

Economic and Fixed Income Indicators

Currencies	7/11/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.10	0.1	0.9	2.8
GBP/USD	1.29	0.6	1.8	7.0
AUD/USD	0.67	0.2	0.3	(1.9)
USD/CHF	0.88	(0.7)	(1.8)	(4.9)
USD/JPY	140.4	(0.7)	(2.7)	7.0
Dollar Index	101.7	(0.2)	(1.1)	(1.7)
Bloomberg Asia Dollar Index	92.1	0.4	0.6	(2.6)
USD/KRW	1,294	(1.0)	(1.8)	2.2
USD/SGD	1.34	(0.3)	(0.8)	0.1
USD/CNY	7.21	(0.2)	(0.6)	4.5
USD/INR	82.4	(0.3)	0.4	(0.4)
USD/IDR	15,140	(0.4)	1.0	(2.7)
USD/IDR 1 Month NDF	15,160	(0.4)	0.8	(2.4)
USD/MYR	4.66	(0.2)	(0.2)	5.8
USD/THB	34.8	(1.0)	(1.8)	0.6
USD/PHP	55.3	(0.7)	0.1	(0.8)
Rates	7/11/2023	Daily (bp)	MTD (bp)	YTD (bp)
US Treasuries 10-Year	3.97	(2.4)	13.3	9.5
Germany Bund 10-Year	2.65	0.9	25.7	7.8
Japan JGB 10-Year	0.46	(0.3)	5.8	3.7
LIBOR Overnight	5.06	0.0	0.0	74.4
LIBOR 1-Month	5.31	0.0	9.1	91.7
Indonesia INDOGB 10-Year	6.22	(4.0)	(4.1)	(72.0)
Indonesia INDOGB 5-Year	5.93	(9.2)	2.0	(27.3)
Indonesia INDOGB 2-Year	6.07	(0.8)	19.6	(1.0)
INDOGB-UST (bp)	225.00	(1.6)	(17.4)	(81.5)
Indonesia INDON 10-Year	5.07	(8.8)	24.8	27.4
Indonesia INDON 5-Year	5.13	(4.8)	34.0	44.0
Indonesia INDON 2-Year	5.47	(4.1)	24.7	67.5
INDON-UST (bp)	110.00	(6.4)	11.5	17.9
Indonesia Corporate AAA 10-Year	7.13	(4.0)	(7.3)	(61.4)
Indonesia Corporate AAA 5-Year	6.69	(9.2)	(0.7)	(11.3)
Indonesia Corporate AAA 2-Year	6.69	(0.8)	17.1	21.1
INDONIA	5.64	(3.0)	(27.7)	61.3
JIBOR 1-Month	6.40	0.0	0.0	19.5
Bond Indexes	7/11/2023	Daily (%)	MTD (%)	YTD (%)
S&P Global Bond Developed Index	177.8	0.0	(0.9)	1.1
EMBI Global Index	792.9	0.5	(0.6)	3.2
iShare USD EMBI Index	85.1	0.6	(1.0)	0.5
ICBI Index	368.1	0.2	0.3	6.8
IDMA Index	101.1	0.1	(0.1)	3.8
INDOBeX Government Bond Index	360.5	0.2	0.3	6.9
INDOBeX Corporate Bond Index	411.2	0.1	0.2	4.8
Prices	7/11/2023	Daily (%)	MTD (%)	YTD (%)
ID CDS 5-Year	84.9	(2.0)	(1.4)	(14.7)
JCI	6,797	1.0	2.0	(0.8)
S&P-Goldman Sachs Commodity Index	555.0	1.1	2.6	(9.0)
FR0095	102.03	0.4	(0.1)	2.9
FR0096	105.70	0.3	0.3	5.1
FR0097	107.12	0.2	1.0	6.9
FR0098	107.10	0.2	0.7	6.6

Source: Bloomberg, SSI Research

Stronger bullish flattening amid the drop in new SUN supply

The domestic bond market received some boost from the government's decision to reduce the supply of new SUN by IDR 1tn on Tuesday (7/11) (see Fixed Income News). The decision led to a -9 bps drop in the yield on INDOGB 5Y (to 5.93%) and -4 bps drop in INDOGB 10Y yield (to 6.22%). However, the yield on INDOGB 2Y only fell -1 bps to 6.07%, leading to the decline in INDOGB 10Y vs 2Y yield spread to 15 bps (prev: 19 bps). Meanwhile, the UST 10Y vs. 2Y yield spread reversed to -90 bps from its lowest point of -86 bps. Given the situation, we reiterate our recommendation for investors to reallocate their portfolio from long (10Y & 15Y) to short-term instruments (2Y). We expect the INDOGB 10Y yield to consolidate at 6.2-6.3%, while rupiah might stabilize and stay at IDR 15,100-15,200 per USD.

