

Economic and Fixed Income Indicators

Currencies	7/25/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.11	(0.1)	1.3	3.3
GBP/USD	1.29	0.6	1.6	6.8
AUD/USD	0.68	0.8	1.9	(0.3)
USD/CHF	0.86	(0.7)	(3.6)	(6.6)
USD/JPY	140.9	(0.4)	(2.4)	7.5
Dollar Index	101.3	0.0	(1.5)	(2.1)
Bloomberg Asia Dollar Index	93.1	0.4	1.6	(1.6)
USD/KRW	1,275	(0.4)	(3.2)	0.8
USD/SGD	1.33	(0.3)	(1.8)	(0.9)
USD/CNY	7.14	(0.7)	(1.6)	3.4
USD/INR	81.9	0.1	(0.2)	(1.0)
USD/IDR	14,993	(0.2)	0.0	(3.7)
USD/IDR 1 Month NDF	15,023	(0.0)	(0.1)	(3.3)
USD/MYR	4.56	(0.1)	(2.2)	3.6
USD/THB	34.5	0.1	(2.7)	(0.3)
USD/PHP	54.6	(0.3)	(1.2)	(2.1)
Rates	7/25/2023	Daily (bp)	MTD (bp)	YTD (bp)
US Treasuries 10-Year	3.88	1.2	4.8	1.0
Germany Bund 10-Year	2.43	0.0	3.3	(14.6)
Japan JGB 10-Year	0.47	0.3	6.5	4.4
LIBOR Overnight	5.06	0.0	0.0	74.4
LIBOR 1-Month	5.42	0.0	20.2	102.8
Indonesia INDOGB 10-Year	6.24	(0.2)	(2.3)	(70.2)
Indonesia INDOGB 5-Year	5.94	1.1	2.4	(26.9)
Indonesia INDOGB 2-Year	6.05	1.1	17.8	(2.8)
INDOGB-UST (bp)	235.35	(1.4)	(7.1)	(71.2)
Indonesia INDON 10-Year	4.84	1.2	2.0	4.6
Indonesia INDON 5-Year	4.90	(0.6)	11.3	21.3
Indonesia INDON 2-Year	5.28	(1.8)	6.0	48.8
INDON-UST (bp)	95.75	0.0	(2.8)	3.6
Indonesia Corporate AAA 10-Year	7.04	(0.2)	(16.5)	(70.6)
Indonesia Corporate AAA 5-Year	6.64	1.1	(5.6)	(16.1)
Indonesia Corporate AAA 2-Year	6.63	1.0	11.1	15.1
INDONIA	5.52	(9.5)	(39.9)	49.1
JIBOR 1-Month	6.40	0.0	0.5	20.0
Bond Indexes	7/25/2023	Daily (%)	MTD (%)	YTD (%)
S&P Global Bond Developed Index	179.5	(0.1)	(0.0)	2.0
EMBI Global Index	805.6	(0.2)	1.0	4.9
iShare USD EMBI Index	86.7	(0.1)	0.9	2.3
ICBI Index	369.3	0.0	0.6	7.1
IDMA Index	102.1	0.0	0.9	4.8
INDOBeX Government Bond Index	361.6	0.0	0.6	7.2
INDOBeX Corporate Bond Index	412.9	0.1	0.6	5.3
Prices	7/25/2023	Daily (%)	MTD (%)	YTD (%)
ID CDS 5-Year	80.2	(2.2)	(6.8)	(19.4)
JCI	6,918	0.3	3.8	1.0
S&P-Goldman Sachs Commodity Index	587.3	0.3	8.6	(3.7)
FR0095	102.07	(0.0)	(0.0)	3.0
FR0096	105.55	0.0	0.1	5.0
FR0097	107.68	(0.0)	1.5	7.5
FR0098	107.28	(0.0)	0.9	6.8

Source: Bloomberg, SSI Research

Brace for Fed rate announcement

Global markets saw no drastic change last night (7/25) ahead of the Fed's rate announcement at midnight. US stock indices went up by 0.1-0.6% while the Eurozone stock index rose 0.2%. The S&P-Goldman Sachs commodity index rose 0.3%, while the S&P bond index for developed countries and the EMBI for developing countries fell -0.1% and -0.2%, respectively. We observe that some analysts are starting to speculate on the possibility of a second Fed rate hike in September with a probability of 21%. In our opinion, the possibility of another rate hike will depend on the core PCE inflation data from June to August. If the data drops to 3.9% yoy or even lower in August, then the possibility of a second Fed rate hike will drop sharply to below 10%. At the moment, the market is trying to confirm the speculation with the Fed's announcement tonight and the US PCE inflation data for June on Friday (7/28). We expect the INDOGB 10Y yield to stay in the 6.2-6.3% range today, while rupiah might gain some ground and move to IDR 14,950-15,050 per USD.

