Daily Economic & Fixed Income Report

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

Economic & Fixed Income Analysis

18 April 2023

Economic and Fixed Income Indicators

Currencies	4/17/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.09	(0.6)	0.8	2.1
GBP/USD	1.24	(0.3)	0.3	2.4
AUD/USD	0.67	(0.1)	0.2	(1.6)
USD/CHF	0.90	0.6	(1.8)	(2.8)
USD/JPY	134.5	0.5	1.2	2.6
Dollar Index	102.1	0.5	(0.4)	(1.4)
Bloomberg Dollar Index	1,226.5	0.4	(0.3)	(1.6)
USD/KRW	1,311	0.9	0.7	3.6
USD/SGD	1.33	0.3	0.2	(0.4)
USD/CNY	6.88	0.2	0.1	(0.3)
USD/INR	82.0	0.1	(0.3)	(0.9)
USD/IDR	14,790	0.6	(1.4)	(5.0)
USD/IDR 1 Month NDF	14,874	0.5	(0.6)	(4.2)
USD/MYR	4.42	0.5	0.2	0.4
USD/THB	34.4	0.3	0.5	(0.7)
USD/PHP	55.9	1.2	2.7	0.2
Rates	**4/17/2023**	**Daily (bp)**	**MTD (bp)**	**YTD (bp)**
US Treasuries 10-Year	3.60	8.8	13.3	(27.4)
Germany Bund 10-Year	2.47	3.3	18.1	(9.8)
Japan JGB 10-Year	0.49	1.0	13.4	6.3
LIBOR Overnight	4.81	0.0	1.4	49.7
LIBOR 1-Month	4.96	0.0	10.2	56.8
Indonesia INDOGB 10-Year	6.66	0.9	(13.0)	(27.7)
Indonesia INDOGB 5-Year	6.38	1.7	(0.7)	17.7
Indonesia INDOGB 2-Year	6.30	0.4	0.5	22.1
INDOGB-UST (bp)	306.26	(7.9)	(26.3)	(0.3)
Indonesia INDON 10-Year	4.67	8.1	(13.7)	(13.1)
Indonesia INDON 5-Year	4.48	4.7	(10.6)	(20.8)
Indonesia INDON 2-Year	4.40	2.7	(19.6)	(39.2)
INDON-UST (bp)	106.46	(0.7)	(27.0)	14.3
Indonesia Corporate AAA 10-Year	7.42	0.9	(19.6)	(32.9)
Indonesia Corporate AAA 5-Year	7.04	1.7	(0.0)	23.2
Indonesia Corporate AAA 2-Year	6.89	0.4	7.7	40.5
INDONIA	5.65	9.8	3.3	62.8
JIBOR 1-Month	6.40	0.0	0.0	20.0
Bond Indexes	**4/17/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
S&P Global Bond Developed Index	180.1	0.0	(0.4)	2.4
EMBI Global Index	785.8	(0.5)	0.0	2.3
iShare USD EMBI Index	85.2	(0.4)	(0.6)	0.6
ICBI Index	355.1	(0.0)	0.5	3.0
IDMA Index	98.9	(0.1)	0.5	1.5
INDOBeX Government Bond Index	347.4	(0.0)	0.5	3.0
INDOBeX Corporate Bond Index	402.1	0.0	0.3	2.5
Prices	**4/17/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
ID CDS 5-Year	89.3	0.7	(7.5)	(10.3)
JCI	6,788	(0.5)	(0.3)	(0.9)
S&P-Goldman Sachs Commodity Index	592.8	(0.4)	3.4	(2.8)
FR0095	100.11	(0.1)	0.0	1.0
FR0096	102.54	(0.1)	0.9	2.0
FR0097	102.23	(0.0)	1.0	2.1
FR0098	102.28	(0.2)	0.9	1.8

Source: Bloomberg, SSI Research

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INDOGB is more resilient than INDON

Just as we expected, global investors made portfolio adjustments in anticipation of a Fed rate hike in May, which led to a sell-off in the UST market and a 9 bps hike in the UST yield to 3.6%. The sell-off had an impact on consolidation in the Indonesian bond market, especially the INDON market, whose 10-year yield also rose 8 bps to 4.67%. Meanwhile, consolidation in the INDOGB market is relatively more stable, indicating investor preference for rupiah-denominated bonds over USD-denominated ones. Based on this, we predict the 10-year INDOGB yield will stay within the 6.6-6.7% range, while rupiah might slip further to IDR 14,800-14,900/USD following a 0.5% hike in the USD index to 102.1 overnight.

