

Economic and Fixed Income Indicators

Currencies	7/7/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.10	0.7	0.5	2.4
GBP/USD	1.28	0.8	1.1	6.3
AUD/USD	0.67	1.0	0.4	(1.8)
USD/CHF	0.89	(0.7)	(0.8)	(3.9)
USD/JPY	142.2	(1.3)	(1.5)	8.5
Dollar Index	102.3	(0.9)	(0.6)	(1.2)
Bloomberg Asia Dollar Index	91.8	0.2	0.3	(2.9)
USD/KRW	1,305	0.3	(1.0)	3.1
USD/SGD	1.35	(0.5)	(0.4)	0.5
USD/CNY	7.23	(0.3)	(0.4)	4.7
USD/INR	82.7	0.3	0.9	0.0
USD/IDR	15,135	0.6	0.9	(2.8)
USD/IDR 1 Month NDF	15,179	(0.1)	0.9	(2.3)
USD/MYR	4.67	0.1	0.0	6.0
USD/THB	35.2	0.4	(0.7)	1.7
USD/PHP	55.6	0.2	0.8	(0.2)
Rates	7/7/2023	Daily (bp)	MTD (bp)	YTD (bp)
US Treasuries 10-Year	4.06	3.3	22.5	18.7
Germany Bund 10-Year	2.64	1.1	24.5	6.6
Japan JGB 10-Year	0.43	1.4	2.7	0.6
LIBOR Overnight	5.06	0.0	0.0	74.4
LIBOR 1-Month	5.28	0.0	6.2	88.8
Indonesia INDOGB 10-Year	6.24	4.0	(1.8)	(69.7)
Indonesia INDOGB 5-Year	5.97	5.0	5.5	(23.8)
Indonesia INDOGB 2-Year	6.02	11.3	15.0	(5.6)
INDOGB-UST (bp)	218.14	0.7	(24.3)	(88.4)
Indonesia INDON 10-Year	5.13	14.4	30.8	33.4
Indonesia INDON 5-Year	5.13	12.9	34.8	44.8
Indonesia INDON 2-Year	5.46	5.0	23.6	66.4
INDON-UST (bp)	106.84	11.1	8.3	14.7
Indonesia Corporate AAA 10-Year	7.16	2.9	(4.9)	(59.0)
Indonesia Corporate AAA 5-Year	6.73	4.1	2.7	(7.8)
Indonesia Corporate AAA 2-Year	6.65	10.5	12.5	16.5
INDONIA	5.58	(11.1)	(33.2)	55.8
JIBOR 1-Month	6.39	(0.4)	(0.3)	19.2
Bond Indexes	7/7/2023	Daily (%)	MTD (%)	YTD (%)
S&P Global Bond Developed Index	177.7	(0.1)	(1.0)	1.0
EMBI Global Index	788.0	(0.3)	(1.2)	2.6
iShare USD EMBI Index	84.5	(0.4)	(1.8)	(0.3)
ICBI Index	367.6	(0.2)	0.1	6.6
IDMA Index	101.2	(0.2)	0.0	3.9
INDOBeX Government Bond Index	359.9	(0.2)	0.1	6.7
INDOBeX Corporate Bond Index	411.0	(0.1)	0.1	4.8
Prices	7/7/2023	Daily (%)	MTD (%)	YTD (%)
ID CDS 5-Year	87.1	1.6	1.2	(12.5)
JCI	6,716	(0.6)	0.8	(2.0)
S&P-Goldman Sachs Commodity Index	550.4	1.3	1.7	(9.8)
FR0095	101.88	(0.2)	(0.2)	2.8
FR0096	105.51	(0.3)	0.1	4.9
FR0097	107.27	(0.5)	1.1	7.1
FR0098	107.03	(0.8)	0.7	6.5

Source: Bloomberg, SSI Research

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Economic Calendar

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
07/10/2023	ID	Consumer Confidence Index	Jun	--	128.30
07/10/2023 08:30	CH	CPI YoY	Jun	0.20%	0.20%
07/10/2023 08:30	CH	PPI YoY	Jun	-5.00%	-4.60%
07/10/2023 15:30	EC	Sentix Investor Confidence	Jul	--	(17.00)

