Daily Economic & Fixed Income Report

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

SAMUEL SEKURITAS INDONESIA

Economic & Fixed Income Analysis

31 May 2023

Economic and Fixed Income Indicators

Currencies	5/30/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.07	0.3	(2.6)	0.3
GBP/USD	1.24	0.5	(1.2)	2.7
AUD/USD	0.65	(0.3)	(1.5)	(4.3)
USD/CHF	0.91	0.2	1.3	(2.0)
USD/JPY	139.8	(0.5)	2.6	6.6
Dollar Index	104.2	(0.0)	2.5	0.6
Bloomberg Asia Dollar Index	92.7	(0.1)	(1.4)	(1.9)
USD/KRW	1,325	0.0	(1.0)	4.7
USD/SGD	1.35	(0.2)	1.2	0.8
USD/CNY	7.08	0.1	2.4	2.6
USD/INR	82.7	0.1	1.1	(0.0)
USD/IDR	14,985	0.1	2.1	(3.7)
USD/IDR 1 Month NDF	14,985	0.1	2.1	(3.5)
USD/MYR	4.60	(0.0)	3.1	4.5
USD/THB	34.8	0.0	1.9	0.5
USD/PHP	56.3	0.3	1.7	1.0

Rates	5/30/2023	Daily (bp)	MTD (bp)	YTD (bp)
US Treasuries 10-Year	3.69	(11.2)	26.5	(18.8)
Germany Bund 10-Year	2.34	(9.2)	2.9	(22.9)
Japan JGB 10-Year	0.44	(0.6)	4.1	1.3
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	6.41	1.5	(12.0)	(52.8)
Indonesia INDOGB 5-Year	6.06	(0.8)	(21.8)	(14.3)
Indonesia INDOGB 2-Year	5.80	(1.4)	(39.1)	(27.7)
INDOGB-UST (bp)	272.54	12.7	(38.5)	(34.0)
Indonesia INDON 10-Year	4.74	(7.7)	5.9	(5.2)
Indonesia INDON 5-Year	4.68	(3.6)	22.6	(0.3)
Indonesia INDON 2-Year	5.02	9.4	56.8	22.9
INDON-UST (bp)	105.74	3.5	(20.6)	13.6
Indonesia Corporate AAA 10-Year	7.13	1.5	(8.9)	(61.9)
Indonesia Corporate AAA 5-Year	6.69	(0.8)	(18.7)	(11.1)
Indonesia Corporate AAA 2-Year	6.35	(1.4)	(40.1)	(13.9)
INDONIA	5.51	(4.5)	(20.3)	48.3
JIBOR 1-Month	6.40	0.0	0.1	20.0

Bond Indexes	5/30/2023	Daily (%)	MTD (%)	YTD (%)
S&P Global Bond Developed Index	179.6	0.5	(0.9)	2.1
EMBI Global Index	781.9	0.8	(1.0)	1.8
iShare USD EMBI Index	84.5	0.6	(1.3)	(0.3)
ICBI Index	363.0	0.1	1.7	5.3
IDMA Index	100.2	0.0	1.0	2.9
INDOBeX Government Bond Index	355.3	0.1	1.8	5.4
INDOBeX Corporate Bond Index	408.0	(0.1)	1.2	4.0

Prices	5/30/2023	Daily (%)	MTD (%)	YTD (%)
ID CDS 5-Year	86.2	(4.5)	(10.1)	(13.4)
JCI	6,636	(0.7)	(4.0)	(3.1)
S&P-Goldman Sachs Commodity Index	533.0	(2.4)	(5.5)	(12.6)
FR0095	101.50	0.0	0.9	2.4
FR0096	104.39	(0.0)	0.9	3.8
FR0097	104.86	0.2	2.3	4.7
FR0098	104.77	0.4	2.2	4.3

Source: Bloomberg, SSI Research

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Economic slowdown in Europe boosted the bullish rally in the global bond market

The bullish momentum in the global bond market gained more boost last night (5/31) following the release of weaker-than-expected European business and consumer survey results (see Global Economic News) and positive expectations for the United States government's debt ceiling proposal voting tonight. A bullish rally was observed in the bond markets of both developed and developing countries, as reflected in the increase of the S&P and EMBI bond indices by 0.5% and 0.8%, respectively. The 10-year UST and BUND yields fell by -11 and -9 bps to 3.69% and 2.34%, respectively. This positive momentum was followed by a sell-off in the commodity market, which was reflected in the -2.4% decline of the S&P-Goldman Sachs index. Supported by these positive sentiments, we believe the Asian bond markets, including Indonesia, will experience a strong session today. We expect the 10-year INDOGB yield to decline to 6.3-6.4% today, while rupiah might move up to IDR 14,850-14,950 per USD.

