Daily Economic & Fixed Income Report

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

SAMUEL SEKURITAS INDONESIA

Economic & Fixed Income Analysis

8 June 2023

Economic and Fixed Income Indicators

Currencies	6/7/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.07	0.1	0.1	(0.1)
GBP/USD	1.24	0.1	(0.0)	2.9
AUD/USD	0.67	(0.3)	2.3	(2.4)
USD/CHF	0.91	0.3	(0.1)	(1.6)
USD/JPY	140.1	0.4	0.6	6.9
Dollar Index	104.1	(0.0)	(0.2)	0.6
Bloomberg Asia Dollar Index	92.7	(0.0)	0.2	(2.0)
USD/KRW	1,304	(0.3)	(1.7)	3.0
USD/SGD	1.35	0.0	(0.2)	0.7
USD/CNY	7.14	0.2	0.4	3.4
USD/INR	82.5	(0.1)	(0.2)	(0.2)
USD/IDR	14,878	0.1	(0.8)	(4.4)
USD/IDR 1 Month NDF	14,886	0.1	(0.7)	(4.2)
USD/MYR	4.60	(0.2)	(0.3)	4.4
USD/THB	34.7	(0.2)	(0.2)	0.4
USD/PHP	56.1	(0.2)	(0.1)	0.7
Rates	**6/7/2023**	**Daily (bp)**	**MTD (bp)**	**YTD (bp)**
US Treasuries 10-Year	3.80	13.5	15.3	(8.0)
Germany Bund 10-Year	2.46	8.4	17.4	(11.5)
Japan JGB 10-Year	0.43	0.1	(0.9)	0.5
LIBOR Overnight	5.07	0.0	0.5	75.1
LIBOR 1-Month	5.20	0.0	0.8	81.0
Indonesia INDOGB 10-Year	6.34	(1.8)	(3.3)	(60.3)
Indonesia INDOGB 5-Year	6.01	(2.3)	(2.3)	(19.9)
Indonesia INDOGB 2-Year	5.75	(1.1)	9.9	(32.4)
INDOGB-UST (bp)	254.18	(15.3)	(18.6)	(52.3)
Indonesia INDON 10-Year	4.73	(1.2)	2.6	(6.9)
Indonesia INDON 5-Year	4.73	0.1	8.9	3.9
Indonesia INDON 2-Year	5.07	0.7	8.0	28.2
INDON-UST (bp)	93.18	(14.7)	(12.7)	1.1
Indonesia Corporate AAA 10-Year	7.13	(1.7)	1.7	(62.0)
Indonesia Corporate AAA 5-Year	6.69	(2.3)	1.4	(11.1)
Indonesia Corporate AAA 2-Year	6.38	(1.1)	15.6	(10.0)
INDONIA	5.51	(2.7)	(11.2)	49.0
JIBOR 1-Month	6.40	0.2	(0.1)	19.9
Bond Indexes	**6/7/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
S&P Global Bond Developed Index	179.7	0.0	(0.3)	2.2
EMBI Global Index	787.9	(0.1)	0.7	2.5
iShare USD EMBI Index	84.8	(0.1)	0.3	0.2
ICBI Index	364.5	0.1	0.3	5.7
IDMA Index	101.0	0.0	0.7	3.7
INDOBeX Government Bond Index	356.9	0.1	0.3	5.9
INDOBeX Corporate Bond Index	408.5	0.0	0.1	4.1
Prices	**6/7/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
ID CDS 5-Year	86.1	0.4	(3.0)	(13.5)
JCI	6,620	0.0	(0.2)	(3.4)
S&P-Goldman Sachs Commodity Index	542.4	0.3	2.5	(11.1)
FR0095	101.76	0.1	0.2	2.7
FR0096	104.86	0.1	0.3	4.3
FR0097	105.22	0.1	0.1	5.1
FR0098	105.27	(0.0)	0.1	4.8

Source: Bloomberg, SSI Research

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It's time for profit taking in INDOGB

The global bond market saw massive selling pressure last night (6/7) due to expectations of additional supply of Treasury bills worth USD 1.1tn through the end of 2023, with USD 850bn expected to be issued in the next four months (see Fixed Income News). As a result, the yield spread between INDOGB and UST 10Y fell -15 bps to 254 bps, making it less competitive. Thus, we recommend partial profit taking from 2Y, 10Y, and 15Y INDOGBs. We believe that global and domestic bond markets will still fluctuate until the Fed's interest rate announcement next week (6/14). We expect the 10-year INDOGB yield to decline to 6.35-6.45% today, and rupiah to stay within the range of IDR 14,850-14,950 per USD.

