cheap	7.39
35	FR80	7/4/2019	6/15/2035	12.30	7.5%	103.87	7.0%	6.9%	104.77	10.54	Cheap	8.10
36	FR72	7/9/2015	5/15/2036	13.21	8.3%	110.20	7.0%	6.9%	111.18	10.38	Cheap	8.40
37	FR88	1/7/2021	6/15/2036	13.30	6.3%	96.35	6.7%	6.9%	94.02	(27.92)	Expensive	8.91
38	FR45	5/24/2007	5/15/2037	14.21	9.8%	123.50	7.1%	7.0%	124.81	12.25	Cheap	8.46
39	FR93	1/6/2022	7/15/2037	14.38	6.4%	97.00	6.7%	7.0%	94.60	(27.32)	Expensive	9.36
40	FR75	8/10/2017	5/15/2038	15.21	7.5%	104.12	7.1%	7.0%	104.67	5.59	Cheap	9.30
41	FR98	9/15/2022	6/15/2038	15.30	7.1%	99.99	7.1%	7.0%	101.17	12.54	Cheap	9.29
42	FR50	1/24/2008	7/15/2038	15.38	10.5%	130.50	7.2%	7.0%	132.64	18.58	Cheap	8.64
43	FR79	1/7/2019	4/15/2039	16.13	8.4%	112.35	7.1%	7.0%	112.98	5.85	Cheap	9.32
44	FR83	11/7/2019	4/15/2040	17.13	7.5%	103.51	7.1%	7.0%	104.54	9.98	Cheap	9.82
45	FR57	4/21/2011	5/15/2041	18.22	9.5%	124.23	7.1%	7.1%	124.77	4.28	Cheap	9.73
46	FR62	2/9/2012	4/15/2042	19.13	6.4%	93.48	7.0%	7.1%	92.68	(8.14)	Expensive	10.80
47	FR92	7/8/2021	6/15/2042	19.30	7.1%	100.07	7.1%	7.1%	100.45	3.47	Cheap	10.47
48	FR97	8/19/2022	6/15/2043	20.30	7.1%	99.84	7.1%	7.1%	100.28	4.02	Cheap	10.71
49	FR67	7/18/2013	2/15/2044	20.97	8.8%	115.43	7.3%	7.1%	117.75	19.11	Cheap	10.47
50	FR76	9/22/2017	5/15/2048	25.22	7.4%	102.63	7.1%	7.2%	102.48	(1.37)	Expensive	11.75
51	FR89	1/7/2021	8/15/2051	28.47	6.9%	97.93	7.0%	7.2%	96.26	(14.12)	Expensive	12.48

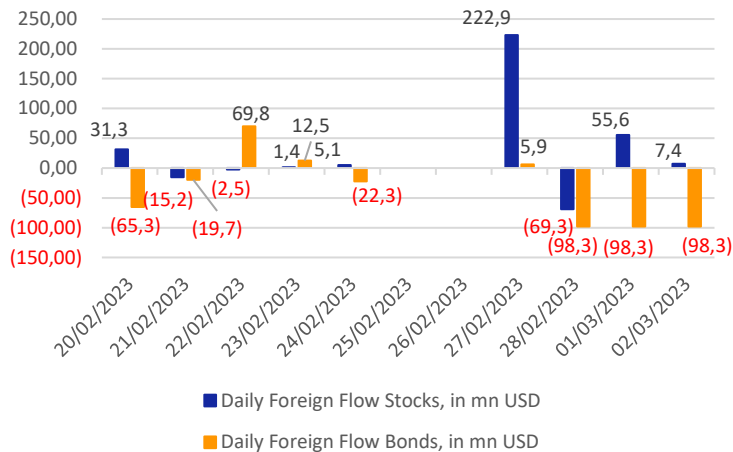
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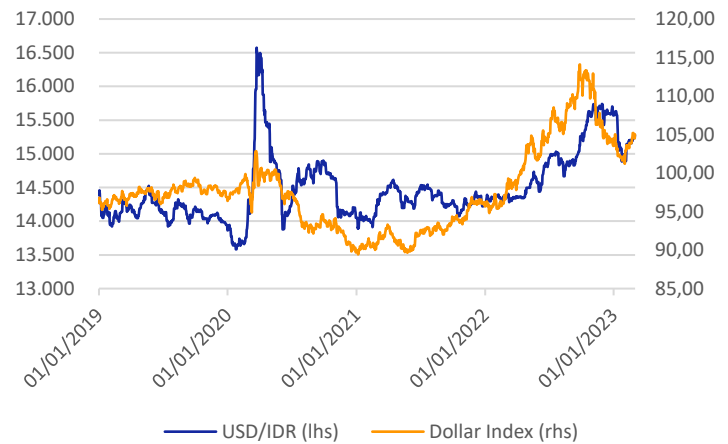


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Source: Bloomberg



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