Fixed Income News: Pefindo downgrades WIKA's credit rating and all of its bonds to "(id)BBB" with a negative outlook (Prev: "(id)A" with a stable outlook). The downgraded WIKA bonds are the Shelf Registration Bonds I, II, and III as well as Sukuk Mudharabah I, II, and III. This decision was taken after considering WIKA's aggressive debt levels and its cash flow problems, making it difficult for the company to pay off its maturing short-term debt. (*Pefindo*)

Global Economic News: Business and consumer sentiment in the Eurozone fell to 96.5 in May (Apr: 99; Cons May: 99.9). This was followed by the drop in industrial sentiment to -5.2 (Apr: -2.8; Cons May: 0.1) and services sentiment to 7 (Apr: 9.9; Cons May: 9.4). Investors are worried that the decline indicates the possibility of a recession in the Eurozone. In our opinion, this condition might encourage the European Central Bank (ECB) to stop its rate hike cycle soon. (*Reuters*)

Domestic Economic News: Minister of Finance Sri Mulyani advises Bank Indonesia to hold its policy rate. The suggestion was stated in a meeting with the DPR's Budget Committee. She stated "Mr. Governor, there is no need to raise interest rates further, which could kill the economy, since we have controlled inflation...". In our opinion, BI will keep its 7DRRR at 5.75%, even though the Fed might raise its FFR by 25 bps to 5.5% in June. (*CNBC Indonesia*)

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

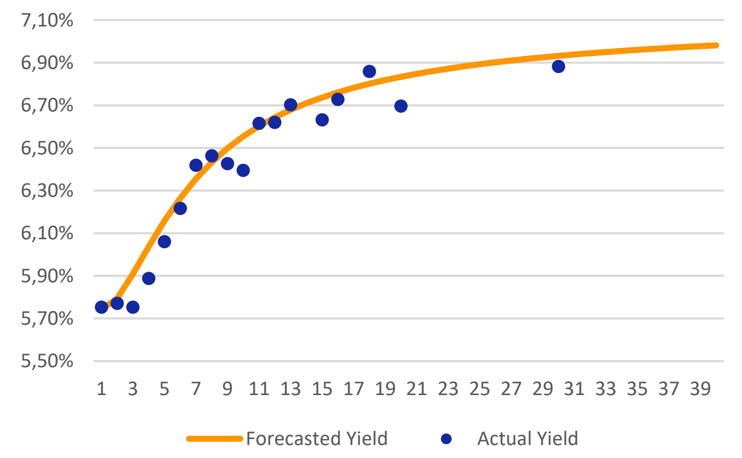
Economic Calender

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
05/31/2023 08:30	CH	Manufacturing PMI	May	49.50	49.20
05/31/2023 08:30	CH	Non-manufacturing PMI	May	55.20	56.40
05/31/2023 19:00	GE	CPI YoY	May P	6.50%	7.20%
05/31/2023 19:00	GE	CPI EU Harmonized YoY	May P	6.90%	7.60%