Fixed Income News: JP Morgan expects to see an additional UST supply of USD 1.1tn after the US debt ceiling negotiations. According to JP Morgan's estimates, UST supply will increase by USD 1.1tn by the end of 2023 since the United States government needs to rebuild its cash using Treasury bills with a tenor of less than one year. Some of the additional supply (USD 850 billion) is predicted to be issued in the next four months. After the news spread in the market, the UST and Bund 10Y yields rose by 14 and 8 bps to 3.8% and 2.46%, respectively. (*Financial Times*)

Global Economic News: PBOC orders big banks to cut savings rates, specifically those denominated in CNY and USD. Conventional savings (demand deposits) rates will be cut by 5 bps (Now: 0.25%). Meanwhile, interest rates on 3Y and 5Y term deposits will be cut by 10 and 15 bps (current: 0.26% and 0.265%), respectively. In our opinion, the cut is an early signal from the Chinese government that it will start providing monetary stimulus for the Chinese economy, which slowed down in 2Q23. (*Caixin Global*)

Domestic Economic News: The government plans to increase its fuel subsidy quota, as a response to the post-pandemic increase in social mobility. The diesel fuel subsidy quota will be increased by 1.35 million kiloliters to 18.35 million KL. Meanwhile, the 2024 quota is predicted to reach 18.16-19 million KL. With a subsidy value of IDR 1,000 per liter and no change in APBN macro assumptions, we estimate an additional subsidy requirement of IDR 1.35tn. (*Kontan*)

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

Economic Calender

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
06/08/2023 06:50	JN	GDP SA QoQ	1Q F	0.50%	0.40%
06/08/2023 16:00	EC	GDP SA QoQ	1Q F	0.00%	0.10%
06/08/2023 19:30	US	Initial Jobless Claims	3-Jun	237k	232k
06/08/2023 19:30	US	Continuing Claims	27-May	1802k	1795k

