Daily Economic & Fixed Income Report

Economic-Currencies-Commodities-Fixed Income-Politics-Policies

SAMUEL SEKURITAS INDONESIA

Economic & Fixed Income Analysis

31 July 2023

Economic and Fixed Income Indicators

Currencies	7/28/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.10	0.3	1.0	2.9
GBP/USD	1.29	0.4	1.2	6.4
AUD/USD	0.67	(0.9)	(0.2)	(2.4)
USD/CHF	0.87	0.1	(2.9)	(5.9)
USD/JPY	141.2	1.2	(2.2)	7.7
Dollar Index	101.6	(0.1)	(1.3)	(1.8)
Bloomberg Asia Dollar Index	92.8	0.0	1.4	(1.8)
USD/KRW	1,277	(0.0)	(3.1)	0.9
USD/SGD	1.33	0.0	(1.5)	(0.6)
USD/CNY	7.15	(0.3)	(1.5)	3.6
USD/INR	82.3	0.4	0.3	(0.6)
USD/IDR	15,095	0.6	0.7	(3.0)
USD/IDR 1 Month NDF	15,128	0.4	0.6	(2.6)
USD/MYR	4.56	0.7	(2.4)	3.4
USD/THB	34.1	0.0	(3.9)	(1.5)
USD/PHP	54.9	0.6	(0.6)	(1.5)
Rates	**7/28/2023**	**Daily (bp)**	**MTD (bp)**	**YTD (bp)**
US Treasuries 10-Year	3.95	(4.8)	11.4	7.6
Germany Bund 10-Year	2.49	1.8	10.0	(7.9)
Japan JGB 10-Year	0.57	11.8	16.7	14.6
LIBOR Overnight	5.06	0.0	0.0	74.4
LIBOR 1-Month	5.43	0.0	21.5	104.2
Indonesia INDOGB 10-Year	6.29	4.4	2.6	(65.3)
Indonesia INDOGB 5-Year	6.01	4.7	9.4	(19.9)
Indonesia INDOGB 2-Year	6.07	2.8	20.2	(0.4)
INDOGB-UST (bp)	233.63	9.1	(8.8)	(72.9)
Indonesia INDON 10-Year	4.91	8.6	8.4	11.0
Indonesia INDON 5-Year	4.91	4.9	12.0	22.0
Indonesia INDON 2-Year	5.32	2.6	9.5	52.3
INDON-UST (bp)	95.53	13.4	(3.0)	3.4
Indonesia Corporate AAA 10-Year	7.15	6.5	(5.3)	(59.4)
Indonesia Corporate AAA 5-Year	6.74	5.7	4.4	(6.2)
Indonesia Corporate AAA 2-Year	6.70	4.0	17.4	21.3
INDONIA	5.57	0.9	(34.5)	54.5
JIBOR 1-Month	6.40	0.0	0.5	20.0
Bond Indexes	**7/28/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
S&P Global Bond Developed Index	178.9	(0.1)	(0.3)	1.7
EMBI Global Index	808.3	0.2	1.4	5.2
iShare USD EMBI Index	87.0	0.2	1.2	2.7
ICBI Index	368.7	(0.2)	0.4	6.9
IDMA Index	102.0	(0.1)	0.9	4.7
INDOBeX Government Bond Index	361.0	(0.2)	0.4	7.1
INDOBeX Corporate Bond Index	412.6	(0.1)	0.5	5.2
Prices	**7/28/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
ID CDS 5-Year	75.7	(2.1)	(12.1)	(24.0)
JCI	6,900	0.1	3.6	0.7
S&P-Goldman Sachs Commodity Index	590.3	0.7	9.1	(3.2)
FR0095	101.78	(0.2)	(0.3)	2.7
FR0096	105.23	(0.3)	(0.2)	4.7
FR0097	107.28	(0.3)	1.1	7.1
FR0098	106.84	(0.3)	0.5	6.3

