

Economic and Fixed Income Indicators

Currencies	7/13/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.12	0.9	2.9	4.9
GBP/USD	1.31	1.1	3.4	8.7
AUD/USD	0.69	1.5	3.4	1.1
USD/CHF	0.86	(1.0)	(4.1)	(7.1)
USD/JPY	138.1	(0.3)	(4.3)	5.3
Dollar Index	99.8	(0.7)	(3.1)	(3.6)
Bloomberg Asia Dollar Index	93.1	0.5	1.6	(1.6)
USD/KRW	1,275	(1.1)	(3.3)	0.7
USD/SGD	1.32	(0.6)	(2.2)	(1.3)
USD/CNY	7.15	(0.2)	(1.4)	3.6
USD/INR	82.1	(0.2)	0.0	(0.8)
USD/IDR	14,968	(0.7)	(0.2)	(3.9)
USD/IDR 1 Month NDF	14,961	0.0	(0.6)	(3.7)
USD/MYR	4.58	(1.5)	(1.8)	4.0
USD/THB	34.6	(1.0)	(2.5)	(0.1)
USD/PHP	54.5	(0.8)	(1.2)	(2.2)
Rates	7/13/2023	Daily (bp)	MTD (bp)	YTD (bp)
US Treasuries 10-Year	3.76	(9.4)	(7.3)	(11.1)
Germany Bund 10-Year	2.49	(9.3)	9.3	(8.6)
Japan JGB 10-Year	0.48	0.1	7.4	5.3
LIBOR Overnight	5.06	0.0	0.0	74.4
LIBOR 1-Month	5.32	0.0	9.9	92.5
Indonesia INDOGB 10-Year	6.18	(1.4)	(8.1)	(76.0)
Indonesia INDOGB 5-Year	5.86	(3.2)	(4.7)	(34.0)
Indonesia INDOGB 2-Year	6.03	0.3	16.2	(4.4)
INDOGB-UST (bp)	241.66	8.0	(0.8)	(64.9)
Indonesia INDON 10-Year	4.86	(15.5)	3.8	6.4
Indonesia INDON 5-Year	4.97	(13.1)	18.0	28.0
Indonesia INDON 2-Year	5.42	(5.2)	20.0	62.8
INDON-UST (bp)	109.66	(6.1)	11.1	17.5
Indonesia Corporate AAA 10-Year	7.06	(3.2)	(14.8)	(68.9)
Indonesia Corporate AAA 5-Year	6.61	(4.1)	(9.3)	(19.8)
Indonesia Corporate AAA 2-Year	6.65	(0.5)	12.2	16.2
INDONIA	5.57	(7.5)	(34.0)	55.0
JIBOR 1-Month	6.40	0.0	0.0	19.5
Bond Indexes	7/13/2023	Daily (%)	MTD (%)	YTD (%)
S&P Global Bond Developed Index	179.5	0.5	(0.0)	2.0
EMBI Global Index	805.2	0.8	1.0	4.8
iShare USD EMBI Index	86.6	0.8	0.8	2.3
ICBI Index	369.0	0.1	0.5	7.0
IDMA Index	101.2	0.1	0.1	3.9
INDOBeX Government Bond Index	361.4	0.1	0.5	7.2
INDOBeX Corporate Bond Index	411.8	0.1	0.3	5.0
Prices	7/13/2023	Daily (%)	MTD (%)	YTD (%)
ID CDS 5-Year	81.4	(2.0)	(5.4)	(18.2)
JCI	6,810	0.0	2.2	(0.6)
S&P-Goldman Sachs Commodity Index	563.9	0.7	4.2	(7.6)
FR0095	102.36	0.2	0.3	3.3
FR0096	106.03	0.1	0.6	5.5
FR0097	107.97	0.4	1.8	7.8
FR0098	108.03	0.5	1.6	7.5