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%	100.39	5.0%	4.6%	100.50	36.25	Cheap	0.10
2	FR39	8/24/2006	8/15/2023	0.19	11.8%	101.20	4.7%	4.7%	101.32	7.37	Cheap	0.19
3	FR70	8/29/2013	3/15/2024	0.77	8.4%	102.03	5.6%	4.8%	102.68	77.54	Cheap	0.74
4	FR77	9/27/2018	5/15/2024	0.94	8.1%	102.21	5.6%	4.9%	102.96	75.65	Cheap	0.91
5	FR44	4/19/2007	9/15/2024	1.28	10.0%	105.27	5.6%	5.0%	106.10	58.30	Cheap	1.18
6	FR81	8/1/2019	6/15/2025	2.02	6.5%	101.52	5.7%	5.3%	102.25	37.69	Cheap	1.88
7	FR40	9/21/2006	9/15/2025	2.28	11.0%	110.71	5.9%	5.4%	111.83	45.19	Cheap	2.01
8	FR84	5/4/2020	2/15/2026	2.70	7.3%	103.15	6.0%	5.6%	104.19	40.10	Cheap	2.46
9	FR86	8/13/2020	4/15/2026	2.86	5.5%	99.83	5.6%	5.6%	99.72	(4.37)	Expensive	2.64
10	FR56	9/23/2010	9/15/2026	3.28	8.4%	107.52	5.8%	5.7%	107.81	7.53	Cheap	2.86
11	FR37	5/18/2006	9/15/2026	3.28	12.0%	117.75	5.9%	5.7%	118.50	19.36	Cheap	2.74
12	FR90	7/8/2021	4/15/2027	3.86	5.1%	98.18	5.7%	5.9%	97.45	(21.89)	Expensive	3.49
13	FR59	9/15/2011	5/15/2027	3.94	7.0%	103.72	5.9%	5.9%	103.84	2.91	Cheap	3.47
14	FR42	1/25/2007	7/15/2027	4.11	10.3%	115.12	6.0%	5.9%	115.55	9.43	Cheap	3.42
15	FR94	3/4/2022	1/15/2028	4.61	5.6%	98.16	6.1%	6.0%	98.31	3.70	Cheap	4.05
16	FR47	8/30/2007	2/15/2028	4.70	10.0%	115.50	6.1%	6.0%	115.98	9.21	Cheap	3.85
17	FR64	8/13/2012	5/15/2028	4.94	6.1%	100.52	6.0%	6.1%	100.18	(8.20)	Expensive	4.28
18	FR95	8/19/2022	8/15/2028	5.19	6.4%	101.77	6.0%	6.1%	101.12	(15.00)	Expensive	4.45
19	FR99	1/27/2023	1/15/2029	5.61	6.4%	101.37	6.1%	6.2%	101.04	(7.20)	Expensive	4.72
20	FR71	9/12/2013	3/15/2029	5.78	9.0%	113.50	6.2%	6.2%	113.43	(2.37)	Expensive	4.57
21	FR78	9/27/2018	5/15/2029	5.94	8.3%	110.26	6.2%	6.2%	109.96	(6.27)	Expensive	4.80
22	FR52	8/20/2009	8/15/2030	7.19	10.5%	123.35	6.4%	6.3%	123.72	4.76	Cheap	5.34
23	FR82	8/1/2019	9/15/2030	7.28	7.0%	103.79	6.3%	6.3%	103.75	(1.12)	Expensive	5.70
24	FRSDG1	10/27/2022	10/15/2030	7.36	7.4%	104.76	6.5%	6.4%	105.92	19.05	Cheap	5.73
25	FR87	8/13/2020	2/15/2031	7.70	6.5%	100.77	6.4%	6.4%	100.71	(1.12)	Expensive	6.09
26	FR85	5/4/2020	4/15/2031	7.86	7.8%	108.00	6.4%	6.4%	108.28	4.00	Cheap	5.98
27	FR73	8/6/2015	5/15/2031	7.94	8.8%	114.52	6.4%	6.4%	114.47	(1.31)	Expensive	5.94
28	FR54	7/22/2010	7/15/2031	8.11	9.5%	118.50	6.5%	6.4%	119.31	11.00	Cheap	5.89
29	FR91	7/8/2021	4/15/2032	8.86	6.4%	100.10	6.4%	6.5%	99.47	(9.73)	Expensive	6.77
30	FR58	7/21/2011	6/15/2032	9.03	8.3%	112.41	6.4%	6.5%	112.07	(4.88)	Expensive	6.51
31	FR74	11/10/2016	8/15/2032	9.20	7.5%	107.67	6.4%	6.5%	107.04	(9.26)	Expensive	6.80
32	FR96	8/19/2022	2/15/2033	9.70	7.0%	104.87	6.3%	6.5%	103.58	(17.94)	Expensive	7.16
33	FR65	8/30/2012	5/15/2033	9.95	6.6%	101.80	6.4%	6.5%	100.84	(13.23)	Expensive	7.35
34	FR68	8/1/2013	3/15/2034	10.78	8.4%	114.56	6.5%	6.5%	114.02	(6.94)	Expensive	7.34
35	FR80	7/4/2019	6/15/2035	12.03	7.5%	108.17	6.5%	6.6%	107.53	(7.51)	Expensive	8.07
36	FR72	7/9/2015	5/15/2036	12.95	8.3%	114.63	6.6%	6.6%	114.12	(5.65)	Expensive	8.38
37	FR88	1/7/2021	6/15/2036	13.03	6.3%	98.82	6.4%	6.6%	96.87	(22.77)	Expensive	8.85
38	FR45	5/24/2007	5/15/2037	13.95	9.8%	128.00	6.6%	6.6%	128.07	0.26	Cheap	8.46
39	FR93	1/6/2022	7/15/2037	14.12	6.4%	99.80	6.4%	6.6%	97.62	(24.19)	Expensive	9.31
40	FR75	8/10/2017	5/15/2038	14.95	7.5%	108.10	6.6%	6.7%	107.93	(1.92)	Expensive	9.31
41	FR98	9/15/2022	6/15/2038	15.03	7.1%	105.26	6.6%	6.7%	104.41	(8.87)	Expensive	9.35
42	FR50	1/24/2008	7/15/2038	15.12	10.5%	134.10	6.8%	6.7%	136.26	18.21	Cheap	8.64
43	FR79	1/7/2019	4/15/2039	15.87	8.4%	116.98	6.6%	6.7%	116.52	(4.53)	Expensive	9.36
44	FR83	11/7/2019	4/15/2040	16.87	7.5%	108.11	6.7%	6.7%	108.14	0.06	Cheap	9.89
45	FR57	4/21/2011	5/15/2041	17.95	9.5%	127.80	6.8%	6.7%	128.94	8.94	Cheap	9.76
46	FR62	2/9/2012	4/15/2042	18.87	6.4%	97.73	6.6%	6.7%	96.39	(12.97)	Expensive	10.90
47	FR92	7/8/2021	6/15/2042	19.04	7.1%	104.54	6.7%	6.7%	104.34	(1.82)	Expensive	10.58
48	FR97	8/19/2022	6/15/2043	20.04	7.1%	105.22	6.6%	6.7%	104.32	(7.98)	Expensive	10.88
49	FR67	7/18/2013	2/15/2044	20.71	8.8%	118.85	7.0%	6.7%	122.31	27.28	Cheap	10.54
50	FR76	9/22/2017	5/15/2048	24.96	7.4%	106.14	6.9%	6.8%	107.22	8.48	Cheap	11.89
51	FR89	1/7/2021	8/15/2051	28.21	6.9%	100.59	6.8%	6.8%	101.04	3.45	Cheap	12.62