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

Expect more corrections in domestic bond market

Domestic bond indices ICBI and IDMA both fell -0.2% on Friday (7/7) due to adjustments in global investors' expectations of the Fed's rate hike plan in 2H23. INDOGB yields went up, with the biggest increase recorded by 2Y (+11 bps to 6.02%), followed by 5Y (+5 bps to 5.97%) and 10Y (+4 bps to 6.24%). We believe that the 11 bps 2Y yield hike was caused by Bank Indonesia's operation twist (selling short-term bonds and buying long-term bonds), which was done as part of its currency intervention. Unfortunately, the central bank's intervention could not stop the depreciation of rupiah (0.6% to IDR 15,135 per USD). Given the ongoing correction in the global bond market on Friday, we believe we will see more corrections in the domestic bond market today. We project INDOGB 10Y yield to decline to 6.25-6.35%, while rupiah might depreciate to IDR 15,100-15,200 per USD.

Fixed Income News: Corporate bond issuance fell by -36% to IDR 46.31tn in 1H23 (1H22: IDR 72.73tn). According to PT Pemingkat Efek Indonesia (Pefindo), the decline was caused by the Federal Reserve's and Bank Indonesia's aggressive rate policies. Another factor causing the decline was the lower value of maturing corporate bonds (IDR 126.9tn, 2022: IDR 157tn). In addition, corporate sukuk issuance also fell sharply to IDR 45.1tn in 1H23 (1H22: IDR 154.9tn). (Kontan)

Global Economic News: US labor market expansion slowed down in June, as reflected by the lower-than-consensus non-farm payrolls figure (209,000, May: 306,000; Cons Jun: 225,000). However, the US unemployment rate fell to 3.6% (May: 3.7%; Cons Jun: 3.6%), while workforce participation rate remained unchanged at 62.6%. In our opinion, the data will make the Fed even more confident about raising its benchmark interest rate this month by 25 bps to 5.5%, since it is feared that if the Fed choose to keep its rate, the US Phillip's curve disinflation process might be hampered. (Wall Street Journal)

Domestic Economic News: Foreign exchange reserves fell to USD 137.5bn in June (May: USD 139.3bn). According to Bank Indonesia, the decline was caused by the payment of the government's foreign debt. Regarding ratios, the current value of foreign exchange reserves is equivalent to 6.1 months of imports or 6 months of imports and short-term foreign debt payments. We believe that the drop was caused by Bank Indonesia's currency intervention to maintain Rupiah within the range of IDR 14,900-15,000 per USD. (Bank Indonesia)

Recommendation: FR0040, FR0081, FR0084, FR0086, FR0089, FR0094, PBS017, PBS036.

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Economic & Fixed Income Analysis