Source: Bloomberg, SSI Research

Lionel Priyadi
Macro Strategist
lionel.priyadi@samuel.co.id
+6221 2854 8854

Bank of Japan sends a shockwave throughout the market

Global bond markets, especially Asian ones, were hit by massive sell-off on Friday (7/28) after the Bank of Japan (BOJ) announced its decision to raise the cap of the JGB 10Y yield trading range to ±1% (see fixed income news). The sell-off caused a spike in JGB 10Y and Bund 10Y by 12 and 2 bps to 0.57% and 2.49%, respectively. These events also had a direct impact on the domestic bond market; INDOGB yields all went up, including 2Y (3 bps to 6.07%), 5Y (5 bps to 6.01%), and 10Y (4 bps to 6.29%), and INDON 10Y yield rose 9 bps to 4.91%. However, the UST 10Y yield fell -5 bps to 3.95% following the release of better-than-consensus PCE inflation data (see global economic news). We expect the BOJ shock effect will remain there throughout the whole week, indicated by the increase in the JGB 10Y yield to 0.7-0.9%. We expect the INDOGB 10Y yield to move up to 6.3-6.4% today, while rupiah might slip to IDR 15,100-15,200 per USD. However, the depreciation of the Asian currencies might only be temporary, and we expect it to subside once JPY breaks its depreciation trend.

Fixed Income News: BOJ raises the JGB 10Y yield cap to ±1% (prev: ±0.5%). Although the bank raised the cap to ±1%, it kept the ±0.5% cap as a benchmark. The announcement was made simultaneously with the announcement of BOJ's core inflation projection, which was raised to 3.2% (Prev: 2.5%). (*Nikkei*)

Global Economic News: US PCE inflation fell to 3% yoy in June (May: 3.8% yoy; Cons: 3.1% yoy). US core PCE inflation also fell to 4.1% yoy (May: 4.6% yoy; Cons: 4.2% yoy). The slowdown in PCE inflation in June boosted market participants' confidence that the Fed would not raise its benchmark interest rate in either September or November. In our opinion, the Fed will drop the plan if US core PCE inflation falls lower than the projected figure of 3.9% yoy by the end of the year. At the moment, the headline PCE inflation is already lower than the Fed's June projection (3.2% yoy). (*Investing*)

Domestic Economic News: BI announces seven instruments to collect foreign exchanges from exports of natural resources. The seven instruments are special accounts for DHE SDA, foreign currency term deposits for DHE SDA, foreign currency deposits from banks, LPEI's promissory notes, foreign currency deposits that can be used as collateral for rupiah-denominated credit, as well as customer-bank and BI-bank foreign exchange swaps. The interest offered on the foreign currency term deposits is projected to reach 5.51% (for 3 months). We believe this will help increase the supply of USD in domestic banks. (*Bank Indonesia*)

Recommendation: FR0037, FR0040, FR0056, FR0084, FR0086, FR0090, PBS032, PBS036.

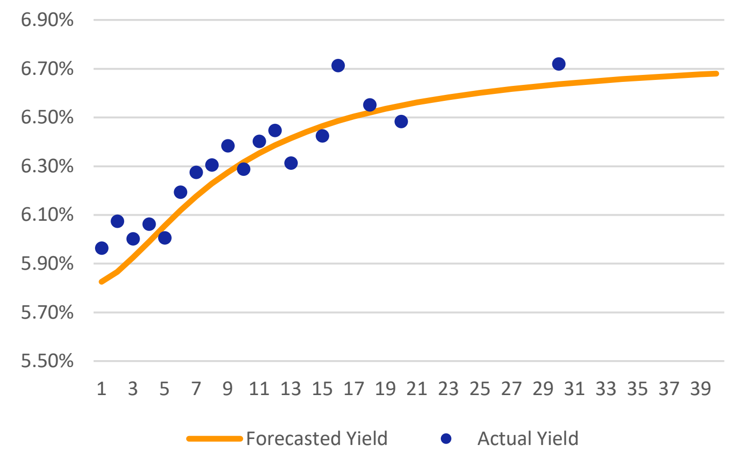
Economic Calender

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
07/31/2023 08:30	CH	Manufacturing PMI	Jul	48.90	49.00
07/31/2023 08:30	CH	Non-manufacturing PMI	Jul	53.00	53.20
07/31/2023 16:00	EC	GDP SA YoY	2Q A	0.40%	1.10%
07/31/2023 16:00	EC	CPI Estimate YoY	Jul	5.20%	5.50%

