Daily Economic & Fixed Income Report

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

SAMUEL SEKURITAS INDONESIA

Economic & Fixed Income Analysis

25 May 2023

Economic and Fixed Income Indicators

Currencies	5/24/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.08	(0.2)	(2.4)	0.4
GBP/USD	1.24	(0.4)	(1.6)	2.3
AUD/USD	0.65	(1.0)	(1.1)	(3.9)
USD/CHF	0.90	0.4	1.2	(2.1)
USD/JPY	139.5	0.6	2.3	6.4
Dollar Index	103.9	0.4	2.2	0.4
Bloomberg Asia Dollar Index	93.0	(0.1)	(1.2)	(1.7)
USD/KRW	1,318	0.4	(1.6)	4.1
USD/SGD	1.35	0.2	1.1	0.7
USD/CNY	7.06	0.1	2.1	2.4
USD/INR	82.7	(0.2)	1.0	(0.1)
USD/IDR	14,905	0.2	1.6	(4.3)
USD/IDR 1 Month NDF	14,948	0.3	1.9	(3.8)
USD/MYR	4.59	0.5	2.9	4.3
USD/THB	34.5	(0.4)	1.2	(0.2)
USD/PHP	55.8	0.1	0.8	0.1
Rates	**5/24/2023**	**Daily (bp)**	**MTD (bp)**	**YTD (bp)**
US Treasuries 10-Year	3.74	5.0	32.0	(13.3)
Germany Bund 10-Year	2.47	0.3	15.9	(9.9)
Japan JGB 10-Year	0.41	1.0	2.0	(0.8)
LIBOR Overnight	5.07	0.0	25.5	74.8
LIBOR 1-Month	5.14	0.0	7.6	74.6
Indonesia INDOGB 10-Year	6.42	(1.1)	(10.8)	(51.6)
Indonesia INDOGB 5-Year	6.08	(2.3)	(20.3)	(12.8)
Indonesia INDOGB 2-Year	5.84	(2.9)	(34.8)	(23.4)
INDOGB-UST (bp)	268.21	(6.1)	(42.8)	(38.3)
Indonesia INDON 10-Year	4.74	(0.1)	5.3	(5.8)
Indonesia INDON 5-Year	4.60	(0.3)	14.0	(8.9)
Indonesia INDON 2-Year	4.73	(0.4)	27.3	(6.6)
INDON-UST (bp)	99.61	(5.1)	(26.7)	7.5
Indonesia Corporate AAA 10-Year	7.14	(1.0)	(7.7)	(60.7)
Indonesia Corporate AAA 5-Year	6.71	(2.3)	(17.2)	(9.6)
Indonesia Corporate AAA 2-Year	6.39	(2.9)	(35.8)	(9.6)
INDONIA	5.46	(6.6)	(24.7)	43.9
JIBOR 1-Month	6.40	0.0	0.1	20.0
Bond Indexes	**5/24/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
S&P Global Bond Developed Index	179.3	0.0	(1.1)	1.9
EMBI Global Index	777.6	(0.0)	(1.5)	1.2
iShare USD EMBI Index	84.1	(0.0)	(1.7)	(0.7)
ICBI Index	361.5	0.0	1.3	4.8
IDMA Index	100.0	0.1	0.9	2.7
INDOBeX Government Bond Index	353.8	0.0	1.3	4.9
INDOBeX Corporate Bond Index	407.6	0.0	1.1	3.9
Prices	**5/24/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
ID CDS 5-Year	90.2	0.1	(6.0)	(9.4)
JCI	6,746	0.1	(2.5)	(1.5)
S&P-Goldman Sachs Commodity Index	550.0	0.9	(2.5)	(9.9)
FR0095	101.40	0.1	0.8	2.3
FR0096	104.22	0.1	0.7	3.7
FR0097	104.08	0.0	1.5	3.9
FR0098	104.09	(0.1)	1.5	3.6

Source: Bloomberg, SSI Research

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Global market slumps following Waller's terminal rate speech