Source: Bloomberg, SSI Research

Bullish rally is exclusive to INDON

Global bond market experienced another bullish rally on Thursday (7/13) following the release of cooler-than-expected PPI inflation data (see global economic news). The S&P (for developed markets' bonds) and EMBI (for emerging markets' bonds) indexes both went up 0.5% and 0.8%, respectively. Meanwhile, the yields on UST 10Y and Bund fell by -9 bps to 3.76% and 2.49%, respectively. Unfortunately, the bullish rally on the global bond market only affected INDON instruments, with INDON yields falling all over; 10Y saw the biggest decline in yield (-16 bps), followed by 5Y (-13 bps). Meanwhile, 2Y yield only fell by -5 bps, and the shape of the inverted yield curve in the INDON market did not change. The yield on INDOGB 5Y fell -5 bps, exceeding the drop in 10Y (-1 bps), while the 2Y yield stagnated at 6.03%. We see this as a sign that the Indonesian bond market is in an overbought state, and the bullish rally in the global bond market may not necessarily have a positive impact on the domestic bond market. We expect the INDOGB 10Y yield to stay within the range of 6.1-6.2% today, while rupiah might go up to IDR 14,850-14,950 per USD following the drop of the US dollar index to less than 100.

Fixed Income News: Fitch assigns an 'idAA+' rating to TBIG's Shelf Registration Bond VI Phase I/2023 (IDR 1.5tn). This is part of the company's bond issuance program (IDR 20tn), which will continue until July 2025. In the first phase, TBIG will offer two bond series; Series A (IDR 1tn, 370-day tenor, coupon: 5.9%) and Series B (IDR 500bn, 3-year tenor, coupon: 6.25%). (EmitenNews)

Global Economic News: US PPI inflation fell to 0.1% yoy in June (May: 0.9% yoy; Cons Jun: 0.4% yoy). The drop in PPI inflation boosted bullish sentiment in global market, since it might help reduce the PCE inflation rate. Following the release of the data, the number of analysts predicting a second 25 bps terminal rate hike in November or December fell to 22% and 18% (Prev: 25% and 20%). We see this as a positive catalyst that might push the UST 10Y yield down towards 3.4%. (Wall Street Journal)

Domestic Economic News: Domestic 2W sales fell to 493,763 in June (May: 529,771). Despite the MoM drop, the sales figure actually saw a positive year-on-year (yoy) growth of 66.6%. On a quarterly basis, domestic 2W sales in 2Q23 fell to 1.38 million units (1Q23: 1.82 million units), with a YoY growth rate of 40% yoy. (AISI)

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

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Economic Calendar

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
07/14/2023 11:30	JN	Capacity Utilization MoM	May	--	3.00%
07/14/2023 21:00	US	U. of Mich. Sentiment	Jul P	65.50	64.40
07/14/2023 21:00	US	U. of Mich. 1 Yr Inflation	Jul P	3.10%	3.30%
07/14/2023 21:00	US	U. of Mich. 5-10 Yr Inflation	Jul P	3.00%	3.00%

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

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Economic & Fixed Income Analysis