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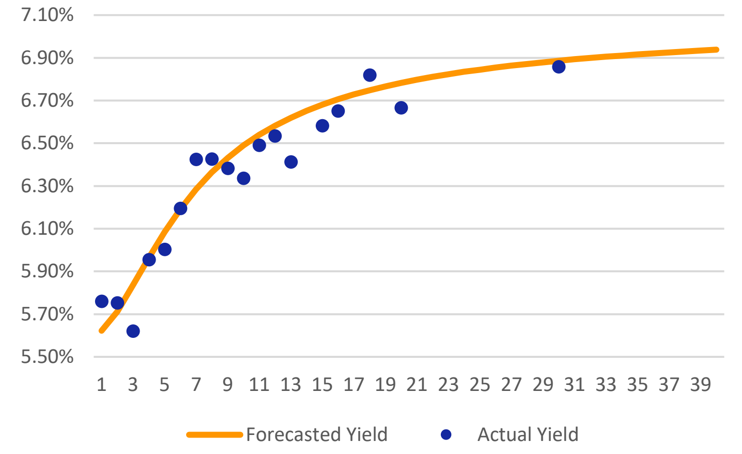
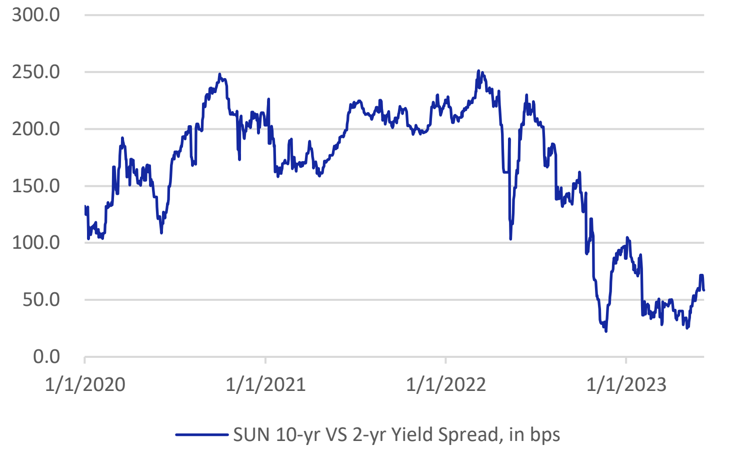
Chart 1. Samuel's Yield Curve Forecast



