

## Economic and Fixed Income Indicators

Currencies	7/6/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.09	0.3	(0.2)	1.7
GBP/USD	1.27	0.3	0.3	5.4
AUD/USD	0.66	(0.4)	(0.6)	(2.7)
USD/CHF	0.90	(0.4)	(0.0)	(3.2)
USD/JPY	144.1	(0.4)	(0.2)	9.9
Dollar Index	103.2	(0.2)	0.2	(0.3)
Bloomberg Asia Dollar Index	91.7	(0.2)	0.1	(3.1)
USD/KRW	1,301	0.2	(1.3)	2.8
USD/SGD	1.35	0.0	0.1	1.1
USD/CNY	7.25	(0.0)	(0.1)	5.1
USD/INR	82.5	0.3	0.6	(0.3)
USD/IDR	15,045	0.2	0.3	(3.4)
USD/IDR 1 Month NDF	15,193	0.6	1.0	(2.2)
USD/MYR	4.66	0.2	(0.1)	5.8
USD/THB	35.1	0.5	(1.1)	1.3
USD/PHP	55.5	0.2	0.5	(0.4)
Rates	7/6/2023	Daily (bp)	MTD (bp)	YTD (bp)
US Treasuries 10-Year	4.03	9.8	19.2	15.4
Germany Bund 10-Year	2.63	14.8	23.4	5.5
Japan JGB 10-Year	0.41	2.2	1.3	(0.8)
LIBOR Overnight	5.06	0.0	0.0	74.4
LIBOR 1-Month	5.26	0.0	4.2	86.8
Indonesia INDOGB 10-Year	6.20	2.6	(5.8)	(73.7)
Indonesia INDOGB 5-Year	5.92	1.8	0.5	(28.8)
Indonesia INDOGB 2-Year	5.91	1.9	3.7	(16.9)
INDOGB-UST (bp)	217.39	(7.2)	(25.0)	(89.1)
Indonesia INDON 10-Year	4.99	11.2	16.4	19.0
Indonesia INDON 5-Year	5.01	8.4	21.9	31.9
Indonesia INDON 2-Year	5.41	4.6	18.6	61.4
INDON-UST (bp)	95.69	1.4	(2.8)	3.6
Indonesia Corporate AAA 10-Year	7.13	1.5	(7.8)	(61.9)
Indonesia Corporate AAA 5-Year	6.69	0.9	(1.4)	(11.9)
Indonesia Corporate AAA 2-Year	6.54	1.1	2.1	6.0
INDONIA	5.69	1.0	(22.1)	66.9
JIBOR 1-Month	6.40	0.1	0.1	19.6
Bond Indexes	7/6/2023	Daily (%)	MTD (%)	YTD (%)
S&P Global Bond Developed Index	177.9	(0.6)	(0.9)	1.1
EMBI Global Index	790.7	(0.9)	(0.9)	2.9
iShare USD EMBI Index	84.8	(1.1)	(1.3)	0.1
ICBI Index	368.4	(0.1)	0.3	6.8
IDMA Index	101.4	0.0	0.2	4.1
INDOBeX Government Bond Index	360.7	(0.1)	0.3	7.0
INDOBeX Corporate Bond Index	411.3	(0.0)	0.2	4.9
Prices	7/6/2023	Daily (%)	MTD (%)	YTD (%)
ID CDS 5-Year	85.8	2.3	(0.4)	(13.9)
JCI	6,757	0.6	1.4	(1.4)
S&P-Goldman Sachs Commodity Index	543.2	(0.1)	0.4	(11.0)
FR0095	102.13	(0.1)	0.0	3.0
FR0096	105.85	(0.2)	0.4	5.3
FR0097	107.81	(0.1)	1.6	7.6
FR0098	107.90	(0.0)	1.5	7.4

Source: Bloomberg, SSI Research

## 2X25 bps Fed rate hike is now the market's main scenario; beware of INDOGB 10Y correction

Global bond, stock, and commodity markets fell sharply last night due to the shift in expectations of the Fed's rate hike from 1X25 bps to 2X25 bps in 2H23. The shift itself was caused by an increase in the US ISM services PMI data for June, which might trigger further expansion in the US labor market (see Global Economic News). As a result, US stock indices fell by -1% and Eurozone stock indices fell by -3%. The S&P commodity index only corrected -0.1%, while global bond indices experienced sharp corrections (S&P Global Developed Bond Index: -0.6%, EMBI: -0.9%). The UST and Bund 10Y yields went up by 10 and 15 bps to 4.03% and 2.63%, respectively. As a result of the spike in the UST 10Y yield, the INDOGB vs. UST 10Y yield spread plunged to 217 bps. We believe this is the start of a sharp correction in the domestic bond market, especially the INDOGB 10Y. To deal with this situation, we advise investors to reallocate their portfolio reallocation from long (10Y and 15Y) to short (2Y). We expect the INDOGB 10Y yield to decline to 6.25-6.35% today, while rupiah might drop to IDR 15,100-15,200 per USD.

