Daily Economic & Fixed Income Report

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

SAMUEL SEKURITAS INDONESIA

Economic & Fixed Income Analysis

5 May 2023

Economic and Fixed Income Indicators

Currencies	5/4/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.10	(0.5)	(0.1)	2.9
GBP/USD	1.26	0.1	0.1	4.1
AUD/USD	0.67	0.3	1.2	(1.8)
USD/CHF	0.89	0.2	(1.0)	(4.2)
USD/JPY	134.3	(0.3)	(1.5)	2.4
Dollar Index	101.4	0.1	(0.3)	(2.1)
Bloomberg Asia Dollar Index	94.4	0.3	0.3	(0.2)
USD/KRW	1,323	(1.2)	(1.2)	4.5
USD/SGD	1.33	(0.2)	(0.5)	(0.9)
USD/CNY	6.91	(0.0)	(0.0)	0.2
USD/INR	81.8	(0.0)	(0.0)	(1.1)
USD/IDR	14,680	(0.0)	0.1	(5.7)
USD/IDR 1 Month NDF	14,719	0.2	0.3	(5.2)
USD/MYR	4.46	0.0	(0.2)	1.2
USD/THB	34.0	0.0	(0.3)	(1.7)
USD/PHP	55.4	(0.0)	0.0	(0.7)
Rates	**5/4/2023**	**Daily (bp)**	**MTD (bp)**	**YTD (bp)**
US Treasuries 10-Year	3.38	4.3	(4.3)	(49.6)
Germany Bund 10-Year	2.19	(5.7)	(12.3)	(38.1)
Japan JGB 10-Year	0.42	0.0	2.7	(0.1)
LIBOR Overnight	4.81	0.0	(0.0)	49.3
LIBOR 1-Month	5.08	0.0	1.9	69.0
Indonesia INDOGB 10-Year	6.43	(5.0)	(10.0)	(50.8)
Indonesia INDOGB 5-Year	6.18	(5.5)	(9.6)	(2.1)
Indonesia INDOGB 2-Year	6.18	0.4	(0.9)	10.5
INDOGB-UST (bp)	305.33	(9.3)	(5.7)	(1.2)
Indonesia INDON 10-Year	4.53	(9.3)	(15.1)	(26.2)
Indonesia INDON 5-Year	4.34	(7.5)	(11.8)	(34.7)
Indonesia INDON 2-Year	4.35	(6.5)	(10.0)	(43.9)
INDON-UST (bp)	115.53	(13.6)	(10.8)	23.4
Indonesia Corporate AAA 10-Year	7.08	(5.2)	(13.6)	(66.6)
Indonesia Corporate AAA 5-Year	6.76	(5.5)	(12.3)	(4.7)
Indonesia Corporate AAA 2-Year	6.72	0.3	(2.8)	23.4
INDONIA	5.58	(3.0)	(12.9)	55.7
JIBOR 1-Month	6.40	0.0	0.1	20.0
Bond Indexes	**5/4/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
S&P Global Bond Developed Index	181.7	0.0	0.3	3.3
EMBI Global Index	790.6	0.1	0.1	2.9
iShare USD EMBI Index	85.4	0.0	(0.3)	0.8
ICBI Index	358.5	0.1	0.5	4.0
IDMA Index	99.7	0.2	0.6	2.4
INDOBeX Government Bond Index	350.8	0.1	0.5	4.0
INDOBeX Corporate Bond Index	404.2	0.0	0.2	3.0
Prices	**5/4/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
ID CDS 5-Year	101.0	2.3	5.3	1.4
JCI	6,844	0.5	(1.0)	(0.1)
S&P-Goldman Sachs Commodity Index	529.6	0.0	(6.1)	(13.2)
FR0095	101.04	0.3	0.5	1.9
FR0096	104.26	0.4	0.8	3.7
FR0097	103.11	0.3	0.6	2.9
FR0098	103.39	0.4	0.9	2.9

Source: Bloomberg, SSI Research

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Watch out for profit-taking in the bond market

We expect the Indonesian bond market to consolidate for a while, mainly due to a) the decline in INDOGB and UST 10Y yield spread to 305 bps on Thursday (5/4) and b) the flattening of INDOGB 10- and 2 –year yield spread curve to 25 bps, closing in to its lowest level (22 bps on 21 November 2022) (see Chart 2). At the same time, the spread between UST 10- and 2-year yields narrowed, reaching -41 bps on Thursday (5/4) and beating its year-high of -39 bps (25 March 2023; see Chart 3). Looking back to previous movements, we believe there's a possibility for massive profit-taking in the near future. Therefore, we advise investors to be aware of this possibility. We predict the 10-year INDOGB yield to consolidate at 6.4-6.5% today, and rupiah might consolidate at IDR 14,650-14,750 per USD.