Fixed Income News: The government reduced the supply of new SUN at Tuesday's auction (7/11) to IDR 13tn (6/27: IDR 14tn). This decision was taken despite the increase in incoming bids to IDR 47.8tn (27/6: IDR 37.6tn). If the government does the same thing (reduce the supply of new debt securities by IDR 1tn) at the next SUN and SBSN auctions, the total issuance value of new SBNs will drop to IDR 639.4tn (prev: IDR 663.4tn), lower than in 2016 (IDR 651.9tn). Taking this into account, we maintain our INDOGB 10Y yield projection at 6% yoy. (DJPPR)

Global Economic News: Minutes of the Fed's discount window voting show increasing support for a Fed rate hike in July. According to the minutes, there was more support from the Cleveland, Richmond, and Dallas Fed for a 25 bps terminal rate hike to 5.5% at the discount window meeting on June 8. Previously, St. Petersburg Fed was the only party supporting the hike. In our opinion, this reflects the change in FOMC's stance to a more hawkish one. (Federal Reserve)

Domestic Economic News: DPR passes the new Health Law. This decision was taken despite much resistance from several health worker associations. As a result, the new law will face a judicial review process at the Constitutional Court. We believe that the new law could help support the expansion of hospitals to small tier 2 and 3 cities. However, there is a possibility that this law will hurt cigarette and alcoholic beverage industries, since the law will strengthen the authority of the Ministry of Health in regulating business activities of products made using addictive substances. (Bisnis Indonesia)

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

Lionel Priyadi

Macro Strategist

lionel.priyadi@samuel.co.id

+6221 2854 8854

Economic Calendar

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
07/12/2023 06:50	JN	PPI YoY	Jun	4.40%	5.10%
07/12/2023 06:50	JN	Core Machine Orders YoY	May	0.10%	-5.90%
07/12/2023 19:30	US	CPI YoY	Jun	3.10%	4.00%
07/12/2023 19:30	US	CPI Ex Food and Energy YoY	Jun	5.00%	5.30%

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

Daily Economic & Fixed Income Report

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Economic & Fixed Income Analysis