Fixed Income News: Banks plan to issue even more new bonds. Bank BJB, for instance, will issue new bonds in 2H23, with a principal value of IDR 1-2tn. Bank BTN also plans to issue its third bonds this year in 3Q23, with a principal value of IDR 1tn. Bank CIMB Niaga also has plans to issue sukuk mudharabah, though it hasn't disclosed the principal value. The high enthusiasm in the banking sector was caused by the need for funding to meet the demand for bank loans, which grew by double digits. (*Kontan*)

Global Economic News: ECB President worries about the impact of global economic fragmentation on inflation. In her speech last night, European Central Bank (ECB) President Christine Lagarde stressed the potential for inflation resilience at the global level as a result of geopolitical tension, with the ongoing rivalry between the United States, Russia, and China. According to Lagarde, this rivalry might disturb global supply chains and reduce international trade activities, which might lead to further spikes in inflation. We agree with Lagarde's prediction; if geopolitical tension continues to fluctuate, efforts to stem inflation, especially in developed countries, will be more challenging. (*Investing*)

Domestic Economic News: State budget surplus of IDR 128.5tn in March. The surplus is equivalent to 0.61% of GDP. Meanwhile, the primary balance recorded a surplus of IDR 228.8tn. Tax revenue reached IDR 504.5tn or 78% of state revenue (IDR 647.2tn). Central government expenditure reached IDR 347.3tn or 67% of state expenditure (IDR 518.7tn). In our opinion, the surplus will allow the government to limit the issuance of new SUN, at least for a while. (*Kontan*)

Recommendation: FR0095, FR0096, FR0097, FR0098, FR0086.

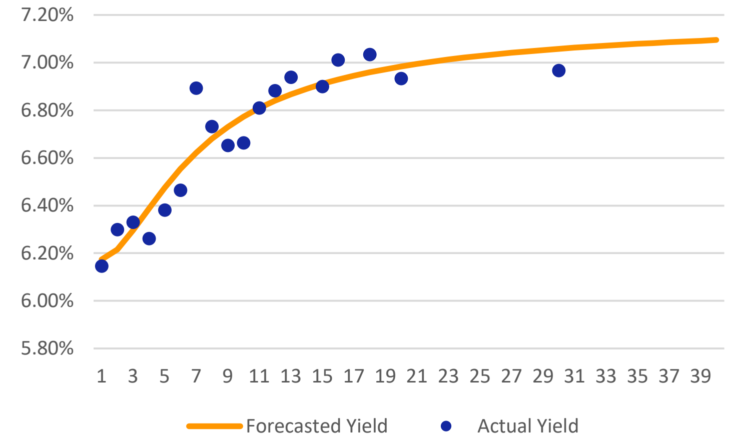
Economic Calender

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
04/18/2023 14:20	ID	Bank Indonesia 7D Reverse Repo	18-Apr	5.75%	5.75%
04/18/2023 09:00	CH	GDP YoY	1Q	4.00%	2.90%
04/18/2023 09:00	CH	GDP SA QoQ	1Q	2.00%	0.00%
04/18/2023 09:00	CH	GDP YTD YoY	1Q	4.00%	3.00%

