Daily Economic & Fixed Income Report

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

SAMUEL SEKURITAS INDONESIA

Economic & Fixed Income Analysis

28 April 2023

Economic and Fixed Income Indicators

Currencies	4/27/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.10	(0.1)	1.7	3.0
GBP/USD	1.25	0.2	1.3	3.4
AUD/USD	0.66	0.4	(0.8)	(2.7)
USD/CHF	0.89	0.4	(2.3)	(3.3)
USD/JPY	134.0	0.2	0.8	2.2
Dollar Index	101.5	0.0	(1.0)	(2.0)
Bloomberg Asia Dollar Index	94.0	(0.1)	(0.8)	(0.6)
USD/KRW	1,338	0.1	2.8	5.7
USD/SGD	1.33	(0.0)	0.3	(0.3)
USD/CNY	6.92	(0.1)	0.7	0.3
USD/INR	81.8	0.1	(0.4)	(1.1)
USD/IDR	14,703	(0.9)	(1.9)	(5.6)
USD/IDR 1 Month NDF	14,698	(1.0)	(1.8)	(5.4)
USD/MYR	4.46	0.1	1.1	1.3
USD/THB	34.1	(0.2)	(0.2)	(1.3)
USD/PHP	55.7	0.2	2.5	0.0
Rates	**4/27/2023**	**Daily (bp)**	**MTD (bp)**	**YTD (bp)**
US Treasuries 10-Year	3.52	7.2	5.3	(35.4)
Germany Bund 10-Year	2.46	6.3	16.8	(11.1)
Japan JGB 10-Year	0.47	0.1	11.5	4.4
LIBOR Overnight	4.80	0.0	(0.5)	47.8
LIBOR 1-Month	5.02	0.0	16.7	63.3
Indonesia INDOGB 10-Year	6.54	1.6	(25.3)	(40.0)
Indonesia INDOGB 5-Year	6.30	2.0	(9.1)	9.3
Indonesia INDOGB 2-Year	6.24	(0.1)	(5.0)	16.6
INDOGB-UST (bp)	301.96	(5.6)	(30.6)	(4.6)
Indonesia INDON 10-Year	4.69	1.7	(11.6)	(11.0)
Indonesia INDON 5-Year	4.46	0.9	(12.7)	(22.9)
Indonesia INDON 2-Year	4.43	0.9	(16.2)	(35.8)
INDON-UST (bp)	116.56	(5.5)	(16.9)	24.4
Indonesia Corporate AAA 10-Year	7.26	(1.6)	(35.4)	(48.6)
Indonesia Corporate AAA 5-Year	6.93	(0.8)	(11.1)	12.1
Indonesia Corporate AAA 2-Year	6.82	(1.7)	0.5	33.3
INDONIA	5.60	0.8	(1.7)	57.8
JIBOR 1-Month	6.40	0.0	0.0	20.0
Bond Indexes	**4/27/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
S&P Global Bond Developed Index	180.0	(0.4)	(0.4)	2.4
EMBI Global Index	785.5	(0.2)	0.0	2.2
iShare USD EMBI Index	85.2	(0.2)	(0.6)	0.6
ICBI Index	356.9	0.1	1.0	3.5
IDMA Index	99.2	0.1	0.8	1.8
INDOBeX Government Bond Index	349.2	0.1	1.1	3.6
INDOBeX Corporate Bond Index	403.2	0.0	0.6	2.8
Prices	**4/27/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
ID CDS 5-Year	97.3	(1.1)	0.9	(2.2)
JCI	6,945	0.5	2.1	1.4
S&P-Goldman Sachs Commodity Index	555.7	(0.3)	(3.1)	(8.9)
FR0095	100.53	(0.1)	0.5	1.4
FR0096	103.44	(0.1)	1.8	2.9
FR0097	102.82	0.1	1.5	2.6
FR0098	102.65	(0.1)	1.3	2.2

Source: Bloomberg, SSI Research

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Market consolidation following growing expectation of continuing Fed rate hikes in June

As we expected, foreign capital inflow continued yesterday (27/4), causing Rupiah to appreciate further to the level of IDR 14,703 per USD. Although this inflow led to +0.6% increase in IHSG, 10-year INDOGB yield was flat around the level of 6.54%, indicating investors in Indonesia's bonds market started to become more cautious. We think this growing cautiousness is caused by emerging Fed rate hike scenario in June by 25 bps to 5.5%. Following the release of quarterly US inflation data last night, global investors has become nervous with the resiliency of US inflation going forward. In our view, this scenario needs further confirmation from US PCE inflation data that will be released tonight, as well as US labor market data in April that will be released next week. Considering the current situation, we expect 10-yr INDOGB yield to consolidate today within the range of 6.5-6.6%. We also expect Rupiah to consolidate too within the range of IDR 14,700-14,800 per USD.

