Daily Economic & Fixed Income Report

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

Economic & Fixed Income Analysis

24 May 2023

Economic and Fixed Income Indicators

Currencies	5/23/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.08	(0.4)	(2.3)	0.6
GBP/USD	1.24	(0.2)	(1.2)	2.7
AUD/USD	0.66	(0.6)	(0.1)	(3.0)
USD/CHF	0.90	0.4	0.7	(2.5)
USD/JPY	138.6	(0.0)	1.7	5.7
Dollar Index	103.5	0.3	1.8	(0.0)
Bloomberg Asia Dollar Index	93.1	(0.1)	(1.1)	(1.5)
USD/KRW	1,313	(0.4)	(1.9)	3.7
USD/SGD	1.35	0.0	1.0	0.6
USD/CNY	7.06	0.3	2.1	2.3
USD/INR	82.8	(0.0)	1.2	0.1
USD/IDR	14,880	(0.1)	1.4	(4.4)
USD/IDR 1 Month NDF	14,898	0.0	1.5	(4.1)
USD/MYR	4.57	0.5	2.5	3.8
USD/THB	34.7	0.7	1.6	0.2
USD/PHP	55.7	(0.2)	0.7	0.0
Rates	**5/23/2023**	**Daily (bp)**	**MTD (bp)**	**YTD (bp)**
US Treasuries 10-Year	3.69	(2.3)	27.0	(18.3)
Germany Bund 10-Year	2.47	1.0	15.6	(10.2)
Japan JGB 10-Year	0.40	1.1	1.0	(1.8)
LIBOR Overnight	5.06	0.0	25.1	74.4
LIBOR 1-Month	5.13	0.0	6.5	73.5
Indonesia INDOGB 10-Year	6.44	0.5	(9.7)	(50.5)
Indonesia INDOGB 5-Year	6.10	(1.0)	(18.0)	(10.5)
Indonesia INDOGB 2-Year	5.87	(3.0)	(31.9)	(20.5)
INDOGB-UST (bp)	274.31	2.8	(36.7)	(32.2)
Indonesia INDON 10-Year	4.74	3.1	5.4	(5.7)
Indonesia INDON 5-Year	4.60	2.6	14.3	(8.6)
Indonesia INDON 2-Year	4.73	4.7	27.7	(6.2)
INDON-UST (bp)	104.71	5.4	(21.6)	12.6
Indonesia Corporate AAA 10-Year	7.15	0.4	(6.7)	(59.7)
Indonesia Corporate AAA 5-Year	6.73	(1.0)	(14.8)	(7.3)
Indonesia Corporate AAA 2-Year	6.42	(3.0)	(32.9)	(6.7)
INDONIA	5.53	(2.8)	(18.1)	50.5
JIBOR 1-Month	6.40	0.0	0.1	20.0
Bond Indexes	**5/23/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
S&P Global Bond Developed Index	179.4	0.0	(1.0)	2.0
EMBI Global Index	778.3	0.0	(1.4)	1.3
iShare USD EMBI Index	84.2	0.0	(1.7)	(0.7)
ICBI Index	361.4	0.0	1.3	4.8
IDMA Index	100.0	(0.0)	0.8	2.7
INDOBeX Government Bond Index	353.7	0.0	1.3	4.9
INDOBeX Corporate Bond Index	407.4	0.0	1.0	3.9
Prices	**5/23/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
ID CDS 5-Year	90.1	(1.1)	(6.1)	(9.5)
JCI	6,737	0.1	(2.6)	(1.7)
S&P-Goldman Sachs Commodity Index	545.0	0.1	(3.4)	(10.7)
FR0095	101.33	0.0	0.8	2.2
FR0096	104.17	(0.1)	0.7	3.6
FR0097	104.05	(0.1)	1.5	3.9
FR0098	104.17	(0.0)	1.6	3.7

Source: Bloomberg, SSI Research

Global volatility hasn't subsided yet

Movement in the Indonesian bond market on Tuesday (5/23) was more concentrated on the primary auction market, which saw a spike in incoming bids amid the government's decision to limit the supply of new bonds (see Fixed income news). Meanwhile, the global bond market was quite flat amid sharp corrections in the United States and European bond markets (approx.-1%). The correction was caused by the expansion of the service sector in Europe, which sparked concerns over the potential for higher ECB and BOE terminal rates (see Global economic news). We project the 10-year INDOGB yield to consolidate within the range of 6.4-6.5% today, and rupiah to continue within the range of IDR 14,800-14,900 per USD.