12 July 2023

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	0.10	11.8%	100.81	2.4%	3.3%	100.80	(86.95)	Expensive	0.09
2	FR70	8/29/2013	3/15/2024	0.68	8.4%	101.66	5.8%	3.7%	103.11	209.52	Cheap	0.66
3	FR77	9/27/2018	5/15/2024	0.85	8.1%	101.77	5.9%	3.9%	103.50	201.88	Cheap	0.81
4	FR44	4/19/2007	9/15/2024	1.18	10.0%	104.91	5.6%	4.3%	106.55	132.64	Cheap	1.12
5	FR81	8/1/2019	6/15/2025	1.93	6.5%	100.90	6.0%	5.0%	102.82	103.94	Cheap	1.82
6	FR40	9/21/2006	9/15/2025	2.18	11.0%	110.58	5.7%	5.1%	111.99	61.23	Cheap	1.97
7	FR84	5/4/2020	2/15/2026	2.60	7.3%	103.18	5.9%	5.4%	104.53	54.08	Cheap	2.37
8	FR86	8/13/2020	4/15/2026	2.76	5.5%	99.01	5.9%	5.4%	100.16	45.43	Cheap	2.55
9	FR56	9/23/2010	9/15/2026	3.18	8.4%	107.19	5.9%	5.6%	107.97	24.71	Cheap	2.82
10	FR37	5/18/2006	9/15/2026	3.18	12.0%	117.61	5.8%	5.6%	118.41	22.61	Cheap	2.72
11	FR90	7/8/2021	4/15/2027	3.76	5.1%	97.77	5.8%	5.8%	97.81	1.08	Cheap	3.40
12	FR59	9/15/2011	5/15/2027	3.85	7.0%	103.68	5.9%	5.8%	104.08	10.92	Cheap	3.38
13	FR42	1/25/2007	7/15/2027	4.01	10.3%	115.28	5.9%	5.8%	115.57	6.57	Cheap	3.32
14	FR94	3/4/2022	1/15/2028	4.52	5.6%	98.37	6.0%	5.9%	98.65	7.34	Cheap	3.96
15	FR47	8/30/2007	2/15/2028	4.60	10.0%	116.11	5.9%	6.0%	116.05	(2.61)	Expensive	3.76
16	FR64	8/13/2012	5/15/2028	4.85	6.1%	100.50	6.0%	6.0%	100.51	(0.21)	Expensive	4.19
17	FR95	8/19/2022	8/15/2028	5.10	6.4%	102.07	5.9%	6.0%	101.45	(14.41)	Expensive	4.36
18	FR99	1/27/2023	1/15/2029	5.52	6.4%	101.64	6.0%	6.1%	101.40	(5.28)	Expensive	4.63
19	FR71	9/12/2013	3/15/2029	5.68	9.0%	114.03	6.0%	6.1%	113.67	(7.74)	Expensive	4.57
20	FR78	9/27/2018	5/15/2029	5.85	8.3%	110.11	6.2%	6.1%	110.26	2.37	Cheap	4.71
21	FR52	8/20/2009	8/15/2030	7.10	10.5%	123.77	6.3%	6.2%	124.08	4.19	Cheap	5.25
22	FR82	8/1/2019	9/15/2030	7.19	7.0%	104.06	6.3%	6.3%	104.26	3.15	Cheap	5.71
23	FRSDG1	10/27/2022	10/15/2030	7.27	7.4%	104.76	6.5%	6.3%	106.43	27.74	Cheap	5.64
24	FR87	8/13/2020	2/15/2031	7.61	6.5%	101.15	6.3%	6.3%	101.29	2.12	Cheap	6.00
25	FR85	5/4/2020	4/15/2031	7.77	7.8%	108.38	6.4%	6.3%	108.84	6.68	Cheap	5.89
26	FR73	8/6/2015	5/15/2031	7.85	8.8%	114.63	6.3%	6.3%	114.99	4.94	Cheap	5.85
27	FR54	7/22/2010	7/15/2031	8.02	9.5%	120.55	6.2%	6.3%	119.84	(10.61)	Expensive	5.82
28	FR91	7/8/2021	4/15/2032	8.77	6.4%	100.54	6.3%	6.3%	100.17	(5.75)	Expensive	6.69
29	FR58	7/21/2011	6/15/2032	8.94	8.3%	112.78	6.3%	6.4%	112.75	(0.79)	Expensive	6.54
30	FR74	11/10/2016	8/15/2032	9.10	7.5%	108.31	6.3%	6.4%	107.75	(8.03)	Expensive	6.71
31	FR96	8/19/2022	2/15/2033	9.61	7.0%	105.73	6.2%	6.4%	104.35	(18.99)	Expensive	7.07
32	FR65	8/30/2012	5/15/2033	9.85	6.6%	102.04	6.3%	6.4%	101.65	(5.51)	Expensive	7.27
33	FR68	8/1/2013	3/15/2034	10.68	8.4%	115.32	6.4%	6.4%	114.89	(5.40)	Expensive	7.39
34	FR80	7/4/2019	6/15/2035	11.94	7.5%	108.37	6.5%	6.5%	108.53	1.69	Cheap	8.12
35	FR72	7/9/2015	5/15/2036	12.85	8.3%	115.27	6.5%	6.5%	115.22	(0.76)	Expensive	8.30
36	FR88	1/7/2021	6/15/2036	12.94	6.3%	99.70	6.3%	6.5%	97.94	(20.45)	Expensive	8.92
37	FR45	5/24/2007	5/15/2037	13.85	9.8%	123.15	7.1%	6.5%	129.31	58.65	Cheap	8.26
38	FR93	1/6/2022	7/15/2037	14.02	6.4%	100.02	6.4%	6.5%	98.77	(13.81)	Expensive	9.23
39	FR75	8/10/2017	5/15/2038	14.85	7.5%	109.10	6.5%	6.5%	109.18	0.55	Cheap	9.24
40	FR98	9/15/2022	6/15/2038	14.94	7.1%	107.10	6.4%	6.5%	105.65	(14.74)	Expensive	9.47
41	FR50	1/24/2008	7/15/2038	15.02	10.5%	136.12	6.7%	6.5%	137.66	12.86	Cheap	8.60
42	FR79	1/7/2019	4/15/2039	15.77	8.4%	117.23	6.6%	6.5%	117.89	5.75	Cheap	9.28
43	FR83	11/7/2019	4/15/2040	16.78	7.5%	108.52	6.6%	6.6%	109.53	9.34	Cheap	9.81
44	FR57	4/21/2011	5/15/2041	17.86	9.5%	129.50	6.6%	6.6%	130.56	8.15	Cheap	9.72
45	FR62	2/9/2012	4/15/2042	18.78	6.4%	98.38	6.5%	6.6%	97.82	(5.34)	Expensive	10.84
46	FR92	7/8/2021	6/15/2042	18.94	7.1%	105.24	6.6%	6.6%	105.85	5.38	Cheap	10.70
47	FR97	8/19/2022	6/15/2043	19.94	7.1%	107.16	6.5%	6.6%	105.89	(11.06)	Expensive	11.05
48	FR67	7/18/2013	2/15/2044	20.61	8.8%	120.86	6.8%	6.6%	124.08	24.88	Cheap	10.53
49	FR76	9/22/2017	5/15/2048	24.86	7.4%	106.78	6.8%	6.6%	109.05	17.67	Cheap	11.84
50	FR89	1/7/2021	8/15/2051	28.12	6.9%	101.87	6.7%	6.6%	102.91	8.00	Cheap	12.61