Fixed Income News: PGEO to issue global green bonds totaling USD 400mn. PT Pertamina Geothermal Energy's (PGEO) global green bonds will have coupon rate of 5.15% per annum with maturity length of 5 years till 2028. PGEO plans to market this green bond to foreign investors who have stronger interest in such products than domestic investors. (*Kontan*)

Global Economic News: US GDP grew below expectation in 1Q23 at 1.1% (4Q22: 2.6% & Cons: 2%). Lower than expected United States GDP growth was caused by manufacturing recession that occurred since November 2022. On the other hand, resilient services sector became the US economy's engine of growth, fueled by strong domestic consumption. Even though this result strengthens market conviction toward potential economic recession in 2H23, market expects the Fed to remain hawkish, only cutting its policy rate by 50 bps to 4.75% in 2H23 due to stronger than expected quarterly core inflation in 1Q23 at 4.9% yoy (4Q23: 4.4% yoy & Cons: 4.7% yoy). Market expectation on Fed rate hike in May, by 25 bps to 5.25%, remains strong with 85% analyst expecting the rate hike to occur. (*Wall Street Journal*)

Domestic Economic News: Money supply growth slowed down in March. Bank Indonesia recorded a fall in broad money (M2) supply growth in March to 6.2% yoy (Feb: 7.9% yoy). In our view, this drop is caused by high domestic interest rate that also depressed bank loan growth in March to single digit at 9.8% yoy (Feb: 10.4% yoy). (*Kontan*)

Recommendation: FR0094, FR0095, FR0096, FR0097, FR0098, FR0086, FR0065.

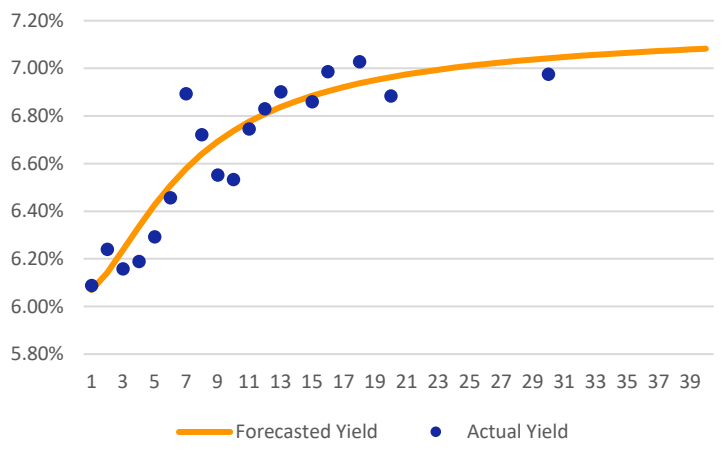
Economic Calender

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
04/28/2023 16:00	EC	GDP SA QoQ	1Q A	0.20%	-0.10%
04/28/2023 16:00	EC	GDP SA YoY	1Q A	1.40%	1.80%
04/28/2023 19:30	US	PCE Deflator YoY	Mar	4.10%	5.00%
04/28/2023 19:30	US	PCE Core Deflator YoY	Mar	4.60%	4.60%

