

Economic and Fixed Income Indicators

Currencies	5/11/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.09	(0.6)	(0.9)	2.0
GBP/USD	1.25	(0.9)	(0.4)	3.5
AUD/USD	0.67	(1.1)	1.3	(1.6)
USD/CHF	0.89	0.5	(0.0)	(3.3)
USD/JPY	134.5	0.1	(1.3)	2.6
Dollar Index	102.1	0.6	0.4	(1.4)
Bloomberg Asia Dollar Index	94.0	(0.2)	(0.1)	(0.6)
USD/KRW	1,326	0.1	(0.9)	4.8
USD/SGD	1.33	0.5	(0.2)	(0.6)
USD/CNY	6.95	0.3	0.5	0.7
USD/INR	82.1	0.1	0.3	(0.8)
USD/IDR	14,724	(0.0)	0.4	(5.4)
USD/IDR 1 Month NDF	14,789	0.6	0.8	(4.8)
USD/MYR	4.46	0.1	0.0	1.4
USD/THB	33.7	0.2	(1.2)	(2.5)
USD/PHP	55.8	0.1	0.7	0.1

Rates	5/11/2023	Daily (bp)	MTD (bp)	YTD (bp)
US Treasuries 10-Year	3.38	(5.8)	(3.8)	(49.1)
Germany Bund 10-Year	2.23	(6.3)	(8.8)	(34.6)
Japan JGB 10-Year	0.40	(2.7)	0.4	(2.4)
LIBOR Overnight	5.06	0.0	24.9	74.2
LIBOR 1-Month	5.11	0.0	4.6	71.6
Indonesia INDOGB 10-Year	6.40	(8.0)	(13.2)	(54.0)
Indonesia INDOGB 5-Year	6.12	(6.7)	(16.4)	(8.9)
Indonesia INDOGB 2-Year	6.02	(6.0)	(17.5)	(6.1)
INDOGB-UST (bp)	301.57	(2.2)	(9.4)	(4.9)
Indonesia INDON 10-Year	4.53	(8.3)	(15.6)	(26.7)
Indonesia INDON 5-Year	4.33	(7.8)	(12.3)	(35.2)
Indonesia INDON 2-Year	4.41	(4.7)	(4.3)	(38.2)
INDON-UST (bp)	114.47	(2.5)	(11.8)	22.4
Indonesia Corporate AAA 10-Year	7.01	(9.0)	(20.5)	(73.4)
Indonesia Corporate AAA 5-Year	6.69	(7.1)	(19.4)	(11.8)
Indonesia Corporate AAA 2-Year	6.53	(7.7)	(21.1)	5.0
INDONIA	5.66	5.4	(4.8)	63.8
JIBOR 1-Month	6.40	0.0	0.1	20.0

Bond Indexes	5/11/2023	Daily (%)	MTD (%)	YTD (%)
S&P Global Bond Developed Index	181.2	0.0	0.0	3.0
EMBI Global Index	792.1	0.5	0.3	3.1
iShare USD EMBI Index	85.5	0.4	(0.1)	1.0
ICBI Index	360.0	0.2	0.9	4.4
IDMA Index	100.0	0.2	0.8	2.7
INDOBeX Government Bond Index	352.3	0.2	0.9	4.5
INDOBeX Corporate Bond Index	405.8	0.1	0.6	3.5

Prices	5/11/2023	Daily (%)	MTD (%)	YTD (%)
ID CDS 5-Year	95.3	(2.9)	(0.6)	(4.3)
JCI	6,756	(0.8)	(2.3)	(1.4)
S&P-Goldman Sachs Commodity Index	542.8	(1.1)	(3.7)	(11.0)
FR0095	101.24	0.3	0.7	2.1
FR0096	104.40	0.5	0.9	3.8
FR0097	103.77	0.6	1.2	3.6
FR0098	104.25	0.8	1.7	3.7

Source: Bloomberg, SSI Research

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Solid bullish sentiment; 15-year INDOGB as an alternative instrument