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

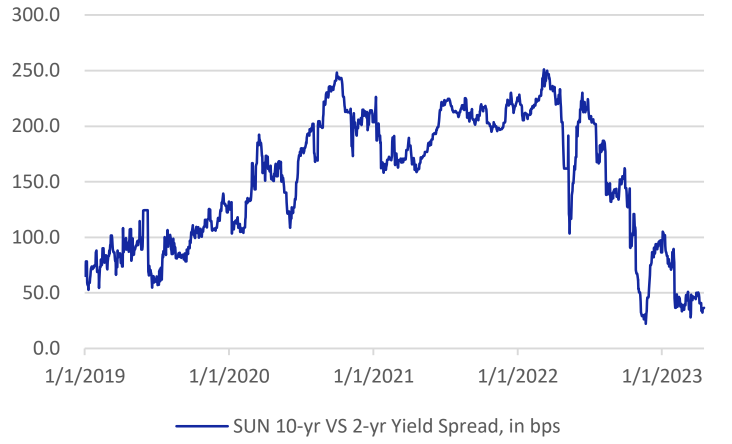
No.	Series	Issue Date	Maturity Date	Tenure (Year)	Coupon Rate	Actual Price	Yield to Maturity	Yield Curve	Valuation Price	Spread to YC (bps)	Recommendation	Duration
1	FR63	8/13/2012	5/15/2023	0.08	5.6%	99.97	6.1%	6.1%	99.96	(5.89)	Expensive	0.08
2	FR46	7/19/2007	7/15/2023	0.24	9.5%	101.10	4.3%	6.1%	100.80	(182.82)	Expensive	0.24
3	FR39	8/24/2006	8/15/2023	0.33	11.8%	101.89	5.3%	6.1%	101.80	(83.57)	Expensive	0.33
4	FR70	8/29/2013	3/15/2024	0.91	8.4%	102.05	5.9%	6.2%	101.93	(21.97)	Expensive	0.88
5	FR77	9/27/2018	5/15/2024	1.08	8.1%	102.09	6.0%	6.2%	102.01	(14.05)	Expensive	1.03
6	FR44	4/19/2007	9/15/2024	1.42	10.0%	105.38	5.9%	6.2%	105.09	(30.84)	Expensive	1.32
7	FR81	8/1/2019	6/15/2025	2.16	6.5%	100.52	6.2%	6.2%	100.52	(0.46)	Expensive	2.02
8	FR40	9/21/2006	9/15/2025	2.42	11.0%	110.12	6.4%	6.3%	110.50	9.88	Cheap	2.15
9	FR84	5/4/2020	2/15/2026	2.84	7.3%	102.37	6.3%	6.3%	102.50	3.39	Cheap	2.56
10	FR86	8/13/2020	4/15/2026	3.00	5.5%	97.94	6.3%	6.3%	97.89	(1.51)	Expensive	2.78
11	FR56	9/23/2010	9/15/2026	3.42	8.4%	106.14	6.3%	6.3%	106.26	1.75	Cheap	3.00
12	FR37	5/18/2006	9/15/2026	3.42	12.0%	117.43	6.2%	6.3%	117.25	(10.27)	Expensive	2.87
13	FR90	7/8/2021	4/15/2027	4.00	5.1%	96.24	6.2%	6.3%	95.77	(13.29)	Expensive	3.63
14	FR59	9/15/2011	5/15/2027	4.08	7.0%	102.46	6.3%	6.3%	102.32	(4.38)	Expensive	3.55
15	FR42	1/25/2007	7/15/2027	4.25	10.3%	114.61	6.3%	6.4%	114.30	(10.22)	Expensive	3.55
16	FR94	3/4/2022	1/15/2028	4.75	5.6%	96.75	6.4%	6.4%	96.84	2.47	Cheap	4.19
17	FR47	8/30/2007	2/15/2028	4.84	10.0%	115.18	6.3%	6.4%	114.83	(9.97)	Expensive	3.91
18	FR64	8/13/2012	5/15/2028	5.08	6.1%	99.25	6.3%	6.4%	98.82	(10.06)	Expensive	4.36
19	FR95	8/19/2022	8/15/2028	5.33	6.4%	100.11	6.3%	6.4%	99.83	(6.64)	Expensive	4.52
20	FR99	1/27/2023	1/15/2029	5.75	6.4%	99.91	6.4%	6.4%	99.83	(1.90)	Expensive	4.85
21	FR71	9/12/2013	3/15/2029	5.92	9.0%	112.54	6.4%	6.4%	112.40	(3.85)	Expensive	4.70
22	FR78	9/27/2018	5/15/2029	6.08	8.3%	108.84	6.5%	6.5%	108.92	0.62	Cheap	4.84
23	FR52	8/20/2009	8/15/2030	7.33	10.5%	123.63	6.4%	6.5%	122.92	(12.22)	Expensive	5.37
24	FR82	8/1/2019	9/15/2030	7.42	7.0%	102.48	6.6%	6.5%	102.77	4.54	Cheap	5.83