14 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	0.09	11.8%	100.57	4.1%	3.3%	100.76	82.72	Cheap	0.09
2	FR70	8/29/2013	3/15/2024	0.67	8.4%	101.64	5.8%	3.7%	103.09	209.33	Cheap	0.66
3	FR77	9/27/2018	5/15/2024	0.84	8.1%	101.80	5.8%	3.9%	103.48	196.14	Cheap	0.81
4	FR44	4/19/2007	9/15/2024	1.18	10.0%	104.68	5.8%	4.3%	106.52	149.27	Cheap	1.12
5	FR81	8/1/2019	6/15/2025	1.93	6.5%	101.04	5.9%	4.9%	102.82	96.47	Cheap	1.82
6	FR40	9/21/2006	9/15/2025	2.18	11.0%	110.59	5.7%	5.1%	111.97	59.04	Cheap	1.96
7	FR84	5/4/2020	2/15/2026	2.60	7.3%	102.94	6.0%	5.4%	104.53	64.18	Cheap	2.36
8	FR86	8/13/2020	4/15/2026	2.76	5.5%	99.08	5.9%	5.4%	100.16	42.75	Cheap	2.54
9	FR56	9/23/2010	9/15/2026	3.18	8.4%	107.26	5.8%	5.6%	107.97	21.92	Cheap	2.82
10	FR37	5/18/2006	9/15/2026	3.18	12.0%	117.50	5.8%	5.6%	118.39	24.58	Cheap	2.71
11	FR90	7/8/2021	4/15/2027	3.76	5.1%	97.90	5.8%	5.8%	97.81	(2.58)	Expensive	3.39
12	FR59	9/15/2011	5/15/2027	3.84	7.0%	103.72	5.9%	5.8%	104.08	9.61	Cheap	3.37
13	FR42	1/25/2007	7/15/2027	4.01	10.3%	114.90	6.0%	5.8%	115.55	15.49	Cheap	3.32
14	FR94	3/4/2022	1/15/2028	4.51	5.6%	98.44	6.0%	5.9%	98.65	5.59	Cheap	3.95
15	FR47	8/30/2007	2/15/2028	4.60	10.0%	116.07	5.9%	6.0%	116.04	(2.42)	Expensive	3.76
16	FR64	8/13/2012	5/15/2028	4.84	6.1%	100.73	5.9%	6.0%	100.51	(5.66)	Expensive	4.19
17	FR95	8/19/2022	8/15/2028	5.10	6.4%	102.38	5.8%	6.0%	101.45	(21.56)	Expensive	4.35
18	FR99	1/27/2023	1/15/2029	5.52	6.4%	101.77	6.0%	6.1%	101.40	(8.03)	Expensive	4.62
19	FR71	9/12/2013	3/15/2029	5.68	9.0%	114.13	6.0%	6.1%	113.66	(10.04)	Expensive	4.57
20	FR78	9/27/2018	5/15/2029	5.84	8.3%	110.44	6.1%	6.1%	110.26	(4.25)	Expensive	4.70
21	FR52	8/20/2009	8/15/2030	7.10	10.5%	123.87	6.3%	6.2%	124.07	2.18	Cheap	5.25
22	FR82	8/1/2019	9/15/2030	7.18	7.0%	104.34	6.2%	6.3%	104.26	(1.72)	Expensive	5.71
23	FRSDG1	10/27/2022	10/15/2030	7.26	7.4%	104.75	6.5%	6.3%	106.42	27.77	Cheap	5.63
24	FR87	8/13/2020	2/15/2031	7.60	6.5%	101.53	6.2%	6.3%	101.29	(4.09)	Expensive	6.00
25	FR85	5/4/2020	4/15/2031	7.76	7.8%	108.99	6.3%	6.3%	108.83	(2.97)	Expensive	5.89
26	FR73	8/6/2015	5/15/2031	7.84	8.8%	115.10	6.3%	6.3%	114.99	(2.35)	Expensive	5.85
27	FR54	7/22/2010	7/15/2031	8.01	9.5%	120.60	6.2%	6.3%	119.83	(11.54)	Expensive	5.82
28	FR91	7/8/2021	4/15/2032	8.76	6.4%	100.96	6.2%	6.3%	100.17	(11.99)	Expensive	6.69
29	FR58	7/21/2011	6/15/2032	8.93	8.3%	112.89	6.3%	6.4%	112.75	(2.41)	Expensive	6.54
30	FR74	11/10/2016	8/15/2032	9.10	7.5%	108.23	6.3%	6.4%	107.75	(7.08)	Expensive	6.70
31	FR96	8/19/2022	2/15/2033	9.60	7.0%	106.05	6.2%	6.4%	104.35	(23.30)	Expensive	7.07
32	FR65	8/30/2012	5/15/2033	9.85	6.6%	102.39	6.3%	6.4%	101.65	(10.29)	Expensive	7.27
33	FR68	8/1/2013	3/15/2034	10.68	8.4%	115.56	6.3%	6.4%	114.89	(8.41)	Expensive	7.39
34	FR80	7/4/2019	6/15/2035	11.93	7.5%	108.80	6.4%	6.5%	108.53	(3.31)	Expensive	8.12
35	FR72	7/9/2015	5/15/2036	12.85	8.3%	115.56	6.4%	6.5%	115.22	(3.88)	Expensive	8.31
36	FR88	1/7/2021	6/15/2036	12.93	6.3%	99.77	6.3%	6.5%	97.94	(21.29)	Expensive	8.91
37	FR45	5/24/2007	5/15/2037	13.85	9.8%	123.15	7.1%	6.5%	129.30	58.63	Cheap	8.26
38	FR93	1/6/2022	7/15/2037	14.02	6.4%	100.04	6.4%	6.5%	98.77	(14.03)	Expensive	9.22
39	FR75	8/10/2017	5/15/2038	14.85	7.5%	109.41	6.5%	6.5%	109.18	(2.50)	Expensive	9.25
40	FR98	9/15/2022	6/15/2038	14.93	7.1%	108.03	6.3%	6.5%	105.65	(24.01)	Expensive	9.49
41	FR50	1/24/2008	7/15/2038	15.02	10.5%	136.02	6.7%	6.5%	137.65	13.57	Cheap	8.59
42	FR79	1/7/2019	4/15/2039	15.77	8.4%	117.46	6.6%	6.5%	117.88	3.57	Cheap	9.28
43	FR83	11/7/2019	4/15/2040	16.77	7.5%	108.70	6.6%	6.6%	109.53	7.55	Cheap	9.81
44	FR57	4/21/2011	5/15/2041	17.85	9.5%	129.50	6.6%	6.6%	130.56	8.08	Cheap	9.72
45	FR62	2/9/2012	4/15/2042	18.77	6.4%	98.35	6.5%	6.6%	97.82	(5.08)	Expensive	10.83
46	FR92	7/8/2021	6/15/2042	18.94	7.1%	105.55	6.6%	6.6%	105.85	2.53	Cheap	10.71
47	FR97	8/19/2022	6/15/2043	19.94	7.1%	108.02	6.4%	6.6%	105.89	(18.41)	Expensive	11.08
48	FR67	7/18/2013	2/15/2044	20.61	8.8%	121.58	6.8%	6.6%	124.08	19.11	Cheap	10.56
49	FR76	9/22/2017	5/15/2048	24.86	7.4%	106.90	6.8%	6.6%	109.05	16.75	Cheap	11.84
50	FR89	1/7/2021	8/15/2051	28.11	6.9%	102.17	6.7%	6.6%	102.91	5.72	Cheap	12.63

