

Economic and Fixed Income Indicators

Currencies	7/21/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.11	(0.1)	2.0	3.9
GBP/USD	1.29	(0.1)	1.2	6.4
AUD/USD	0.67	(0.7)	1.0	(1.2)
USD/CHF	0.87	(0.1)	(3.3)	(6.3)
USD/JPY	141.7	1.2	(1.8)	8.1
Dollar Index	101.1	0.2	(1.8)	(2.4)
Bloomberg Asia Dollar Index	92.6	(0.3)	1.2	(2.0)
USD/KRW	1,283	1.1	(1.6)	1.4
USD/SGD	1.33	0.3	(2.6)	(0.7)
USD/CNY	7.19	0.1	(0.9)	4.2
USD/INR	82.0	(0.0)	(0.1)	(0.9)
USD/IDR	15,025	0.2	0.2	(3.5)
USD/IDR 1 Month NDF	15,038	(0.2)	(0.0)	(3.2)
USD/MYR	4.56	0.4	(2.2)	3.6
USD/THB	34.5	1.3	(2.8)	(0.4)
USD/PHP	54.8	0.4	(0.8)	(1.8)
Rates	7/21/2023	Daily (bp)	MTD (bp)	YTD (bp)
US Treasuries 10-Year	3.83	(1.5)	(0.2)	(4.0)
Germany Bund 10-Year	2.47	(2.1)	7.7	(10.2)
Japan JGB 10-Year	0.45	(1.7)	4.9	2.8
LIBOR Overnight	5.06	0.0	0.0	74.4
LIBOR 1-Month	5.41	0.7	19.5	102.1
Indonesia INDOGB 10-Year	6.25	3.0	(1.6)	(69.5)
Indonesia INDOGB 5-Year	5.91	1.9	0.1	(29.2)
Indonesia INDOGB 2-Year	6.04	1.2	16.4	(4.2)
INDOGB-UST (bp)	241.01	4.5	(1.4)	(65.5)
Indonesia INDON 10-Year	4.84	5.0	1.8	4.4
Indonesia INDON 5-Year	4.91	4.5	12.2	22.2
Indonesia INDON 2-Year	5.39	3.6	17.2	60.0
INDON-UST (bp)	100.51	6.5	2.0	8.4
Indonesia Corporate AAA 10-Year	7.07	1.1	(13.8)	(67.9)
Indonesia Corporate AAA 5-Year	6.63	1.1	(7.0)	(17.5)
Indonesia Corporate AAA 2-Year	6.63	0.6	10.4	14.4
INDONIA	5.55	(3.2)	(35.9)	53.1
JIBOR 1-Month	6.40	0.0	0.4	19.9
Bond Indexes	7/21/2023	Daily (%)	MTD (%)	YTD (%)
S&P Global Bond Developed Index	179.6	0.1	0.0	2.1
EMBI Global Index	806.6	0.1	1.1	5.0
iShare USD EMBI Index	86.7	0.1	0.9	2.4
ICBI Index	369.0	(0.0)	0.5	7.0
IDMA Index	102.1	(0.1)	1.0	4.8
INDOBeX Government Bond Index	361.3	(0.0)	0.5	7.2
INDOBeX Corporate Bond Index	412.3	(0.0)	0.5	5.1
Prices	7/21/2023	Daily (%)	MTD (%)	YTD (%)
ID CDS 5-Year	82.6	0.1	(4.1)	(17.0)
JCI	6,881	0.2	3.3	0.4
S&P-Goldman Sachs Commodity Index	571.0	0.5	5.5	(6.4)
FR0095	102.12	(0.1)	0.0	3.0
FR0096	105.50	(0.3)	0.1	4.9
FR0097	107.70	(0.2)	1.5	7.5
FR0098	107.35	(0.3)	1.0	6.8

Source: Bloomberg, SSI Research

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Economic Calendar

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
07/24/2023 07:30	JN	Jibun Bank Japan PMI Mfg	Jul P	--	49.80
07/24/2023 15:00	EC	HCOB Eurozone Manufacturing PMI	Jul P	43.50	43.40
07/24/2023 15:30	UK	S&P Global/CIPS UK Manufacturing PMI	Jul P	46.00	46.50
07/24/2023 20:45	US	S&P Global US Manufacturing PMI	Jul P	46.10	46.30