25	FRSDG1	10/27/2022	10/15/2030	7.50	7.4%	103.93	6.7%	6.5%	104.96	16.89	Cheap	5.86
26	FR87	8/13/2020	2/15/2031	7.84	6.5%	99.55	6.6%	6.5%	99.72	2.72	Cheap	6.13
27	FR85	5/4/2020	4/15/2031	8.00	7.8%	104.53	7.0%	6.6%	107.36	44.49	Cheap	6.08
28	FR73	8/6/2015	5/15/2031	8.08	8.8%	112.68	6.7%	6.6%	113.58	12.91	Cheap	5.95
29	FR54	7/22/2010	7/15/2031	8.25	9.5%	115.93	6.9%	6.6%	118.46	35.66	Cheap	6.00
30	FR91	7/8/2021	4/15/2032	9.00	6.4%	98.35	6.6%	6.6%	98.46	1.66	Cheap	6.89
31	FR58	7/21/2011	6/15/2032	9.17	8.3%	110.30	6.7%	6.6%	111.12	10.76	Cheap	6.62
32	FR74	11/10/2016	8/15/2032	9.34	7.5%	105.43	6.7%	6.6%	106.04	8.17	Cheap	6.79
33	FR96	8/19/2022	2/15/2033	9.84	7.0%	102.54	6.6%	6.6%	102.52	(0.50)	Expensive	7.15
34	FR65	8/30/2012	5/15/2033	10.08	6.6%	99.54	6.7%	6.7%	99.75	2.87	Cheap	7.35
35	FR68	8/1/2013	3/15/2034	10.92	8.4%	112.13	6.8%	6.7%	112.83	8.00	Cheap	7.43
36	FR80	7/4/2019	6/15/2035	12.17	7.5%	105.24	6.9%	6.8%	106.07	9.55	Cheap	8.14
37	FR72	7/9/2015	5/15/2036	13.09	8.3%	111.39	6.9%	6.8%	112.40	10.67	Cheap	8.30
38	FR88	1/7/2021	6/15/2036	13.17	6.3%	94.25	6.9%	6.8%	95.20	11.48	Cheap	8.87
39	FR45	5/24/2007	5/15/2037	14.09	9.8%	122.98	7.1%	6.9%	125.94	28.31	Cheap	8.33
40	FR93	1/6/2022	7/15/2037	14.25	6.4%	98.93	6.5%	6.9%	95.65	(36.71)	Expensive	9.43
41	FR75	8/10/2017	5/15/2038	15.09	7.5%	105.17	6.9%	6.9%	105.61	4.51	Cheap	9.20
42	FR98	9/15/2022	6/15/2038	15.17	7.1%	102.28	6.9%	6.9%	102.10	(2.08)	Expensive	9.40
43	FR50	1/24/2008	7/15/2038	15.25	10.5%	132.88	7.0%	6.9%	133.60	5.77	Cheap	8.74
44	FR79	1/7/2019	4/15/2039	16.01	8.4%	113.22	7.0%	6.9%	113.77	5.10	Cheap	9.39
45	FR83	11/7/2019	4/15/2040	17.01	7.5%	104.96	7.0%	7.0%	105.12	1.48	Cheap	9.92
46	FR57	4/21/2011	5/15/2041	18.09	9.5%	125.28	7.0%	7.0%	125.10	(1.75)	Expensive	9.64
47	FR62	2/9/2012	4/15/2042	19.01	6.4%	93.54	7.0%	7.1%	92.83	(7.14)	Expensive	10.86
48	FR92	7/8/2021	6/15/2042	19.18	7.1%	102.03	6.9%	7.1%	100.54	(14.20)	Expensive	10.62
49	FR97	8/19/2022	6/15/2043	20.18	7.1%	102.23	6.9%	7.1%	100.11	(19.73)	Expensive	10.88
50	FR67	7/18/2013	2/15/2044	20.85	8.8%	116.88	7.2%	7.1%	117.30	3.24	Cheap	10.41
51	FR76	9/22/2017	5/15/2048	25.10	7.4%	103.10	7.1%	7.3%	100.78	(19.86)	Expensive	11.65
52	FR89	1/7/2021	8/15/2051	28.35	6.9%	99.15	6.9%	7.4%	93.54	(48.11)	Expensive	12.45

