

## Economic and Fixed Income Indicators

Currencies	7/3/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.09	0.0	0.0	1.9
GBP/USD	1.27	(0.1)	(0.1)	5.0
AUD/USD	0.67	0.1	0.1	(2.1)
USD/CHF	0.90	0.1	0.1	(3.1)
USD/JPY	144.7	0.3	0.3	10.3
Dollar Index	103.0	0.1	0.1	(0.5)
Bloomberg Asia Dollar Index	91.8	0.3	0.3	(2.9)
USD/KRW	1,308	(0.7)	(0.7)	3.4
USD/SGD	1.35	(0.1)	(0.1)	0.9
USD/CNY	7.25	(0.1)	(0.1)	5.0
USD/INR	82.0	(0.1)	(0.1)	(0.9)
USD/IDR	15,025	0.2	0.2	(3.5)
USD/IDR 1 Month NDF	15,059	0.1	0.1	(3.1)
USD/MYR	4.67	0.0	0.0	6.0
USD/THB	35.2	(0.6)	(0.6)	1.8
USD/PHP	55.3	0.2	0.2	(0.7)

Rates	7/3/2023	Daily (bp)	MTD (bp)	YTD (bp)
US Treasuries 10-Year	3.85	1.8	1.8	(2.0)
Germany Bund 10-Year	2.44	4.5	4.5	(13.4)
Japan JGB 10-Year	0.41	0.4	0.4	(1.7)
LIBOR Overnight	5.06	0.0	0.0	74.4
LIBOR 1-Month	5.22	0.0	0.0	82.6
Indonesia INDOGB 10-Year	6.24	(2.4)	(2.4)	(70.3)
Indonesia INDOGB 5-Year	5.89	(1.9)	(1.9)	(31.2)
Indonesia INDOGB 2-Year	5.90	3.2	3.2	(17.4)
INDOGB-UST (bp)	238.25	(4.2)	(4.2)	(68.3)
Indonesia INDON 10-Year	4.87	4.9	4.9	7.5
Indonesia INDON 5-Year	4.92	12.9	12.9	22.9
Indonesia INDON 2-Year	5.39	17.0	17.0	59.8
INDON-UST (bp)	101.65	3.1	3.1	9.5
Indonesia Corporate AAA 10-Year	7.18	(2.4)	(2.4)	(56.5)
Indonesia Corporate AAA 5-Year	6.68	(1.9)	(1.9)	(12.4)
Indonesia Corporate AAA 2-Year	6.56	3.2	3.2	7.1
INDONIA	5.59	(32.9)	(32.9)	56.1
JIBOR 1-Month	6.40	0.0	0.0	19.5

Bond Indexes	7/3/2023	Daily (%)	MTD (%)	YTD (%)
S&P Global Bond Developed Index	179.5	0.0	0.0	2.1
EMBI Global Index	798.8	0.2	0.2	4.0
iShare USD EMBI Index	85.7	(0.3)	(0.3)	1.2
ICBI Index	367.7	0.2	0.2	6.7
IDMA Index	101.1	0.0	0.0	3.8
INDOBeX Government Bond Index	360.1	0.2	0.2	6.8
INDOBeX Corporate Bond Index	411.1	0.2	0.2	4.8

Prices	7/3/2023	Daily (%)	MTD (%)	YTD (%)
ID CDS 5-Year	83.8	(2.7)	(2.7)	(15.8)
JCI	6,697	0.5	0.5	(2.2)
S&P-Goldman Sachs Commodity Index	543.5	0.5	0.5	(10.9)
FR0095	102.23	0.1	0.1	3.1
FR0096	105.56	0.2	0.2	5.0
FR0097	106.32	0.2	0.2	6.1
FR0098	106.72	0.4	0.4	6.2

Source: Bloomberg, SSI Research

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## Economic Calendar

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
07/04/2023 06:50	JN	Monetary Base YoY	Jun	--	-1.10%
07/04/2023 06:50	JN	Monetary Base End of period	Jun	--	¥672.3t
07/04/2023 13:00	GE	Exports SA MoM	May	0.40%	1.40%
07/04/2023 13:00	GE	Imports SA MoM	May	0.00%	-0.40%