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

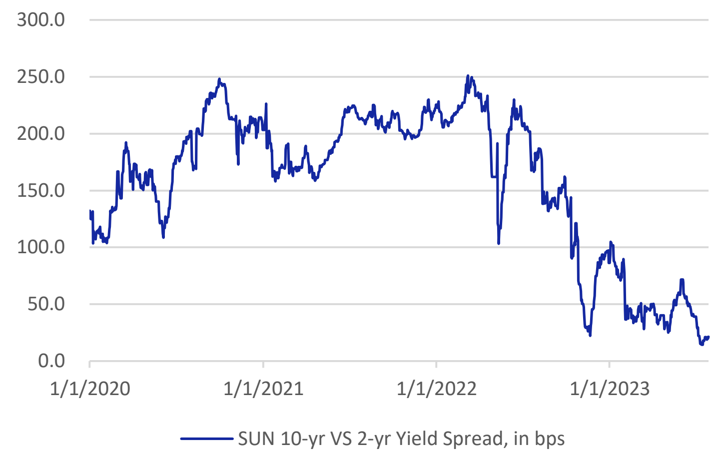
No.	Series	Issue Date	Maturity Date	Tenure (Year)	Coupon Rate	Actual Price	Yield to Maturity	Yield Curve	Valuation Price	Spread to YC (bps)	Recommendation	Duration
1	FR70	8/29/2013	3/15/2024	0.63	8.4%	101.51	5.8%	2.8%	103.46	303.11	Cheap	0.62
2	FR77	9/27/2018	5/15/2024	0.80	8.1%	101.74	5.8%	3.2%	103.87	263.17	Cheap	0.77
3	FR44	4/19/2007	9/15/2024	1.14	10.0%	104.65	5.7%	3.8%	106.79	181.67	Cheap	1.07
4	FR81	8/1/2019	6/15/2025	1.88	6.5%	100.84	6.0%	4.8%	103.03	121.55	Cheap	1.77
5	FR40	9/21/2006	9/15/2025	2.14	11.0%	110.17	5.8%	5.0%	111.99	81.46	Cheap	1.92
6	FR84	5/4/2020	2/15/2026	2.56	7.3%	103.11	5.9%	5.3%	104.64	62.50	Cheap	2.32
7	FR86	8/13/2020	4/15/2026	2.72	5.5%	98.90	5.9%	5.4%	100.32	57.19	Cheap	2.53
8	FR56	9/23/2010	9/15/2026	3.14	8.4%	106.87	5.9%	5.6%	108.01	37.17	Cheap	2.78
9	FR37	5/18/2006	9/15/2026	3.14	12.0%	117.39	5.8%	5.6%	118.32	26.55	Cheap	2.67
10	FR90	7/8/2021	4/15/2027	3.72	5.1%	97.71	5.8%	5.7%	97.95	7.44	Cheap	3.40
11	FR59	9/15/2011	5/15/2027	3.80	7.0%	103.29	6.0%	5.8%	104.15	24.48	Cheap	3.33
12	FR42	1/25/2007	7/15/2027	3.97	10.3%	115.28	5.9%	5.8%	115.53	5.33	Cheap	3.35
13	FR94	3/4/2022	1/15/2028	4.47	5.6%	98.33	6.0%	5.9%	98.76	11.29	Cheap	3.97
14	FR47	8/30/2007	2/15/2028	4.56	10.0%	116.05	5.9%	5.9%	116.02	(2.14)	Expensive	3.72
15	FR64	8/13/2012	5/15/2028	4.80	6.1%	100.38	6.0%	6.0%	100.60	5.04	Cheap	4.14
16	FR95	8/19/2022	8/15/2028	5.05	6.4%	101.78	6.0%	6.0%	101.53	(5.92)	Expensive	4.31
17	FR99	1/27/2023	1/15/2029	5.47	6.4%	101.61	6.0%	6.1%	101.49	(2.85)	Expensive	4.65
18	FR71	9/12/2013	3/15/2029	5.64	9.0%	113.64	6.1%	6.1%	113.67	(0.22)	Expensive	4.52
19	FR78	9/27/2018	5/15/2029	5.80	8.3%	110.06	6.2%	6.1%	110.29	3.75	Cheap	4.66
20	FR52	8/20/2009	8/15/2030	7.05	10.5%	123.87	6.3%	6.2%	124.05	2.08	Cheap	5.21
21	FR82	8/1/2019	9/15/2030	7.14	7.0%	103.61	6.4%	6.2%	104.32	11.84	Cheap	5.66
22	FRSDG1	10/27/2022	10/15/2030	7.22	7.4%	104.75	6.5%	6.2%	106.48	28.83	Cheap	5.69
23	FR87	8/13/2020	2/15/2031	7.56	6.5%	100.72	6.4%	6.3%	101.36	10.75	Cheap	5.95