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

Global market euphoria subsides ahead of Fed rate announcement

Global bond and stock markets moved sideways on Friday (7/21) as the market prepares for the announcement of the Fed's benchmark interest rate (FFR) on Wednesday (7/26). The market expects the Fed to raise its FFR by 25 bps to 5.5%, in accordance with the instructions from several Fed officials. We believe that this month's Fed rate hike will be the last one in the current cycle, as inflation in the United States continues to slow down. Nonetheless, some Fed officials are adamant that a second 25 bps hike in 2H23 is necessary to maintain inflation momentum. We ourselves do not expect a second Fed rate hike in 2H23, especially if US core PCE inflation falls below 3.9% yoy by the end of the year (May: 4.6% yoy, June forecast: 4.2% yoy). We project the INDOGB 10Y yield to decline to 6.2-6.3% today, and rupiah might depreciate towards the IDR 15,000-15,100/USD range amid the positive momentum experienced by the US dollar index (0.2% to 101.1).

Fixed Income News: MDKA will offer Shelf Registration Bonds IV Phase III/2023. The public offering period is from July 31 to August 1, 2023. The bonds will be offered in two series; Series A (IDR 1.08tn, coupon: 6.75%, 367-day tenor) and Series B (IDR 1.47tn, coupon: 8%, 3-year tenor). PT Pemeringkat Indonesia (Pefindo) assigned 'idA+' rating to MDKA's bonds. (Emitennews)

Global Economic News: Japan's CPI inflation went up to 3.3% yoy in July (May: 3.2% yoy; Cons: 3.2% yoy). Meanwhile, Japan's core CPI inflation slipped to 4.2% yoy (May: 4.3% yoy; Cons: 4.2% yoy). These numbers indicate that inflation has slowed down in Japan. Thus, we expect the Bank of Japan (BOJ) to maintain its expansionary monetary policy (the announcement will be made next week). (Investing)

Domestic Economic News: Investment realization went up 15.7% yoy to IDR 349.8tn in 2Q23 (1Q23: 16.5% yoy, IDR 328.9tn). Despite the double-digit growth, we estimate real investment growth to stagnate at approximately 2.5% yoy to 2Q23 (1Q23: 2.1% yoy) mainly due to the drop in cement sales volume (-3.7% yoy to 13.2 million metric tons) and commercial vehicles (-5.5% yoy to 50,873 units). According to our projections, the volume of imported machinery also fell by -4.3% yoy to 1.26bn metric tons. (Kontan)

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

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Economic & Fixed Income Analysis

