

Economic and Fixed Income Indicators

Currencies	6/30/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.09	0.0	2.1	1.9
GBP/USD	1.27	(0.1)	2.1	5.1
AUD/USD	0.67	(0.2)	2.5	(2.2)
USD/CHF	0.90	(0.0)	(1.7)	(3.1)
USD/JPY	144.3	0.6	3.6	10.1
Dollar Index	102.9	0.2	(1.4)	(0.6)
Bloomberg Asia Dollar Index	91.6	(0.3)	(1.0)	(3.2)
USD/KRW	1,318	0.9	(0.6)	4.1
USD/SGD	1.35	(0.1)	0.1	1.0
USD/CNY	7.25	0.2	2.0	5.1
USD/INR	82.0	(0.0)	(0.8)	(0.8)
USD/IDR	14,993	(0.1)	0.0	(3.7)
USD/IDR 1 Month NDF	15,045	(0.1)	0.3	(3.1)
USD/MYR	4.67	(0.2)	1.2	6.0
USD/THB	35.5	0.7	1.9	2.5
USD/PHP	55.2	(0.9)	(1.7)	(0.9)

Rates	6/30/2023	Daily (bp)	MTD (bp)	YTD (bp)
US Treasuries 10-Year	3.84	11.6	19.4	(3.8)
Germany Bund 10-Year	2.39	8.3	11.0	(17.9)
Japan JGB 10-Year	0.40	4.0	(3.5)	(2.1)
LIBOR Overnight	5.06	(0.1)	(0.2)	74.4
LIBOR 1-Month	5.22	4.0	2.5	82.6
Indonesia INDOGB 10-Year	6.26	(3.4)	(10.9)	(67.9)
Indonesia INDOGB 5-Year	5.91	(2.5)	(11.7)	(29.3)
Indonesia INDOGB 2-Year	5.87	(1.1)	21.7	(20.6)
INDOGB-UST (bp)	242.43	(15.0)	(30.3)	(64.1)
Indonesia INDON 10-Year	4.82	1.0	12.1	2.6
Indonesia INDON 5-Year	4.79	0.2	15.0	10.0
Indonesia INDON 2-Year	5.22	(1.2)	22.6	42.8
INDON-UST (bp)	98.53	(10.6)	(7.3)	6.4
Indonesia Corporate AAA 10-Year	7.21	(3.5)	9.6	(54.1)
Indonesia Corporate AAA 5-Year	6.70	(2.5)	2.0	(10.5)
Indonesia Corporate AAA 2-Year	6.52	(1.1)	29.6	4.0
INDONIA	5.91	26.7	28.7	89.0
JIBOR 1-Month	6.40	0.1	(0.5)	19.5

Bond Indexes	6/30/2023	Daily (%)	MTD (%)	YTD (%)
S&P Global Bond Developed Index	179.5	(0.5)	(0.4)	2.1
EMBI Global Index	797.6	(0.1)	1.9	3.8
iShare USD EMBI Index	86.0	(0.1)	1.7	1.5
ICBI Index	367.1	0.1	1.0	6.5
IDMA Index	101.1	0.1	0.8	3.8
INDOBeX Government Bond Index	359.5	0.1	1.0	6.6
INDOBeX Corporate Bond Index	410.5	0.0	0.6	4.6

Prices	6/30/2023	Daily (%)	MTD (%)	YTD (%)
ID CDS 5-Year	86.1	(4.9)	(3.0)	(13.5)
JCI	6,662	(0.0)	0.4	(2.8)
S&P-Goldman Sachs Commodity Index	541.0	(0.5)	2.3	(11.3)
FR0095	102.10	0.0	0.5	3.0
FR0096	105.40	0.2	0.8	4.8
FR0097	106.10	0.2	1.0	5.9
FR0098	106.31	0.3	1.1	5.8

Source: Bloomberg, SSI Research

More speculations on Fed's 2x25 bps rate hikes

The domestic bond market is facing the risk of a sharp correction today, following the plunge in the global bond market during the long holiday (6/28-6/30), which is reflected in the -0.5% decline in the S&P index for bonds of developed countries and the increase in yields on UST and Bund 10Y by 12 bps (to 3.84%) and 8 bps (to 2.39%), respectively. This correction was mainly caused by the US PCE core inflation data, which only fell slightly to 4.6% yoy. This condition fueled speculation of 2x25 bps Fed's terminal rate hike in 2H23 (see Global Economic News). Domestic bond investors had anticipated this possibility at the SUN auction last Tuesday (6/26), which led to a -50.6% drop in incoming bids (see Fixed Income News). We expect the INDOGB 10Y yield to decline to 6.3-6.4% today, and rupiah to depreciate to IDR 15,000-15,100 per USD.