A speech by member of the Fed's Board of Governors, Christopher Waller, which opened up the possibility of a higher Fed terminal rate of 5.5% (see Global Economic News), triggered a sell-off in global stock and bond markets. US stock indices fell more than -0.5% last night (5/24), and European markets fell by almost -2%. Meanwhile, the correction in the global bond market was concentrated in the United States, as reflected by the 5 bps increase in UST 10Y yield to 3.74%, while the Indonesian bond market continued to consolidate with a limited bullish rally in short tenor instruments (2-year), whose yield fell by 3 bps to 5.84%. We believe that the 10-year INDOGB yield will still consolidate within the range of 6.4-6.5% today, while rupiah might lose some steam and fall to IDR 14,900-15,000 per USD.

Fixed Income News: Bank Mandiri offers IDR 5tn green bonds. The bonds offered are part of the company's Shelf Registration Green Bond I (total value: IDR 10tn). The bonds will be offered from 20 to 22 June 2023 in three series; Series A with a coupon of 5.5-6% per annum and a tenor of 370 days, Series B with a coupon of 5.75-6.5% per annum and a tenor of 3 years, and Series C with a 5.95-6.95% coupon and a tenor of 5 years. (*Emitennews*)

Global Economic News: Waller opens the possibility of a higher Fed terminal rate. The possibility was raised by a member of the Fed's Board of Governors, Christopher Waller, in his speech entitled "Hike, Skip, or Pause". Responding to Waller's statement, market players estimate that the Fed will still hold its policy rate at 5.25% in June before raising it by 25 bps to 5.5% in July. Even though market expectations are becoming increasingly in line with the views of Fed officials, the market is still holding out hope for a 50 bps Fed pivot in 2H23 to 5%, which according to our subjective probability, is very unlikely (below 10%). (*CNBC*)

Domestic Economic News: Banking financing might slowed down in April. This was reflected in Bank Indonesia's banking financing supply and demand survey. According to the survey, the weighted net balance of new loans disbursed plunged from 94.6% to 68.9%. However, new loan disbursement is expected to rebound in May with a weighted net balance of 88.3%. Demand for banking credit slowed down as well, as reflected by the drop in the weighted net balance from 24% to 19.8%. In our opinion, the decline was caused by seasonal effect of the Eid holiday, which reduced the number of effective working days. (*Bank Indonesia*)

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

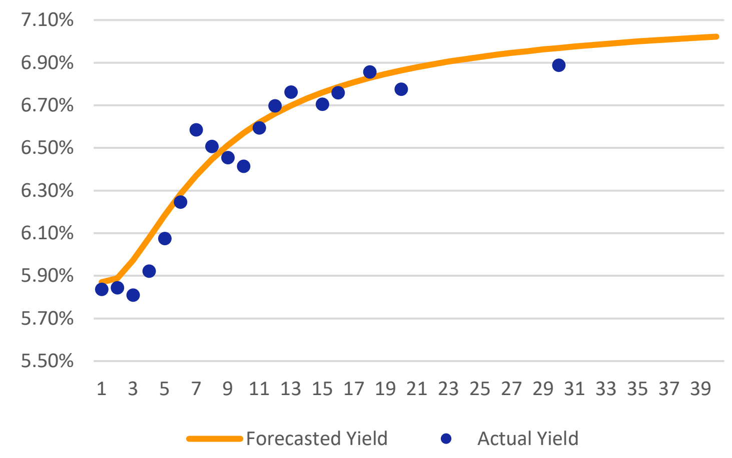
Economic Calender

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
05/25/2023 13:00	GE	GfK Consumer Confidence	Jun	(24.30)	(25.70)
05/25/2023 14:20	ID	Bank Indonesia 7D Reverse Repo	24-May	5.75%	5.75%
05/25/2023 19:30	US	Initial Jobless Claims	20-May	248k	242k
05/25/2023 21:00	US	Pending Home Sales MoM	Apr	1.00%	-5.20%

