Daily Economic & Fixed Income Report

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

SAMUEL SEKURITAS INDONESIA

Economic & Fixed Income Analysis

29 May 2023

Economic and Fixed Income Indicators

Currencies	5/26/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.07	(0.0)	(2.7)	0.2
GBP/USD	1.23	0.2	(1.8)	2.2
AUD/USD	0.65	0.2	(1.5)	(4.3)
USD/CHF	0.91	0.0	1.2	(2.0)
USD/JPY	140.6	0.4	3.2	7.2
Dollar Index	104.2	(0.0)	2.5	0.7
Bloomberg Asia Dollar Index	92.8	0.2	(1.3)	(1.8)
USD/KRW	1,325	(0.1)	(1.0)	4.7
USD/SGD	1.35	(0.2)	1.3	0.9
USD/CNY	7.06	(0.2)	2.2	2.4
USD/INR	82.6	(0.2)	0.9	(0.2)
USD/IDR	14,955	0.0	1.9	(3.9)
USD/IDR 1 Month NDF	15,008	0.2	2.3	(3.4)
USD/MYR	4.60	(0.6)	3.1	4.5
USD/THB	34.7	0.2	1.6	0.2
USD/PHP	55.8	(0.5)	0.8	0.1
Rates	**5/26/2023**	**Daily (bp)**	**MTD (bp)**	**YTD (bp)**
US Treasuries 10-Year	3.80	(1.9)	37.6	(7.7)
Germany Bund 10-Year	2.54	1.6	22.5	(3.3)
Japan JGB 10-Year	0.42	(0.6)	2.7	(0.1)
LIBOR Overnight	5.06	0.0	25.2	74.5
LIBOR 1-Month	5.16	0.0	9.8	76.8
Indonesia INDOGB 10-Year	6.43	0.1	(10.0)	(50.8)
Indonesia INDOGB 5-Year	6.10	2.0	(18.4)	(10.9)
Indonesia INDOGB 2-Year	5.83	(2.1)	(36.1)	(24.7)
INDOGB-UST (bp)	263.37	2.0	(47.6)	(43.2)
Indonesia INDON 10-Year	4.82	2.8	13.6	2.5
Indonesia INDON 5-Year	4.72	4.6	26.2	3.3
Indonesia INDON 2-Year	4.93	8.8	47.4	13.5
INDON-UST (bp)	102.27	4.7	(24.0)	10.2
Indonesia Corporate AAA 10-Year	7.15	0.1	(6.9)	(59.9)
Indonesia Corporate AAA 5-Year	6.73	2.0	(15.3)	(7.7)
Indonesia Corporate AAA 2-Year	6.38	(2.1)	(37.1)	(10.9)
INDONIA	5.42	(7.0)	(29.3)	39.3
JIBOR 1-Month	6.40	0.0	0.1	20.0
Bond Indexes	**5/26/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
S&P Global Bond Developed Index	178.3	(0.1)	(1.6)	1.4
EMBI Global Index	776.0	(0.1)	(1.7)	1.0
iShare USD EMBI Index	84.0	0.0	(1.8)	(0.8)
ICBI Index	361.7	0.0	1.4	4.9
IDMA Index	100.1	0.0	0.9	2.8
INDOBeX Government Bond Index	354.0	0.0	1.4	5.0
INDOBeX Corporate Bond Index	407.9	0.0	1.1	4.0
Prices	**5/26/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
ID CDS 5-Year	92.0	(0.4)	(4.1)	(7.6)
JCI	6,687	(0.3)	(3.3)	(2.4)
S&P-Goldman Sachs Commodity Index	545.9	0.8	(3.2)	(10.5)
FR0095	101.37	(0.1)	0.8	2.3
FR0096	104.20	0.0	0.7	3.6
FR0097	104.05	0.0	1.5	3.9
FR0098	104.00	(0.1)	1.5	3.5