Fixed Income News: Noticeable plunge in incoming bids (-50.6% to IDR 37.6tn) during SUN auction on Tuesday (6/26) (6/13: IDR 76.2tn). The drop was much worse than our estimate (IDR 55-65tn). In our opinion, the decline was mainly caused by the anticipatory actions of foreign investors to prepare for the US PCA inflation data, which was released ahead of the Eid al-Adha holiday. As demand waned, the Ministry of Finance reduced the amount of SUN issued to IDR 14tn (6/13: IDR 15tn); most of the bonds issued were FR0095 (5-year; IDR 3.6tn), followed by FR0098 (15-year; IDR 3.1tn) and FR0097 (20-year; IDR 2.35tn). (DJPPR)

Global Economic News: US core PCE inflation only fell slightly to 4.6% yoy in May (Prev: & Cons Jun: 4.7% yoy), while headline PCE inflation slowed down to 3.8% yoy (Prev: 4.4% yoy; Cons Jun: 3.8% yoy). This caused the majority of market analysts (84%) to believe that the Fed will raise its benchmark interest rate by 25 bps to 5.5% in July. Moreover, more than 30% of them are starting to believe another 25 bps rate hike to 5.75% is coming in November or December. If the Fed decides to do so, we expect Bank Indonesia to delay its 7DRRR cut until 1Q24. (Wall Street Journal)

Domestic Economic News: Banking loan growth rose to 9.4% yoy in May (Apr: 8.1% yoy), mainly thanks to the increase in the growth rate of investment and working capital loans to 11.6% yoy and 8% yoy respectively (Apr: 9.1% & 7.1% yoy). The increase is consistent with the results of the manufacturing PMI survey, as well as export and import data which recorded a temporary hike in production activities in the manufacturing sector in May. (Bank Indonesia)

Recommendation: FR0067, FR0076, FR0089, FR0081, FR0040, FR0084, FR0086, PBS017.

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Economic Calendar

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
07/03/2023 07:30	ID	S&P Global Indonesia PMI Mfg	Jun	--	50.30
07/03/2023 11:00	ID	CPI Core YoY	Jun	2.65%	2.66%
07/03/2023 11:00	ID	CPI YoY	Jun	3.65%	4.00%
07/03/2023 11:00	ID	CPI NSA MoM	Jun	0.28%	0.09%