Bullish sentiment drove the domestic and global bond markets yesterday (5/11). We saw some decline in INDOGB yields, including the short (2-year: -6 bps to 6.02%), medium (5-year: -7 bps to 6.12%), and long tenors (10-year: -8 bps to 6.4%). The UST and 10-year Bund yields also fell by 6 bps to 3.38% and 2.23%, respectively. However, we believe that the profit potential of 10-year INDOGB might continue to dwindle, considering the relatively narrow yield spread between INDOGB and UST 10Y (302 bps). Therefore, we suggest the 15-year INDOGB as an alternative. In the past week, the 15-year INDOGB yield fell by -18 bps to 6.69%, after months of stagnation at around 6.87%. The stagnation occurred mainly due to the fact that the yield spread between the 15-year and 10-year INDOGB was briefly stuck in the negative zone (1/1: -10 bps); the spread has since returned to the positive zone at 29 bps, close to the historical average of the last decade (34 bps). We predict the 15-year INDOGB will experience a bullish rally through the end of the year. We expect the 10-year INDOGB yield to move up to 6.3-6.4%, while rupiah might consolidate at IDR 14,700-14,800 per USD.

Fixed Income News: The government offers retail SBSN (ST010T2) and green Sukuk (ST010T4). The coupons offered are 6.25% and 6.4% respectively, with a floating scheme (using BI 7DRRR as a benchmark). ST010T2 has a two-year tenor with a maturity date of 10 June 2025. Meanwhile, ST010T4 has a 4-year tenor with a maturity date of 10 June 2027. Both of these instruments are non-tradable. (DJPPR)

Global Economic News: BOE raises its benchmark interest rate by 25 bps to 4.5%. However, the Bank of England (BOE) stated that the hike would not be the last, contrary to the projections of market participants according to a BOE survey in March. In our opinion, BOE's statement is reasonable, considering the fact that the inflation rate in the UK is still holding at double digit (10.1% yoy in March). Considering the inflation rate, we expect two more rate hikes (2X25 bps) in June and July. (Reuters)

Domestic Economic News: The Ministry of Finance imposes a 1.1% VAT on foreclosed collaterals. The VAT regulation is stipulated in Minister of Finance Regulation (PMK) No. 41/2023. The policy is a compromise between the government and financial institutions. Previously, a number of financial institutions objected to the plan to impose a 11% VAT on the sale of collaterals since it could reduce the recovery rate. (Kontan)

Recommendation: FR0096, FR0097, FR0050, FR0075, FR0079, PBS007, PBS034, PBS035.

Economic Calendar

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
05/12/2023	CH	BoP Current Account Balance	1Q P	--	\$103.1b
05/12/2023 21:00	US	U. of Mich. Sentiment	May P	63.00	63.50
05/12/2023 21:00	US	U. of Mich. Expectations	May P	60.80	60.50
05/12/2023 21:00	US	U. of Mich. 1 Yr Inflation	May P	4.20%	4.60%

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

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Economic & Fixed Income Analysis