**Fixed Income News: The government absorbed IDR 2.5tn from the issuance of FR0065 through private placement.** The issuance of FR0065 (coupon: 6.625%) was carried out on June 27, 2023, with a yield of 6.24%, lower than the market yield of 6.33%. For information, FR0065 series is a tradable series. (Kontan)

**Global Economic News: The US ISM services PMI rose to 53.9 in June (May: 50.3; Cons Jun: 51).** The US services sector expansion in June is expected to trigger another expansion in the US labor market. This was reflected in the June ADP nonfarm employment change data, which rose to 497,000 (May: 267,000; Cons Jun: 228,000). As a result, market projections for Fed rate hikes shifted from 1X25 bps to 2X25 bps in July (92%) and November (44%). (Wall Street Journal)

**Domestic Economic News: Indonesia received IDR 15.4tn of CPO export duty in 1H23,** reaching 51.5% of the full-year target of the Oil Palm Plantations Fund Management Agency (BPDPKS). The revenue target is crucial for the implementation of the CPO industrialization program through subsidized biodiesel production (the government has prepared a budget of IDR 146.6tn for the program). (Kontan)

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

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## Economic Calendar

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
07/07/2023 10:00	ID	Net Foreign Assets IDR	Jun	--	1954.8t
07/07/2023 10:00	ID	Foreign Reserves	Jun	--	\$139.30b
07/07/2023 19:30	US	Change in Nonfarm Payrolls	Jun	225k	339k
07/07/2023 19:30	US	Unemployment Rate	Jun	3.60%	3.70%