24 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	0.07	11.8%	100.58	1.6%	2.9%	100.60	(125.12)	Expensive	0.07
2	FR70	8/29/2013	3/15/2024	0.65	8.4%	101.59	5.8%	3.4%	103.18	239.70	Cheap	0.64
3	FR77	9/27/2018	5/15/2024	0.82	8.1%	101.78	5.8%	3.6%	103.59	217.52	Cheap	0.79
4	FR44	4/19/2007	9/15/2024	1.16	10.0%	104.48	5.9%	4.1%	106.60	176.81	Cheap	1.09
5	FR81	8/1/2019	6/15/2025	1.90	6.5%	100.88	6.0%	4.9%	102.91	111.64	Cheap	1.79
6	FR40	9/21/2006	9/15/2025	2.16	11.0%	110.30	5.8%	5.1%	111.96	73.59	Cheap	1.94
7	FR84	5/4/2020	2/15/2026	2.58	7.3%	103.17	5.9%	5.3%	104.58	57.04	Cheap	2.34
8	FR86	8/13/2020	4/15/2026	2.74	5.5%	99.04	5.9%	5.4%	100.24	47.77	Cheap	2.55
9	FR56	9/23/2010	9/15/2026	3.16	8.4%	107.05	5.9%	5.6%	107.98	29.77	Cheap	2.80
10	FR37	5/18/2006	9/15/2026	3.16	12.0%	117.30	5.9%	5.6%	118.34	29.97	Cheap	2.69
11	FR90	7/8/2021	4/15/2027	3.74	5.1%	97.88	5.8%	5.8%	97.88	(0.17)	Expensive	3.41
12	FR59	9/15/2011	5/15/2027	3.82	7.0%	103.49	6.0%	5.8%	104.10	17.11	Cheap	3.35
13	FR42	1/25/2007	7/15/2027	3.99	10.3%	114.86	6.0%	5.8%	115.53	16.27	Cheap	3.37
14	FR94	3/4/2022	1/15/2028	4.49	5.6%	98.38	6.0%	5.9%	98.70	8.42	Cheap	3.99
15	FR47	8/30/2007	2/15/2028	4.58	10.0%	115.95	6.0%	6.0%	116.02	0.12	Cheap	3.73
16	FR64	8/13/2012	5/15/2028	4.82	6.1%	100.33	6.0%	6.0%	100.55	5.09	Cheap	4.16
17	FR95	8/19/2022	8/15/2028	5.07	6.4%	102.12	5.9%	6.0%	101.48	(14.71)	Expensive	4.33
18	FR99	1/27/2023	1/15/2029	5.49	6.4%	101.84	6.0%	6.1%	101.44	(8.93)	Expensive	4.67
19	FR71	9/12/2013	3/15/2029	5.65	9.0%	113.85	6.1%	6.1%	113.65	(4.56)	Expensive	4.54
20	FR78	9/27/2018	5/15/2029	5.82	8.3%	110.21	6.1%	6.1%	110.26	0.40	Cheap	4.68
21	FR52	8/20/2009	8/15/2030	7.07	10.5%	123.81	6.3%	6.2%	124.05	2.86	Cheap	5.22
22	FR82	8/1/2019	9/15/2030	7.16	7.0%	104.09	6.3%	6.2%	104.28	2.95	Cheap	5.68
23	FRSDG1	10/27/2022	10/15/2030	7.24	7.4%	104.75	6.5%	6.3%	106.44	28.17	Cheap	5.71
24	FR87	8/13/2020	2/15/2031	7.58	6.5%	101.15	6.3%	6.3%	101.32	2.75	Cheap	5.98
25	FR85	5/4/2020	4/15/2031	7.74	7.8%	109.65	6.2%	6.3%	108.84	(13.03)	Expensive	5.98
26	FR73	8/6/2015	5/15/2031	7.82	8.8%	115.07	6.3%	6.3%	114.99	(1.74)	Expensive	5.82
27	FR54	7/22/2010	7/15/2031	7.99	9.5%	120.38	6.2%	6.3%	119.82	(8.50)	Expensive	5.91
28	FR91	7/8/2021	4/15/2032	8.74	6.4%	100.77	6.3%	6.3%	100.20	(8.87)	Expensive	6.77
29	FR58	7/21/2011	6/15/2032	8.91	8.3%	112.77	6.3%	6.4%	112.75	(0.73)	Expensive	6.51
30	FR74	11/10/2016	8/15/2032	9.08	7.5%	107.91	6.3%	6.4%	107.76	(2.39)	Expensive	6.68
31	FR96	8/19/2022	2/15/2033	9.58	7.0%	105.50	6.2%	6.4%	104.37	(15.61)	Expensive	7.04
32	FR65	8/30/2012	5/15/2033	9.82	6.6%	102.24	6.3%	6.4%	101.67	(7.90)	Expensive	7.24
33	FR68	8/1/2013	3/15/2034	10.66	8.4%	115.45	6.4%	6.4%	114.89	(6.99)	Expensive	7.37
34	FR80	7/4/2019	6/15/2035	11.91	7.5%	109.10	6.4%	6.5%	108.54	(6.67)	Expensive	8.11
35	FR72	7/9/2015	5/15/2036	12.83	8.3%	115.42	6.5%	6.5%	115.23	(2.42)	Expensive	8.28
36	FR88	1/7/2021	6/15/2036	12.91	6.3%	100.02	6.2%	6.5%	97.96	(23.87)	Expensive	8.90
37	FR45	5/24/2007	5/15/2037	13.83	9.8%	129.80	6.5%	6.5%	129.30	(5.06)	Expensive	8.39
38	FR93	1/6/2022	7/15/2037	13.99	6.4%	100.95	6.3%	6.5%	98.79	(23.67)	Expensive	9.37
39	FR75	8/10/2017	5/15/2038	14.83	7.5%	109.28	6.5%	6.5%	109.19	(1.16)	Expensive	9.22
40	FR98	9/15/2022	6/15/2038	14.91	7.1%	107.35	6.4%	6.5%	105.67	(17.20)	Expensive	9.45
41	FR50	1/24/2008	7/15/2038	14.99	10.5%	136.45	6.6%	6.5%	137.64	9.83	Cheap	8.74
42	FR79	1/7/2019	4/15/2039	15.75	8.4%	117.64	6.6%	6.5%	117.89	2.04	Cheap	9.43
43	FR83	11/7/2019	4/15/2040	16.75	7.5%	108.28	6.7%	6.6%	109.54	11.65	Cheap	9.94
44	FR57	4/21/2011	5/15/2041	17.83	9.5%	129.48	6.6%	6.6%	130.55	8.22	Cheap	9.70
45	FR62	2/9/2012	4/15/2042	18.75	6.4%	98.39	6.5%	6.6%	97.84	(5.33)	Expensive	10.99
46	FR92	7/8/2021	6/15/2042	18.92	7.1%	105.51	6.6%	6.6%	105.86	3.01	Cheap	10.68
47	FR97	8/19/2022	6/15/2043	19.92	7.1%	107.70	6.4%	6.6%	105.90	(15.64)	Expensive	11.05
48	FR67	7/18/2013	2/15/2044	20.59	8.8%	121.60	6.8%	6.6%	124.08	19.00	Cheap	10.54
49	FR76	9/22/2017	5/15/2048	24.84	7.4%	106.68	6.8%	6.6%	109.05	18.54	Cheap	11.80
50	FR89	1/7/2021	8/15/2051	28.09	6.9%	102.24	6.7%	6.6%	102.92	5.23	Cheap	12.61