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	0.14	9.5%	100.60	4.7%	4.6%	100.69	15.13	Cheap	0.14
2	FR39	8/24/2006	8/15/2023	0.23	11.8%	101.45	4.8%	4.6%	101.60	21.32	Cheap	0.23
3	FR70	8/29/2013	3/15/2024	0.81	8.4%	102.01	5.7%	4.7%	102.86	99.65	Cheap	0.78
4	FR77	9/27/2018	5/15/2024	0.98	8.1%	102.20	5.7%	4.8%	103.13	92.68	Cheap	0.95
5	FR44	4/19/2007	9/15/2024	1.32	10.0%	105.01	5.9%	5.0%	106.34	95.09	Cheap	1.22
6	FR81	8/1/2019	6/15/2025	2.06	6.5%	101.34	5.8%	5.3%	102.33	49.80	Cheap	1.92
7	FR40	9/21/2006	9/15/2025	2.32	11.0%	110.75	5.9%	5.4%	112.04	51.94	Cheap	2.05
8	FR84	5/4/2020	2/15/2026	2.73	7.3%	102.85	6.1%	5.6%	104.25	53.82	Cheap	2.50
9	FR86	8/13/2020	4/15/2026	2.90	5.5%	99.29	5.8%	5.6%	99.71	16.02	Cheap	2.68
10	FR56	9/23/2010	9/15/2026	3.32	8.4%	107.13	6.0%	5.7%	107.85	21.62	Cheap	2.90
11	FR37	5/18/2006	9/15/2026	3.32	12.0%	117.63	6.0%	5.7%	118.66	27.82	Cheap	2.77
12	FR90	7/8/2021	4/15/2027	3.90	5.1%	97.38	5.9%	5.9%	97.36	(0.60)	Expensive	3.53
13	FR59	9/15/2011	5/15/2027	3.98	7.0%	103.50	6.0%	5.9%	103.81	7.96	Cheap	3.51
14	FR42	1/25/2007	7/15/2027	4.15	10.3%	115.13	6.1%	6.0%	115.59	10.17	Cheap	3.45
15	FR94	3/4/2022	1/15/2028	4.65	5.6%	97.88	6.1%	6.1%	98.19	8.01	Cheap	4.09
16	FR47	8/30/2007	2/15/2028	4.73	10.0%	115.63	6.1%	6.1%	115.97	6.23	Cheap	3.89
17	FR64	8/13/2012	5/15/2028	4.98	6.1%	100.31	6.1%	6.1%	100.06	(6.00)	Expensive	4.32
18	FR95	8/19/2022	8/15/2028	5.23	6.4%	101.41	6.1%	6.2%	100.99	(9.62)	Expensive	4.48
19	FR99	1/27/2023	1/15/2029	5.65	6.4%	101.12	6.2%	6.2%	100.89	(5.02)	Expensive	4.75
20	FR71	9/12/2013	3/15/2029	5.81	9.0%	113.30	6.2%	6.2%	113.33	(0.28)	Expensive	4.60
21	FR78	9/27/2018	5/15/2029	5.98	8.3%	109.98	6.2%	6.3%	109.84	(3.12)	Expensive	4.83
22	FR52	8/20/2009	8/15/2030	7.23	10.5%	123.38	6.4%	6.4%	123.58	2.12	Cheap	5.38
23	FR82	8/1/2019	9/15/2030	7.32	7.0%	103.64	6.4%	6.4%	103.54	(2.11)	Expensive	5.74
24	FRSDG1	10/27/2022	10/15/2030	7.40	7.4%	104.77	6.5%	6.4%	105.72	15.37	Cheap	5.77
25	FR87	8/13/2020	2/15/2031	7.74	6.5%	100.62	6.4%	6.4%	100.48	(2.47)	Expensive	6.13
