Daily Economic & Fixed Income Report

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

SAMUEL SEKURITAS INDONESIA

Economic & Fixed Income Analysis

30 May 2023

Economic and Fixed Income Indicators

Currencies	5/29/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.07	(0.1)	(2.8)	0.0
GBP/USD	1.24	0.1	(1.7)	2.3
AUD/USD	0.65	0.3	(1.1)	(4.0)
USD/CHF	0.90	(0.2)	1.1	(2.2)
USD/JPY	140.5	(0.1)	3.0	7.1
Dollar Index	104.2	0.0	2.5	0.7
Bloomberg Asia Dollar Index	92.8	(0.0)	(1.4)	(1.9)
USD/KRW	1,325	0.0	(1.0)	4.7
USD/SGD	1.35	0.1	1.4	1.1
USD/CNY	7.07	0.1	2.3	2.5
USD/INR	82.6	0.1	1.0	(0.1)
USD/IDR	14,970	0.1	2.0	(3.8)
USD/IDR 1 Month NDF	14,973	(0.2)	2.1	(3.6)
USD/MYR	4.60	0.1	3.2	4.6
USD/THB	34.8	0.3	1.8	0.5
USD/PHP	56.1	0.6	1.4	0.7
Rates	**5/29/2023**	**Daily (bp)**	**MTD (bp)**	**YTD (bp)**
US Treasuries 10-Year	3.80	0.0	37.6	(7.7)
Germany Bund 10-Year	2.43	(10.4)	12.1	(13.7)
Japan JGB 10-Year	0.44	2.0	4.7	1.9
LIBOR Overnight	5.07	0.0	25.4	74.7
LIBOR 1-Month	5.15	0.0	9.2	76.2
Indonesia INDOGB 10-Year	6.40	(3.5)	(13.5)	(54.3)
Indonesia INDOGB 5-Year	6.07	(2.6)	(21.0)	(13.5)
Indonesia INDOGB 2-Year	5.81	(1.6)	(37.7)	(26.3)
INDOGB-UST (bp)	259.87	(3.5)	(51.1)	(46.7)
Indonesia INDON 10-Year	4.82	0.0	13.6	2.5
Indonesia INDON 5-Year	4.72	0.0	26.2	3.3
Indonesia INDON 2-Year	4.93	0.0	47.4	13.5
INDON-UST (bp)	102.27	0.0	(24.0)	10.2
Indonesia Corporate AAA 10-Year	7.11	(3.5)	(10.4)	(63.3)
Indonesia Corporate AAA 5-Year	6.70	(2.6)	(17.9)	(10.3)
Indonesia Corporate AAA 2-Year	6.36	(1.6)	(38.7)	(12.5)
INDONIA	5.55	13.5	(15.7)	52.9
JIBOR 1-Month	6.40	0.0	0.1	20.0
Bond Indexes	**5/29/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
S&P Global Bond Developed Index	178.7	0.2	(1.4)	1.6
EMBI Global Index	776.0	0.0	(1.7)	1.0
iShare USD EMBI Index	84.0	0.0	(1.8)	(0.8)
ICBI Index	362.5	0.2	1.6	5.1
IDMA Index	100.2	0.1	1.0	2.9
INDOBeX Government Bond Index	354.8	0.2	1.6	5.2
INDOBeX Corporate Bond Index	408.4	0.1	1.3	4.1
Prices	**5/29/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
ID CDS 5-Year	90.3	(1.9)	(5.8)	(9.3)
JCI	6,681	(0.1)	(3.4)	(2.5)
S&P-Goldman Sachs Commodity Index	545.9	0.0	(3.2)	(10.5)
FR0095	101.46	0.1	0.9	2.3
FR0096	104.43	0.2	0.9	3.9
FR0097	104.69	0.6	2.1	4.5
FR0098	104.39	0.4	1.8	3.9

Source: Bloomberg, SSI Research

ECB might be considering rate hike pause

European Central Bank (ECB) official Pablo Hernandez de Cos stated that ECB's rate hike cycle was nearing its end. The statement triggered a rather massive buying action in the European bond market, marked by the -10 bps decline in 10-year Bund yield to 2.43% on Monday (5/29). Even though the US market was closed due to Memorial Day, the S&P index of developed market bonds rose 0.2%. We believe the euphoria will spread to the Asian market today. The Indonesian market, which was quite bullish thanks to the SBN auction, might gain more boost from the bullish rally in Europe. We expect the 10-year INDOGB yield to decline to 6.35-6.45% today, and rupiah to move up to IDR 14,900-15,000 per USD.