12 May 2023

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	0.01	5.6%	99.98	7.7%	6.0%	100.00	169.50	Cheap	0.02
2	FR46	7/19/2007	7/15/2023	0.18	9.5%	100.60	5.7%	6.0%	100.61	(32.54)	Expensive	0.18
3	FR39	8/24/2006	8/15/2023	0.26	11.8%	101.86	4.2%	6.0%	101.47	(185.43)	Expensive	0.26
4	FR70	8/29/2013	3/15/2024	0.85	8.4%	102.00	5.9%	6.1%	101.88	(19.53)	Expensive	0.81
5	FR77	9/27/2018	5/15/2024	1.01	8.1%	102.06	6.0%	6.1%	101.99	(10.19)	Expensive	0.97
6	FR44	4/19/2007	9/15/2024	1.35	10.0%	105.16	5.9%	6.1%	105.00	(18.89)	Expensive	1.26
7	FR81	8/1/2019	6/15/2025	2.10	6.5%	101.04	6.0%	6.1%	100.72	(17.19)	Expensive	1.96
8	FR40	9/21/2006	9/15/2025	2.35	11.0%	110.46	6.1%	6.1%	110.48	(3.39)	Expensive	2.08
9	FR84	5/4/2020	2/15/2026	2.77	7.3%	102.67	6.2%	6.2%	102.72	0.83	Cheap	2.49
10	FR86	8/13/2020	4/15/2026	2.93	5.5%	98.63	6.0%	6.2%	98.21	(16.08)	Expensive	2.71
11	FR56	9/23/2010	9/15/2026	3.35	8.4%	106.89	6.1%	6.2%	106.49	(14.35)	Expensive	2.93
12	FR37	5/18/2006	9/15/2026	3.35	12.0%	117.60	6.1%	6.2%	117.31	(12.21)	Expensive	2.81
13	FR90	7/8/2021	4/15/2027	3.93	5.1%	96.98	6.0%	6.2%	96.19	(23.08)	Expensive	3.56
14	FR59	9/15/2011	5/15/2027	4.01	7.0%	103.13	6.1%	6.2%	102.68	(13.00)	Expensive	3.49
15	FR42	1/25/2007	7/15/2027	4.18	10.3%	114.13	6.3%	6.2%	114.54	8.95	Cheap	3.48
16	FR94	3/4/2022	1/15/2028	4.68	5.6%	97.88	6.1%	6.3%	97.31	(14.33)	Expensive	4.12
17	FR47	8/30/2007	2/15/2028	4.77	10.0%	115.83	6.1%	6.3%	115.15	(16.81)	Expensive	3.85
18	FR64	8/13/2012	5/15/2028	5.02	6.1%	99.86	6.2%	6.3%	99.30	(13.16)	Expensive	4.30
19	FR95	8/19/2022	8/15/2028	5.27	6.4%	101.26	6.1%	6.3%	100.32	(21.39)	Expensive	4.46
20	FR99	1/27/2023	1/15/2029	5.69	6.4%	100.76	6.2%	6.3%	100.36	(8.67)	Expensive	4.79
21	FR71	9/12/2013	3/15/2029	5.85	9.0%	113.02	6.3%	6.3%	112.87	(3.72)	Expensive	4.64
22	FR78	9/27/2018	5/15/2029	6.02	8.3%	109.58	6.3%	6.3%	109.43	(3.42)	Expensive	4.78
23	FR52	8/20/2009	8/15/2030	7.27	10.5%	124.90	6.2%	6.4%	123.51	(22.06)	Expensive	5.32
24	FR82	8/1/2019	9/15/2030	7.35	7.0%	103.68	6.4%	6.4%	103.43	(4.57)	Expensive	5.78
25	FRSDG1	10/27/2022	10/15/2030	7.44	7.4%	104.65	6.6%	6.4%	105.62	15.88	Cheap	5.80
26	FR87	8/13/2020	2/15/2031	7.77	6.5%	100.60	6.4%	6.4%	100.43	(3.07)	Expensive	6.07
27	FR85	5/4/2020	4/15/2031	7.93	7.8%	108.03	6.4%	6.4%	108.06	0.16	Cheap	6.05
28	FR73	8/6/2015	5/15/2031	8.02	8.8%	113.95	6.5%	6.4%	114.28	4.63	Cheap	5.90
29	FR54	7/22/2010	7/15/2031	8.18	9.5%	118.16	6.6%	6.4%	119.17	13.69	Cheap	5.96
30	FR91	7/8/2021	4/15/2032	8.94	6.4%	99.85	6.4%	6.5%	99.26	(8.95)	Expensive	6.84
31	FR58	7/21/2011	6/15/2032	9.10	8.3%	111.40	6.6%	6.5%	111.93	6.83	Cheap	6.57
32	FR74	11/10/2016	8/15/2032	9.27	7.5%	106.92	6.5%	6.5%	106.87	(1.10)	Expensive	6.75
33	FR96	8/19/2022	2/15/2033	9.78	7.0%	104.42	6.4%	6.5%	103.39	(14.32)	Expensive	7.11
34	FR65	8/30/2012	5/15/2033	10.02	6.6%	101.07	6.5%	6.5%	100.64	(5.89)	Expensive	7.30
35	FR68	8/1/2013	3/15/2034	10.85	8.4%	113.87	6.6%	6.6%	113.81	(1.14)	Expensive	7.40
36	FR80	7/4/2019	6/15/2035	12.10	7.5%	106.89	6.7%	6.6%	107.15	2.80	Cheap	8.11
37	FR72	7/9/2015	5/15/2036	13.02	8.3%	112.63	6.8%	6.7%	113.58	10.05	Cheap	8.27
38	FR88	1/7/2021	6/15/2036	13.11	6.3%	98.08	6.5%	6.7%	96.32	(20.66)	Expensive	8.90
39	FR45	5/24/2007	5/15/2037	14.02	9.8%	124.75	7.0%	6.7%	127.29	23.97	Cheap	8.31
40	FR93	1/6/2022	7/15/2037	14.19	6.4%	100.58	6.3%	6.7%	96.85	(41.08)	Expensive	9.41
41	FR75	8/10/2017	5/15/2038	15.02	7.5%	106.62	6.8%	6.8%	106.94	3.21	Cheap	9.18
42	FR98	9/15/2022	6/15/2038	15.11	7.1%	104.24	6.7%	6.8%	103.41	(8.72)	Expensive	9.39
43	FR50	1/24/2008	7/15/2038	15.19	10.5%	134.70	6.8%	6.8%	135.12	3.17	Cheap	8.72
44	FR79	1/7/2019	4/15/2039	15.94	8.4%	115.11	6.8%	6.8%	115.23	0.96	Cheap	9.38
45	FR83	11/7/2019	4/15/2040	16.94	7.5%	106.72	6.8%	6.8%	106.61	(1.20)	Expensive	9.92
46	FR57	4/21/2011	5/15/2041	18.02	9.5%	125.31	7.0%	6.9%	126.85	12.66	Cheap	9.58
47	FR62	2/9/2012	4/15/2042	18.94	6.4%	95.40	6.8%	6.9%	94.36	(10.27)	Expensive	10.88
48	FR92	7/8/2021	6/15/2042	19.11	7.1%	103.00	6.8%	6.9%	102.16	(7.91)	Expensive	10.59
49	FR97	8/19/2022	6/15/2043	20.11	7.1%	104.15	6.7%	7.0%	101.81	(21.23)	Expensive	10.90
50	FR67	7/18/2013	2/15/2044	20.78	8.8%	117.75	7.1%	7.0%	119.25	11.95	Cheap	10.38
51	FR76	9/22/2017	5/15/2048	25.03	7.4%	104.30	7.0%	7.1%	102.88	(11.90)	Expensive	11.66
52	FR89	1/7/2021	8/15/2051	28.28	6.9%	99.58	6.9%	7.2%	95.76	(32.07)	Expensive	12.41