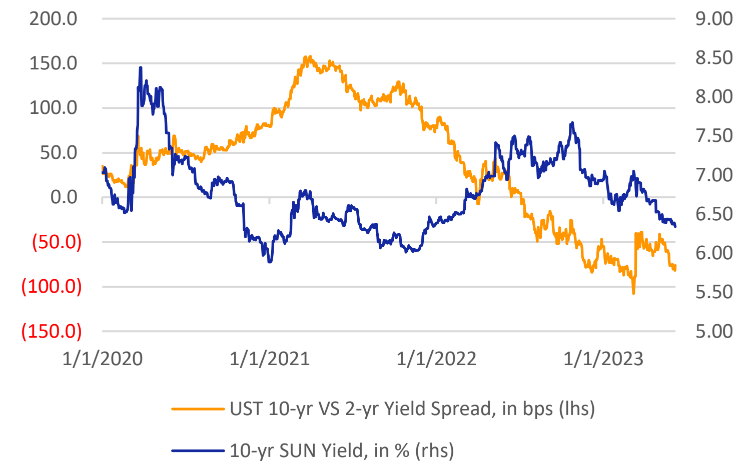
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



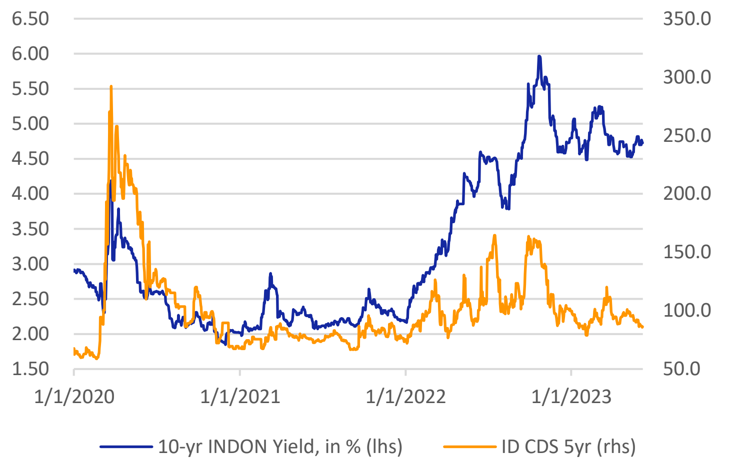
Source: Bloomberg

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



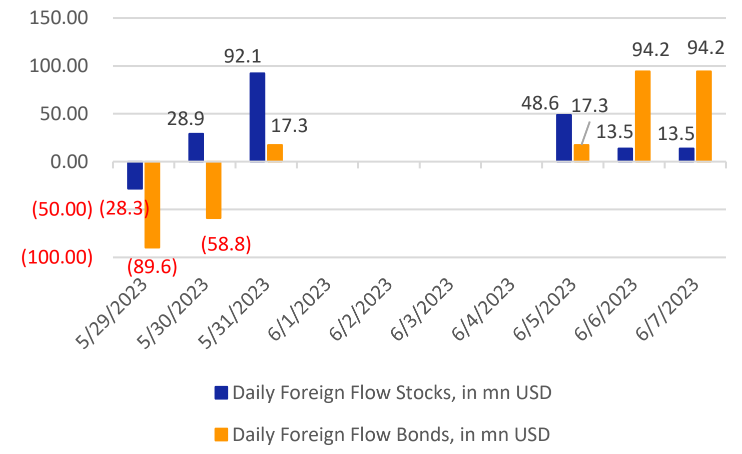
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



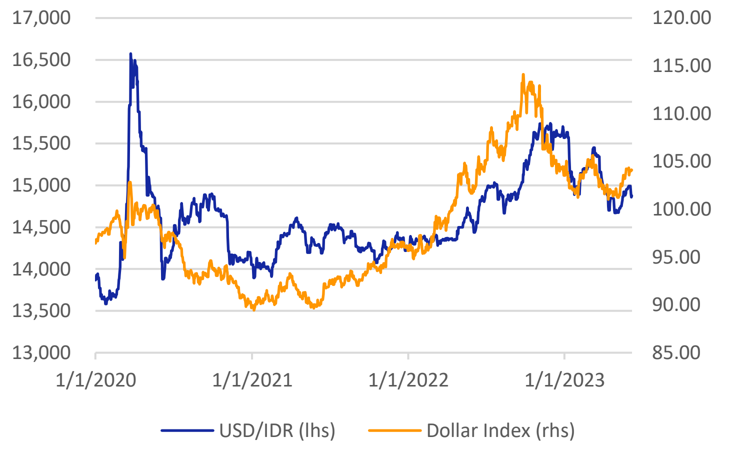
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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