Fixed Income News: Ministry of Finance absorbed IDR 15tn from the latest SBN auction (5/29). The ministry reported total incoming bids of IDR 58.4tn, considerably lower than the previous auction (5/16) of IDR 65.4tn. Nonetheless, we see this as an indication of high demand for bonds. Most of the SBNs issued were the 5-year ones (IDR 4.35tn), followed by 10-year (IDR 3.5tn) and 15-year (IDR 2.2tn). For information, in the previous auction, most of the SBNs issued were the 15-year ones (IDR 4.65tn), followed by 10-year (IDR2.8tn) and 5-year (IDR 2.3tn). (*DJPPR*)

Global Economic News: Biden and McCarthy reach a deal on US debt ceiling. The debt ceiling agreed by President Joseph "Joe" Biden, who represents the Democratic Party, and US House of Representatives Speaker Kevin McCarthy, who represents the Republican Party, is USD 31.4tn. With that kind of ceiling, there is no need to negotiate a debt ceiling in 2024 (US presidential election campaign year). The two sides agreed not to increase the non-defense budget in 2024 and increase it by 1% in 2025. Meanwhile, the amount of the 2024 defense budget will be increased by 3% to USD 886bn.(*BBC*)

Domestic Economic News: Bank credit growth fell to 8% yoy (Mar: 9.8% yoy) in April. The sharpest decline was experienced by working capital loans to 7.1% yoy (Mar: 10.1% yoy), while investment credit growth slowed down to 9.1% yoy (Mar: 10.3% yoy). Consumer credit growth fell to 8.6% yoy (Mar: 9.1% yoy). (*Bank Indonesia*)

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

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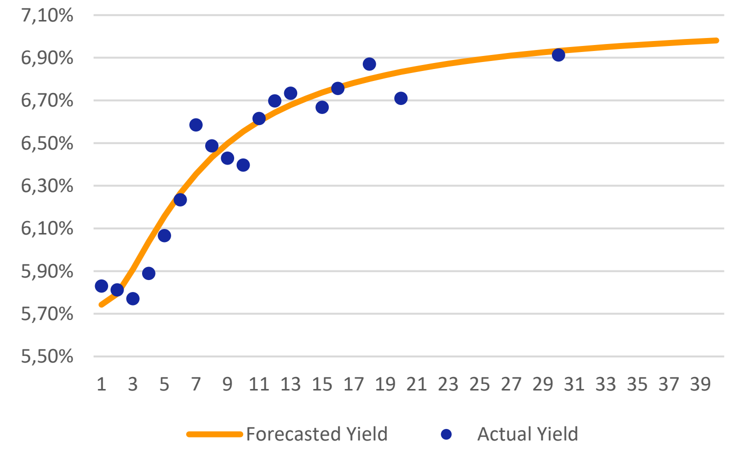
Economic Calender

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
05/30/2023 16:00	EC	Economic Confidence	May	99.00	99.30
05/30/2023 16:00	EC	Industrial Confidence	May	(2.80)	(2.60)
05/30/2023 16:00	EC	Services Confidence	May	10.50	10.50
05/30/2023 21:00	US	Conf. Board Consumer Confidence	May	99.90	101.30