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

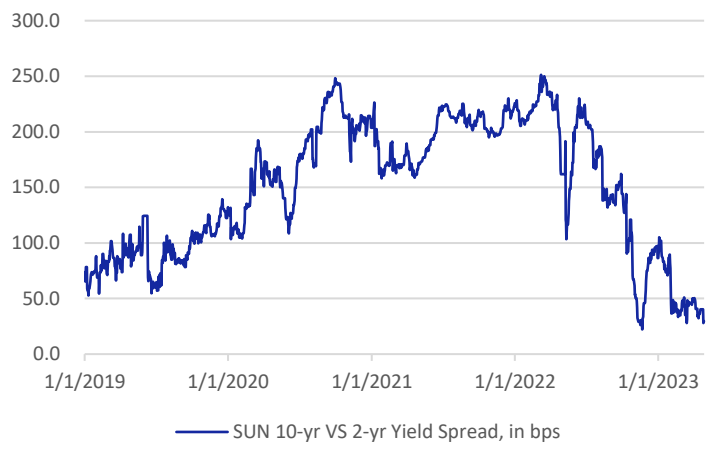
No.	Series	Issue Date	Maturity Date	Tenure (Year)	Coupon Rate	Actual Price	Yield to Maturity	Yield Curve	Valuation Price	Spread to YC (bps)	Recommendation	Duration
1	FR63	8/13/2012	5/15/2023	0.05	5.6%	99.99	5.7%	6.1%	99.98	(36.99)	Expensive	0.06
2	FR46	7/19/2007	7/15/2023	0.22	9.5%	100.68	5.9%	6.1%	100.72	(16.69)	Expensive	0.22
3	FR39	8/24/2006	8/15/2023	0.30	11.8%	101.85	5.1%	6.1%	101.66	(103.53)	Expensive	0.30
4	FR70	8/29/2013	3/15/2024	0.88	8.4%	102.00	6.0%	6.1%	101.89	(19.06)	Expensive	0.85
5	FR77	9/27/2018	5/15/2024	1.05	8.1%	102.09	6.0%	6.2%	101.97	(15.16)	Expensive	1.01
6	FR44	4/19/2007	9/15/2024	1.39	10.0%	105.29	5.9%	6.2%	105.01	(27.54)	Expensive	1.30
7	FR81	8/1/2019	6/15/2025	2.14	6.5%	100.67	6.2%	6.2%	100.55	(6.90)	Expensive	1.99
8	FR40	9/21/2006	9/15/2025	2.39	11.0%	110.08	6.3%	6.2%	110.43	10.36	Cheap	2.12
9	FR84	5/4/2020	2/15/2026	2.81	7.3%	102.42	6.3%	6.3%	102.52	2.69	Cheap	2.53
10	FR86	8/13/2020	4/15/2026	2.97	5.5%	98.41	6.1%	6.3%	97.95	(17.21)	Expensive	2.75
11	FR56	9/23/2010	9/15/2026	3.39	8.4%	106.48	6.2%	6.3%	106.28	(8.08)	Expensive	2.97
12	FR37	5/18/2006	9/15/2026	3.39	12.0%	117.20	6.2%	6.3%	117.19	(3.95)	Expensive	2.85
13	FR90	7/8/2021	4/15/2027	3.97	5.1%	96.48	6.1%	6.3%	95.86	(17.87)	Expensive	3.60
14	FR59	9/15/2011	5/15/2027	4.05	7.0%	102.77	6.2%	6.3%	102.38	(11.20)	Expensive	3.53
15	FR42	1/25/2007	7/15/2027	4.22	10.3%	114.05	6.4%	6.3%	114.30	4.59	Cheap	3.52
16	FR94	3/4/2022	1/15/2028	4.72	5.6%	97.50	6.2%	6.4%	96.94	(14.18)	Expensive	4.16
17	FR47	8/30/2007	2/15/2028	4.81	10.0%	115.18	6.3%	6.4%	114.85	(8.93)	Expensive	3.88
18	FR64	8/13/2012	5/15/2028	5.05	6.1%	99.41	6.3%	6.4%	98.92	(11.58)	Expensive	4.33
19	FR95	8/19/2022	8/15/2028	5.31	6.4%	100.56	6.2%	6.4%	99.93	(14.46)	Expensive	4.49
20	FR99	1/27/2023	1/15/2029	5.73	6.4%	100.27	6.3%	6.4%	99.94	(7.33)	Expensive	4.82
21	FR71	9/12/2013	3/15/2029	5.89	9.0%	112.49	6.4%	6.4%	112.48	(1.10)	Expensive	4.67
22	FR78	9/27/2018	5/15/2029	6.05	8.3%	109.20	6.4%	6.4%	109.01	(4.11)	Expensive	4.82
23	FR52	8/20/2009	8/15/2030	7.31	10.5%	122.30	6.6%	6.5%	123.02	10.04	Cheap	5.33
24	FR82	8/1/2019	9/15/2030	7.39	7.0%	102.83	6.5%	6.5%	102.92	1.18	Cheap	5.81