26	FR85	5/4/2020	4/15/2031	7.90	7.8%	108.00	6.4%	6.4%	108.07	0.61	Cheap	6.02
27	FR73	8/6/2015	5/15/2031	7.98	8.8%	113.97	6.5%	6.4%	114.26	3.91	Cheap	5.97
28	FR54	7/22/2010	7/15/2031	8.15	9.5%	118.21	6.6%	6.4%	119.10	12.15	Cheap	5.93
29	FR91	7/8/2021	4/15/2032	8.90	6.4%	99.65	6.4%	6.5%	99.19	(6.91)	Expensive	6.81
30	FR58	7/21/2011	6/15/2032	9.07	8.3%	111.86	6.5%	6.5%	111.81	(1.00)	Expensive	6.54
31	FR74	11/10/2016	8/15/2032	9.24	7.5%	106.74	6.5%	6.5%	106.76	(0.09)	Expensive	6.82
32	FR96	8/19/2022	2/15/2033	9.74	7.0%	104.28	6.4%	6.5%	103.28	(13.94)	Expensive	7.19
33	FR65	8/30/2012	5/15/2033	9.98	6.6%	101.07	6.5%	6.6%	100.54	(7.35)	Expensive	7.38
34	FR68	8/1/2013	3/15/2034	10.82	8.4%	113.79	6.6%	6.6%	113.69	(1.63)	Expensive	7.36
35	FR80	7/4/2019	6/15/2035	12.07	7.5%	106.74	6.7%	6.6%	107.16	4.73	Cheap	8.08
36	FR72	7/9/2015	5/15/2036	12.99	8.3%	112.87	6.7%	6.7%	113.72	8.92	Cheap	8.38
37	FR88	1/7/2021	6/15/2036	13.07	6.3%	98.01	6.5%	6.7%	96.48	(18.04)	Expensive	8.87
38	FR45	5/24/2007	5/15/2037	13.99	9.8%	126.63	6.8%	6.7%	127.62	9.09	Cheap	8.47
39	FR93	1/6/2022	7/15/2037	14.15	6.4%	98.65	6.5%	6.7%	97.20	(16.25)	Expensive	9.32
40	FR75	8/10/2017	5/15/2038	14.99	7.5%	106.74	6.8%	6.7%	107.47	7.38	Cheap	9.31
41	FR98	9/15/2022	6/15/2038	15.07	7.1%	104.09	6.7%	6.7%	103.96	(1.43)	Expensive	9.35
42	FR50	1/24/2008	7/15/2038	15.15	10.5%	133.50	6.9%	6.7%	135.76	19.15	Cheap	8.66
43	FR79	1/7/2019	4/15/2039	15.90	8.4%	115.71	6.7%	6.7%	116.03	2.67	Cheap	9.36
44	FR83	11/7/2019	4/15/2040	16.91	7.5%	106.81	6.8%	6.7%	107.64	7.71	Cheap	9.88
45	FR57	4/21/2011	5/15/2041	17.99	9.5%	127.20	6.8%	6.8%	128.37	9.30	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	19.07	7.1%	103.34	6.8%	6.8%	103.81	4.25	Cheap	10.57
48	FR97	8/19/2022	6/15/2043	20.07	7.1%	104.05	6.8%	6.8%	103.77	(2.54)	Expensive	10.86
49	FR67	7/18/2013	2/15/2044	20.75	8.8%	118.82	7.0%	6.8%	121.70	22.63	Cheap	10.58
50	FR76	9/22/2017	5/15/2048	24.99	7.4%	104.96	7.0%	6.8%	106.58	13.06	Cheap	11.86
51	FR89	1/7/2021	8/15/2051	28.25	6.9%	100.20	6.9%	6.8%	100.39	1.42	Cheap	12.63