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

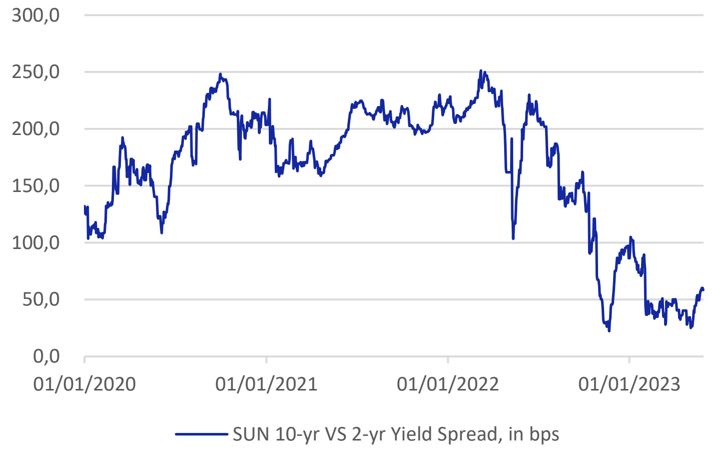
No.	Series	Issue Date	Maturity Date	Tenure (Year)	Coupon Rate	Actual Price	Yield to Maturity	Yield Curve	Valuation Price	Spread to YC (bps)	Recommendation	Duration
1	FR46	7/19/2007	7/15/2023	0.13	9.5%	100.60	3.9%	4.8%	100.60	(84.80)	Expensive	0.13
2	FR39	8/24/2006	8/15/2023	0.21	11.8%	101.30	4.9%	4.8%	101.46	8.39	Cheap	0.21
3	FR70	8/29/2013	3/15/2024	0.80	8.4%	102.04	5.6%	4.9%	102.66	69.99	Cheap	0.76
4	FR77	9/27/2018	5/15/2024	0.96	8.1%	102.21	5.7%	5.0%	102.92	68.85	Cheap	0.93
5	FR44	4/19/2007	9/15/2024	1.30	10.0%	105.26	5.7%	5.1%	106.09	54.85	Cheap	1.21
6	FR81	8/1/2019	6/15/2025	2.05	6.5%	101.43	5.7%	5.4%	102.14	35.91	Cheap	1.91
7	FR40	9/21/2006	9/15/2025	2.30	11.0%	110.78	5.9%	5.5%	111.81	39.23	Cheap	2.03
8	FR84	5/4/2020	2/15/2026	2.72	7.3%	103.09	6.0%	5.6%	104.09	38.14	Cheap	2.48
9	FR86	8/13/2020	4/15/2026	2.88	5.5%	99.43	5.7%	5.7%	99.59	5.94	Cheap	2.66
10	FR56	9/23/2010	9/15/2026	3.30	8.4%	106.92	6.0%	5.8%	107.72	23.86	Cheap	2.88
11	FR37	5/18/2006	9/15/2026	3.30	12.0%	117.58	6.0%	5.8%	118.48	23.27	Cheap	2.76
12	FR90	7/8/2021	4/15/2027	3.88	5.1%	97.54	5.8%	5.9%	97.30	(6.93)	Expensive	3.52
13	FR59	9/15/2011	5/15/2027	3.96	7.0%	103.63	6.0%	5.9%	103.73	2.28	Cheap	3.50
14	FR42	1/25/2007	7/15/2027	4.13	10.3%	115.06	6.1%	6.0%	115.48	8.72	Cheap	3.44
15	FR94	3/4/2022	1/15/2028	4.64	5.6%	97.88	6.1%	6.1%	98.16	7.22	Cheap	4.08
16	FR47	8/30/2007	2/15/2028	4.72	10.0%	115.63	6.1%	6.1%	115.89	3.93	Cheap	3.88
17	FR64	8/13/2012	5/15/2028	4.97	6.1%	100.36	6.0%	6.1%	100.03	(7.97)	Expensive	4.31
18	FR95	8/19/2022	8/15/2028	5.22	6.4%	101.46	6.0%	6.2%	100.96	(11.64)	Expensive	4.47
19	FR99	1/27/2023	1/15/2029	5.64	6.4%	101.21	6.1%	6.2%	100.87	(7.47)	Expensive	4.74
20	FR71	9/12/2013	3/15/2029	5.80	9.0%	113.43	6.2%	6.2%	113.28	(4.03)	Expensive	4.59
21	FR78	9/27/2018	5/15/2029	5.97	8.3%	110.09	6.2%	6.3%	109.80	(6.16)	Expensive	4.82
22	FR52	8/20/2009	8/15/2030	7.22	10.5%	122.65	6.5%	6.4%	123.52	12.25	Cheap	5.36
23	FR82	8/1/2019	9/15/2030	7.30	7.0%	103.76	6.3%	6.4%	103.52	(4.56)	Expensive	5.73
24	FRSDG1	10/27/2022	10/15/2030	7.39	7.4%	104.75	6.5%	6.4%	105.69	15.27	Cheap	5.75