Fixed Income News: Incoming bids in the latest SUN auction (7/25) came in at IDR 31tn (7/11: IDR 47.8tn). Although it missed our projections, the decline in demand for bonds is not surprising. This was due to the fact that the INDOGB 10Y yield was stuck at the floor of JIBOR 1M (6.4% yoy), which affected the enthusiasm of domestic market players, especially from commercial banks. (DJPPR)

Global Economic News: South Korea's GDP grew 0.9% yoy or 0.6% qoq in 2Q23 (1Q23: 0.9% yoy or 0.3% qoq; Cons: 0.8% yoy or 0.5% qoq). Even though South Korea's GDP growth was quite good in aggregate, there was a significant slowdown in domestic economic activities, such as consumption (-0.1% qoq), investment (-0.2% qoq), and government spending (-1.9% qoq). In our opinion, the slowdown in South Korea's domestic economy might persuade the Bank of Korea (BOK) to consider cutting its benchmark interest rate from 2H23. (Investing)

Domestic Economic News: Banking credit growth fell to 7.8% yoy in June (May: 9.4% yoy). The decline was mainly caused by high interest rates. In fact, Bank Indonesia's optimism for credit growth has declined, marked by the decision to lower banking credit growth target to 9-11% (Prev: 10-12%). At the moment, BI is trying to prevent further decline using macroprudential policies, specifically incentives for credit distribution to a number of selected sectors, especially downstream and MSMEs. In our opinion, this solution is only temporary (band aid solution). (Bank Indonesia)

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

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Economic Calendar

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
07/26/2023 15:00	EC	M3 Money Supply YoY	Jun	1.00%	1.40%
07/26/2023 21:00	US	New Home Sales	Jun	722k	763k
07/27/2023 01:00	US	FOMC Rate Decision (Upper Bound)	26-Jul	5.50%	5.25%
07/27/2023 01:00	US	FOMC Rate Decision (Lower Bound)	26-Jul	5.25%	5.00%