Source: Bloomberg, SSI Research

Lionel Priyadi
Macro Strategist
lionel.priyadi@samuel.co.id
+6221 2854 8854

Market players expect no Fed rate pause in June

The expectation was fueled by the slightly hotter-than-expected US PCE inflation data, which was released on Friday (5/29). As a result, most analysts (68%) expect another Fed rate hike in June by 25 bps to 5.5% (see Global Economic News). In our opinion, market players' response toward the data was quite calm, probably because many players had anticipated the possibility. S&P index for developed markets' bonds, for instance, only fell by -0.1% following conflicting movements between the UST and 10-year Bund yields. The 10-year UST yield fell -2 bps to 3.8%, while the 10-year Bund yield rose by 2 bps to 2.54%. Investors in the Indonesian bond market have also anticipated this, as reflected by the flattish INDOGB yields, except for the short-term instrument (2-year), whose yield fell slightly by -2 bps to 5.83%. Meanwhile, INDON yields went up, and the inverted yield curve between 10- and 2-year INDON became wider. We predict that the 10-year INDOGB yield will consolidate at 6.4-6.5% today, and rupiah to consolidate at IDR 14,950-15,050 per USD. .

Fixed Income News: The government issues PBS029 through private placement. The total value of the PBS029 bonds issued was IDR 1.76tn, with a yield of 6.69%. The bonds have fixed coupon rate of 6.375% with a tenor of 11 years (maturity date: 15 March 2034). (*DJPPR*)

Global Economic News: US PCE inflation rose to 4.4% yoy in April (Mar: 4.2% yoy; Cons Apr: 3.9% yoy). US PCE core inflation also rose to 4.7% yoy (Mar: 4.6% yoy; Cons Apr: 4.6% yoy). The data has convinced the market that the Fed will make a U-turn on its decision to pause rate hikes in June. According to the CME survey, 68% of respondents expect another rate hike of 25 bps to 5.5% next month. (*CNBC*)

Domestic Economic News: The Ministry of Finance postponed discussions on regional bond regulations until after the 2024 election. The decision was announced by the Director of Government Debt Securities, Directorate General of Budget Financing and Risk Management (DJPRR) of the Ministry of Finance. Previously, the discussion of this regulation was postponed during the COVID-19 pandemic due to foreign investors' rampant sell-off in the domestic bond market. (*Bisnis Indonesia*)

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

Economic Calender

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
05/28/2023 06/03	UK	Nationwide House PX MoM	May	--	0.50%
05/29/2023 06/09	EC	OECD Publishes Economic Outlook			
05/29/2023 12:00	JN	Leading Index CI	Mar F	--	97.50
05/29/2023 12:00	JN	Coincident Index	Mar F	--	98.70