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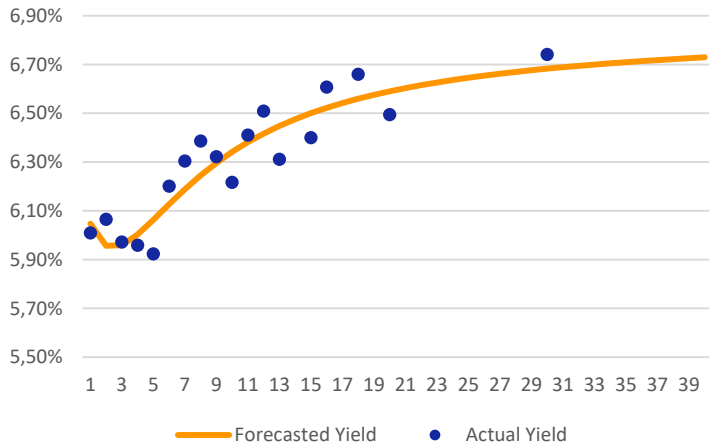
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Economic & Fixed Income Analysis

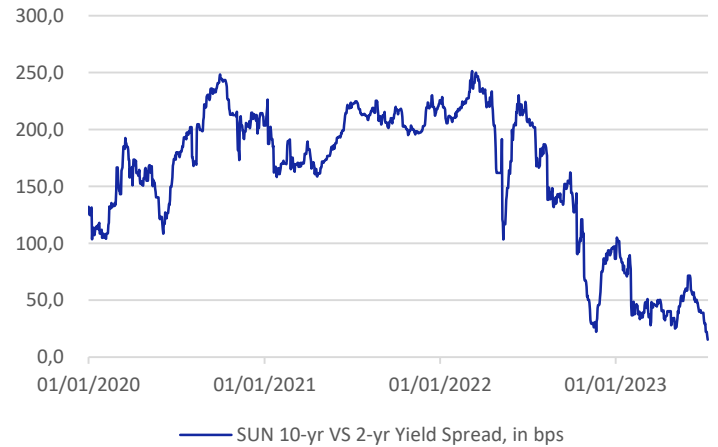
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Chart 1. Samuel's Yield Curve Forecast



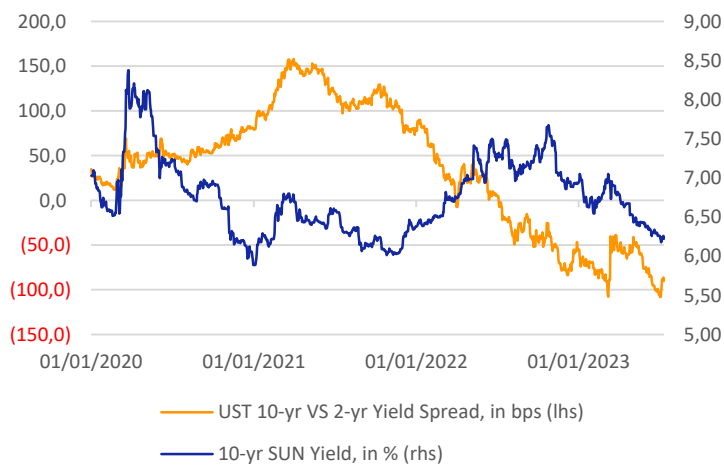
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