Fixed Income News: The Ministry of Finance absorbed IDR 7tn from the SBSN auction on Tuesday (5/23). As we previously expected, investor interest in the primary bond auction market is still high, as reflected in the total incoming bids of IDR 54.8tn, exceeding the figure from the previous auction (5/9) of IDR 40.7tn. Most of the SBSN issued were short-term PBS instruments, including 4-yr PBS003 (IDR 2.35tn) and 2-yr PBS036 (IDR 2.15tn). In our opinion, the interest in the next SBSN auction will still be high due to supply restrictions imposed by the Ministry of Finance. (*DJPPR*)

Global Economic News: Manufacturing sector in the United States and Europe continued in May, while services sector expansion continued. This was reflected in the decline of manufacturing PMI in the UK to 46.9 (Apr: 47.8; Cons May: 48), Eurozone to 44.6 (Apr: 45.8; Cons May: 46.2), and the US to 48.5 (Apr:50.2; Cons May: 50). Meanwhile, services PMI remained in the expansion zone; 55.1 for the United Kingdom (Apr: 55.9; Cons May: 55.5), 55.9 for the Eurozone (Apr: 56.2; Cons May: 55.6) and 55.1 for the US (Apr: 53.6; Cons May: 52.6). In our opinion, this could encourage the European Central Bank (ECB) and the United Kingdom (BOE) to take more aggressive steps to raise their policy rates. Meanwhile, we believe the Fed will still hold its policy rate at 5.25% in June. (*Reuters*)

Domestic Economic News: 2W EV sales is still quite slow. The Indonesian Electric Vehicle Industry Association (Periklindo) noted that sales of 2W EVs the last two months had only reached 517 units. All of these sales are still being verified to receive the IDR 7 million subsidy from the government. The achievement is still far from the government's sales target of 2 million units by the end of 2024. (*Kontan*)

Recommendation: FR0098, FR0050, FR0079, FR0081, FR0040, FR0084, FR0086, PBS017.

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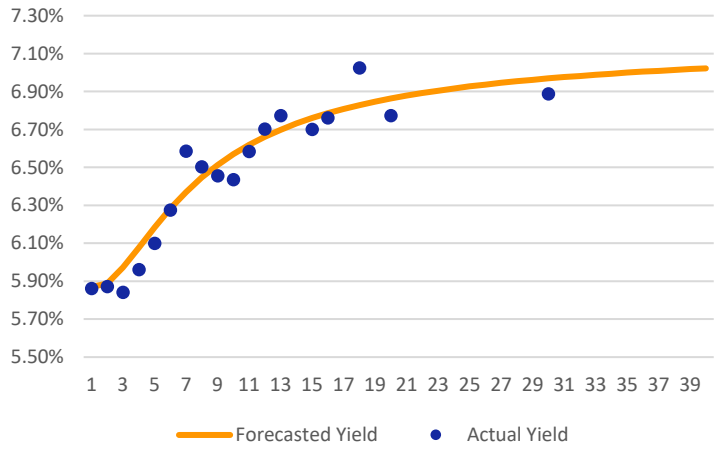
Economic Calender

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
05/24/2023 13:00	UK	CPI YoY	Apr	8.20%	10.10%
05/24/2023 13:00	UK	CPI Core YoY	Apr	6.20%	6.20%
05/24/2023 15:00	GE	IFO Business Climate	May	93.00	93.60
05/24/2023 18:00	US	MBA Mortgage Applications	19-May	--	-5.70%