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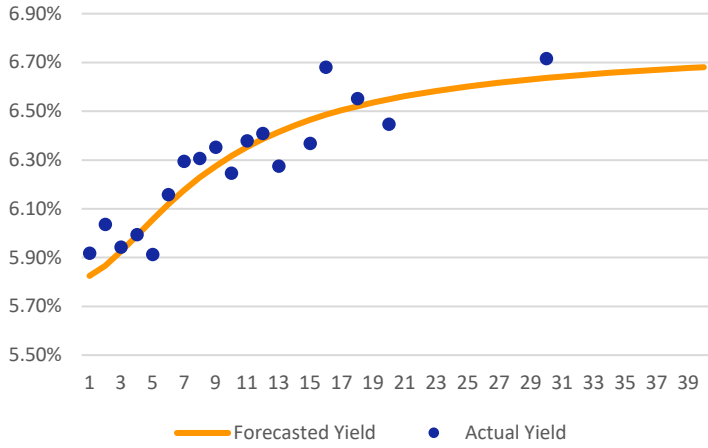
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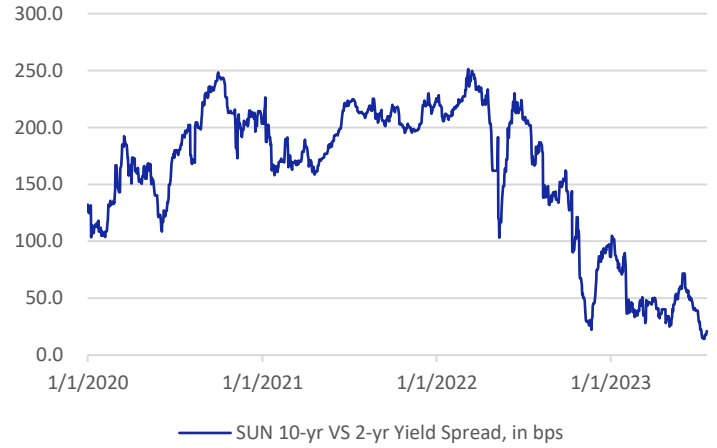
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Chart 1. Samuel's Yield Curve Forecast