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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	FR39	8/24/2006	8/15/2023	0.11	11.8%	100.73	4.0%	3.3%	100.90	74.16	Cheap	0.10
2	FR70	8/29/2013	3/15/2024	0.69	8.4%	101.65	5.8%	3.7%	103.15	212.95	Cheap	0.67
3	FR77	9/27/2018	5/15/2024	0.86	8.1%	101.79	5.9%	3.9%	103.53	200.70	Cheap	0.83
4	FR44	4/19/2007	9/15/2024	1.19	10.0%	104.87	5.7%	4.3%	106.59	137.60	Cheap	1.13
5	FR81	8/1/2019	6/15/2025	1.94	6.5%	100.99	5.9%	5.0%	102.82	98.58	Cheap	1.83
6	FR40	9/21/2006	9/15/2025	2.19	11.0%	110.52	5.8%	5.1%	112.03	64.91	Cheap	1.98
7	FR84	5/4/2020	2/15/2026	2.61	7.3%	103.27	5.9%	5.4%	104.53	50.43	Cheap	2.38
8	FR86	8/13/2020	4/15/2026	2.78	5.5%	99.04	5.9%	5.4%	100.15	43.48	Cheap	2.56
9	FR56	9/23/2010	9/15/2026	3.19	8.4%	107.19	5.9%	5.6%	107.99	24.92	Cheap	2.83
10	FR37	5/18/2006	9/15/2026	3.19	12.0%	117.41	5.9%	5.6%	118.46	29.74	Cheap	2.73
11	FR90	7/8/2021	4/15/2027	3.78	5.1%	97.93	5.7%	5.8%	97.79	(4.14)	Expensive	3.41
12	FR59	9/15/2011	5/15/2027	3.86	7.0%	103.68	5.9%	5.8%	104.08	10.74	Cheap	3.39
13	FR42	1/25/2007	7/15/2027	4.02	10.3%	115.17	5.9%	5.8%	115.60	9.72	Cheap	3.33
14	FR94	3/4/2022	1/15/2028	4.53	5.6%	98.39	6.0%	5.9%	98.63	6.34	Cheap	3.97
15	FR47	8/30/2007	2/15/2028	4.61	10.0%	116.06	6.0%	6.0%	116.07	(1.15)	Expensive	3.77
16	FR64	8/13/2012	5/15/2028	4.86	6.1%	100.53	6.0%	6.0%	100.50	(1.07)	Expensive	4.20
17	FR95	8/19/2022	8/15/2028	5.11	6.4%	101.88	5.9%	6.0%	101.44	(10.25)	Expensive	4.37
18	FR99	1/27/2023	1/15/2029	5.53	6.4%	101.70	6.0%	6.1%	101.40	(6.48)	Expensive	4.64
19	FR71	9/12/2013	3/15/2029	5.69	9.0%	113.91	6.1%	6.1%	113.68	(5.35)	Expensive	4.58
20	FR78	9/27/2018	5/15/2029	5.86	8.3%	110.08	6.2%	6.1%	110.27	3.03	Cheap	4.72
21	FR52	8/20/2009	8/15/2030	7.11	10.5%	123.80	6.3%	6.2%	124.11	3.83	Cheap	5.26
22	FR82	8/1/2019	9/15/2030	7.20	7.0%	104.04	6.3%	6.3%	104.26	3.32	Cheap	5.72
23	FRSDG1	10/27/2022	10/15/2030	7.28	7.4%	104.75	6.5%	6.3%	106.43	27.82	Cheap	5.65
24	FR87	8/13/2020	2/15/2031	7.62	6.5%	100.89	6.3%	6.3%	101.29	6.45	Cheap	6.01
25	FR85	5/4/2020	4/15/2031	7.78	7.8%	108.33	6.4%	6.3%	108.84	7.58	Cheap	5.90
26	FR73	8/6/2015	5/15/2031	7.86	8.8%	115.32	6.2%	6.3%	115.01	(5.20)	Expensive	5.86
27	FR54	7/22/2010	7/15/2031	8.03	9.5%	120.55	6.2%	6.3%	119.85	(10.45)	Expensive	5.83
28	FR91	7/8/2021	4/15/2032	8.78	6.4%	100.33	6.3%	6.4%	100.16	(2.73)	Expensive	6.69
29	FR58	7/21/2011	6/15/2032	8.95	8.3%	112.72	6.4%	6.4%	112.76	0.13	Cheap	6.55
30	FR74	11/10/2016	8/15/2032	9.12	7.5%	108.38	6.3%	6.4%	107.75	(8.98)	Expensive	6.72
31	FR96	8/19/2022	2/15/2033	9.62	7.0%	105.50	6.2%	6.4%	104.35	(15.94)	Expensive	7.08
32	FR65	8/30/2012	5/15/2033	9.86	6.6%	102.28	6.3%	6.4%	101.65	(8.79)	Expensive	7.28
33	FR68	8/1/2013	3/15/2034	10.70	8.4%	115.75	6.3%	6.4%	114.90	(10.49)	Expensive	7.41
34	FR80	7/4/2019	6/15/2035	11.95	7.5%	108.45	6.5%	6.5%	108.53	0.83	Cheap	8.13
35	FR72	7/9/2015	5/15/2036	12.87	8.3%	115.26	6.5%	6.5%	115.23	(0.63)	Expensive	8.31
36	FR88	1/7/2021	6/15/2036	12.95	6.3%	99.79	6.3%	6.5%	97.93	(21.45)	Expensive	8.93
37	FR45	5/24/2007	5/15/2037	13.87	9.8%	123.67	7.0%	6.5%	129.32	53.61	Cheap	8.28
38	FR93	1/6/2022	7/15/2037	14.03	6.4%	100.06	6.4%	6.5%	98.76	(14.24)	Expensive	9.24
39	FR75	8/10/2017	5/15/2038	14.87	7.5%	109.30	6.5%	6.5%	109.18	(1.36)	Expensive	9.26
40	FR98	9/15/2022	6/15/2038	14.95	7.1%	107.03	6.4%	6.5%	105.65	(14.01)	Expensive	9.48
41	FR50	1/24/2008	7/15/2038	15.03	10.5%	136.12	6.7%	6.5%	137.67	12.89	Cheap	8.61
42	FR79	1/7/2019	4/15/2039	15.78	8.4%	117.34	6.6%	6.5%	117.89	4.78	Cheap	9.29
43	FR83	11/7/2019	4/15/2040	16.79	7.5%	108.89	6.6%	6.6%	109.54	5.83	Cheap	9.83
44	FR57	4/21/2011	5/15/2041	17.87	9.5%	129.50	6.7%	6.6%	130.57	8.20	Cheap	9.74
45	FR62	2/9/2012	4/15/2042	18.79	6.4%	98.35	6.5%	6.6%	97.82	(5.10)	Expensive	10.85
46	FR92	7/8/2021	6/15/2042	18.95	7.1%	105.70	6.6%	6.6%	105.85	1.29	Cheap	10.73
47	FR97	8/19/2022	6/15/2043	19.95	7.1%	107.27	6.5%	6.6%	105.89	(12.00)	Expensive	11.07
48	FR67	7/18/2013	2/15/2044	20.62	8.8%	120.40	6.9%	6.6%	124.09	28.49	Cheap	10.53
49	FR76	9/22/2017	5/15/2048	24.87	7.4%	107.36	6.8%	6.6%	109.05	13.05	Cheap	11.88
50	FR89	1/7/2021	8/15/2051	28.13	6.9%	101.83	6.7%	6.6%	102.91	8.29	Cheap	12.62