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

26 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	0.06	11.8%	100.60	0.3%	2.9%	100.53	(259.27)	Expensive	0.06
2	FR70	8/29/2013	3/15/2024	0.64	8.4%	101.61	5.7%	3.4%	103.14	233.46	Cheap	0.63
3	FR77	9/27/2018	5/15/2024	0.81	8.1%	101.77	5.8%	3.6%	103.55	217.62	Cheap	0.78
4	FR44	4/19/2007	9/15/2024	1.15	10.0%	104.64	5.7%	4.1%	106.55	161.83	Cheap	1.08
5	FR81	8/1/2019	6/15/2025	1.89	6.5%	100.89	6.0%	4.9%	102.91	111.49	Cheap	1.78
6	FR40	9/21/2006	9/15/2025	2.15	11.0%	110.26	5.8%	5.1%	111.92	74.34	Cheap	1.93
7	FR84	5/4/2020	2/15/2026	2.56	7.3%	103.18	5.9%	5.3%	104.57	56.55	Cheap	2.33
8	FR86	8/13/2020	4/15/2026	2.73	5.5%	98.99	5.9%	5.4%	100.25	50.46	Cheap	2.54
9	FR56	9/23/2010	9/15/2026	3.15	8.4%	107.04	5.9%	5.6%	107.97	29.91	Cheap	2.78
10	FR37	5/18/2006	9/15/2026	3.15	12.0%	117.45	5.8%	5.6%	118.29	24.18	Cheap	2.68
11	FR90	7/8/2021	4/15/2027	3.73	5.1%	97.89	5.8%	5.8%	97.89	0.03	Cheap	3.40
12	FR59	9/15/2011	5/15/2027	3.81	7.0%	103.46	6.0%	5.8%	104.10	18.17	Cheap	3.34
13	FR42	1/25/2007	7/15/2027	3.98	10.3%	115.28	5.9%	5.8%	115.50	4.80	Cheap	3.36
14	FR94	3/4/2022	1/15/2028	4.48	5.6%	98.38	6.0%	5.9%	98.71	8.64	Cheap	3.98
15	FR47	8/30/2007	2/15/2028	4.56	10.0%	116.05	5.9%	5.9%	115.99	(2.58)	Expensive	3.72
16	FR64	8/13/2012	5/15/2028	4.81	6.1%	100.39	6.0%	6.0%	100.55	3.71	Cheap	4.15
17	FR95	8/19/2022	8/15/2028	5.06	6.4%	102.07	5.9%	6.0%	101.49	(13.47)	Expensive	4.32
18	FR99	1/27/2023	1/15/2029	5.48	6.4%	101.68	6.0%	6.1%	101.44	(5.38)	Expensive	4.66
19	FR71	9/12/2013	3/15/2029	5.64	9.0%	113.83	6.1%	6.1%	113.64	(4.46)	Expensive	4.53
20	FR78	9/27/2018	5/15/2029	5.81	8.3%	110.15	6.1%	6.1%	110.25	1.36	Cheap	4.67
21	FR52	8/20/2009	8/15/2030	7.06	10.5%	123.90	6.3%	6.2%	124.02	1.22	Cheap	5.21
22	FR82	8/1/2019	9/15/2030	7.15	7.0%	104.05	6.3%	6.2%	104.28	3.59	Cheap	5.67
23	FRSDG1	10/27/2022	10/15/2030	7.23	7.4%	104.75	6.5%	6.3%	106.44	28.18	Cheap	5.70
24	FR87	8/13/2020	2/15/2031	7.57	6.5%	101.16	6.3%	6.3%	101.32	2.64	Cheap	5.97
25	FR85	5/4/2020	4/15/2031	7.73	7.8%	108.94	6.3%	6.3%	108.84	(2.02)	Expensive	5.96
26	FR73	8/6/2015	5/15/2031	7.81	8.8%	115.05	6.3%	6.3%	114.98	(1.69)	Expensive	5.81
27	FR54	7/22/2010	7/15/2031	7.98	9.5%	120.43	6.2%	6.3%	119.80	(9.45)	Expensive	5.90
28	FR91	7/8/2021	4/15/2032	8.73	6.4%	100.59	6.3%	6.3%	100.20	(6.08)	Expensive	6.75
29	FR58	7/21/2011	6/15/2032	8.90	8.3%	112.81	6.3%	6.4%	112.74	(1.29)	Expensive	6.50
30	FR74	11/10/2016	8/15/2032	9.07	7.5%	107.83	6.3%	6.4%	107.76	(1.29)	Expensive	6.67
31	FR96	8/19/2022	2/15/2033	9.57	7.0%	105.54	6.2%	6.4%	104.37	(16.13)	Expensive	7.03
32	FR65	8/30/2012	5/15/2033	9.81	6.6%	102.23	6.3%	6.4%	101.67	(7.81)	Expensive	7.23
33	FR68	8/1/2013	3/15/2034	10.65	8.4%	115.34	6.4%	6.4%	114.89	(5.72)	Expensive	7.36
34	FR80	7/4/2019	6/15/2035	11.90	7.5%	108.92	6.4%	6.5%	108.54	(4.63)	Expensive	8.09
35	FR72	7/9/2015	5/15/2036	12.82	8.3%	115.32	6.5%	6.5%	115.22	(1.37)	Expensive	8.27
36	FR88	1/7/2021	6/15/2036	12.90	6.3%	99.98	6.3%	6.5%	97.96	(23.40)	Expensive	8.88
37	FR45	5/24/2007	5/15/2037	13.82	9.8%	128.93	6.5%	6.5%	129.29	2.95	Cheap	8.36
38	FR93	1/6/2022	7/15/2037	13.98	6.4%	100.09	6.4%	6.5%	98.79	(14.33)	Expensive	9.34
39	FR75	8/10/2017	5/15/2038	14.82	7.5%	109.22	6.5%	6.5%	109.19	(0.56)	Expensive	9.21
40	FR98	9/15/2022	6/15/2038	14.90	7.1%	107.28	6.4%	6.5%	105.66	(16.43)	Expensive	9.44
41	FR50	1/24/2008	7/15/2038	14.98	10.5%	136.93	6.6%	6.5%	137.63	5.64	Cheap	8.74
42	FR79	1/7/2019	4/15/2039	15.73	8.4%	117.60	6.6%	6.5%	117.88	2.30	Cheap	9.42
43	FR83	11/7/2019	4/15/2040	16.74	7.5%	108.26	6.7%	6.6%	109.54	11.89	Cheap	9.93
44	FR57	4/21/2011	5/15/2041	17.82	9.5%	129.48	6.6%	6.6%	130.55	8.17	Cheap	9.69
45	FR62	2/9/2012	4/15/2042	18.74	6.4%	98.47	6.5%	6.6%	97.84	(6.04)	Expensive	10.98
46	FR92	7/8/2021	6/15/2042	18.90	7.1%	105.59	6.6%	6.6%	105.86	2.33	Cheap	10.68
47	FR97	8/19/2022	6/15/2043	19.90	7.1%	107.68	6.4%	6.6%	105.90	(15.50)	Expensive	11.04
48	FR67	7/18/2013	2/15/2044	20.58	8.8%	121.61	6.8%	6.6%	124.08	18.92	Cheap	10.53
49	FR76	9/22/2017	5/15/2048	24.82	7.4%	106.67	6.8%	6.6%	109.05	18.61	Cheap	11.79
50	FR89	1/7/2021	8/15/2051	28.08	6.9%	102.30	6.7%	6.6%	102.92	4.77	Cheap	12.61

