Daily Economic & Fixed Income Report

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

SAMUEL SEKURITAS INDONESIA

Economic & Fixed Income Analysis

12 June 2023

Economic and Fixed Income Indicators

Currencies	6/9/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.07	(0.3)	0.6	0.4
GBP/USD	1.26	0.1	1.1	4.0
AUD/USD	0.67	0.4	3.7	(1.0)
USD/CHF	0.90	0.5	(0.8)	(2.3)
USD/JPY	139.4	0.3	0.0	6.3
Dollar Index	103.6	0.2	(0.7)	0.0
Bloomberg Asia Dollar Index	92.8	0.0	0.3	(1.8)
USD/KRW	1,292	(0.9)	(2.6)	2.1
USD/SGD	1.34	0.1	(0.6)	0.3
USD/CNY	7.13	0.3	0.3	3.4
USD/INR	82.5	(0.1)	(0.3)	(0.3)
USD/IDR	14,840	(0.4)	(1.0)	(4.7)
USD/IDR 1 Month NDF	14,886	0.3	(0.7)	(4.2)
USD/MYR	4.61	(0.1)	0.0	4.8
USD/THB	34.6	(0.6)	(0.5)	0.0
USD/PHP	56.0	(0.1)	(0.2)	0.6
Rates	**6/9/2023**	**Daily (bp)**	**MTD (bp)**	**YTD (bp)**
US Treasuries 10-Year	3.74	2.1	9.7	(13.5)
Germany Bund 10-Year	2.38	(2.5)	9.5	(19.4)
Japan JGB 10-Year	0.43	(1.1)	(0.9)	0.5
LIBOR Overnight	5.07	(0.3)	0.3	74.9
LIBOR 1-Month	5.22	(0.3)	2.6	82.8
Indonesia INDOGB 10-Year	6.34	(2.2)	(3.0)	(60.0)
Indonesia INDOGB 5-Year	5.96	(2.9)	(6.8)	(24.4)
Indonesia INDOGB 2-Year	5.79	(0.5)	13.6	(28.7)
INDOGB-UST (bp)	260.06	(4.3)	(12.7)	(46.5)
Indonesia INDON 10-Year	4.82	0.0	12.3	2.8
Indonesia INDON 5-Year	4.78	(1.1)	14.7	9.7
Indonesia INDON 2-Year	5.14	(1.0)	14.6	34.8
INDON-UST (bp)	108.46	(2.1)	2.6	16.3
Indonesia Corporate AAA 10-Year	7.12	(2.8)	1.4	(62.3)
Indonesia Corporate AAA 5-Year	6.65	(2.7)	(2.8)	(15.4)
Indonesia Corporate AAA 2-Year	6.41	(1.2)	18.7	(7.0)
INDONIA	5.53	(4.2)	(9.9)	50.3
JIBOR 1-Month	6.39	(1.1)	(1.1)	18.9
Bond Indexes	**6/9/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
S&P Global Bond Developed Index	179.6	0.1	(0.3)	2.1
EMBI Global Index	788.6	0.1	0.8	2.6
iShare USD EMBI Index	85.0	0.1	0.5	0.3
ICBI Index	364.8	0.1	0.3	5.8
IDMA Index	101.0	0.0	0.8	3.8
INDOBeX Government Bond Index	357.2	0.1	0.3	5.9
INDOBeX Corporate Bond Index	408.8	0.1	0.2	4.2
Prices	**6/9/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
ID CDS 5-Year	84.3	(1.5)	(5.1)	(15.3)
JCI	6,694	0.4	0.9	(2.3)
S&P-Goldman Sachs Commodity Index	543.0	0.4	2.6	(11.0)
FR0095	101.96	0.2	0.3	2.9
FR0096	104.86	0.1	0.3	4.3
FR0097	105.31	0.2	0.2	5.1
FR0098	105.29	0.2	0.1	4.8

Source: Bloomberg, SSI Research

Investors prepares for Fed and PBOC's monetary policy announcements

The global bond market received a breath of fresh air from the possibility of rate cuts by PBOC), which caused a 0.1% increase in the S&P index for developed markets' bonds and the EMBI index for developing markets' bonds. The 10Y Bund yield fell by 3 bps to 2.38%, while the UST 10Y yield rose 2 bps to 3.74%. In our opinion, the increase in the UST 10Y yield was triggered by investors' preparation for the announcement of the Fed's policy rate and latest projections on Wednesday local time (6/14). Meanwhile, the domestic bond market moved up due to optimistic sentiment triggered by PBOC's monetary policy. Unfortunately, this was not enough to reverse the situation of the bullish steepening of the INDOGB 10Y vs. 2Y yield spread (see Chart 2). We project the 10Y INDOGB yield to consolidate within the range of 6.3-6.4%, while rupiah might slip to IDR 14,850-14,950 per USD.