24	FR85	5/4/2020	4/15/2031	7.72	7.8%	108.91	6.3%	6.3%	108.88	(1.02)	Expensive	5.95
25	FR73	8/6/2015	5/15/2031	7.80	8.8%	115.08	6.3%	6.3%	115.01	(1.64)	Expensive	5.81
26	FR54	7/22/2010	7/15/2031	7.97	9.5%	120.49	6.2%	6.3%	119.83	(10.03)	Expensive	5.89
27	FR91	7/8/2021	4/15/2032	8.72	6.4%	100.23	6.3%	6.3%	100.24	(0.06)	Expensive	6.74
28	FR58	7/21/2011	6/15/2032	8.89	8.3%	112.80	6.3%	6.3%	112.78	(0.78)	Expensive	6.49
29	FR74	11/10/2016	8/15/2032	9.06	7.5%	107.80	6.4%	6.4%	107.79	(0.31)	Expensive	6.66
30	FR96	8/19/2022	2/15/2033	9.56	7.0%	105.23	6.3%	6.4%	104.41	(11.47)	Expensive	7.02
31	FR65	8/30/2012	5/15/2033	9.81	6.6%	101.81	6.4%	6.4%	101.71	(1.53)	Expensive	7.22
32	FR68	8/1/2013	3/15/2034	10.64	8.4%	115.13	6.4%	6.4%	114.92	(2.90)	Expensive	7.34
33	FR80	7/4/2019	6/15/2035	11.89	7.5%	108.88	6.4%	6.5%	108.57	(3.76)	Expensive	8.08
34	FR72	7/9/2015	5/15/2036	12.81	8.3%	115.24	6.5%	6.5%	115.25	(0.25)	Expensive	8.26
35	FR88	1/7/2021	6/15/2036	12.89	6.3%	99.71	6.3%	6.5%	98.00	(19.89)	Expensive	8.87
36	FR45	5/24/2007	5/15/2037	13.81	9.8%	128.35	6.6%	6.5%	129.32	8.54	Cheap	8.34
37	FR93	1/6/2022	7/15/2037	13.98	6.4%	100.02	6.4%	6.5%	98.82	(13.20)	Expensive	9.33
38	FR75	8/10/2017	5/15/2038	14.81	7.5%	109.05	6.5%	6.5%	109.22	1.43	Cheap	9.20
39	FR98	9/15/2022	6/15/2038	14.89	7.1%	106.84	6.4%	6.5%	105.70	(11.74)	Expensive	9.42
40	FR50	1/24/2008	7/15/2038	14.98	10.5%	136.93	6.6%	6.5%	137.65	5.77	Cheap	8.73
41	FR79	1/7/2019	4/15/2039	15.73	8.4%	117.55	6.6%	6.5%	117.91	3.00	Cheap	9.41
42	FR83	11/7/2019	4/15/2040	16.73	7.5%	108.01	6.7%	6.5%	109.57	14.48	Cheap	9.92
43	FR57	4/21/2011	5/15/2041	17.81	9.5%	129.48	6.6%	6.6%	130.57	8.37	Cheap	9.68
44	FR62	2/9/2012	4/15/2042	18.73	6.4%	98.05	6.6%	6.6%	97.87	(1.82)	Expensive	10.95
45	FR92	7/8/2021	6/15/2042	18.90	7.1%	105.66	6.6%	6.6%	105.89	1.93	Cheap	10.67
46	FR97	8/19/2022	6/15/2043	19.90	7.1%	107.28	6.5%	6.6%	105.92	(11.81)	Expensive	11.01
47	FR67	7/18/2013	2/15/2044	20.57	8.8%	121.60	6.8%	6.6%	124.10	19.25	Cheap	10.52
48	FR76	9/22/2017	5/15/2048	24.82	7.4%	106.76	6.8%	6.6%	109.08	18.06	Cheap	11.79
49	FR89	1/7/2021	8/15/2051	28.07	6.9%	102.28	6.7%	6.6%	102.94	5.08	Cheap	12.60