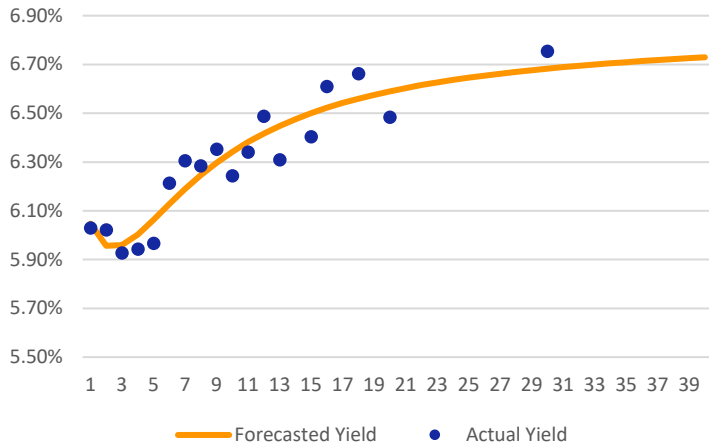
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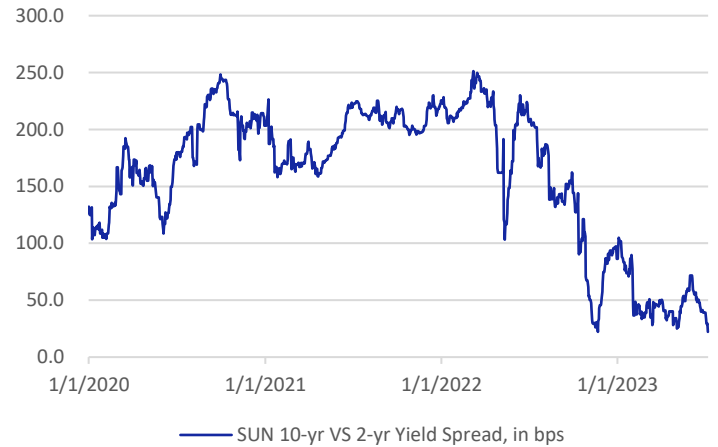
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Chart 1. Samuel's Yield Curve Forecast