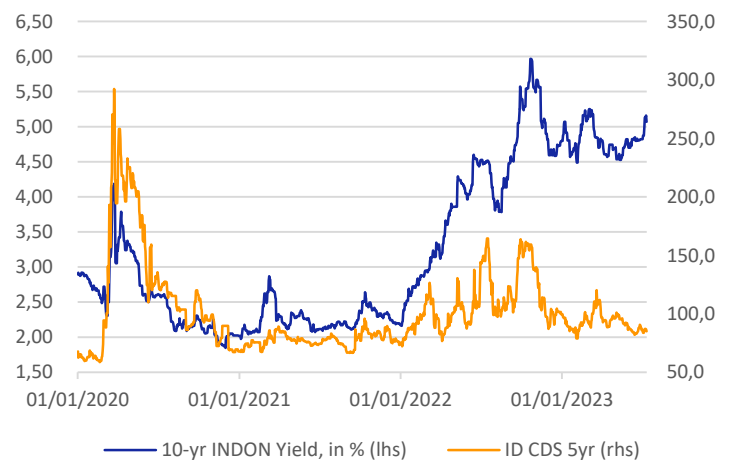
Source: Bloomberg

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



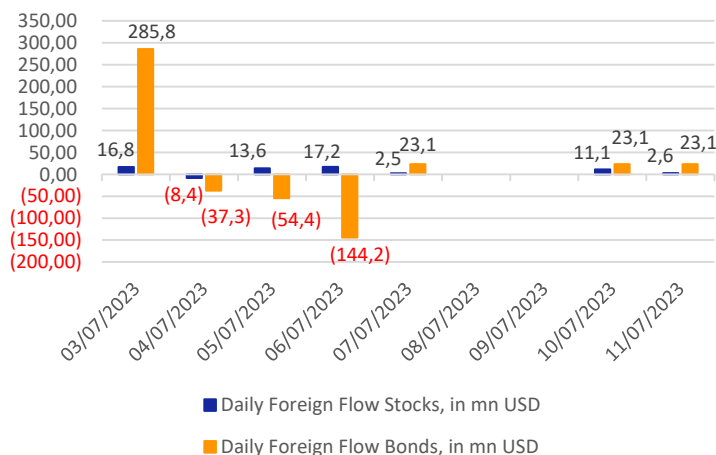
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



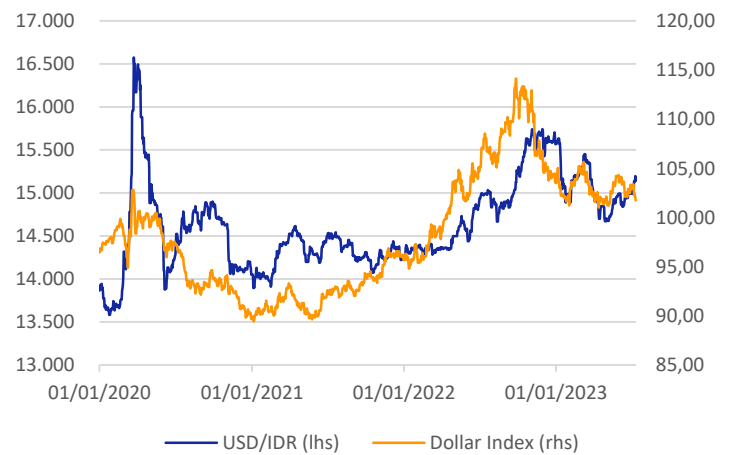
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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Economic & Fixed Income Analysis