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

3 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	FR46	7/19/2007	7/15/2023	0.04	9.5%	100.28	-0.6%	4.8%	100.17	(531.19)	Expensive	#NUM!
2	FR39	8/24/2006	8/15/2023	0.12	11.8%	100.84	4.1%	4.8%	100.83	(61.79)	Expensive	0.12
3	FR70	8/29/2013	3/15/2024	0.70	8.4%	101.87	5.6%	4.8%	102.42	73.61	Cheap	0.69
4	FR77	9/27/2018	5/15/2024	0.87	8.1%	101.99	5.7%	4.9%	102.73	82.44	Cheap	0.84
5	FR44	4/19/2007	9/15/2024	1.21	10.0%	104.85	5.7%	5.0%	105.80	73.75	Cheap	1.15
6	FR81	8/1/2019	6/15/2025	1.96	6.5%	101.25	5.8%	5.2%	102.30	56.12	Cheap	1.85
7	FR40	9/21/2006	9/15/2025	2.21	11.0%	110.71	5.7%	5.3%	111.67	40.11	Cheap	1.99
8	FR84	5/4/2020	2/15/2026	2.63	7.3%	103.13	5.9%	5.5%	104.33	47.72	Cheap	2.39
9	FR86	8/13/2020	4/15/2026	2.79	5.5%	99.45	5.7%	5.5%	99.99	21.10	Cheap	2.57
10	FR56	9/23/2010	9/15/2026	3.21	8.4%	107.36	5.8%	5.6%	107.99	19.48	Cheap	2.85
11	FR37	5/18/2006	9/15/2026	3.21	12.0%	117.86	5.8%	5.6%	118.50	17.43	Cheap	2.74
12	FR90	7/8/2021	4/15/2027	3.79	5.1%	98.21	5.7%	5.8%	97.88	(10.07)	Expensive	3.42
13	FR59	9/15/2011	5/15/2027	3.87	7.0%	103.67	5.9%	5.8%	104.20	14.78	Cheap	3.40
14	FR42	1/25/2007	7/15/2027	4.04	10.3%	114.35	6.2%	5.8%	115.79	36.33	Cheap	3.34
15	FR94	3/4/2022	1/15/2028	4.54	5.6%	98.31	6.0%	5.9%	98.81	12.96	Cheap	3.98
16	FR47	8/30/2007	2/15/2028	4.63	10.0%	116.04	6.0%	5.9%	116.32	5.16	Cheap	3.79
17	FR64	8/13/2012	5/15/2028	4.87	6.1%	100.59	6.0%	6.0%	100.70	2.41	Cheap	4.22
18	FR95	8/19/2022	8/15/2028	5.13	6.4%	102.10	5.9%	6.0%	101.65	(10.60)	Expensive	4.38
19	FR99	1/27/2023	1/15/2029	5.55	6.4%	101.73	6.0%	6.1%	101.60	(2.74)	Expensive	4.65
20	FR71	9/12/2013	3/15/2029	5.71	9.0%	114.05	6.0%	6.1%	113.93	(3.15)	Expensive	4.60
21	FR78	9/27/2018	5/15/2029	5.87	8.3%	110.39	6.1%	6.1%	110.50	1.63	Cheap	4.73
22	FR52	8/20/2009	8/15/2030	7.13	10.5%	123.80	6.3%	6.2%	124.31	7.21	Cheap	5.28
23	FR82	8/1/2019	9/15/2030	7.21	7.0%	104.08	6.3%	6.2%	104.41	5.26	Cheap	5.74
24	FR	10/27/2022	10/15/2030	7.29	7.4%	104.75	6.5%	6.2%	106.58	30.36	Cheap	5.66
25	FR87	8/13/2020	2/15/2031	7.63	6.5%	101.16	6.3%	6.3%	101.41	4.03	Cheap	6.03
26	FR85	5/4/2020	4/15/2031	7.79	7.8%	108.36	6.4%	6.3%	108.97	9.13	Cheap	5.91
27	FR73	8/6/2015	5/15/2031	7.87	8.8%	115.20	6.3%	6.3%	115.14	(1.28)	Expensive	5.88
28	FR54	7/22/2010	7/15/2031	8.04	9.5%	120.75	6.2%	6.3%	119.99	(11.28)	Expensive	5.85
29	FR91	7/8/2021	4/15/2032	8.79	6.4%	100.60	6.3%	6.3%	100.22	(5.81)	Expensive	6.71
30	FR58	7/21/2011	6/15/2032	8.96	8.3%	112.40	6.4%	6.4%	112.82	5.57	Cheap	6.56
31	FR74	11/10/2016	8/15/2032	9.13	7.5%	108.28	6.3%	6.4%	107.80	(6.98)	Expensive	6.73
32	FR96	8/19/2022	2/15/2033	9.63	7.0%	105.40	6.2%	6.4%	104.36	(14.36)	Expensive	7.09
33	FR65	8/30/2012	5/15/2033	9.88	6.6%	101.81	6.4%	6.4%	101.64	(2.49)	Expensive	7.29
34	FR68	8/1/2013	3/15/2034	10.71	8.4%	115.14	6.4%	6.4%	114.86	(3.70)	Expensive	7.41
35	FR80	7/4/2019	6/15/2035	11.96	7.5%	108.46	6.5%	6.5%	108.42	(0.70)	Expensive	8.15
36	FR72	7/9/2015	5/15/2036	12.88	8.3%	115.27	6.5%	6.5%	115.06	(2.47)	Expensive	8.33
37	FR88	1/7/2021	6/15/2036	12.96	6.3%	99.24	6.3%	6.5%	97.77	(17.12)	Expensive	8.93
38	FR45	5/24/2007	5/15/2037	13.88	9.8%	124.33	7.0%	6.5%	129.09	44.96	Cheap	8.31
39	FR93	1/6/2022	7/15/2037	14.05	6.4%	99.90	6.4%	6.5%	98.55	(14.89)	Expensive	9.25
40	FR75	8/10/2017	5/15/2038	14.88	7.5%	108.46	6.6%	6.6%	108.92	4.44	Cheap	9.25
41	FR98	9/15/2022	6/15/2038	14.96	7.1%	106.31	6.5%	6.6%	105.39	(9.50)	Expensive	9.47
42	FR50	1/24/2008	7/15/2038	15.05	10.5%	135.97	6.7%	6.6%	137.37	11.64	Cheap	8.62
43	FR79	1/7/2019	4/15/2039	15.80	8.4%	116.82	6.6%	6.6%	117.57	6.66	Cheap	9.29
44	FR83	11/7/2019	4/15/2040	16.80	7.5%	108.48	6.7%	6.6%	109.19	6.42	Cheap	9.83
45	FR57	4/21/2011	5/15/2041	17.88	9.5%	129.50	6.7%	6.6%	130.13	4.75	Cheap	9.75
46	FR62	2/9/2012	4/15/2042	18.80	6.4%	98.35	6.5%	6.6%	97.42	(8.90)	Expensive	10.86
47	FR92	7/8/2021	6/15/2042	18.97	7.1%	104.79	6.7%	6.6%	105.43	5.70	Cheap	10.71
48	FR97	8/19/2022	6/15/2043	19.97	7.1%	106.10	6.6%	6.6%	105.43	(5.96)	Expensive	11.03
49	FR67	7/18/2013	2/15/2044	20.64	8.8%	119.86	6.9%	6.6%	123.55	28.72	Cheap	10.52
50	FR76	9/22/2017	5/15/2048	24.89	7.4%	106.61	6.8%	6.7%	108.43	14.24	Cheap	11.85
51	FR89	1/7/2021	8/15/2051	28.14	6.9%	101.42	6.8%	6.7%	102.24	6.36	Cheap	12.61