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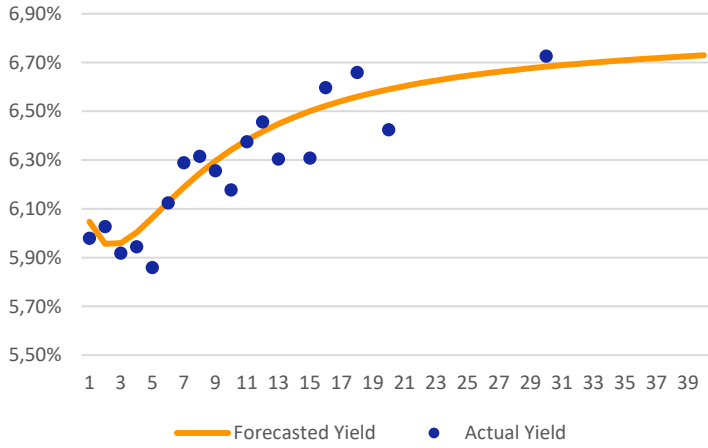
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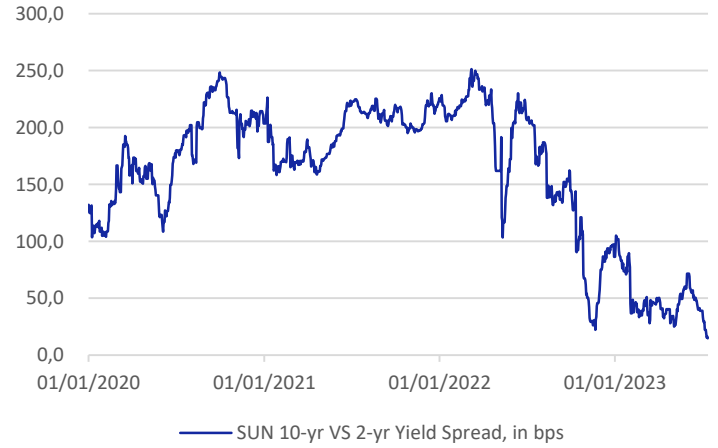
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Chart 1. Samuel's Yield Curve Forecast