Fixed Income News: Fitch expects the issuance of corporate bonds in 2023 to be lower than 2022, mainly due to three factors—first, high-interest rate policy across the world, which boosted cost of funds. Second, the maturity value of domestic bonds in 2023 (IDR 60tn, 2022: IDR 80tn). Third, the risk of default on PT Waskita Karya's bonds will make investors more cautious in conducting risk assessments, especially on construction SOEs. (*Emitennews*)

Global Economic News: PBOC signaled a cut in MLF interest rate this week. Plans to cut interest rates on medium-term loan facilities (MLF) were published by China's state-owned financial news agency, Securities Daily. The official announcement of the MLF rate cut is expected on Thursday (15/6). In our opinion, this is good news for markets overshadowed by the possibility of the Fed's terminal rate hike. (*Reuters*)

Domestic Economic News: Bank Indonesia's foreign exchange reserves fell to IDR 139.3tn in May, equivalent to 6.1 months of imports or 6 months of imports and short-term debt payments. In our opinion, the decline in BI's foreign exchange reserves was due to efforts to stabilize the USD/IDR exchange rate, which had fell by -2.1% mtd to IDR 14,993 per USD as of May 31. (*Kontan*)

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

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Economic Calender

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
06/12/2023 06:50	JN	PPI MoM	May	-0.20%	0.20%
06/12/2023 06:50	JN	PPI YoY	May	5.60%	5.80%
06/12/2023 13:00	JN	Machine Tool Orders YoY	May P	--	-14.40%
06/12/2023 13:30	EC	Bloomberg June Eurozone Economic Survey			