Chart 1. Samuel's Yield Curve Forecast



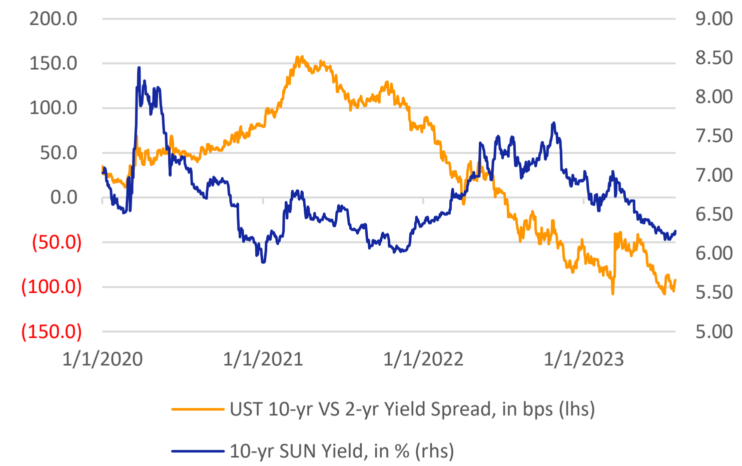
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



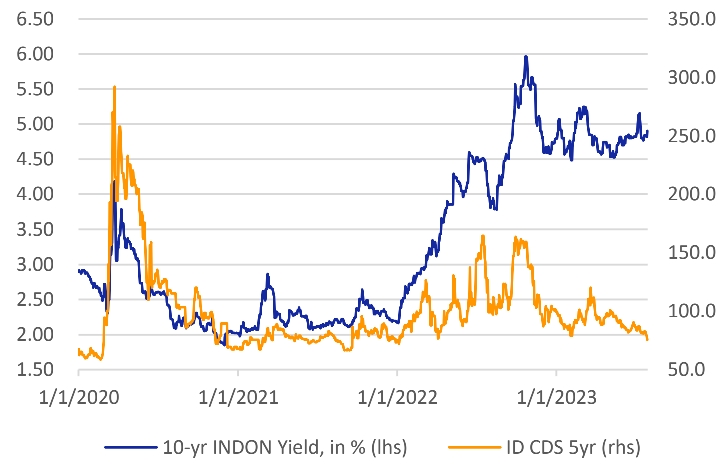
Source: Bloomberg

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



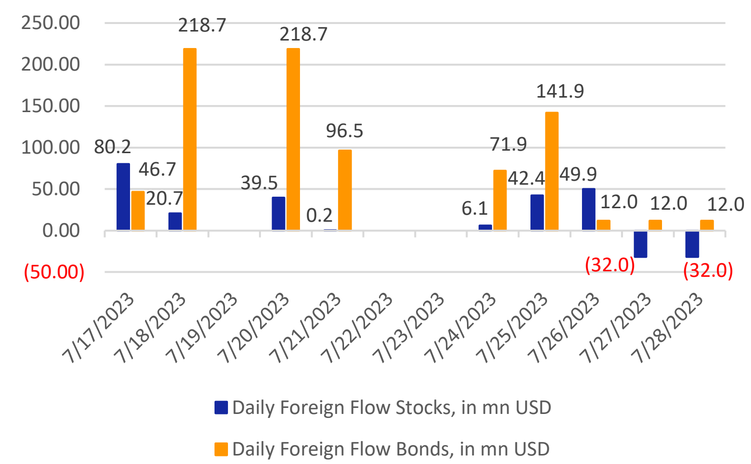
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



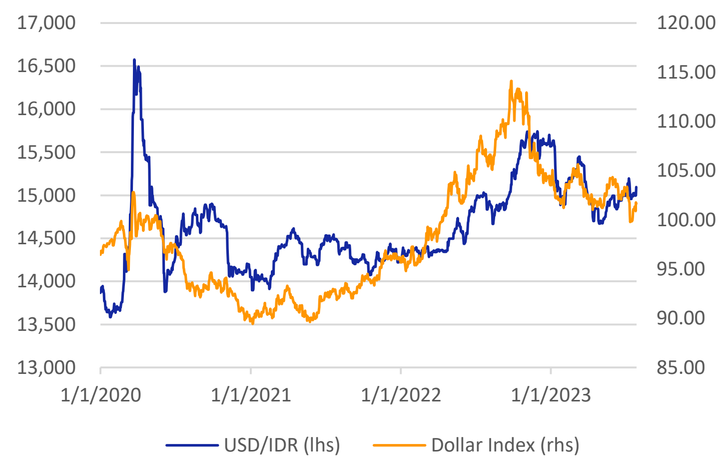
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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 Budiyono	Dealer	wahyudi.budiyono@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