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	0.14	9.5%	100.60	4.6%	4.6%	100.67	5.46	Cheap	0.14
2	FR39	8/24/2006	8/15/2023	0.22	11.8%	101.45	4.7%	4.6%	101.57	12.89	Cheap	0.22
3	FR70	8/29/2013	3/15/2024	0.81	8.4%	102.05	5.7%	4.7%	102.84	94.45	Cheap	0.77
4	FR77	9/27/2018	5/15/2024	0.97	8.1%	102.21	5.7%	4.8%	103.12	91.28	Cheap	0.94
5	FR44	4/19/2007	9/15/2024	1.31	10.0%	105.08	5.9%	5.0%	106.32	89.24	Cheap	1.22
6	FR81	8/1/2019	6/15/2025	2.06	6.5%	101.41	5.8%	5.3%	102.33	46.57	Cheap	1.92
7	FR40	9/21/2006	9/15/2025	2.31	11.0%	110.73	5.9%	5.4%	112.02	52.53	Cheap	2.04
8	FR84	5/4/2020	2/15/2026	2.73	7.3%	103.07	6.0%	5.6%	104.25	45.00	Cheap	2.49
9	FR86	8/13/2020	4/15/2026	2.89	5.5%	99.38	5.7%	5.6%	99.72	12.58	Cheap	2.67
10	FR56	9/23/2010	9/15/2026	3.31	8.4%	106.92	6.0%	5.7%	107.85	28.28	Cheap	2.89
11	FR37	5/18/2006	9/15/2026	3.31	12.0%	117.68	6.0%	5.7%	118.63	26.04	Cheap	2.77
12	FR90	7/8/2021	4/15/2027	3.89	5.1%	97.48	5.9%	5.9%	97.37	(3.26)	Expensive	3.52
13	FR59	9/15/2011	5/15/2027	3.97	7.0%	103.51	6.0%	5.9%	103.81	7.89	Cheap	3.50
14	FR42	1/25/2007	7/15/2027	4.14	10.3%	115.13	6.0%	5.9%	115.58	10.07	Cheap	3.45
15	FR94	3/4/2022	1/15/2028	4.64	5.6%	97.88	6.1%	6.1%	98.20	8.15	Cheap	4.08
16	FR47	8/30/2007	2/15/2028	4.73	10.0%	115.63	6.1%	6.1%	115.96	6.15	Cheap	3.88
17	FR64	8/13/2012	5/15/2028	4.98	6.1%	100.34	6.0%	6.1%	100.07	(6.59)	Expensive	4.32
18	FR95	8/19/2022	8/15/2028	5.23	6.4%	101.37	6.1%	6.1%	101.00	(8.66)	Expensive	4.48
19	FR99	1/27/2023	1/15/2029	5.65	6.4%	101.11	6.2%	6.2%	100.90	(4.89)	Expensive	4.75
20	FR71	9/12/2013	3/15/2029	5.81	9.0%	113.29	6.2%	6.2%	113.32	(0.22)	Expensive	4.60
21	FR78	9/27/2018	5/15/2029	5.98	8.3%	109.95	6.2%	6.3%	109.84	(2.65)	Expensive	4.83
22	FR52	8/20/2009	8/15/2030	7.23	10.5%	123.65	6.4%	6.4%	123.57	(2.16)	Expensive	5.37
23	FR82	8/1/2019	9/15/2030	7.31	7.0%	103.66	6.4%	6.4%	103.54	(2.44)	Expensive	5.74
24	FRSDG1	10/27/2022	10/15/2030	7.39	7.4%	104.76	6.5%	6.4%	105.71	15.66	Cheap	5.76
25	FR87	8/13/2020	2/15/2031	7.73	6.5%	100.57	6.4%	6.4%	100.49	(1.58)	Expensive	6.12
26	FR85	5/4/2020	4/15/2031	7.89	7.8%	107.58	6.5%	6.4%	108.06	7.27	Cheap	6.01
27	FR73	8/6/2015	5/15/2031	7.98	8.8%	113.95	6.5%	6.4%	114.25	4.07	Cheap	5.96
28	FR54	7/22/2010	7/15/2031	8.14	9.5%	118.13	6.6%	6.4%	119.10	13.36	Cheap	5.92
29	FR91	7/8/2021	4/15/2032	8.90	6.4%	99.59	6.4%	6.5%	99.20	(6.00)	Expensive	6.80
30	FR58	7/21/2011	6/15/2032	9.06	8.3%	111.87	6.5%	6.5%	111.81	(1.20)	Expensive	6.53
31	FR74	11/10/2016	8/15/2032	9.23	7.5%	106.94	6.5%	6.5%	106.76	(2.77)	Expensive	6.82
32	FR96	8/19/2022	2/15/2033	9.73	7.0%	104.20	6.4%	6.5%	103.28	(12.82)	Expensive	7.18
33	FR65	8/30/2012	5/15/2033	9.98	6.6%	101.08	6.5%	6.6%	100.54	(7.46)	Expensive	7.38
34	FR68	8/1/2013	3/15/2034	10.81	8.4%	113.63	6.6%	6.6%	113.69	0.33	Cheap	7.35
35	FR80	7/4/2019	6/15/2035	12.06	7.5%	106.65	6.7%	6.6%	107.16	5.81	Cheap	8.07
36	FR72	7/9/2015	5/15/2036	12.98	8.3%	112.88	6.7%	6.7%	113.72	8.76	Cheap	8.38
37	FR88	1/7/2021	6/15/2036	13.07	6.3%	98.25	6.4%	6.7%	96.48	(20.75)	Expensive	8.87
38	FR45	5/24/2007	5/15/2037	13.98	9.8%	126.63	6.8%	6.7%	127.62	9.06	Cheap	8.47
39	FR93	1/6/2022	7/15/2037	14.15	6.4%	99.13	6.5%	6.7%	97.20	(21.46)	Expensive	9.33
40	FR75	8/10/2017	5/15/2038	14.98	7.5%	106.74	6.8%	6.7%	107.47	7.37	Cheap	9.30
41	FR98	9/15/2022	6/15/2038	15.07	7.1%	104.00	6.7%	6.7%	103.96	(0.51)	Expensive	9.35
42	FR50	1/24/2008	7/15/2038	15.15	10.5%	133.50	6.9%	6.7%	135.76	19.13	Cheap	8.65
43	FR79	1/7/2019	4/15/2039	15.90	8.4%	115.88	6.7%	6.7%	116.03	1.17	Cheap	9.36
44	FR83	11/7/2019	4/15/2040	16.90	7.5%	106.75	6.8%	6.7%	107.64	8.38	Cheap	9.88
45	FR57	4/21/2011	5/15/2041	17.98	9.5%	127.15	6.8%	6.8%	128.37	9.74	Cheap	9.77
46	FR62	2/9/2012	4/15/2042	18.90	6.4%	97.33	6.6%	6.8%	95.88	(14.04)	Expensive	10.92
47	FR92	7/8/2021	6/15/2042	19.07	7.1%	103.60	6.8%	6.8%	103.81	1.87	Cheap	10.58
48	FR97	8/19/2022	6/15/2043	20.07	7.1%	104.04	6.8%	6.8%	103.77	(2.49)	Expensive	10.86
49	FR67	7/18/2013	2/15/2044	20.74	8.8%	118.72	7.0%	6.8%	121.70	23.46	Cheap	10.57
50	FR76	9/22/2017	5/15/2048	24.99	7.4%	104.96	7.0%	6.8%	106.58	13.07	Cheap	11.86
51	FR89	1/7/2021	8/15/2051	28.24	6.9%	100.28	6.9%	6.8%	100.39	0.81	Cheap	12.63