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

# Daily Economic & Fixed Income Report

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



Economic & Fixed Income Analysis

7 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	0.11	11.8%	100.77	3.6%	3.3%	100.92	28.43	Cheap	0.11
2	FR70	8/29/2013	3/15/2024	0.69	8.4%	101.70	5.8%	3.7%	103.16	204.86	Cheap	0.68
3	FR77	9/27/2018	5/15/2024	0.86	8.1%	101.80	5.9%	3.9%	103.54	199.24	Cheap	0.83
4	FR44	4/19/2007	9/15/2024	1.20	10.0%	104.91	5.6%	4.3%	106.60	134.31	Cheap	1.13
5	FR81	8/1/2019	6/15/2025	1.95	6.5%	101.16	5.9%	5.0%	102.82	88.66	Cheap	1.83
6	FR40	9/21/2006	9/15/2025	2.20	11.0%	110.60	5.7%	5.1%	112.04	61.03	Cheap	1.98
7	FR84	5/4/2020	2/15/2026	2.62	7.3%	103.14	5.9%	5.4%	104.54	55.49	Cheap	2.38
8	FR86	8/13/2020	4/15/2026	2.78	5.5%	99.27	5.8%	5.4%	100.14	34.34	Cheap	2.56
9	FR56	9/23/2010	9/15/2026	3.20	8.4%	107.29	5.8%	5.6%	107.99	21.45	Cheap	2.84
10	FR37	5/18/2006	9/15/2026	3.20	12.0%	117.80	5.8%	5.6%	118.47	17.35	Cheap	2.73
11	FR90	7/8/2021	4/15/2027	3.78	5.1%	98.04	5.7%	5.8%	97.79	(7.57)	Expensive	3.41
12	FR59	9/15/2011	5/15/2027	3.86	7.0%	103.75	5.9%	5.8%	104.08	8.55	Cheap	3.39
13	FR42	1/25/2007	7/15/2027	4.03	10.3%	115.28	5.9%	5.8%	115.60	6.92	Cheap	3.34
14	FR94	3/4/2022	1/15/2028	4.53	5.6%	98.51	6.0%	5.9%	98.63	3.39	Cheap	3.97
15	FR47	8/30/2007	2/15/2028	4.62	10.0%	116.10	5.9%	6.0%	116.08	(2.09)	Expensive	3.78
16	FR64	8/13/2012	5/15/2028	4.86	6.1%	100.82	5.9%	6.0%	100.50	(8.04)	Expensive	4.21
17	FR95	8/19/2022	8/15/2028	5.12	6.4%	102.13	5.9%	6.0%	101.44	(15.98)	Expensive	4.37
18	FR99	1/27/2023	1/15/2029	5.53	6.4%	101.82	6.0%	6.1%	101.40	(9.19)	Expensive	4.64
19	FR71	9/12/2013	3/15/2029	5.70	9.0%	114.03	6.0%	6.1%	113.69	(7.71)	Expensive	4.58
20	FR78	9/27/2018	5/15/2029	5.86	8.3%	110.29	6.1%	6.1%	110.27	(1.10)	Expensive	4.72
21	FR52	8/20/2009	8/15/2030	7.12	10.5%	123.80	6.3%	6.2%	124.11	3.84	Cheap	5.26
22	FR82	8/1/2019	9/15/2030	7.20	7.0%	104.03	6.3%	6.3%	104.26	3.54	Cheap	5.72
23	FRSDG1	10/27/2022	10/15/2030	7.28	7.4%	104.75	6.5%	6.3%	106.43	27.80	Cheap	5.65
24	FR87	8/13/2020	2/15/2031	7.62	6.5%	101.10	6.3%	6.3%	101.29	2.89	Cheap	6.02
25	FR85	5/4/2020	4/15/2031	7.78	7.8%	108.33	6.4%	6.3%	108.84	7.56	Cheap	5.90
26	FR73	8/6/2015	5/15/2031	7.86	8.8%	115.43	6.2%	6.3%	115.01	(6.86)	Expensive	5.87
27	FR54	7/22/2010	7/15/2031	8.03	9.5%	120.55	6.2%	6.3%	119.86	(10.47)	Expensive	5.84
28	FR91	7/8/2021	4/15/2032	8.78	6.4%	100.68	6.3%	6.4%	100.16	(7.98)	Expensive	6.70
29	FR58	7/21/2011	6/15/2032	8.95	8.3%	112.79	6.3%	6.4%	112.76	(0.86)	Expensive	6.55
30	FR74	11/10/2016	8/15/2032	9.12	7.5%	108.38	6.3%	6.4%	107.75	(8.99)	Expensive	6.73
31	FR96	8/19/2022	2/15/2033	9.62	7.0%	105.89	6.2%	6.4%	104.35	(21.16)	Expensive	7.09
32	FR65	8/30/2012	5/15/2033	9.87	6.6%	102.30	6.3%	6.4%	101.65	(9.12)	Expensive	7.28
33	FR68	8/1/2013	3/15/2034	10.70	8.4%	115.69	6.3%	6.4%	114.90	(9.81)	Expensive	7.41
34	FR80	7/4/2019	6/15/2035	11.95	7.5%	108.83	6.4%	6.5%	108.53	(3.62)	Expensive	8.14
35	FR72	7/9/2015	5/15/2036	12.87	8.3%	115.31	6.5%	6.5%	115.23	(1.19)	Expensive	8.32
36	FR88	1/7/2021	6/15/2036	12.95	6.3%	99.63	6.3%	6.5%	97.93	(19.72)	Expensive	8.93
37	FR45	5/24/2007	5/15/2037	13.87	9.8%	123.67	7.0%	6.5%	129.33	53.56	Cheap	8.29
38	FR93	1/6/2022	7/15/2037	14.04	6.4%	100.05	6.4%	6.5%	98.76	(14.10)	Expensive	9.24
39	FR75	8/10/2017	5/15/2038	14.87	7.5%	109.57	6.5%	6.5%	109.18	(4.08)	Expensive	9.27
40	FR98	9/15/2022	6/15/2038	14.95	7.1%	107.88	6.3%	6.5%	105.65	(22.56)	Expensive	9.51
41	FR50	1/24/2008	7/15/2038	15.04	10.5%	136.12	6.7%	6.5%	137.68	12.88	Cheap	8.61
42	FR79	1/7/2019	4/15/2039	15.79	8.4%	117.48	6.6%	6.5%	117.89	3.49	Cheap	9.30
43	FR83	11/7/2019	4/15/2040	16.79	7.5%	108.91	6.6%	6.6%	109.54	5.66	Cheap	9.84
44	FR57	4/21/2011	5/15/2041	17.87	9.5%	129.50	6.7%	6.6%	130.57	8.20	Cheap	9.74
45	FR62	2/9/2012	4/15/2042	18.79	6.4%	98.35	6.5%	6.6%	97.82	(5.11)	Expensive	10.85
46	FR92	7/8/2021	6/15/2042	18.96	7.1%	105.70	6.6%	6.6%	105.85	1.29	Cheap	10.73
47	FR97	8/19/2022	6/15/2043	19.96	7.1%	107.76	6.4%	6.6%	105.89	(16.17)	Expensive	11.09
48	FR67	7/18/2013	2/15/2044	20.63	8.8%	120.78	6.9%	6.6%	124.09	25.51	Cheap	10.54
49	FR76	9/22/2017	5/15/2048	24.88	7.4%	107.38	6.8%	6.6%	109.05	12.92	Cheap	11.89
50	FR89	1/7/2021	8/15/2051	28.13	6.9%	102.14	6.7%	6.6%	102.91	5.89	Cheap	12.65