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

## Bullish flattening in domestic bond market continues

Bullish flattening in the domestic bond market continued on the first trading day after the Eid-Adha long holiday (7/3), which was reflected in the increase in INDOGB 2Y yield by 3 bps to 5.9%. Meanwhile, the INDOGB 10Y yield fell -2 bps to 6.24%, beyond our expectations. As a result, the yield spread between INDOGB 10Y vs. 2Y narrowed down from 39 bps to 33 bps, followed by a drop in the INDOGB vs. UST 10Y yield spread to 238 bps. Given current conditions, we advise investors to start reallocating their portfolio and move from long tenors (10Y and 15Y) to short tenors (2Y) to anticipate the risk of a reversal in 10Y yield direction to 6.4%. We expect the INDOGB 10Y yield to consolidate at 6.2-6.3% today, and rupiah might depreciate to IDR 15,000-15,100 per USD.

**Fixed Income News: The Ministry of Finance will hold an SBSN auction today with an indicative target of IDR 6tn (Prev: IDR 7tn).** This decision was taken considering the sharp decline in demand for bonds at the previous SBSN auction (6/20) to IDR 41.4tn (6/6: IDR 60tn) as well as the 5M23 budget surplus of 0.97% of GDP (5M22: 0.67% to GDP) which led to a drop in net financing of SBN by almost IDR 100tn in 5M23 compared to 4M23. In our opinion, the decision to reduce supply will help maintain the price and yield of SBN in the secondary market at competitive levels. According to our estimates, the decision to lower the indicative target will reduce the FY23 SBN supply by IDR -26tn to IDR 660.8tn, almost the same as the supply in 2016. (DJPPR)

**Global Economic News: US ISM manufacturing PMI fell to 46 in June (May: 46.9; Cons Jun: 47.2).** The unexpected drop increased the possibility of a recession in the United States in 2H23. We believe the probability of a hard landing in 2H23 will increase even more if the Fed decides to raise its terminal rate this month. (Wall Street Journal)

**Domestic Economic News: Manufacturing PMI rose to 52.5 in June (May: 50.3),** mainly thanks to the increase in the number of domestic orders, while the number of foreign orders continued to decline. However, existing production capacity, particularly from suppliers, is still insufficient to keep up with the demand. There has been a decline in input prices, which has started to show effects on selling prices at the producer level. This condition is consistent with our prediction that Indonesia's economy will be supported by domestic demand in 2H23.. (S&P)

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

# Daily Economic & Fixed Income Report

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Economic & Fixed Income Analysis