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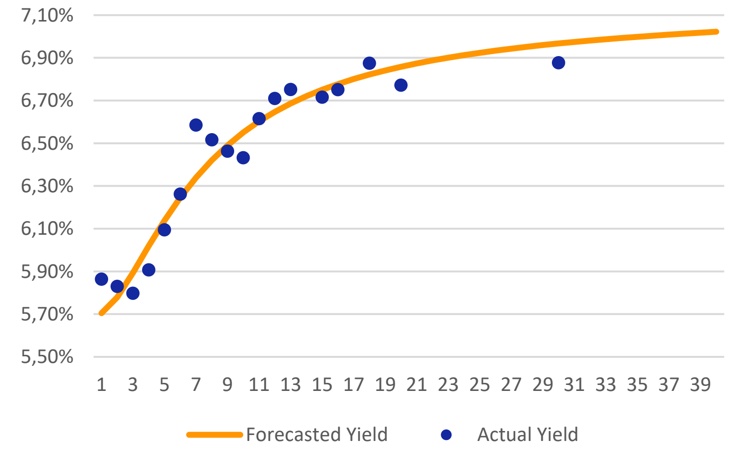
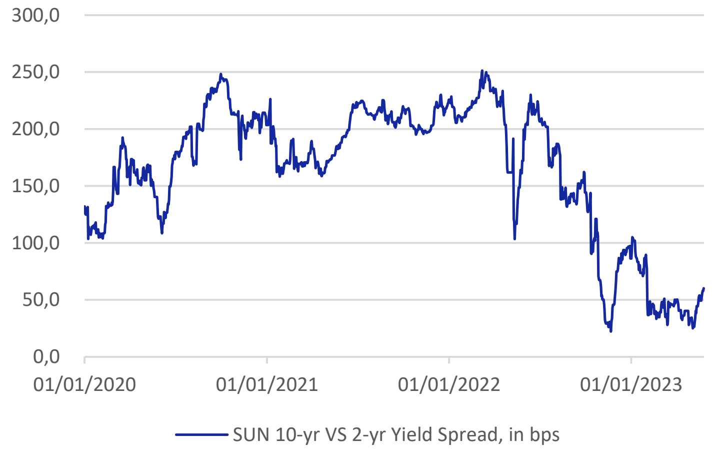
Chart 1. Samuel's Yield Curve Forecast



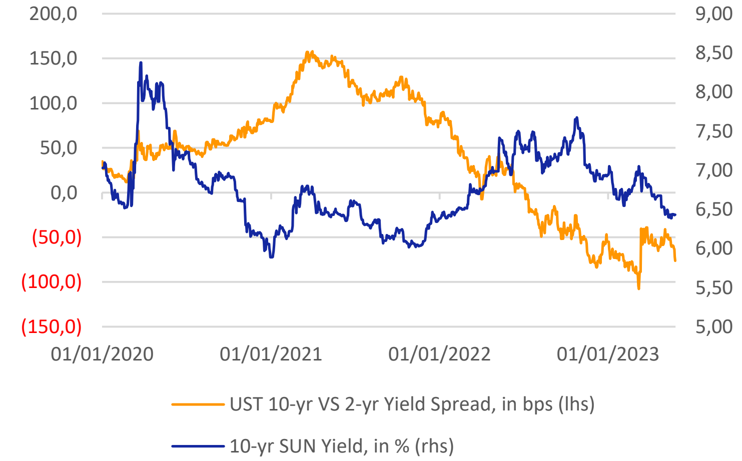
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