Fixed Income News: WSKT's bondholders reject the proposal to postpone interest payments. The proposal was for the postponement of the 11th interest payment for WSKT's Shelf Registration Bond IV Phase I/2020 (6 May 2023 - 6 August 2023) with a coupon rate of 10.75% per year (total value: IDR 135.5bn). According to the company's 1Q23 financial report, WSKT's cash fell to IDR 7.5tn (FY22: IDR 8.9tn), since the company used more cash to support operations than last year (IDR -467.6bn, FY22: IDR -106.6bn). (*Emitennews*)

Global Economic News: The ECB raised its benchmark refinancing rate (MRO) by 25 bps to 3.75%. The rate hike was in line with the latest consensus, but lower than the median scenario of Eurozone monetary analysts in March (50 bps to 4%). In our opinion, the slowdown in rate hikes in Eurozone was mainly driven by the banking crisis in the United States that hit Credit Suisse in March. Based on Eurozone inflation data (7% yoy in April), we estimate that the ECB will continue its rate hikes through 3Q23 by at least 50 bps to 4.25%. (*Wall Street Journal*)

Domestic Economic News: BI's budget surplus rose to IDR 21.8tn (FY21: IDR 19.2tn) in 2022. BI managed to record more surplus even with the spike in its expenses by 30.9% to IDR 92.8tn (FY21: IDR 70.9tn) due to burden sharing during the COVID-19 pandemic. BI is projected to experience a budget deficit of -IDR 20tn in 2023. (*Kontan*)

Recommendation: FR0095, FR0096, FR0097, FR0098, FR0065, PBS030, PBS032, PBS035.

Economic Calender

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
05/05/2023 11:00	ID	GDP YoY	1Q	4.97%	5.01%
05/05/2023 11:00	ID	GDP QoQ	1Q	-1.00%	0.36%
05/05/2023 19:30	US	Change in Nonfarm Payrolls	Apr	180k	236k
05/05/2023 19:30	US	Unemployment Rate	Apr	3.60%	3.50%