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	0.10	9.5%	100.40	4.8%	4.6%	100.46	11.91	Cheap	0.10
2	FR39	8/24/2006	8/15/2023	0.18	11.8%	101.10	5.2%	4.7%	101.26	52.26	Cheap	0.18
3	FR70	8/29/2013	3/15/2024	0.76	8.4%	102.05	5.6%	4.8%	102.65	74.79	Cheap	0.73
4	FR77	9/27/2018	5/15/2024	0.93	8.1%	102.23	5.6%	4.9%	102.93	73.85	Cheap	0.90
5	FR44	4/19/2007	9/15/2024	1.27	10.0%	105.27	5.6%	5.0%	106.07	57.67	Cheap	1.18
6	FR81	8/1/2019	6/15/2025	2.02	6.5%	101.47	5.7%	5.3%	102.25	40.54	Cheap	1.87
7	FR40	9/21/2006	9/15/2025	2.27	11.0%	110.70	5.9%	5.4%	111.80	45.08	Cheap	2.00
8	FR84	5/4/2020	2/15/2026	2.69	7.3%	103.19	5.9%	5.6%	104.19	38.73	Cheap	2.45
9	FR86	8/13/2020	4/15/2026	2.85	5.5%	99.77	5.6%	5.6%	99.73	(1.59)	Expensive	2.63
10	FR56	9/23/2010	9/15/2026	3.27	8.4%	107.42	5.8%	5.7%	107.79	10.72	Cheap	2.85
11	FR37	5/18/2006	9/15/2026	3.27	12.0%	117.75	5.9%	5.7%	118.46	19.17	Cheap	2.73
12	FR90	7/8/2021	4/15/2027	3.85	5.1%	98.18	5.7%	5.9%	97.46	(21.45)	Expensive	3.48
13	FR59	9/15/2011	5/15/2027	3.93	7.0%	103.71	5.9%	5.9%	103.84	3.24	Cheap	3.46
14	FR42	1/25/2007	7/15/2027	4.10	10.3%	115.08	6.0%	5.9%	115.53	10.46	Cheap	3.41
15	FR94	3/4/2022	1/15/2028	4.60	5.6%	98.03	6.1%	6.0%	98.32	7.40	Cheap	4.04
16	FR47	8/30/2007	2/15/2028	4.69	10.0%	115.58	6.1%	6.0%	115.96	7.39	Cheap	3.84
17	FR64	8/13/2012	5/15/2028	4.93	6.1%	100.61	6.0%	6.1%	100.19	(10.06)	Expensive	4.28
18	FR95	8/19/2022	8/15/2028	5.19	6.4%	101.96	5.9%	6.1%	101.12	(19.18)	Expensive	4.44
19	FR99	1/27/2023	1/15/2029	5.61	6.4%	101.46	6.1%	6.2%	101.04	(9.14)	Expensive	4.71
20	FR71	9/12/2013	3/15/2029	5.77	9.0%	113.53	6.2%	6.2%	113.42	(3.01)	Expensive	4.56
21	FR78	9/27/2018	5/15/2029	5.93	8.3%	110.43	6.1%	6.2%	109.96	(9.65)	Expensive	4.79
22	FR52	8/20/2009	8/15/2030	7.19	10.5%	123.35	6.4%	6.3%	123.71	4.69	Cheap	5.33
23	FR82	8/1/2019	9/15/2030	7.27	7.0%	103.82	6.3%	6.3%	103.75	(1.64)	Expensive	5.70
24	FRSDG1	10/27/2022	10/15/2030	7.35	7.4%	105.00	6.5%	6.4%	105.92	14.95	Cheap	5.72
25	FR87	8/13/2020	2/15/2031	7.69	6.5%	100.76	6.4%	6.4%	100.72	(0.91)	Expensive	6.09
26	FR85	5/4/2020	4/15/2031	7.85	7.8%	107.93	6.4%	6.4%	108.28	5.10	Cheap	5.97
27	FR73	8/6/2015	5/15/2031	7.93	8.8%	114.53	6.4%	6.4%	114.46	(1.50)	Expensive	5.93
28	FR54	7/22/2010	7/15/2031	8.10	9.5%	119.50	6.4%	6.4%	119.30	(3.39)	Expensive	5.90
29	FR91	7/8/2021	4/15/2032	8.85	6.4%	100.15	6.4%	6.5%	99.47	(10.41)	Expensive	6.77
30	FR58	7/21/2011	6/15/2032	9.02	8.3%	112.34	6.4%	6.5%	112.07	(4.03)	Expensive	6.50
31	FR74	11/10/2016	8/15/2032	9.19	7.5%	107.69	6.4%	6.5%	107.03	(9.43)	Expensive	6.79
32	FR96	8/19/2022	2/15/2033	9.69	7.0%	104.86	6.3%	6.5%	103.58	(17.74)	Expensive	7.15
33	FR65	8/30/2012	5/15/2033	9.94	6.6%	101.72	6.4%	6.5%	100.85	(12.02)	Expensive	7.35
34	FR68	8/1/2013	3/15/2034	10.77	8.4%	114.66	6.5%	6.5%	114.01	(8.10)	Expensive	7.33
35	FR80	7/4/2019	6/15/2035	12.02	7.5%	108.23	6.5%	6.6%	107.53	(8.19)	Expensive	8.06
36	FR72	7/9/2015	5/15/2036	12.94	8.3%	114.74	6.5%	6.6%	114.12	(6.81)	Expensive	8.38
37	FR88	1/7/2021	6/15/2036	13.02	6.3%	98.85	6.4%	6.6%	96.87	(23.04)	Expensive	8.84
38	FR45	5/24/2007	5/15/2037	13.94	9.8%	128.00	6.6%	6.6%	128.06	0.25	Cheap	8.46
39	FR93	1/6/2022	7/15/2037	14.11	6.4%	99.68	6.4%	6.6%	97.62	(22.80)	Expensive	9.30
40	FR75	8/10/2017	5/15/2038	14.94	7.5%	108.34	6.6%	6.7%	107.92	(4.34)	Expensive	9.31
41	FR98	9/15/2022	6/15/2038	15.02	7.1%	105.29	6.6%	6.7%	104.41	(9.09)	Expensive	9.34
42	FR50	1/24/2008	7/15/2038	15.11	10.5%	135.30	6.7%	6.7%	136.25	7.85	Cheap	8.66
43	FR79	1/7/2019	4/15/2039	15.86	8.4%	117.14	6.6%	6.7%	116.51	(6.07)	Expensive	9.36
44	FR83	11/7/2019	4/15/2040	16.86	7.5%	108.24	6.7%	6.7%	108.14	(1.16)	Expensive	9.89
45	FR57	4/21/2011	5/15/2041	17.94	9.5%	128.95	6.7%	6.7%	128.94	(0.35)	Expensive	9.79
46	FR62	2/9/2012	4/15/2042	18.86	6.4%	97.68	6.6%	6.7%	96.39	(12.51)	Expensive	10.89
47	FR92	7/8/2021	6/15/2042	19.03	7.1%	104.52	6.7%	6.7%	104.34	(1.67)	Expensive	10.57
48	FR97	8/19/2022	6/15/2043	20.03	7.1%	105.31	6.6%	6.7%	104.32	(8.74)	Expensive	10.87
49	FR67	7/18/2013	2/15/2044	20.70	8.8%	118.76	7.0%	6.7%	122.31	27.97	Cheap	10.53
50	FR76	9/22/2017	5/15/2048	24.95	7.4%	106.30	6.8%	6.8%	107.22	7.25	Cheap	11.89
51	FR89	1/7/2021	8/15/2051	28.20	6.9%	100.62	6.8%	6.8%	101.04	3.23	Cheap	12.61