Chart 1. Samuel's Yield Curve Forecast

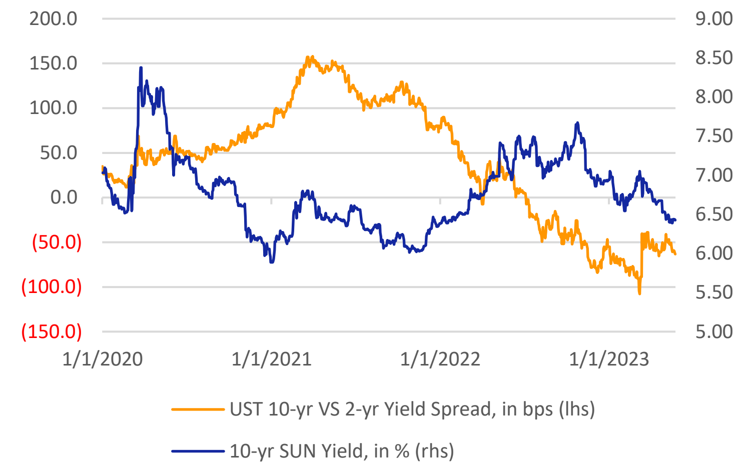


Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession

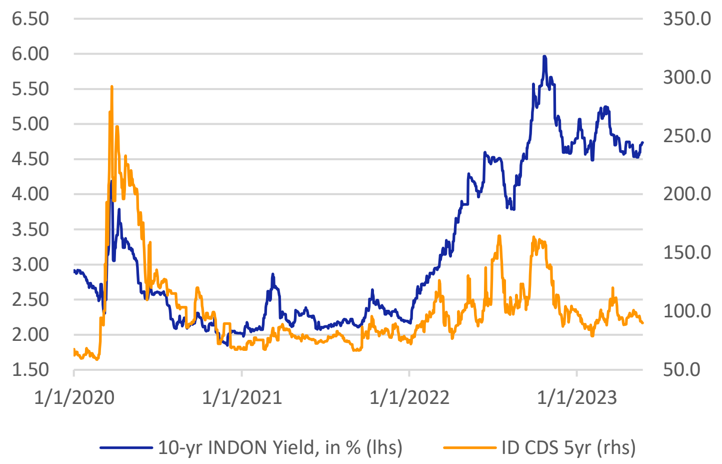
Source: Bloomberg

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



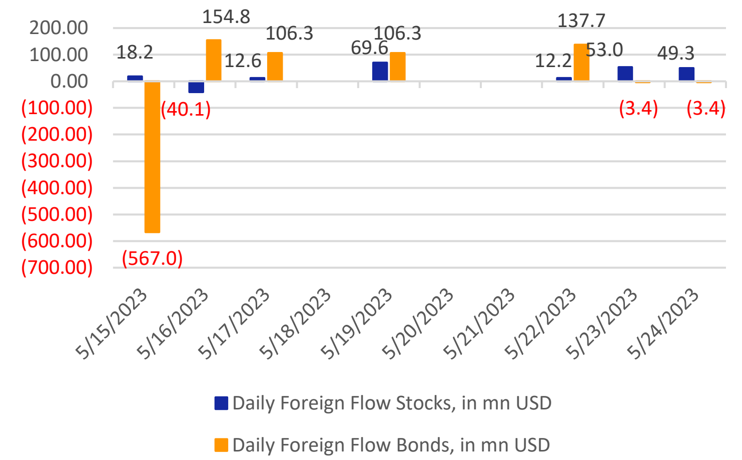
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



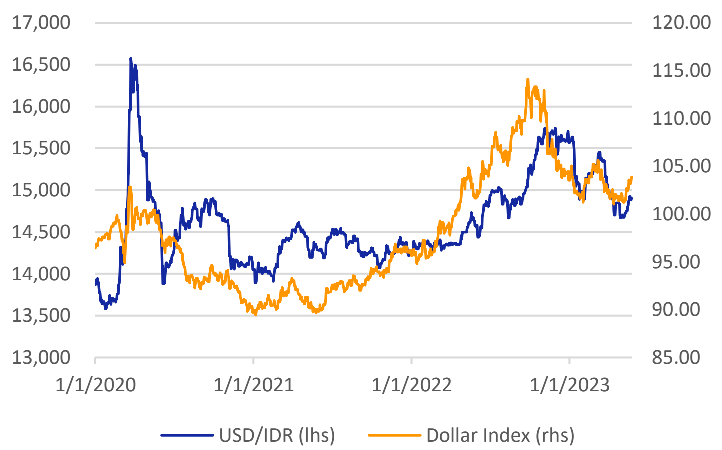
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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