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	FR63	8/13/2012	5/15/2023	0.03	5.6%	100.01	4.9%	6.1%	99.99	(121.17)	Expensive	0.04
2	FR46	7/19/2007	7/15/2023	0.20	9.5%	100.55	6.3%	6.1%	100.66	22.32	Cheap	0.20
3	FR39	8/24/2006	8/15/2023	0.28	11.8%	101.83	4.8%	6.1%	101.56	(129.55)	Expensive	0.28
4	FR70	8/29/2013	3/15/2024	0.87	8.4%	102.01	5.9%	6.1%	101.87	(22.52)	Expensive	0.83
5	FR77	9/27/2018	5/15/2024	1.03	8.1%	102.08	6.0%	6.1%	101.96	(14.96)	Expensive	0.99
6	FR44	4/19/2007	9/15/2024	1.37	10.0%	105.28	5.9%	6.2%	104.97	(29.62)	Expensive	1.28
7	FR81	8/1/2019	6/15/2025	2.12	6.5%	100.74	6.1%	6.2%	100.57	(9.21)	Expensive	1.98
8	FR40	9/21/2006	9/15/2025	2.37	11.0%	110.25	6.2%	6.2%	110.38	1.24	Cheap	2.10
9	FR84	5/4/2020	2/15/2026	2.79	7.3%	102.60	6.2%	6.2%	102.53	(3.86)	Expensive	2.51
10	FR86	8/13/2020	4/15/2026	2.95	5.5%	98.36	6.1%	6.3%	97.99	(14.07)	Expensive	2.73
11	FR56	9/23/2010	9/15/2026	3.37	8.4%	106.59	6.2%	6.3%	106.27	(11.77)	Expensive	2.95
12	FR37	5/18/2006	9/15/2026	3.37	12.0%	117.33	6.2%	6.3%	117.12	(9.36)	Expensive	2.83
13	FR90	7/8/2021	4/15/2027	3.95	5.1%	96.61	6.1%	6.3%	95.89	(21.07)	Expensive	3.58
14	FR59	9/15/2011	5/15/2027	4.03	7.0%	103.03	6.1%	6.3%	102.38	(18.40)	Expensive	3.51
15	FR42	1/25/2007	7/15/2027	4.20	10.3%	114.15	6.3%	6.3%	114.26	1.12	Cheap	3.50
16	FR94	3/4/2022	1/15/2028	4.70	5.6%	97.88	6.1%	6.4%	96.96	(23.29)	Expensive	4.14
17	FR47	8/30/2007	2/15/2028	4.79	10.0%	114.55	6.4%	6.4%	114.81	4.35	Cheap	3.86
18	FR64	8/13/2012	5/15/2028	5.04	6.1%	99.78	6.2%	6.4%	98.93	(20.00)	Expensive	4.31
19	FR95	8/19/2022	8/15/2028	5.29	6.4%	101.04	6.1%	6.4%	99.93	(25.27)	Expensive	4.47
20	FR99	1/27/2023	1/15/2029	5.71	6.4%	100.53	6.3%	6.4%	99.93	(12.94)	Expensive	4.81
21	FR71	9/12/2013	3/15/2029	5.87	9.0%	112.94	6.3%	6.4%	112.44	(10.58)	Expensive	4.66
22	FR78	9/27/2018	5/15/2029	6.04	8.3%	109.43	6.3%	6.4%	108.98	(9.04)	Expensive	4.80
23	FR52	8/20/2009	8/15/2030	7.29	10.5%	122.47	6.6%	6.5%	122.96	6.62	Cheap	5.32
24	FR82	8/1/2019	9/15/2030	7.37	7.0%	103.29	6.4%	6.5%	102.89	(7.01)	Expensive	5.79
25	FRSDG1	10/27/2022	10/15/2030	7.45	7.4%	103.93	6.7%	6.5%	105.08	19.05	Cheap	5.81
26	FR87	8/13/2020	2/15/2031	7.79	6.5%	100.34	6.4%	6.5%	99.88	(7.93)	Expensive	6.09
27	FR85	5/4/2020	4/15/2031	7.95	7.8%	106.50	6.7%	6.5%	107.49	15.20	Cheap	6.06
28	FR73	8/6/2015	5/15/2031	8.04	8.8%	113.29	6.6%	6.5%	113.70	5.69	Cheap	5.91
29	FR54	7/22/2010	7/15/2031	8.20	9.5%	117.98	6.6%	6.5%	118.56	7.69	Cheap	5.98
30	FR91	7/8/2021	4/15/2032	8.96	6.4%	99.47	6.5%	6.6%	98.66	(12.27)	Expensive	6.86
31	FR58	7/21/2011	6/15/2032	9.12	8.3%	110.59	6.7%	6.6%	111.30	9.34	Cheap	6.57
32	FR74	11/10/2016	8/15/2032	9.29	7.5%	106.69	6.5%	6.6%	106.24	(6.65)	Expensive	6.76
33	FR96	8/19/2022	2/15/2033	9.79	7.0%	104.29	6.4%	6.6%	102.75	(21.31)	Expensive	7.13
34	FR65	8/30/2012	5/15/2033	10.04	6.6%	100.90	6.5%	6.6%	100.00	(12.25)	Expensive	7.32
35	FR68	8/1/2013	3/15/2034	10.87	8.4%	113.65	6.6%	6.7%	113.12	(6.80)	Expensive	7.41
36	FR80	7/4/2019	6/15/2035	12.12	7.5%	106.44	6.7%	6.7%	106.47	0.11	Cheap	8.12
37	FR72	7/9/2015	5/15/2036	13.04	8.3%	112.50	6.8%	6.7%	112.89	4.11	Cheap	8.28
38	FR88	1/7/2021	6/15/2036	13.13	6.3%	96.00	6.7%	6.8%	95.68	(3.81)	Expensive	8.87
39	FR45	5/24/2007	5/15/2037	14.04	9.8%	127.50	6.7%	6.8%	126.58	(9.00)	Expensive	8.39
40	FR93	1/6/2022	7/15/2037	14.21	6.4%	97.75	6.6%	6.8%	96.25	(17.03)	Expensive	9.35
41	FR75	8/10/2017	5/15/2038	15.04	7.5%	106.01	6.9%	6.8%	106.33	3.23	Cheap	9.18
42	FR98	9/15/2022	6/15/2038	15.13	7.1%	103.37	6.8%	6.8%	102.82	(5.96)	Expensive	9.39
43	FR50	1/24/2008	7/15/2038	15.21	10.5%	132.91	7.0%	6.8%	134.43	12.79	Cheap	8.70
44	FR79	1/7/2019	4/15/2039	15.96	8.4%	114.29	6.9%	6.9%	114.65	3.19	Cheap	9.37
45	FR83	11/7/2019	4/15/2040	16.96	7.5%	106.08	6.9%	6.9%	106.11	0.17	Cheap	9.91
46	FR57	4/21/2011	5/15/2041	18.04	9.5%	125.37	7.0%	6.9%	126.39	8.30	Cheap	9.60
47	FR62	2/9/2012	4/15/2042	18.96	6.4%	95.50	6.8%	6.9%	94.05	(14.33)	Expensive	10.90
48	FR92	7/8/2021	6/15/2042	19.13	7.1%	102.15	6.9%	6.9%	101.85	(2.87)	Expensive	10.57
49	FR97	8/19/2022	6/15/2043	20.13	7.1%	103.12	6.8%	7.0%	101.60	(14.00)	Expensive	10.88
50	FR67	7/18/2013	2/15/2044	20.80	8.8%	117.87	7.1%	7.0%	119.10	9.80	Cheap	10.41
51	FR76	9/22/2017	5/15/2048	25.05	7.4%	103.71	7.1%	7.1%	103.31	(3.41)	Expensive	11.64
52	FR89	1/7/2021	8/15/2051	28.30	6.9%	99.25	6.9%	7.1%	96.68	(21.55)	Expensive	12.41