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

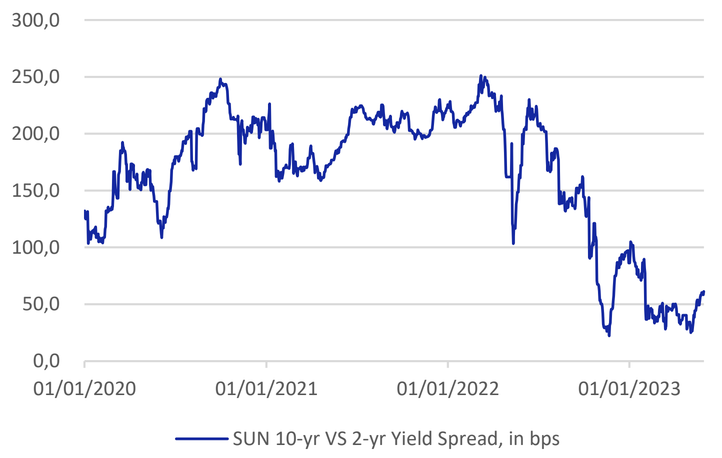
No.	Series	Issue Date	Maturity Date	Tenure (Year)	Coupon Rate	Actual Price	Yield to Maturity	Yield Curve	Valuation Price	Spread to YC (bps)	Recommendation	Duration
1	FR46	7/19/2007	7/15/2023	0.13	9.5%	100.60	3.8%	4.8%	100.58	(98.12)	Expensive	0.13
2	FR39	8/24/2006	8/15/2023	0.21	11.8%	101.30	4.8%	4.8%	101.44	(0.76)	Expensive	0.21
3	FR70	8/29/2013	3/15/2024	0.79	8.4%	102.02	5.6%	4.9%	102.65	71.70	Cheap	0.76
4	FR77	9/27/2018	5/15/2024	0.96	8.1%	102.23	5.6%	5.0%	102.91	66.17	Cheap	0.93
5	FR44	4/19/2007	9/15/2024	1.30	10.0%	105.27	5.6%	5.1%	106.07	53.61	Cheap	1.21
6	FR81	8/1/2019	6/15/2025	2.05	6.5%	101.49	5.7%	5.4%	102.14	32.90	Cheap	1.90
7	FR40	9/21/2006	9/15/2025	2.30	11.0%	110.76	5.9%	5.5%	111.80	39.99	Cheap	2.03
8	FR84	5/4/2020	2/15/2026	2.72	7.3%	103.07	6.0%	5.6%	104.09	38.93	Cheap	2.48
9	FR86	8/13/2020	4/15/2026	2.88	5.5%	99.53	5.7%	5.7%	99.60	2.46	Cheap	2.66
10	FR56	9/23/2010	9/15/2026	3.30	8.4%	107.49	5.8%	5.8%	107.72	5.35	Cheap	2.88
11	FR37	5/18/2006	9/15/2026	3.30	12.0%	117.68	6.0%	5.8%	118.47	19.86	Cheap	2.76
12	FR90	7/8/2021	4/15/2027	3.88	5.1%	97.56	5.8%	5.9%	97.31	(7.24)	Expensive	3.51
13	FR59	9/15/2011	5/15/2027	3.96	7.0%	103.70	5.9%	5.9%	103.73	0.04	Cheap	3.49
14	FR42	1/25/2007	7/15/2027	4.13	10.3%	115.08	6.0%	6.0%	115.48	8.15	Cheap	3.44
15	FR94	3/4/2022	1/15/2028	4.63	5.6%	97.88	6.1%	6.1%	98.16	7.30	Cheap	4.07
16	FR47	8/30/2007	2/15/2028	4.72	10.0%	115.63	6.1%	6.1%	115.89	3.80	Cheap	3.87
17	FR64	8/13/2012	5/15/2028	4.96	6.1%	100.38	6.0%	6.1%	100.03	(8.44)	Expensive	4.30
18	FR95	8/19/2022	8/15/2028	5.22	6.4%	101.50	6.0%	6.2%	100.96	(12.51)	Expensive	4.47
19	FR99	1/27/2023	1/15/2029	5.64	6.4%	101.25	6.1%	6.2%	100.87	(8.33)	Expensive	4.74
20	FR71	9/12/2013	3/15/2029	5.80	9.0%	113.43	6.2%	6.2%	113.28	(4.11)	Expensive	4.59
21	FR78	9/27/2018	5/15/2029	5.96	8.3%	110.13	6.2%	6.3%	109.80	(7.06)	Expensive	4.82
22	FR52	8/20/2009	8/15/2030	7.22	10.5%	123.35	6.4%	6.4%	123.52	1.34	Cheap	5.36
23	FR82	8/1/2019	9/15/2030	7.30	7.0%	103.77	6.3%	6.4%	103.52	(4.62)	Expensive	5.73
24	FRSDG1	10/27/2022	10/15/2030	7.38	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%	100.70	6.4%	6.4%	100.47	(4.08)	Expensive	6.11