4 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	0.03	9.5%	100.28	-1.6%	4.8%	100.15	(638.08)	Expensive	#NUM!
2	FR39	8/24/2006	8/15/2023	0.12	11.8%	100.82	4.1%	4.8%	100.81	(68.66)	Expensive	0.12
3	FR70	8/29/2013	3/15/2024	0.70	8.4%	101.86	5.6%	4.8%	102.41	73.30	Cheap	0.69
4	FR77	9/27/2018	5/15/2024	0.87	8.1%	101.92	5.8%	4.9%	102.72	90.15	Cheap	0.84
5	FR44	4/19/2007	9/15/2024	1.21	10.0%	104.85	5.7%	5.0%	105.79	72.64	Cheap	1.14
6	FR81	8/1/2019	6/15/2025	1.95	6.5%	101.21	5.8%	5.2%	102.30	58.43	Cheap	1.84
7	FR40	9/21/2006	9/15/2025	2.21	11.0%	110.71	5.7%	5.3%	111.66	39.93	Cheap	1.99
8	FR84	5/4/2020	2/15/2026	2.62	7.3%	103.21	5.9%	5.5%	104.33	44.44	Cheap	2.39
9	FR86	8/13/2020	4/15/2026	2.79	5.5%	99.44	5.7%	5.5%	99.99	21.40	Cheap	2.57
10	FR56	9/23/2010	9/15/2026	3.21	8.4%	107.36	5.8%	5.6%	107.99	19.63	Cheap	2.85
11	FR37	5/18/2006	9/15/2026	3.21	12.0%	117.83	5.8%	5.6%	118.49	17.96	Cheap	2.74
12	FR90	7/8/2021	4/15/2027	3.79	5.1%	98.25	5.6%	5.8%	97.89	(10.92)	Expensive	3.42
13	FR59	9/15/2011	5/15/2027	3.87	7.0%	103.69	5.9%	5.8%	104.20	14.11	Cheap	3.40
14	FR42	1/25/2007	7/15/2027	4.04	10.3%	114.35	6.2%	5.8%	115.78	36.17	Cheap	3.34
15	FR94	3/4/2022	1/15/2028	4.54	5.6%	98.37	6.0%	5.9%	98.81	11.57	Cheap	3.98
16	FR47	8/30/2007	2/15/2028	4.62	10.0%	116.04	6.0%	5.9%	116.31	4.96	Cheap	3.78
17	FR64	8/13/2012	5/15/2028	4.87	6.1%	100.87	5.9%	6.0%	100.70	(4.37)	Expensive	4.21
18	FR95	8/19/2022	8/15/2028	5.12	6.4%	102.24	5.9%	6.0%	101.65	(13.55)	Expensive	4.38
19	FR99	1/27/2023	1/15/2029	5.54	6.4%	101.76	6.0%	6.1%	101.61	(3.54)	Expensive	4.65
20	FR71	9/12/2013	3/15/2029	5.70	9.0%	113.95	6.1%	6.1%	113.92	(1.33)	Expensive	4.59
21	FR78	9/27/2018	5/15/2029	5.87	8.3%	110.34	6.1%	6.1%	110.50	2.47	Cheap	4.73
22	FR52	8/20/2009	8/15/2030	7.12	10.5%	123.80	6.3%	6.2%	124.31	7.12	Cheap	5.27
23	FR82	8/1/2019	9/15/2030	7.21	7.0%	104.21	6.3%	6.2%	104.41	3.15	Cheap	5.73
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%	101.24	6.3%	6.3%	101.41	2.62	Cheap	6.03
26	FR85	5/4/2020	4/15/2031	7.79	7.8%	108.36	6.4%	6.3%	108.97	9.16	Cheap	5.91