25	FR87	8/13/2020	2/15/2031	7.72	6.5%	100.65	6.4%	6.4%	100.46	(3.33)	Expensive	6.12
26	FR85	5/4/2020	4/15/2031	7.88	7.8%	107.58	6.5%	6.4%	108.04	6.64	Cheap	6.00
27	FR73	8/6/2015	5/15/2031	7.97	8.8%	114.13	6.4%	6.4%	114.22	0.71	Cheap	5.96
28	FR54	7/22/2010	7/15/2031	8.13	9.5%	118.13	6.6%	6.5%	119.06	12.55	Cheap	5.91
29	FR91	7/8/2021	4/15/2032	8.89	6.4%	99.76	6.4%	6.5%	99.17	(9.04)	Expensive	6.79
30	FR58	7/21/2011	6/15/2032	9.05	8.3%	111.92	6.5%	6.5%	111.77	(2.45)	Expensive	6.52
31	FR74	11/10/2016	8/15/2032	9.22	7.5%	107.07	6.5%	6.5%	106.73	(5.22)	Expensive	6.81
32	FR96	8/19/2022	2/15/2033	9.73	7.0%	104.43	6.4%	6.5%	103.25	(16.48)	Expensive	7.17
33	FR65	8/30/2012	5/15/2033	9.97	6.6%	101.43	6.4%	6.6%	100.51	(12.81)	Expensive	7.37
34	FR68	8/1/2013	3/15/2034	10.80	8.4%	113.63	6.6%	6.6%	113.64	(0.32)	Expensive	7.35
35	FR80	7/4/2019	6/15/2035	12.05	7.5%	106.75	6.7%	6.6%	107.11	4.03	Cheap	8.06
36	FR72	7/9/2015	5/15/2036	12.97	8.3%	113.36	6.7%	6.7%	113.66	2.93	Cheap	8.38
37	FR88	1/7/2021	6/15/2036	13.06	6.3%	98.25	6.5%	6.7%	96.43	(21.29)	Expensive	8.86
38	FR45	5/24/2007	5/15/2037	13.97	9.8%	126.63	6.8%	6.7%	127.54	8.27	Cheap	8.46
39	FR93	1/6/2022	7/15/2037	14.14	6.4%	98.75	6.5%	6.7%	97.15	(17.92)	Expensive	9.31
40	FR75	8/10/2017	5/15/2038	14.97	7.5%	106.90	6.8%	6.7%	107.41	5.10	Cheap	9.30
41	FR98	9/15/2022	6/15/2038	15.06	7.1%	104.40	6.7%	6.7%	103.90	(5.31)	Expensive	9.35
42	FR50	1/24/2008	7/15/2038	15.14	10.5%	133.50	6.9%	6.7%	135.67	18.33	Cheap	8.65
43	FR79	1/7/2019	4/15/2039	15.89	8.4%	115.84	6.7%	6.7%	115.95	0.77	Cheap	9.35
44	FR83	11/7/2019	4/15/2040	16.89	7.5%	106.88	6.8%	6.7%	107.57	6.34	Cheap	9.87
45	FR57	4/21/2011	5/15/2041	17.98	9.5%	127.16	6.8%	6.8%	128.27	8.80	Cheap	9.77
46	FR62	2/9/2012	4/15/2042	18.89	6.4%	97.33	6.6%	6.8%	95.81	(14.70)	Expensive	10.91
47	FR92	7/8/2021	6/15/2042	19.06	7.1%	103.78	6.8%	6.8%	103.73	(0.50)	Expensive	10.58
48	FR97	8/19/2022	6/15/2043	20.06	7.1%	104.69	6.7%	6.8%	103.69	(8.98)	Expensive	10.88
49	FR67	7/18/2013	2/15/2044	20.73	8.8%	118.87	7.0%	6.8%	121.60	21.46	Cheap	10.57
50	FR76	9/22/2017	5/15/2048	24.98	7.4%	105.19	6.9%	6.8%	106.48	10.39	Cheap	11.86
51	FR89	1/7/2021	8/15/2051	28.23	6.9%	100.06	6.9%	6.9%	100.29	1.73	Cheap	12.61