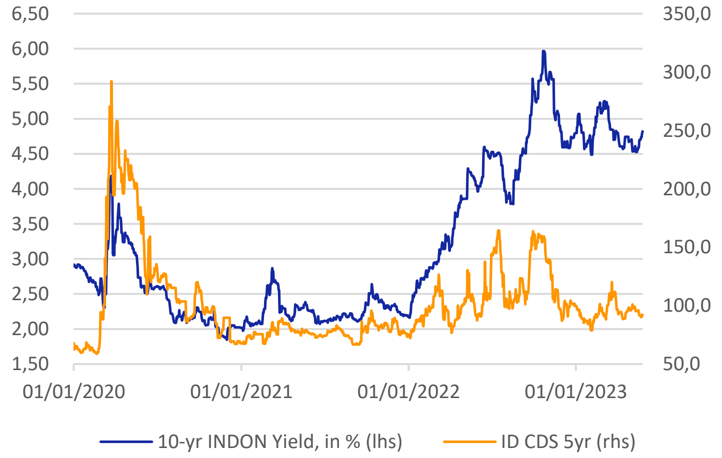
Source: Bloomberg

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



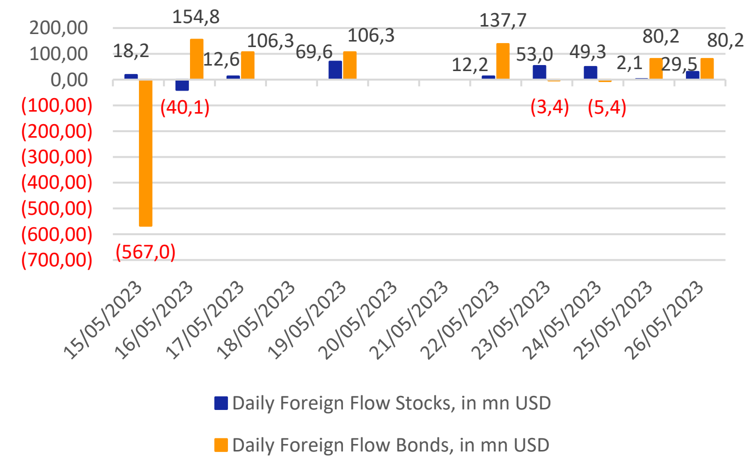
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



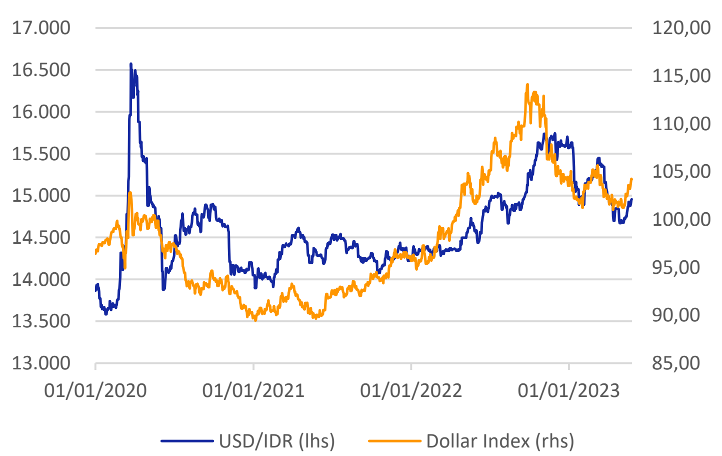
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