27	FR73	8/6/2015	5/15/2031	7.87	8.8%	115.23	6.3%	6.3%	115.14	(1.83)	Expensive	5.87
28	FR54	7/22/2010	7/15/2031	8.04	9.5%	120.75	6.2%	6.3%	119.98	(11.34)	Expensive	5.85
29	FR91	7/8/2021	4/15/2032	8.79	6.4%	100.60	6.3%	6.3%	100.22	(5.84)	Expensive	6.71
30	FR58	7/21/2011	6/15/2032	8.96	8.3%	112.39	6.4%	6.4%	112.82	5.65	Cheap	6.56
31	FR74	11/10/2016	8/15/2032	9.13	7.5%	108.25	6.3%	6.4%	107.80	(6.58)	Expensive	6.73
32	FR96	8/19/2022	2/15/2033	9.63	7.0%	105.60	6.2%	6.4%	104.36	(17.10)	Expensive	7.09
33	FR65	8/30/2012	5/15/2033	9.87	6.6%	102.28	6.3%	6.4%	101.64	(8.86)	Expensive	7.29
34	FR68	8/1/2013	3/15/2034	10.71	8.4%	115.14	6.4%	6.4%	114.86	(3.72)	Expensive	7.41
35	FR80	7/4/2019	6/15/2035	11.96	7.5%	108.75	6.4%	6.5%	108.42	(4.02)	Expensive	8.15
36	FR72	7/9/2015	5/15/2036	12.88	8.3%	115.44	6.5%	6.5%	115.06	(4.33)	Expensive	8.33
37	FR88	1/7/2021	6/15/2036	12.96	6.3%	99.24	6.3%	6.5%	97.77	(17.11)	Expensive	8.93
38	FR45	5/24/2007	5/15/2037	13.88	9.8%	124.38	7.0%	6.5%	129.09	44.43	Cheap	8.31
39	FR93	1/6/2022	7/15/2037	14.04	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%	108.58	6.6%	6.6%	108.92	3.24	Cheap	9.25
41	FR98	9/15/2022	6/15/2038	14.96	7.1%	106.71	6.4%	6.6%	105.39	(13.55)	Expensive	9.48
42	FR50	1/24/2008	7/15/2038	15.04	10.5%	135.97	6.7%	6.6%	137.36	11.61	Cheap	8.61
43	FR79	1/7/2019	4/15/2039	15.79	8.4%	116.91	6.6%	6.6%	117.57	5.82	Cheap	9.29
44	FR83	11/7/2019	4/15/2040	16.80	7.5%	108.60	6.6%	6.6%	109.19	5.30	Cheap	9.84
45	FR57	4/21/2011	5/15/2041	17.88	9.5%	129.50	6.7%	6.6%	130.13	4.73	Cheap	9.75
46	FR62	2/9/2012	4/15/2042	18.80	6.4%	98.35	6.5%	6.6%	97.42	(8.89)	Expensive	10.86
47	FR92	7/8/2021	6/15/2042	18.96	7.1%	104.79	6.7%	6.6%	105.43	5.70	Cheap	10.70
48	FR97	8/19/2022	6/15/2043	19.96	7.1%	106.32	6.6%	6.6%	105.43	(7.88)	Expensive	11.04
49	FR67	7/18/2013	2/15/2044	20.64	8.8%	120.03	6.9%	6.6%	123.55	27.38	Cheap	10.52
50	FR76	9/22/2017	5/15/2048	24.88	7.4%	106.81	6.8%	6.7%	108.43	12.69	Cheap	11.86
51	FR89	1/7/2021	8/15/2051	28.14	6.9%	101.53	6.8%	6.7%	102.24	5.53	Cheap	12.61