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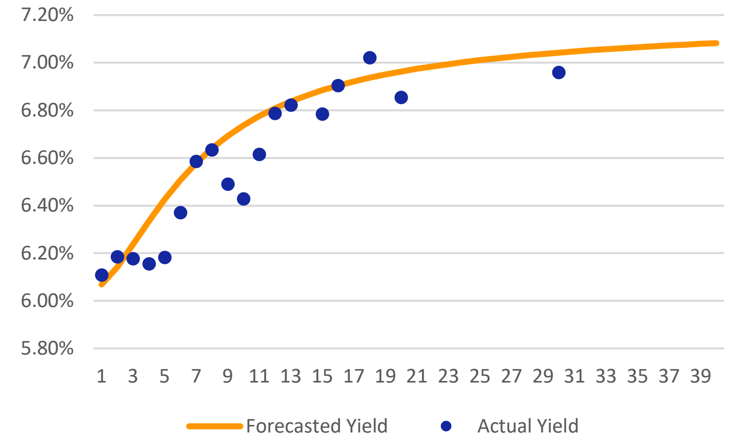
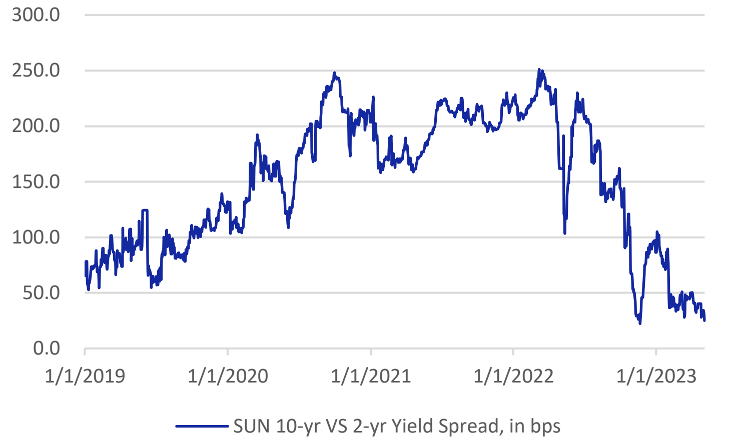
Chart 1. Samuel's Yield Curve Forecast