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	FR46	7/19/2007	7/15/2023	0.15	9.5%	100.60	5.0%	4.6%	100.71	41.91	Cheap	0.15
2	FR39	8/24/2006	8/15/2023	0.23	11.8%	101.45	5.0%	4.6%	101.62	45.54	Cheap	0.23
3	FR70	8/29/2013	3/15/2024	0.81	8.4%	102.01	5.8%	4.7%	102.87	102.01	Cheap	0.78
4	FR77	9/27/2018	5/15/2024	0.98	8.1%	102.18	5.8%	4.8%	103.14	96.73	Cheap	0.95
5	FR44	4/19/2007	9/15/2024	1.32	10.0%	105.01	5.9%	5.0%	106.35	97.31	Cheap	1.23
6	FR81	8/1/2019	6/15/2025	2.07	6.5%	101.30	5.8%	5.3%	102.33	52.15	Cheap	1.92
7	FR40	9/21/2006	9/15/2025	2.32	11.0%	110.75	5.9%	5.4%	112.05	53.46	Cheap	2.05
8	FR84	5/4/2020	2/15/2026	2.74	7.3%	102.84	6.1%	5.6%	104.25	54.43	Cheap	2.50
9	FR86	8/13/2020	4/15/2026	2.90	5.5%	99.20	5.8%	5.6%	99.71	19.13	Cheap	2.68
10	FR56	9/23/2010	9/15/2026	3.32	8.4%	107.10	6.0%	5.7%	107.86	23.14	Cheap	2.90
11	FR37	5/18/2006	9/15/2026	3.32	12.0%	117.50	6.1%	5.7%	118.67	32.77	Cheap	2.78
12	FR90	7/8/2021	4/15/2027	3.90	5.1%	97.26	5.9%	5.9%	97.36	2.92	Cheap	3.53
13	FR59	9/15/2011	5/15/2027	3.98	7.0%	103.47	6.0%	5.9%	103.81	9.08	Cheap	3.51
14	FR42	1/25/2007	7/15/2027	4.15	10.3%	115.13	6.1%	6.0%	115.60	10.77	Cheap	3.46
15	FR94	3/4/2022	1/15/2028	4.65	5.6%	97.88	6.1%	6.1%	98.19	7.87	Cheap	4.09
16	FR47	8/30/2007	2/15/2028	4.74	10.0%	115.63	6.1%	6.1%	115.98	6.71	Cheap	3.89
17	FR64	8/13/2012	5/15/2028	4.98	6.1%	100.27	6.1%	6.1%	100.06	(4.95)	Expensive	4.32
18	FR95	8/19/2022	8/15/2028	5.24	6.4%	101.33	6.1%	6.2%	100.99	(7.90)	Expensive	4.49
19	FR99	1/27/2023	1/15/2029	5.65	6.4%	101.07	6.2%	6.2%	100.89	(3.96)	Expensive	4.76
20	FR71	9/12/2013	3/15/2029	5.82	9.0%	113.22	6.2%	6.2%	113.33	1.41	Cheap	4.61
21	FR78	9/27/2018	5/15/2029	5.98	8.3%	109.85	6.2%	6.3%	109.84	(0.46)	Expensive	4.84
22	FR52	8/20/2009	8/15/2030	7.24	10.5%	123.13	6.4%	6.4%	123.58	6.25	Cheap	5.38
23	FR82	8/1/2019	9/15/2030	7.32	7.0%	103.65	6.4%	6.4%	103.54	(2.26)	Expensive	5.74
24	FRSDG1	10/27/2022	10/15/2030	7.40	7.4%	104.77	6.5%	6.4%	105.72	15.42	Cheap	5.77
25	FR87	8/13/2020	2/15/2031	7.74	6.5%	100.65	6.4%	6.4%	100.48	(3.07)	Expensive	6.13