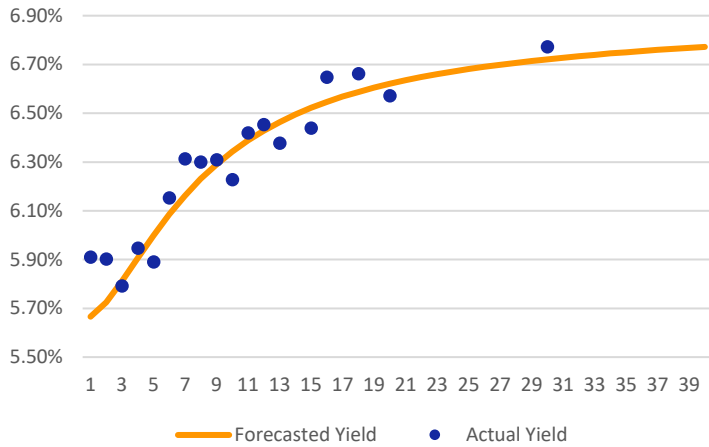
# Daily Economic & Fixed Income Report

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Economic & Fixed Income Analysis

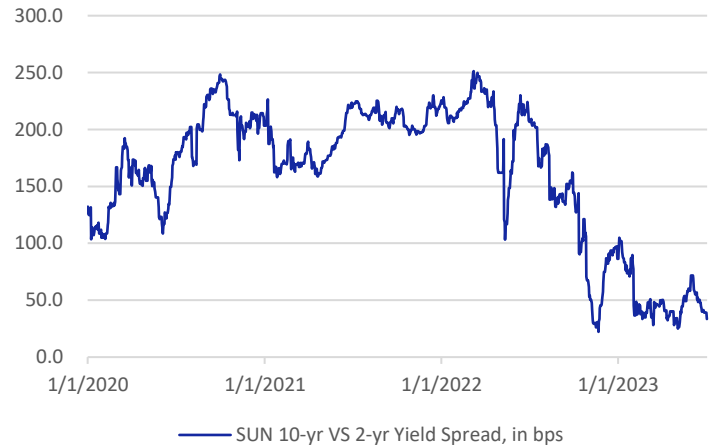
4 July 2023

**Chart 1. Samuel's Yield Curve Forecast**



Source: Bloomberg

**Chart 2. Leading Indicator for Indonesian Economic Recession**



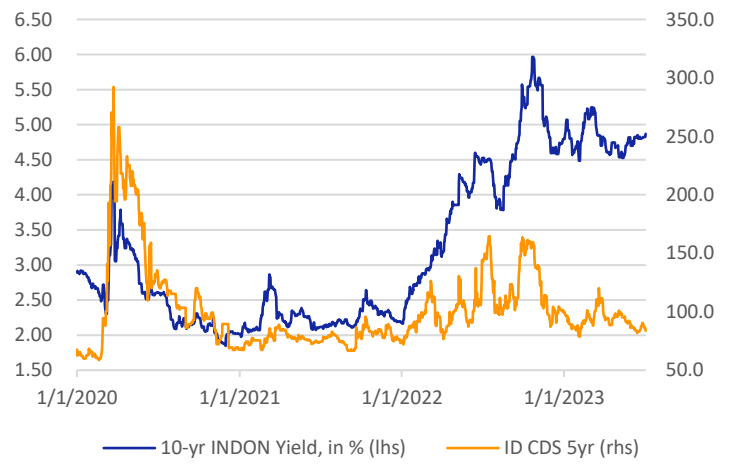
Source: Bloomberg

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



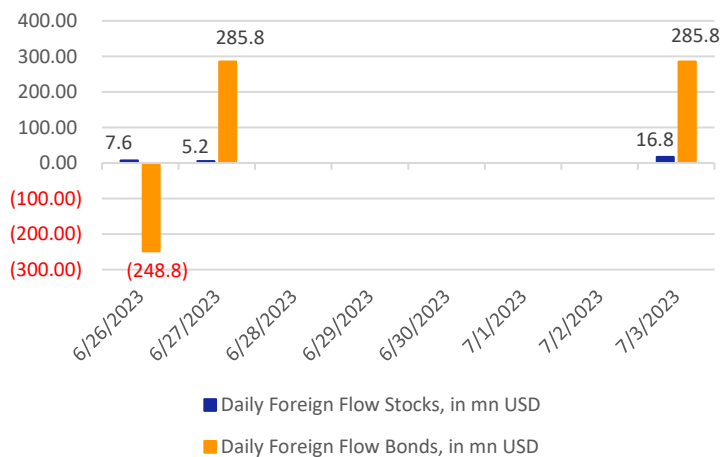
Source: Bloomberg

**Chart 4. Leading Indicator for Bond Market Volatility**



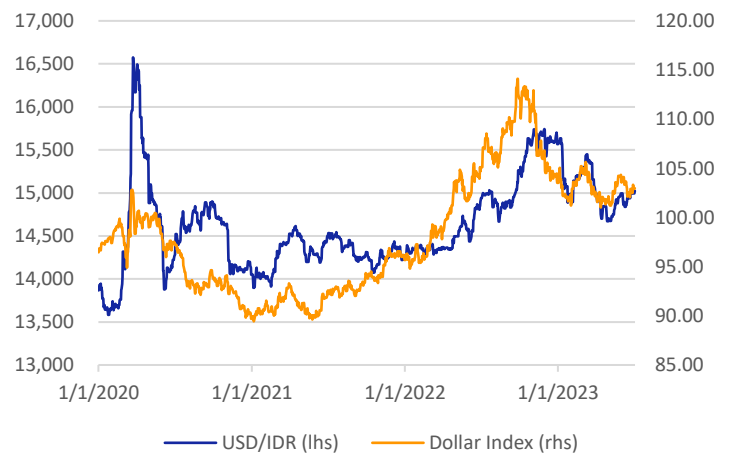
Source: Bloomberg

**Chart 5. Foreign Capital Flow Indicator**



Source: Bloomberg

**Chart 6. Exchange Rate Indicator**



Source: Bloomberg

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Economic & Fixed Income Analysis

4 July 2023

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