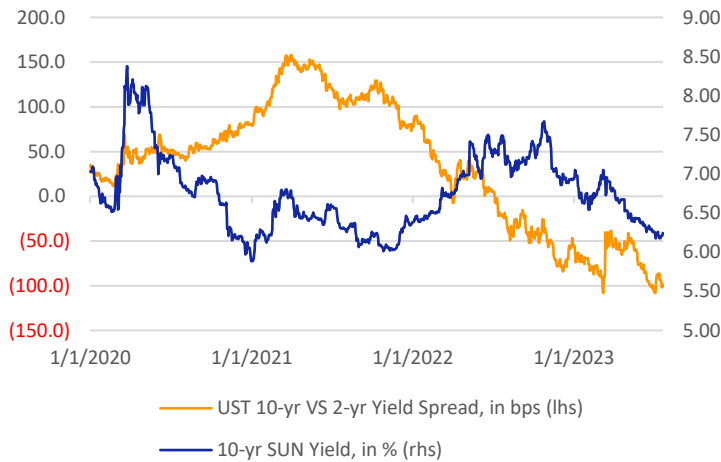
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



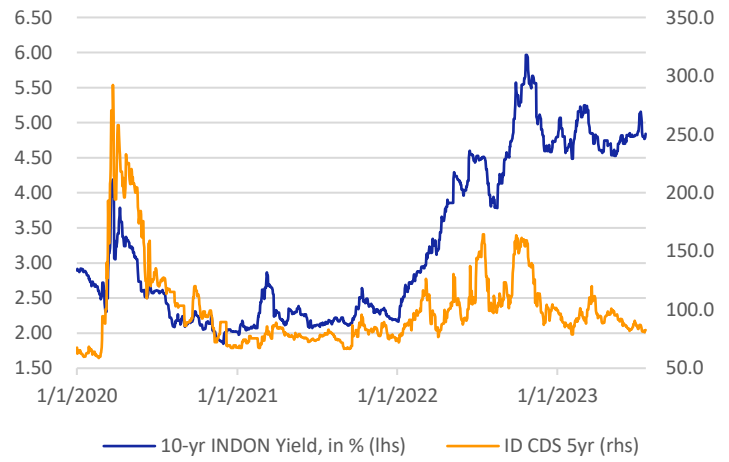
Source: Bloomberg

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



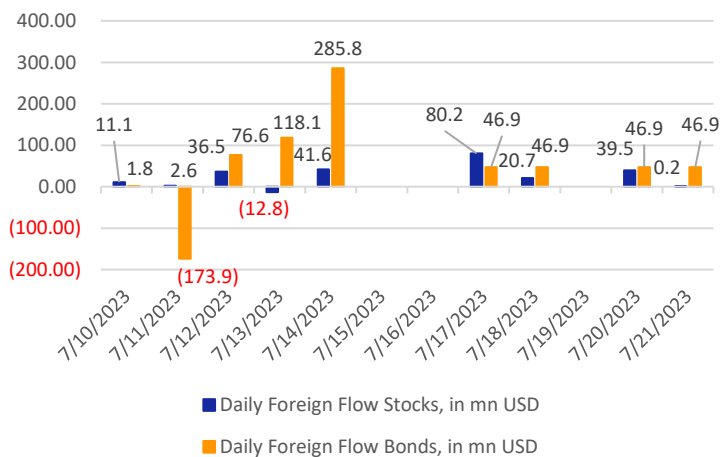
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



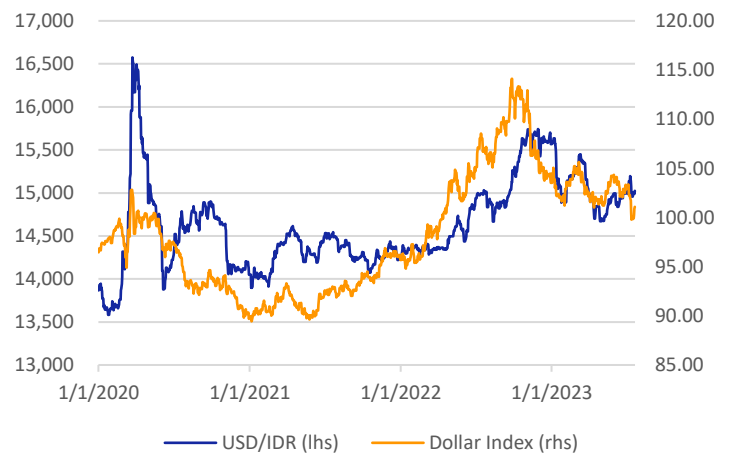
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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Economic & Fixed Income Analysis

24 July 2023

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