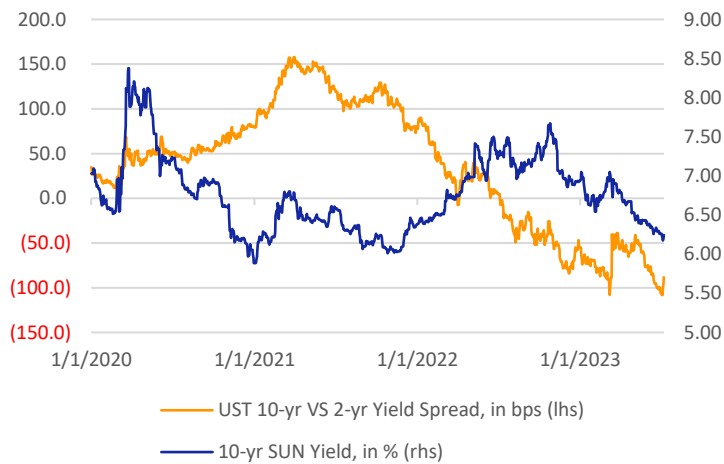
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



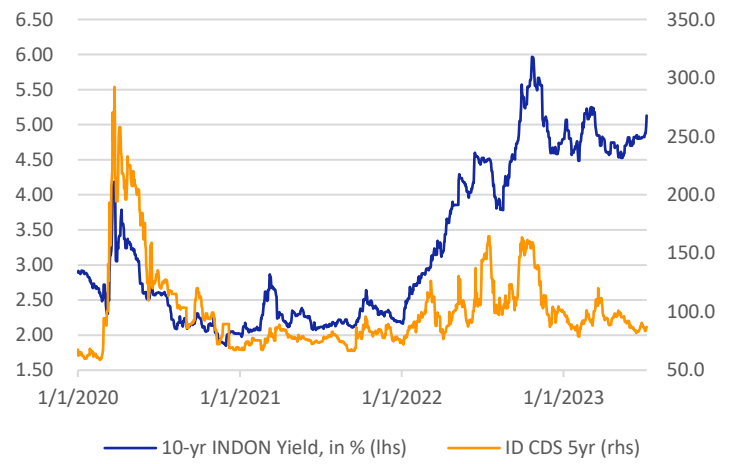
Source: Bloomberg

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



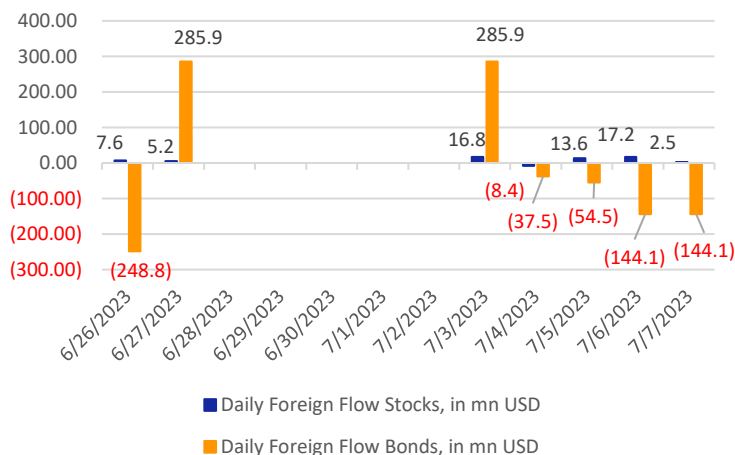
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



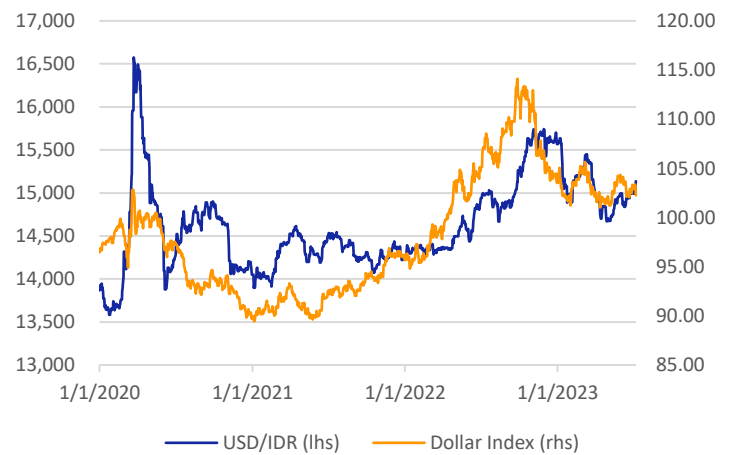
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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