12 July 2023

Research Team			
Prasetya Gunadi	Head of Equity Research, Strategy, Banking, Digital Banks	prasetya.gunadi@samuel.co.id	+6221 2854 8320
Lionel Priyadi	Macro Equity Strategist	lionel.priyadi@samuel.co.id	+6221 2854 8854
Muhamad Alfatih, CSA, CTA, CFTe	Senior Technical Analyst	m.alfatih@samuel.co.id	+6221 2854 8129
William Mamudi, CFTe, CMT, CCT	Senior Technical Analyst	william.mamudi@samuel.co.id	+6221 2854 8382
Yosua Zisokhi	Cement, Cigarette, Paper, Plantation, Telco Infra, Chemicals	yosua.zisokhi@samuel.co.id	+6221 2854 8387
M. Farras Farhan	Media, Poultry, Oil & Gas, Technology	farras.farhan@samuel.co.id	+6221 2854 8346
Pebe Peresia	Automotive, Consumer Staples, Retail	pebe.peresia@samuel.co.id	+6221 2854 8339
Juan Oktavianus Harahap	Coal, Metal Mining	juan.oktavianus@samuel.co.id	+6221 2854 8846
Jonathan Guyadi	Banking, Healthcare, Telco	jonathan.guyadi@samuel.co.id	+6221 2854 8321
Adolf Richardo	Editor	adolf.richardo@samuel.co.id	+6221 2864 8397
Ashalia Fitri Yuliana	Research Associate	ashalia.fitri@samuel.co.id	+6221 2854 8389
Daniel Aditya Widjaja	Research Associate	daniel.aditya@samuel.co.id	+6221 2854 8322
Laurencia Hiemas	Research Associate	laurencia.hiemas@samuel.co.id	+6221 2854 8392
Brandon Boedhiman	Research Associate	brandon.boedhiman@samuel.co.id	+6221 2854 8392

Equity Institutional Team			
Benny Bambang Soebagjo	Head of Institutional Equity Sales	benny.soebagjo@samuel.co.id	+6221 2854 8312
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
Anthony Yunus	Institutional Equity Sales	anthony.yunus@samuel.co.id	+6221 2854 8314
Widya Meidrianto	Institutional Equity Sales	widya.meidrianto@samuel.co.id	+6221 2854 8317
Fachruly Fiater	Institutional Sales Trader	fachruly.fiater@samuel.co.id	+6221 2854 8325
Lucia Irawati	Institutional Sales Trader	lucia.irawati@samuel.co.id	+6221 2854 8173
Alexander Tayus	Institutional Equity Dealer	alexander.tayus@samuel.co.id	+6221 2854 8319
Leonardo Christian	Institutional Equity Dealer	leonardo.christian@samuel.co.id	+6221 2854 8147

Equity Retail Team			
Joseph Soegandhi	Head of Equity	joseph.soegandhi@samuel.co.id	+6221 2854 8872
Damargumilang	Head of Equity Retail	damargumilang@samuel.co.id	+6221 2854 8309
Clarice Wijana	Head of Equity Sales Support	clarice.wijana@samuel.co.id	+6221 2854 8395
Gitta Wahyu Retnani	Equity Sales & Trainer	gitta.wahyu@samuel.co.id	+6221 2854 8365
Vincentius Darren	Equity Sales	darren@samuel.co.id	+6221 2854 8348
Michael Alexander	Equity Sales	michael.alexander@samuel.co.id	+6221 2854 8369
Sylviawati	Equity Sales	sylviawati@samuel.co.id	+6221 2854 8112
Wandha Ahmad	Equity Sales	wandha.ahmad@samuel.co.id	+6221 2854 8316
Handa Sandiawan	Equity Sales	handa.sandiawan@samuel.co.id	+6221 2854 8302
Denzel Obaja	Equity Sales	denzel.obaja@samuel.co.id	+6221 2854 8342
Wahyudi Budiyo	Dealer	wahyudi.budiyo@samuel.co.id	+6221 2854 8152

Fixed Income Sales Team			
R. Virine Tresna Sundari	Head of Fixed Income	virine.sundari@samuel.co.id	+6221 2854 8170
Rudianto Nugroho	Fixed Income Sales	rudianto.nugroho@samuel.co.id	+6221 2854 8306
Sany Rizal Keliobas	Fixed Income Sales	sany.rizal@samuel.co.id	+6221 2854 8337
Safitri	Fixed Income Sales	safitri@samuel.co.id	+6221 2854 8376
Khairanni	Fixed Income Sales	khairanni@samuel.co.id	+6221 28548104
Saldy Achmad Yanuar	Fixed Income Sales	saldy.achmad@samuel.co.id	+6221 28548384
Nadya Attahira	Fixed Income Sales	nadya.attahira@samuel.co.id	+6221 2854 8305

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