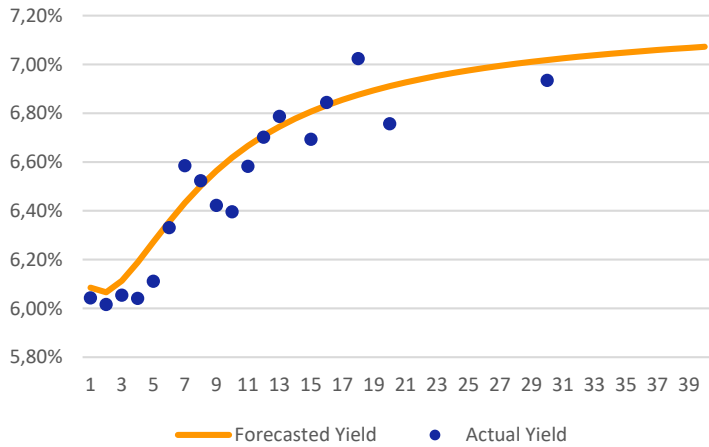
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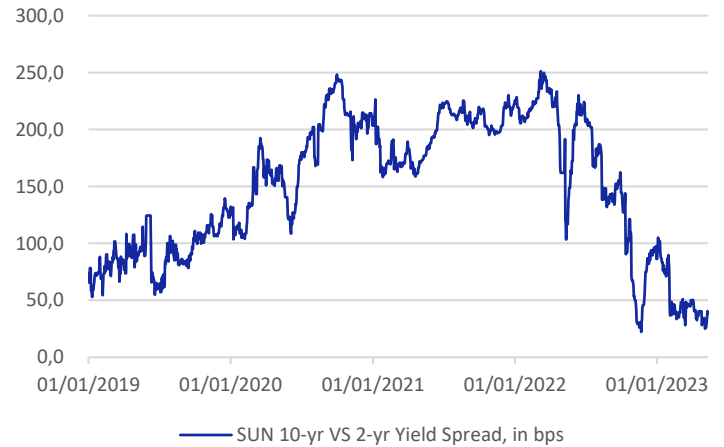
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Chart 1. Samuel's Yield Curve Forecast