25	FRSDG1	10/27/2022	10/15/2030	7.47	7.4%	103.93	6.7%	6.5%	105.11	19.45	Cheap	5.83
26	FR87	8/13/2020	2/15/2031	7.81	6.5%	100.04	6.5%	6.5%	99.89	(2.64)	Expensive	6.11
27	FR85	5/4/2020	4/15/2031	7.97	7.8%	106.46	6.7%	6.5%	107.52	16.25	Cheap	6.07
28	FR73	8/6/2015	5/15/2031	8.05	8.8%	112.84	6.7%	6.5%	113.74	12.96	Cheap	5.92
29	FR54	7/22/2010	7/15/2031	8.22	9.5%	117.40	6.7%	6.5%	118.61	16.67	Cheap	5.99
30	FR91	7/8/2021	4/15/2032	8.98	6.4%	99.02	6.5%	6.6%	98.67	(5.28)	Expensive	6.87
31	FR58	7/21/2011	6/15/2032	9.14	8.3%	110.34	6.7%	6.6%	111.32	13.12	Cheap	6.59
32	FR74	11/10/2016	8/15/2032	9.31	7.5%	105.83	6.6%	6.6%	106.26	5.69	Cheap	6.77
33	FR96	8/19/2022	2/15/2033	9.81	7.0%	103.48	6.5%	6.6%	102.76	(10.27)	Expensive	7.13
34	FR65	8/30/2012	5/15/2033	10.06	6.6%	100.13	6.6%	6.6%	100.00	(1.92)	Expensive	7.33
35	FR68	8/1/2013	3/15/2034	10.89	8.4%	112.73	6.7%	6.7%	113.10	4.16	Cheap	7.42
36	FR80	7/4/2019	6/15/2035	12.14	7.5%	105.71	6.8%	6.7%	106.40	7.98	Cheap	8.13
37	FR72	7/9/2015	5/15/2036	13.06	8.3%	111.48	6.9%	6.8%	112.79	13.90	Cheap	8.28
38	FR88	1/7/2021	6/15/2036	13.15	6.3%	96.50	6.7%	6.8%	95.57	(11.12)	Expensive	8.90
39	FR45	5/24/2007	5/15/2037	14.06	9.8%	127.00	6.7%	6.8%	126.40	(6.00)	Expensive	8.40
40	FR93	1/6/2022	7/15/2037	14.23	6.4%	96.48	6.8%	6.8%	96.07	(4.70)	Expensive	9.34
41	FR75	8/10/2017	5/15/2038	15.06	7.5%	105.17	6.9%	6.8%	106.09	9.44	Cheap	9.18
42	FR98	9/15/2022	6/15/2038	15.15	7.1%	102.66	6.8%	6.8%	102.58	(1.01)	Expensive	9.38
43	FR50	1/24/2008	7/15/2038	15.23	10.5%	133.29	6.9%	6.9%	134.15	7.03	Cheap	8.73
44	FR79	1/7/2019	4/15/2039	15.98	8.4%	113.42	7.0%	6.9%	114.32	8.43	Cheap	9.37
45	FR83	11/7/2019	4/15/2040	16.98	7.5%	105.36	7.0%	6.9%	105.70	3.21	Cheap	9.91
46	FR57	4/21/2011	5/15/2041	18.06	9.5%	125.30	7.0%	7.0%	125.82	4.08	Cheap	9.62
47	FR62	2/9/2012	4/15/2042	18.98	6.4%	94.02	6.9%	7.0%	93.48	(5.43)	Expensive	10.85
48	FR92	7/8/2021	6/15/2042	19.15	7.1%	102.04	6.9%	7.0%	101.23	(7.77)	Expensive	10.59
49	FR97	8/19/2022	6/15/2043	20.15	7.1%	102.85	6.9%	7.0%	100.86	(18.37)	Expensive	10.88
50	FR67	7/18/2013	2/15/2044	20.82	8.8%	116.74	7.2%	7.1%	118.18	11.59	Cheap	10.38
51	FR76	9/22/2017	5/15/2048	25.07	7.4%	102.80	7.1%	7.2%	101.84	(8.23)	Expensive	11.61
52	FR89	1/7/2021	8/15/2051	28.32	6.9%	99.10	6.9%	7.3%	94.74	(37.04)	Expensive	12.42