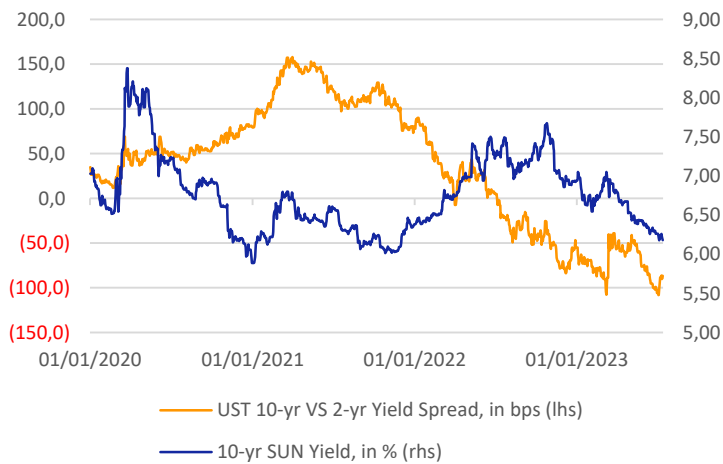
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



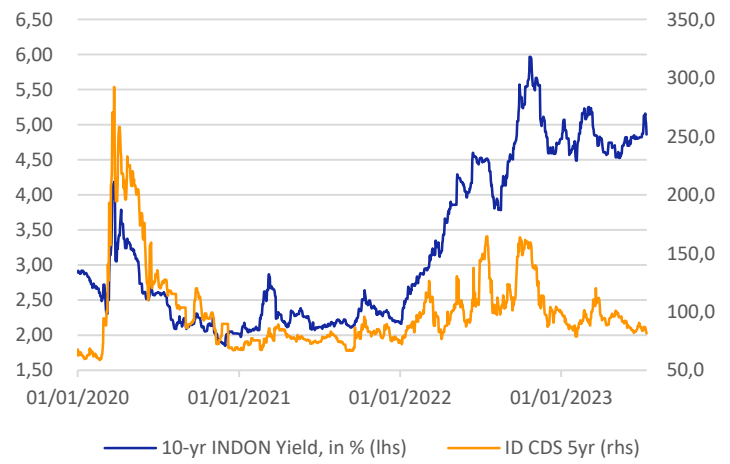
Source: Bloomberg

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



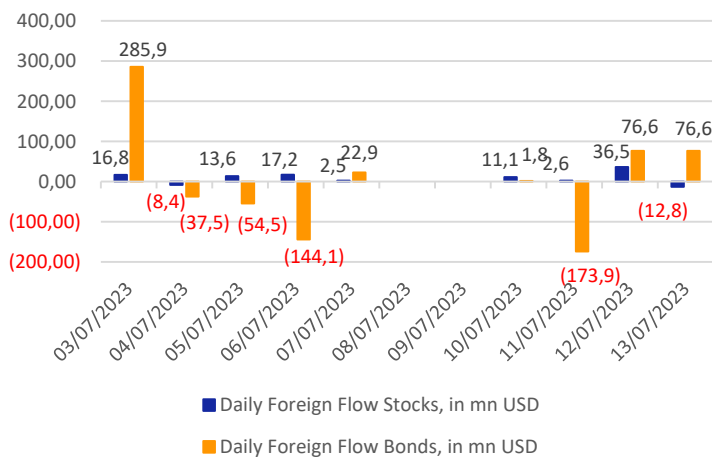
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



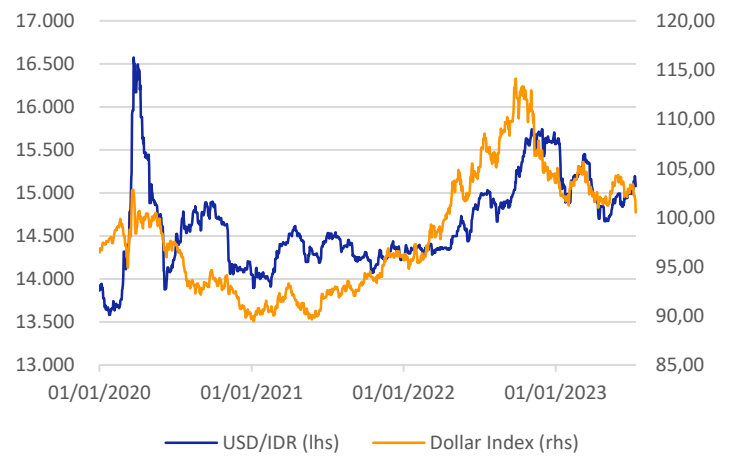
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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Economic & Fixed Income Analysis

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