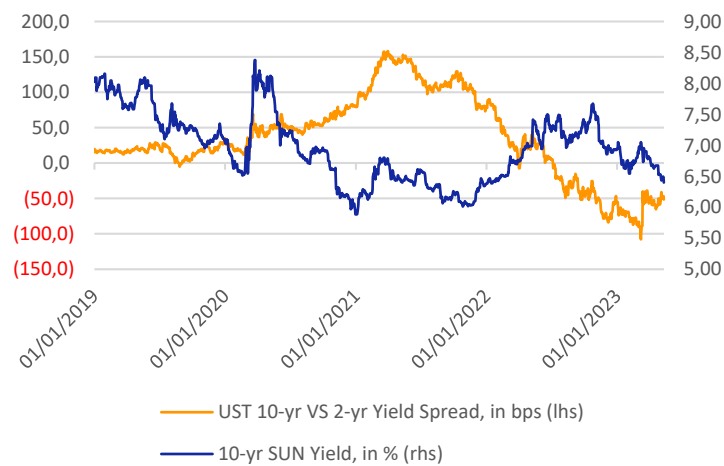
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



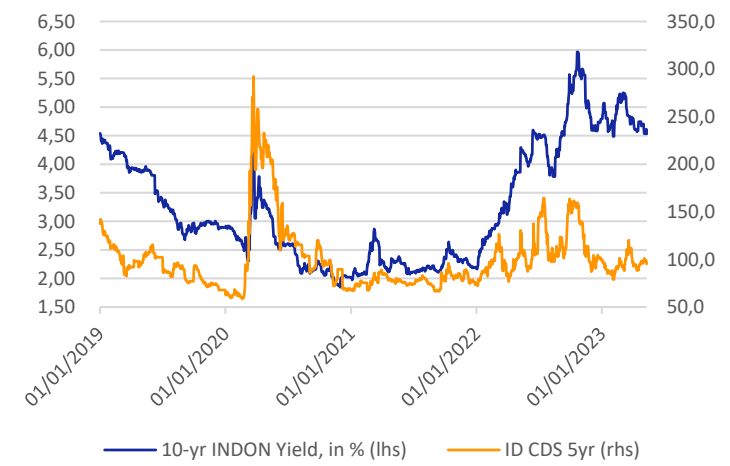
Source: Bloomberg

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



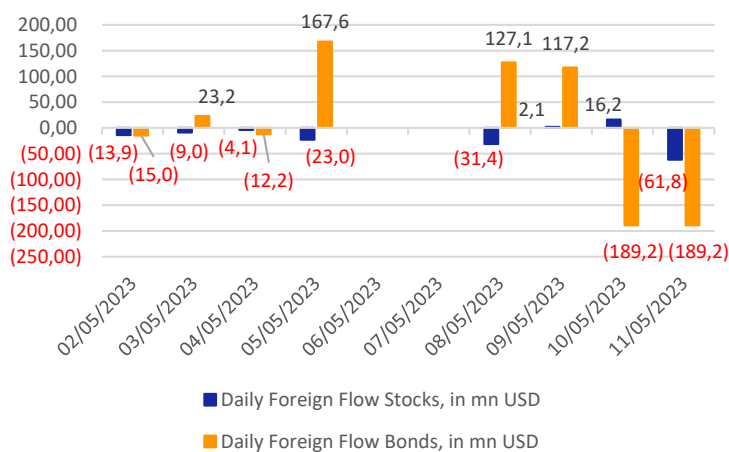
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



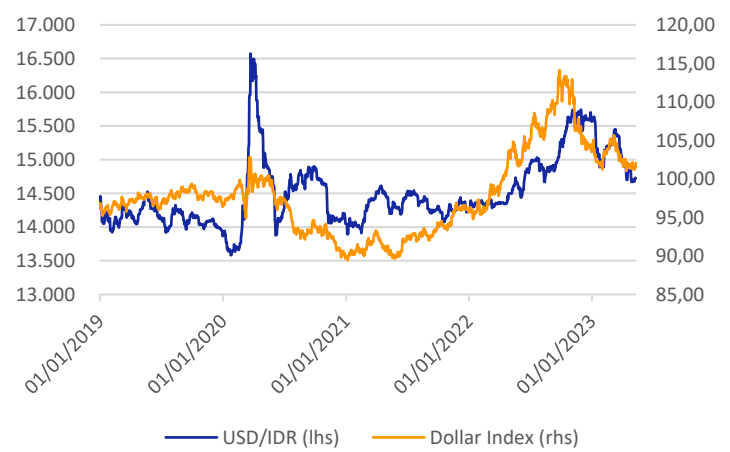
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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