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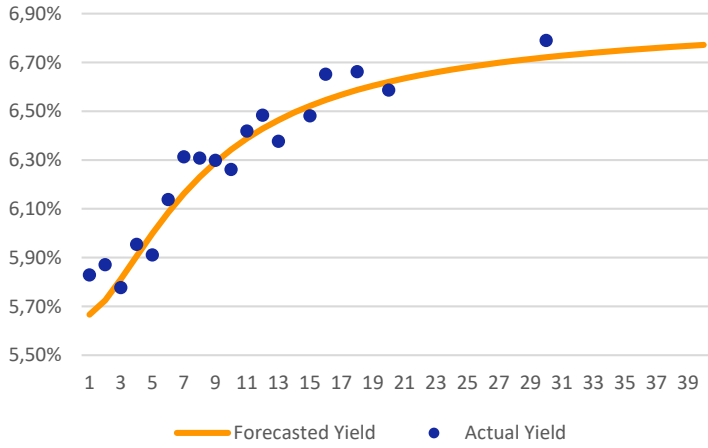
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Economic & Fixed Income Analysis

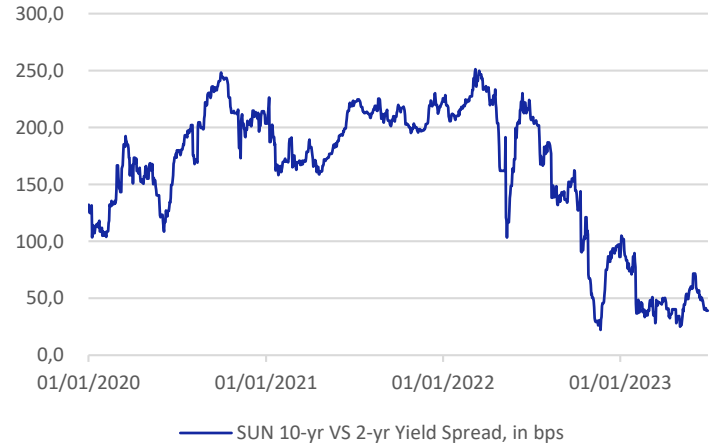
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Chart 1. Samuel's Yield Curve Forecast