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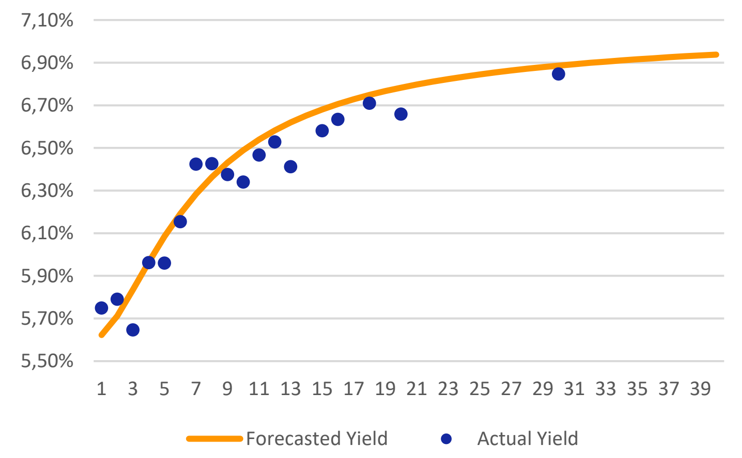
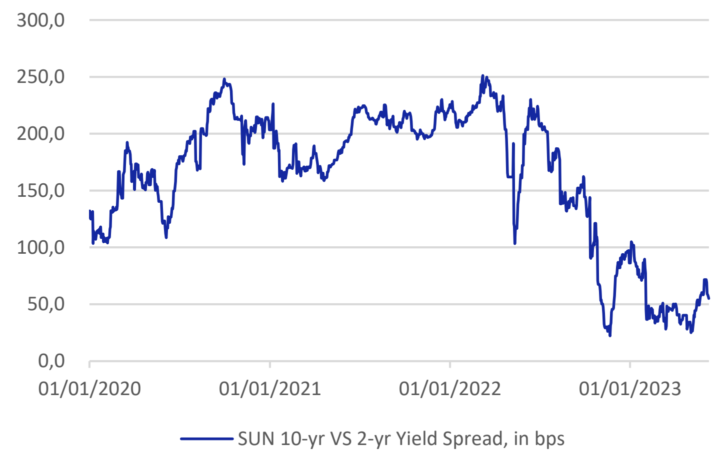
Chart 1. Samuel's Yield Curve Forecast