Research Team			
Prasetya Gunadi	Head of Equity Research, Strategy, Banking, Digital Banks	prasetya.gunadi@samuel.co.id	+6221 2854 8320
Lionel Priyadi	Macro Equity Strategist	lionel.priyadi@samuel.co.id	+6221 2854 8854
Muhamad Alfatih, CSA, CTA, CFTe	Senior Technical Analyst	m.alfatih@samuel.co.id	+6221 2854 8129
William Mamudi, CFTe, CMT, CCT	Senior Technical Analyst	william.mamudi@samuel.co.id	+6221 2854 8382
Yosua Zisokhi	Cement , Cigarette, Paper, Plantation,Telco Infra, Chemicals	yosua.zisokhi@samuel.co.id	+6221 2854 8387
M. Farras Farhan	Media, Poultry, Oil & Gas, Technology	farras.farhan@samuel.co.id	+6221 2854 8346
Pebe Peresia	Automotive, Consumer Staples, Retail	pebe.peresia@samuel.co.id	+6221 2854 8339
Juan Oktavianus Harahap	Coal, Metal Mining	juan.oktavianus@samuel.co.id	+6221 2854 8846
Jonathan Guyadi	Banking, Healthcare, Telco	jonathan.guyadi@samuel.co.id	+6221 2854 8321
Adolf Richardo	Editor	adolf.richardo@samuel.co.id	+6221 2864 8397
Ashalia Fitri Yuliana	Research Associate	ashalia.fitri@samuel.co.id	+6221 2854 8389
Daniel Aditya Widjaja	Research Associate	daniel.aditya@samuel.co.id	+6221 2854 8322
Laurencia Hiemas	Research Associate	laurencia.hiemas@samuel.co.id	+6221 2854 8392
Brandon Boedhiman	Research Associate	brandon.boedhiman@samuel.co.id	+6221 2854 8392

Equity Institutional Team			
Benny Bambang Soebagjo	Head of Institutional Equity Sales	benny.soebagjo@samuel.co.id	+6221 2854 8312
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
Anthony Yunus	Institutional Equity Sales	anthony.yunus@samuel.co.id	+6221 2854 8314
Widya Meidrianto	Institutional Equity Sales	widya.meidrianto@samuel.co.id	+6221 2854 8317
Fachruly Fiater	Institutional Sales Trader	fachruly.fiater@samuel.co.id	+6221 2854 8325
Lucia Irawati	Institutional Sales Trader	lucia.irawati@samuel.co.id	+6221 2854 8173
Alexander Tayus	Institutional Equity Dealer	alexander.tayus@samuel.co.id	+6221 2854 8319
Leonardo Christian	Institutional Equity Dealer	leonardo.christian@samuel.co.id	+6221 2854 8147

Equity Retail Team			
Joseph Soegandhi	Head of Equity	joseph.soegandhi@samuel.co.id	+6221 2854 8872
Damargumilang	Head of Equity Retail	damargumilang@samuel.co.id	+6221 2854 8309
Denzel Obaja	Head of Community & Partnership	denzel.obaja@samuel.co.id	+6221 2854 8342
Clarice Wijana	Head of Equity Sales Support	clarice.wijana@samuel.co.id	+6221 2854 8395
Gitta Wahyu Retnani	Equity Sales & Trainer	gitta.wahyu@samuel.co.id	+6221 2854 8365
Vincentius Darren	Equity Sales	darren@samuel.co.id	+6221 2854 8348
Michael Alexander	Equity Sales	michael.alexander@samuel.co.id	+6221 2854 8369
Sylviawati	Equity Sales	sylviawati@samuel.co.id	+6221 2854 8112
Wandha Ahmad	Equity Sales	wandha.ahmad@samuel.co.id	+6221 2854 8316
Handa Sandiawan	Equity Sales	handa.sandiawan@samuel.co.id	+6221 2854 8302
Wahyudi Budiyono	Dealer	wahyudi.budiyono@samuel.co.id	+6221 2854 8152

Fixed Income Sales Team			
R. Virine Tresna Sundari	Head of Fixed Income	virine.sundari@samuel.co.id	+6221 2854 8170
Rudianto Nugroho	Fixed Income Sales	rudianto.nugroho@samuel.co.id	+6221 2854 8306
Sany Rizal Keliobas	Fixed Income Sales	sany.rizal@samuel.co.id	+6221 2854 8337
Safitri	Fixed Income Sales	safitri@samuel.co.id	+6221 2854 8376
Khairanni	Fixed Income Sales	khairanni@samuel.co.id	+6221 28548104
Nadya Attahira	Fixed Income Sales	nadya.attahira@samuel.co.id	+6221 2854 8305