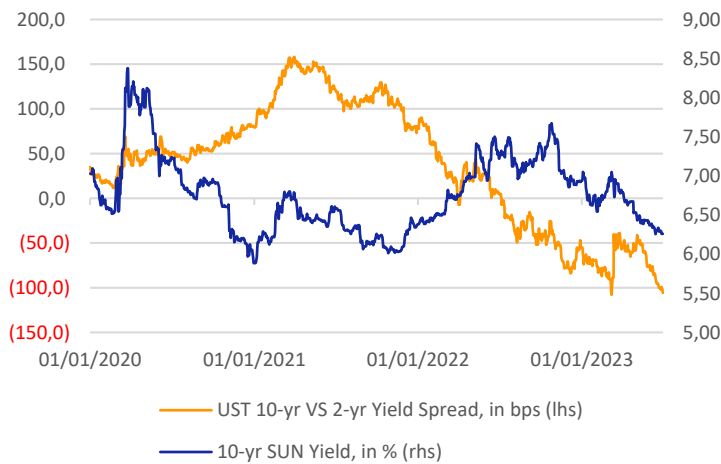
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



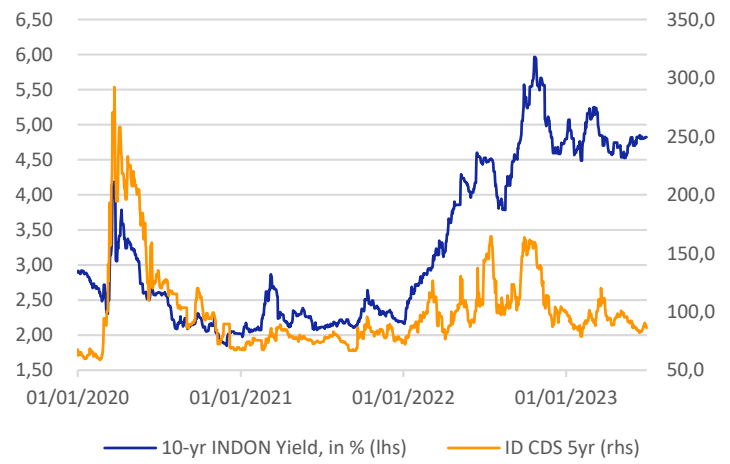
Source: Bloomberg

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



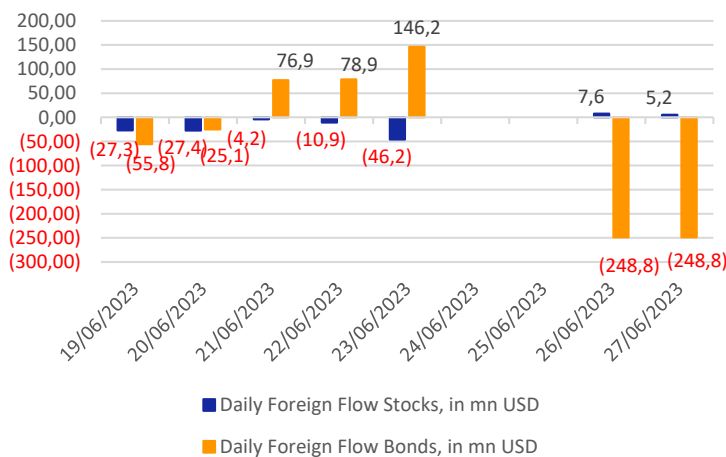
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



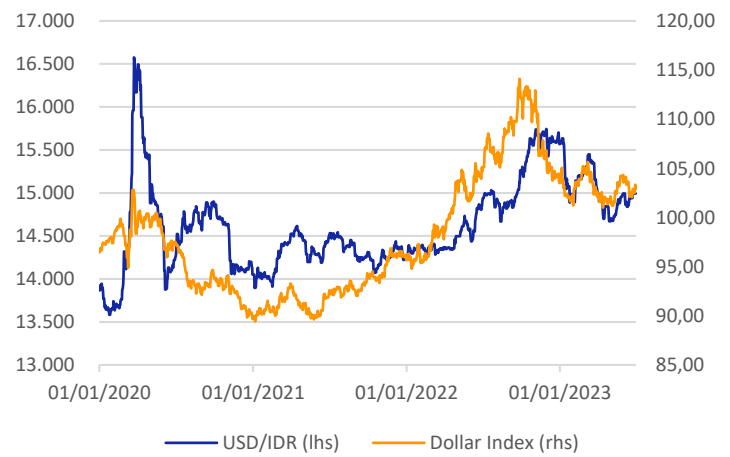
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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Economic & Fixed Income Analysis

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