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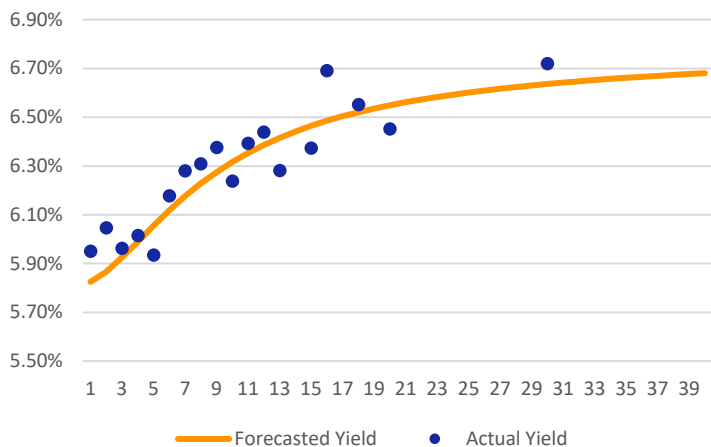
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Economic & Fixed Income Analysis

26 July 2023

Chart 1. Samuel's Yield Curve Forecast



Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



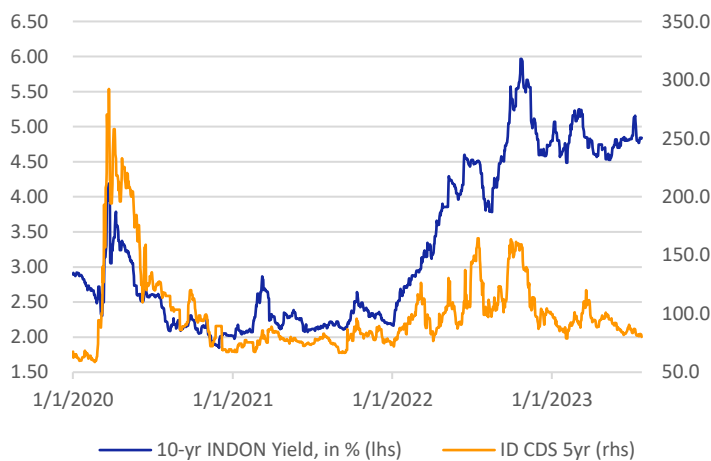
Source: Bloomberg

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



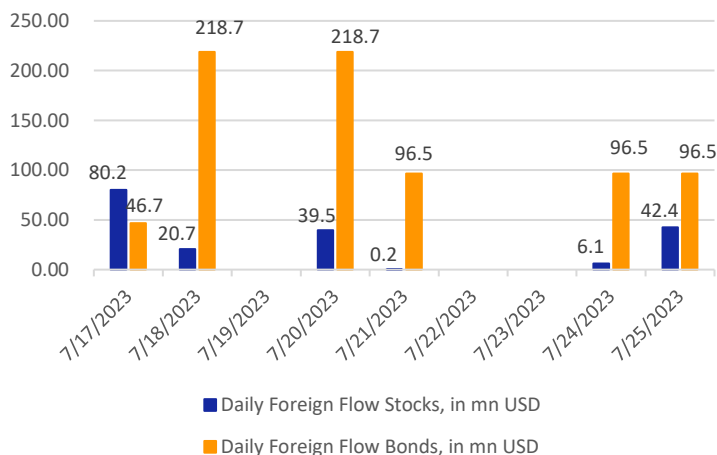
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



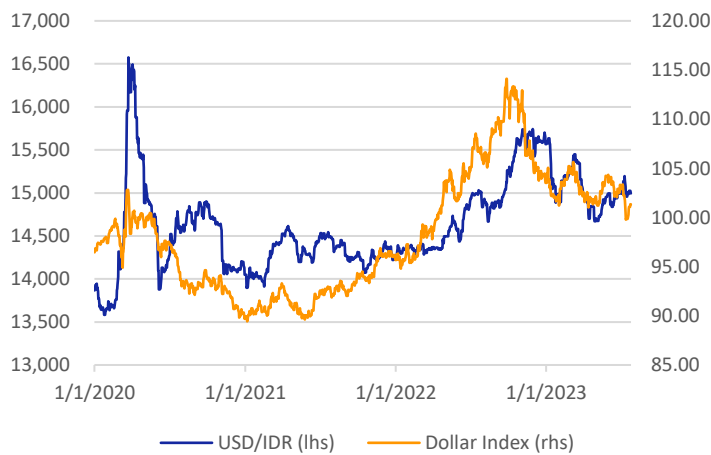
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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Economic & Fixed Income Analysis

26 July 2023

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