Chart 1. Samuel's Yield Curve Forecast



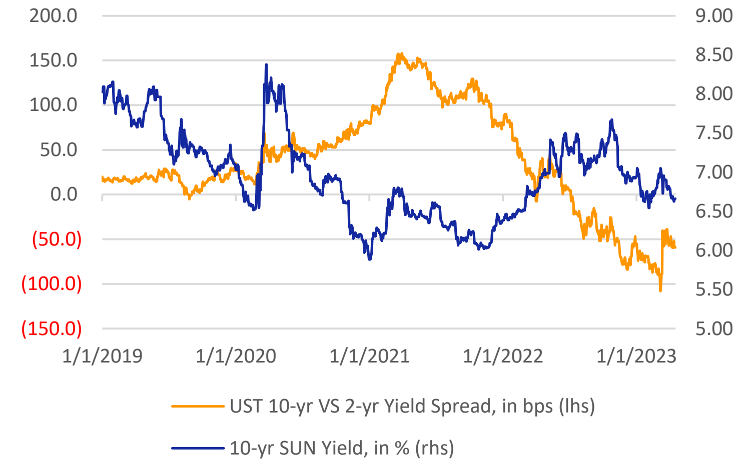
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



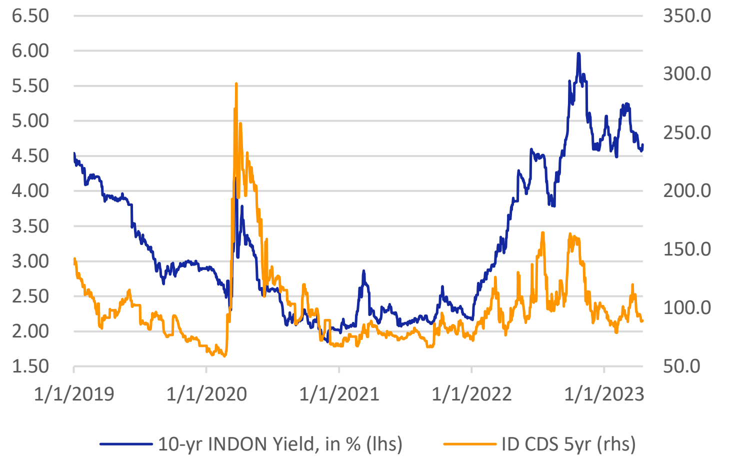
Source: Bloomberg

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



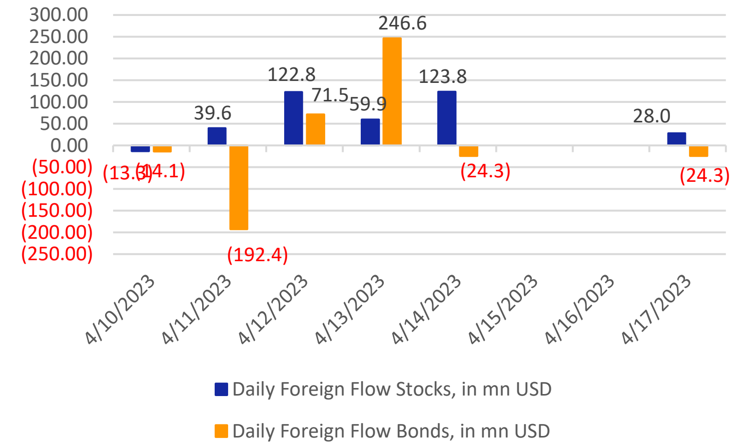
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



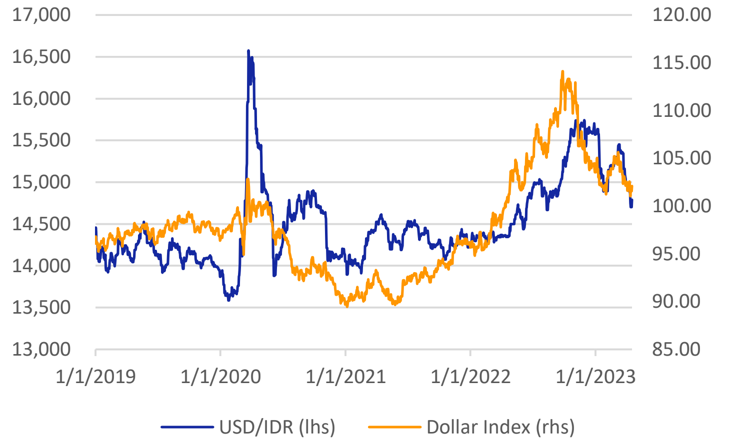
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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