Chart 1. Samuel's Yield Curve Forecast



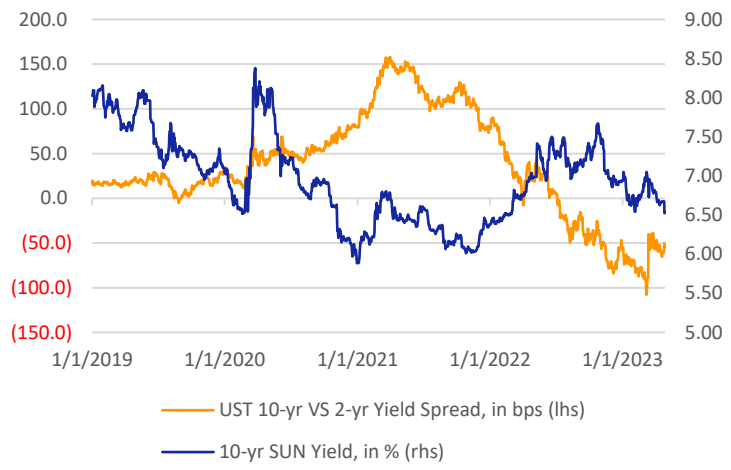
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



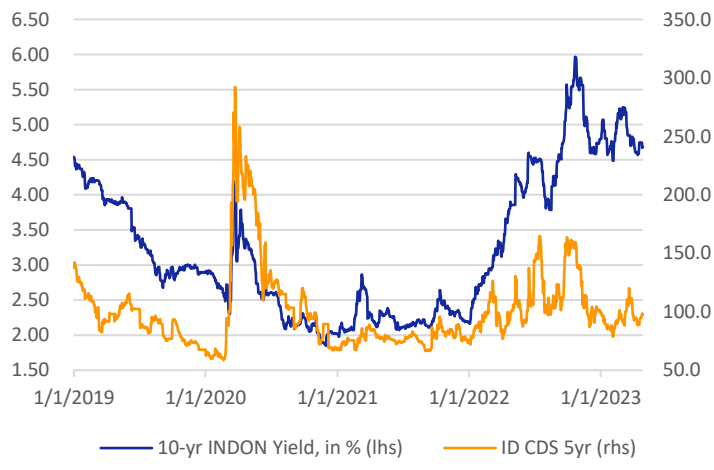
Source: Bloomberg

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



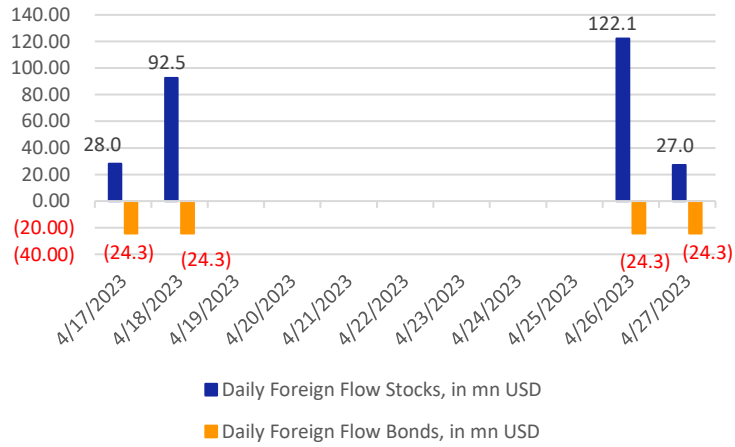
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



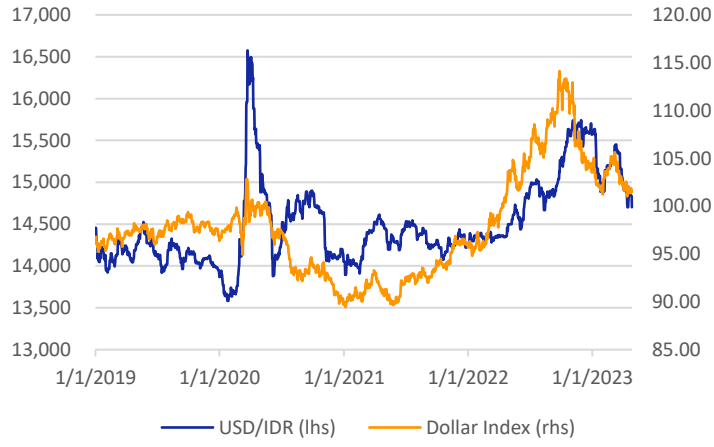
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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