26	FR85	5/4/2020	4/15/2031	7.88	7.8%	107.58	6.5%	6.4%	108.03	6.63	Cheap	6.00
27	FR73	8/6/2015	5/15/2031	7.96	8.8%	114.26	6.4%	6.4%	114.22	(1.28)	Expensive	5.96
28	FR54	7/22/2010	7/15/2031	8.13	9.5%	118.23	6.6%	6.5%	119.05	11.00	Cheap	5.91
29	FR91	7/8/2021	4/15/2032	8.88	6.4%	99.80	6.4%	6.5%	99.17	(9.61)	Expensive	6.79
30	FR58	7/21/2011	6/15/2032	9.05	8.3%	112.05	6.5%	6.5%	111.77	(4.27)	Expensive	6.52
31	FR74	11/10/2016	8/15/2032	9.22	7.5%	107.37	6.4%	6.5%	106.73	(9.39)	Expensive	6.81
32	FR96	8/19/2022	2/15/2033	9.72	7.0%	104.45	6.4%	6.5%	103.25	(16.75)	Expensive	7.17
33	FR65	8/30/2012	5/15/2033	9.97	6.6%	101.48	6.4%	6.6%	100.51	(13.41)	Expensive	7.37
34	FR68	8/1/2013	3/15/2034	10.80	8.4%	114.20	6.5%	6.6%	113.64	(7.21)	Expensive	7.35
35	FR80	7/4/2019	6/15/2035	12.05	7.5%	107.42	6.6%	6.6%	107.11	(3.74)	Expensive	8.07
36	FR72	7/9/2015	5/15/2036	12.97	8.3%	113.86	6.6%	6.7%	113.66	(2.44)	Expensive	8.39
37	FR88	1/7/2021	6/15/2036	13.05	6.3%	98.80	6.4%	6.7%	96.43	(27.63)	Expensive	8.87
38	FR45	5/24/2007	5/15/2037	13.97	9.8%	127.00	6.7%	6.7%	127.54	4.68	Cheap	8.46
39	FR93	1/6/2022	7/15/2037	14.14	6.4%	99.58	6.4%	6.7%	97.15	(27.02)	Expensive	9.33
40	FR75	8/10/2017	5/15/2038	14.97	7.5%	107.32	6.7%	6.7%	107.41	0.77	Cheap	9.31
41	FR98	9/15/2022	6/15/2038	15.05	7.1%	104.77	6.6%	6.7%	103.90	(9.08)	Expensive	9.36
42	FR50	1/24/2008	7/15/2038	15.14	10.5%	134.48	6.8%	6.7%	135.67	9.75	Cheap	8.67
43	FR79	1/7/2019	4/15/2039	15.89	8.4%	116.09	6.7%	6.7%	115.95	(1.63)	Expensive	9.36
44	FR83	11/7/2019	4/15/2040	16.89	7.5%	107.42	6.8%	6.7%	107.57	1.21	Cheap	9.89
45	FR57	4/21/2011	5/15/2041	17.97	9.5%	127.23	6.8%	6.8%	128.27	8.21	Cheap	9.77
46	FR62	2/9/2012	4/15/2042	18.89	6.4%	97.32	6.6%	6.8%	95.81	(14.61)	Expensive	10.91
47	FR92	7/8/2021	6/15/2042	19.06	7.1%	103.95	6.8%	6.8%	103.73	(2.05)	Expensive	10.58
48	FR97	8/19/2022	6/15/2043	20.06	7.1%	104.86	6.7%	6.8%	103.69	(10.46)	Expensive	10.88
49	FR67	7/18/2013	2/15/2044	20.73	8.8%	118.86	7.0%	6.8%	121.60	21.57	Cheap	10.57
50	FR76	9/22/2017	5/15/2048	24.98	7.4%	105.39	6.9%	6.8%	106.48	8.74	Cheap	11.87
51	FR89	1/7/2021	8/15/2051	28.23	6.9%	100.33	6.8%	6.9%	100.29	(0.45)	Expensive	12.62