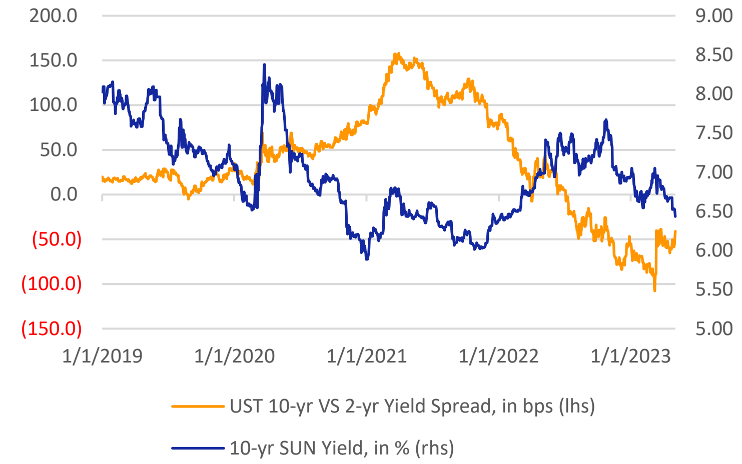
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



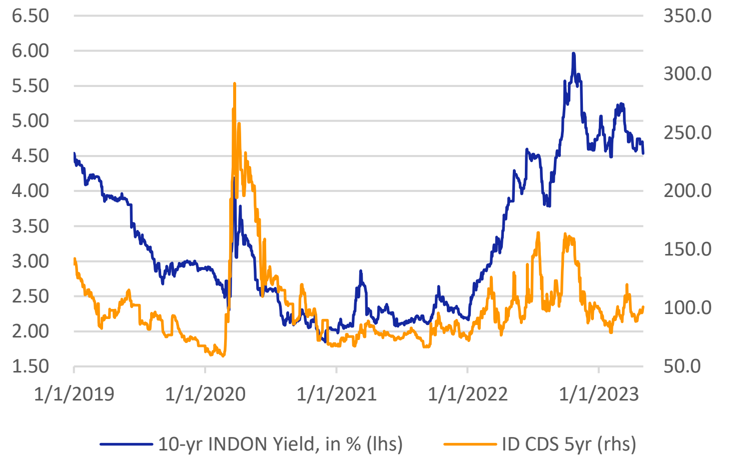
Source: Bloomberg

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



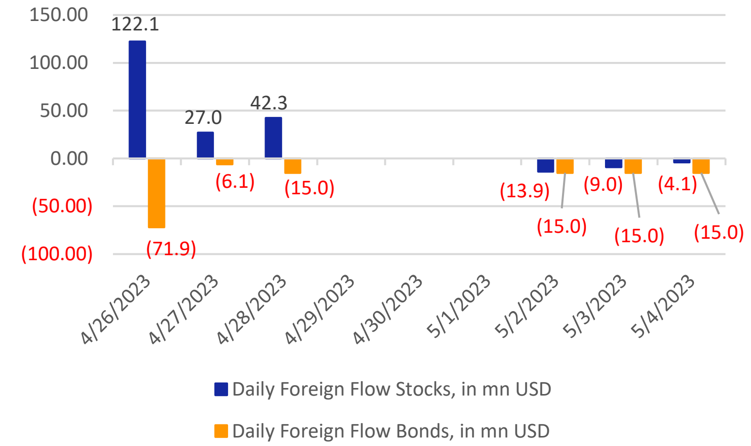
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



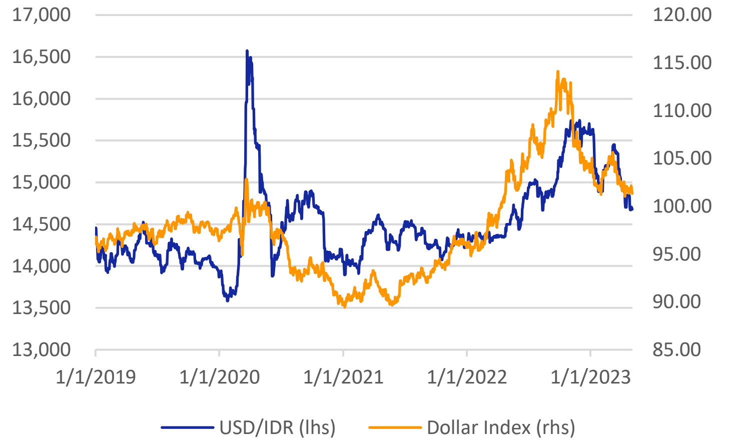
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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