26	FR85	5/4/2020	4/15/2031	7.90	7.8%	108.00	6.4%	6.4%	108.07	0.70	Cheap	6.02
27	FR73	8/6/2015	5/15/2031	7.98	8.8%	113.99	6.5%	6.4%	114.26	3.72	Cheap	5.97
28	FR54	7/22/2010	7/15/2031	8.15	9.5%	118.21	6.6%	6.4%	119.11	12.33	Cheap	5.93
29	FR91	7/8/2021	4/15/2032	8.90	6.4%	99.62	6.4%	6.5%	99.19	(6.59)	Expensive	6.81
30	FR58	7/21/2011	6/15/2032	9.07	8.3%	111.78	6.5%	6.5%	111.81	0.14	Cheap	6.54
31	FR74	11/10/2016	8/15/2032	9.24	7.5%	106.72	6.5%	6.5%	106.76	0.27	Cheap	6.82
32	FR96	8/19/2022	2/15/2033	9.74	7.0%	104.17	6.4%	6.5%	103.28	(12.40)	Expensive	7.19
33	FR65	8/30/2012	5/15/2033	9.99	6.6%	101.05	6.5%	6.6%	100.54	(7.08)	Expensive	7.38
34	FR68	8/1/2013	3/15/2034	10.82	8.4%	113.70	6.6%	6.6%	113.69	(0.45)	Expensive	7.36
35	FR80	7/4/2019	6/15/2035	12.07	7.5%	106.66	6.7%	6.6%	107.16	5.63	Cheap	8.08
36	FR72	7/9/2015	5/15/2036	12.99	8.3%	112.77	6.8%	6.7%	113.72	10.04	Cheap	8.38
37	FR88	1/7/2021	6/15/2036	13.07	6.3%	98.01	6.5%	6.7%	96.48	(18.06)	Expensive	8.87
38	FR45	5/24/2007	5/15/2037	13.99	9.8%	126.50	6.8%	6.7%	127.62	10.37	Cheap	8.47
39	FR93	1/6/2022	7/15/2037	14.16	6.4%	98.00	6.6%	6.7%	97.20	(9.07)	Expensive	9.31
40	FR75	8/10/2017	5/15/2038	14.99	7.5%	106.83	6.8%	6.7%	107.47	6.49	Cheap	9.31
41	FR98	9/15/2022	6/15/2038	15.07	7.1%	104.17	6.7%	6.7%	103.96	(2.23)	Expensive	9.36
42	FR50	1/24/2008	7/15/2038	15.16	10.5%	133.50	6.9%	6.7%	135.77	19.23	Cheap	8.66
43	FR79	1/7/2019	4/15/2039	15.91	8.4%	115.76	6.7%	6.7%	116.03	2.33	Cheap	9.37
44	FR83	11/7/2019	4/15/2040	16.91	7.5%	106.82	6.8%	6.7%	107.64	7.64	Cheap	9.89
45	FR57	4/21/2011	5/15/2041	17.99	9.5%	127.20	6.8%	6.8%	128.37	9.35	Cheap	9.78
46	FR62	2/9/2012	4/15/2042	18.91	6.4%	97.18	6.6%	6.8%	95.88	(12.57)	Expensive	10.92
47	FR92	7/8/2021	6/15/2042	19.08	7.1%	103.13	6.8%	6.8%	103.81	6.19	Cheap	10.56
48	FR97	8/19/2022	6/15/2043	20.08	7.1%	104.05	6.8%	6.8%	103.77	(2.59)	Expensive	10.87
49	FR67	7/18/2013	2/15/2044	20.75	8.8%	118.68	7.0%	6.8%	121.70	23.79	Cheap	10.58
50	FR76	9/22/2017	5/15/2048	25.00	7.4%	104.94	7.0%	6.8%	106.58	13.25	Cheap	11.86
51	FR89	1/7/2021	8/15/2051	28.25	6.9%	100.09	6.9%	6.8%	100.39	2.31	Cheap	12.62