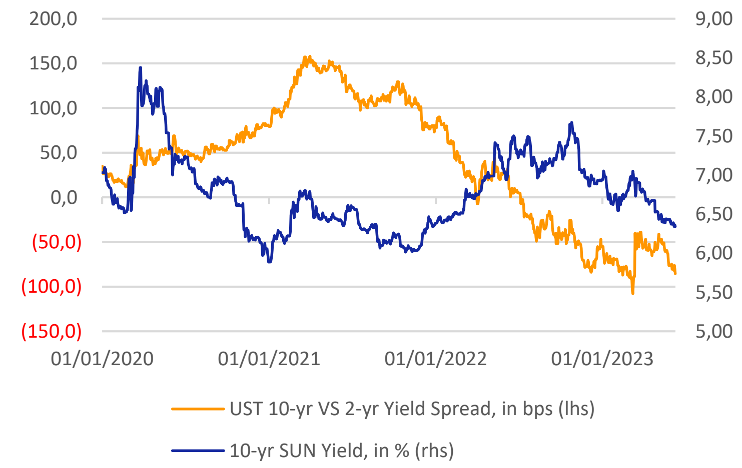
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



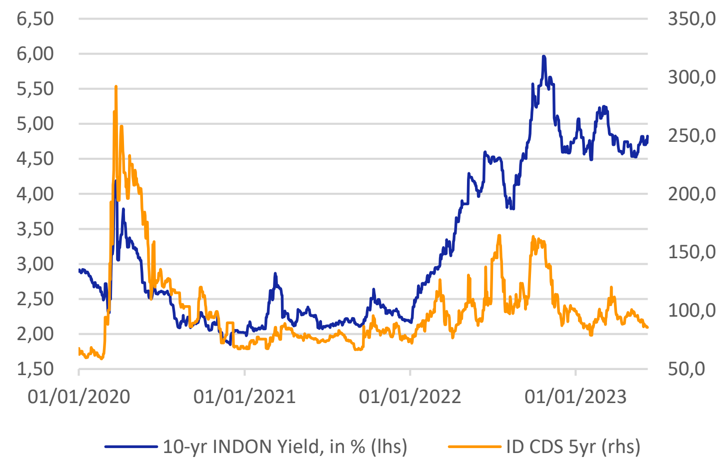
Source: Bloomberg

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



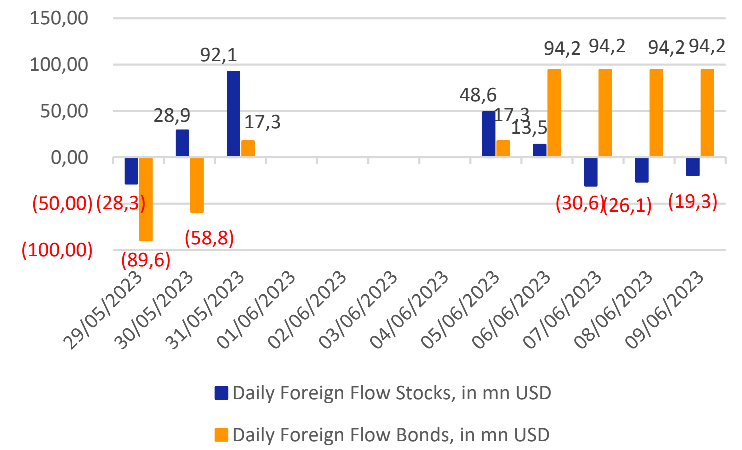
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



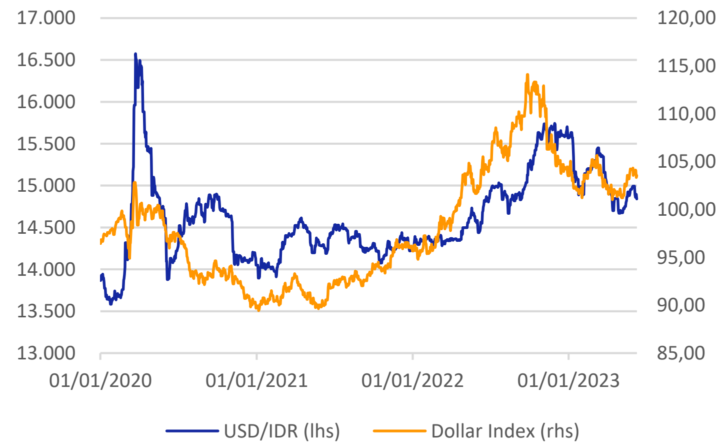
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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