Chart 1. Samuel's Yield Curve Forecast



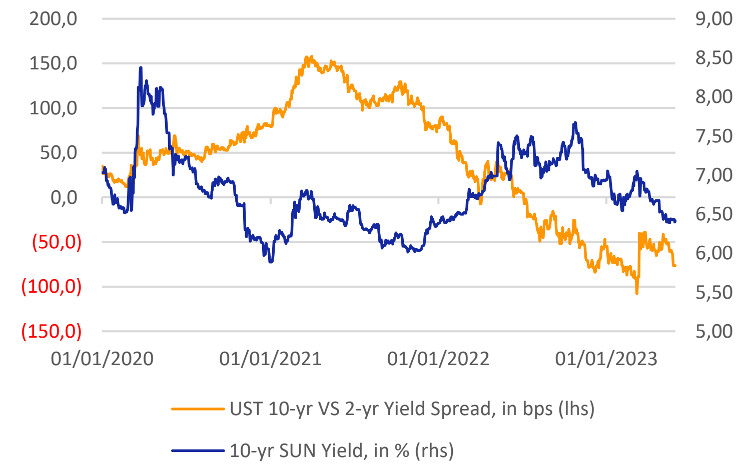
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



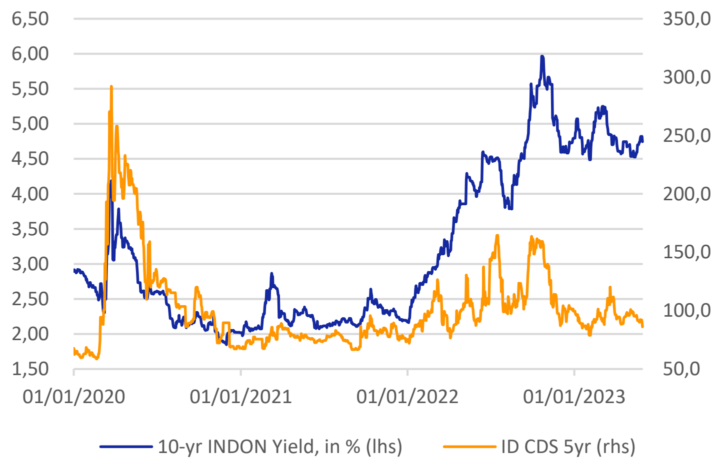
Source: Bloomberg

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



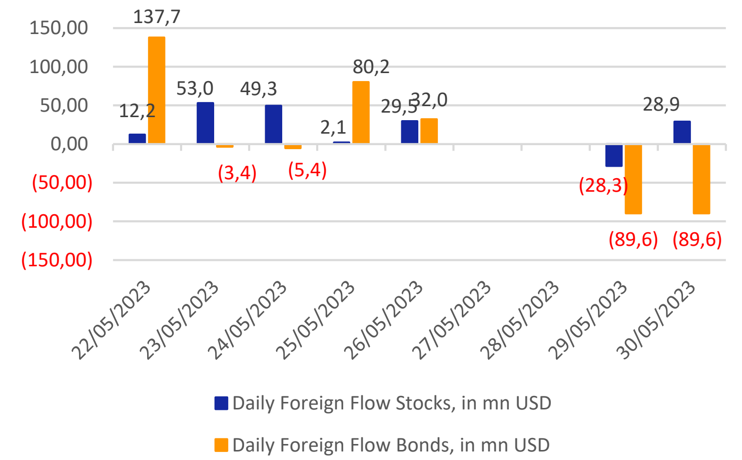
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



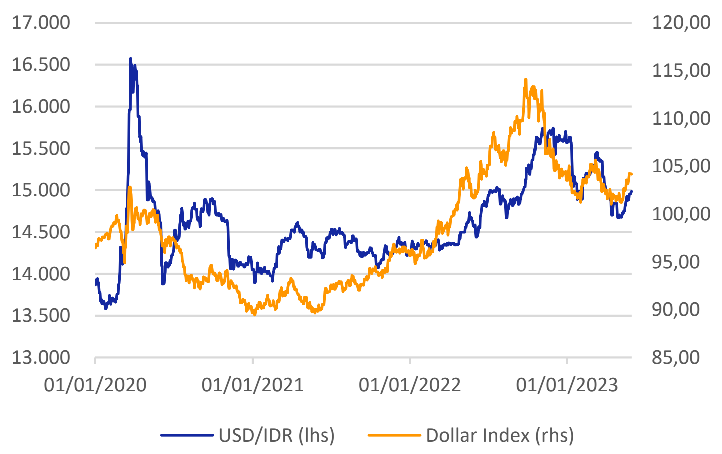
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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