Chart 1. Samuel's Yield Curve Forecast

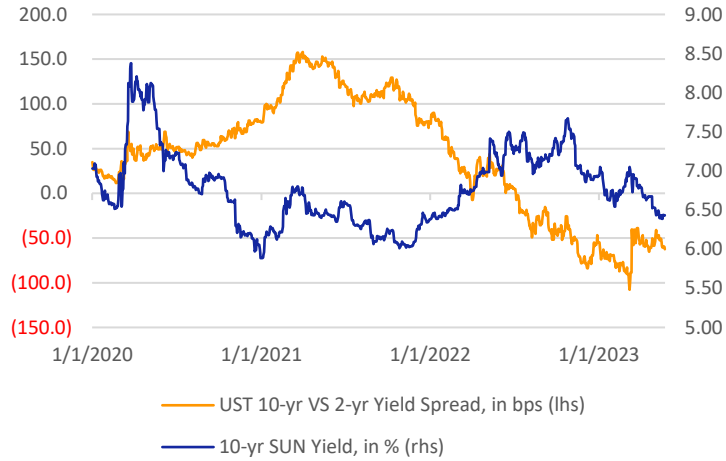


Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession

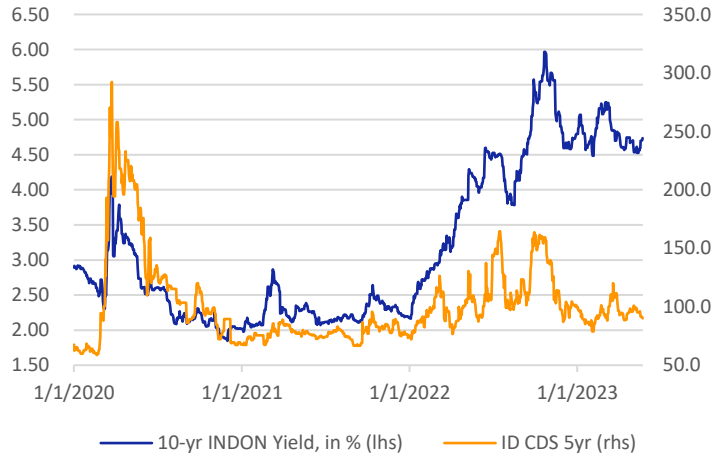
Source: Bloomberg

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



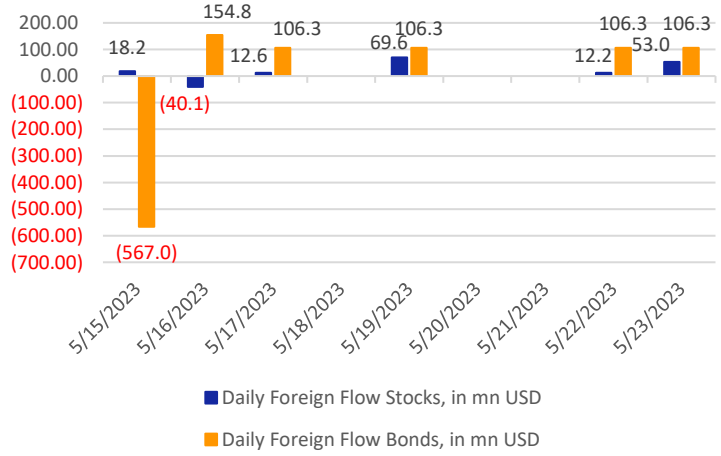
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



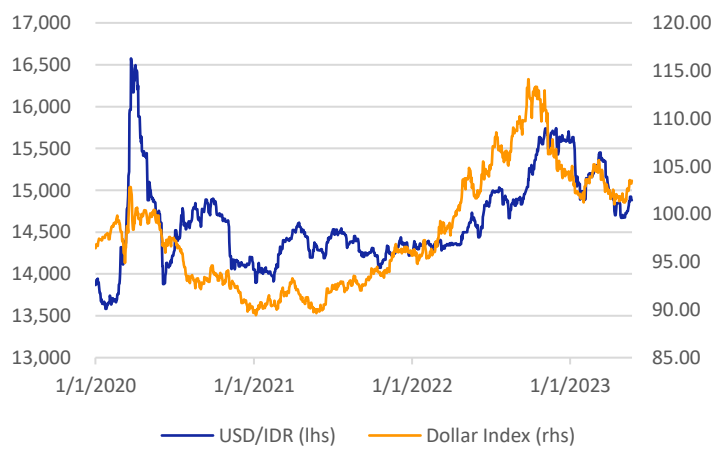
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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