Chart 1. Samuel's Yield Curve Forecast



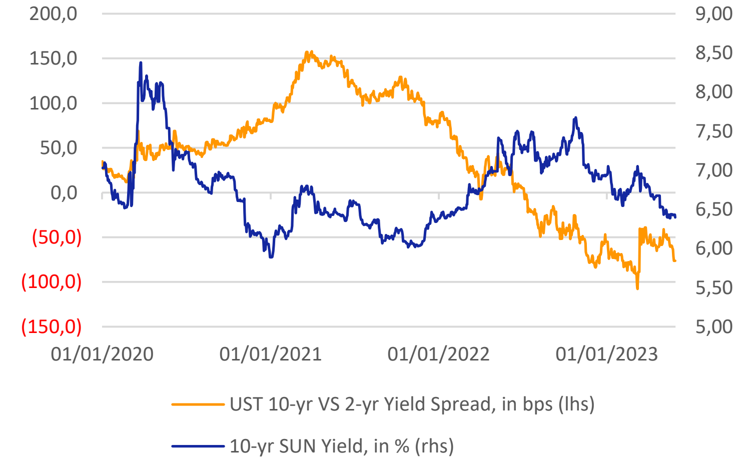
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



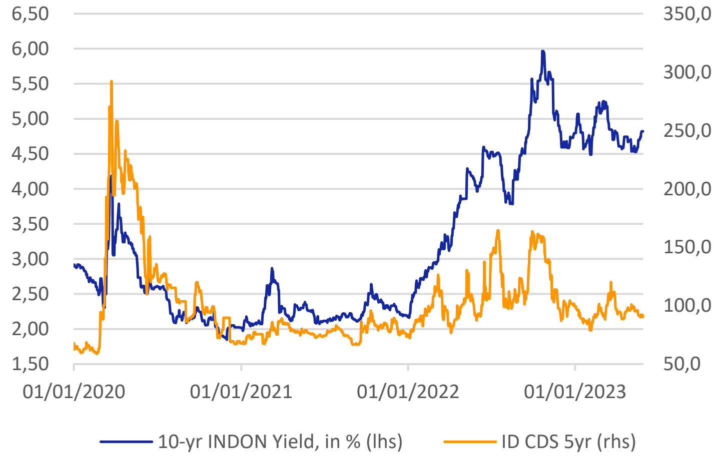
Source: Bloomberg

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



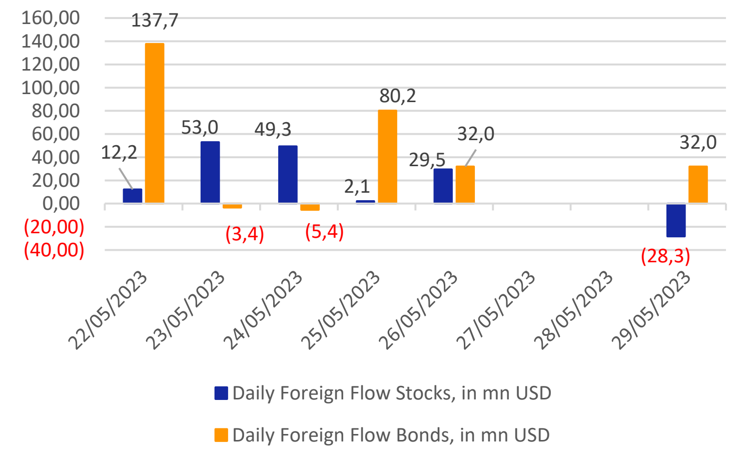
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



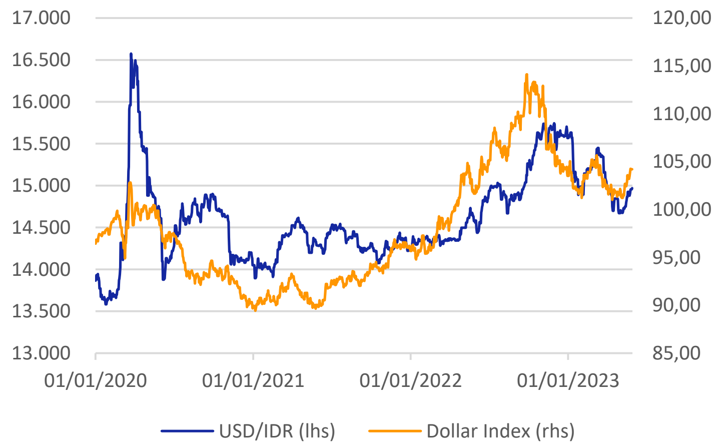
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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