# Daily Economic & Fixed Income Report

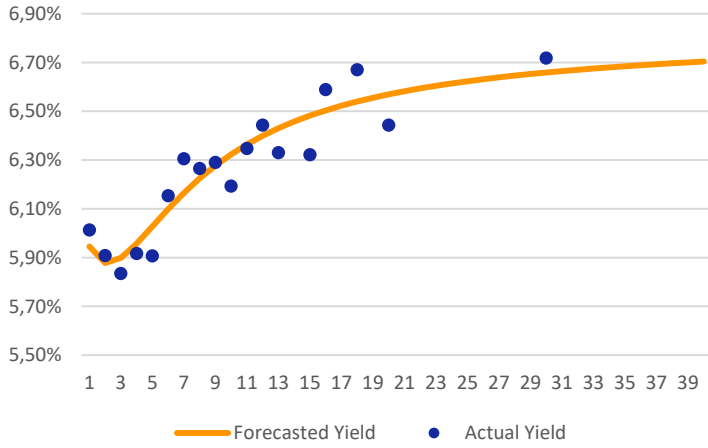
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Economic & Fixed Income Analysis

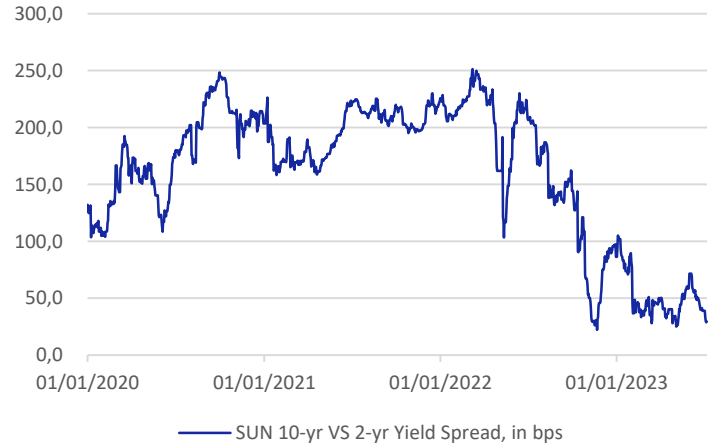
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Chart 1. Samuel's Yield Curve Forecast



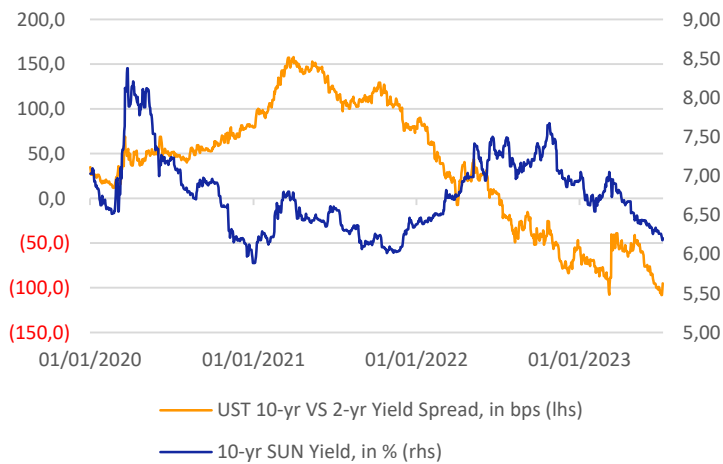
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



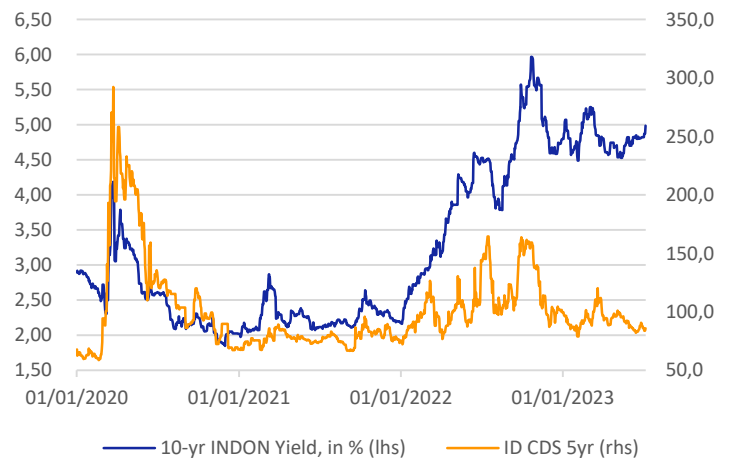
Source: Bloomberg

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



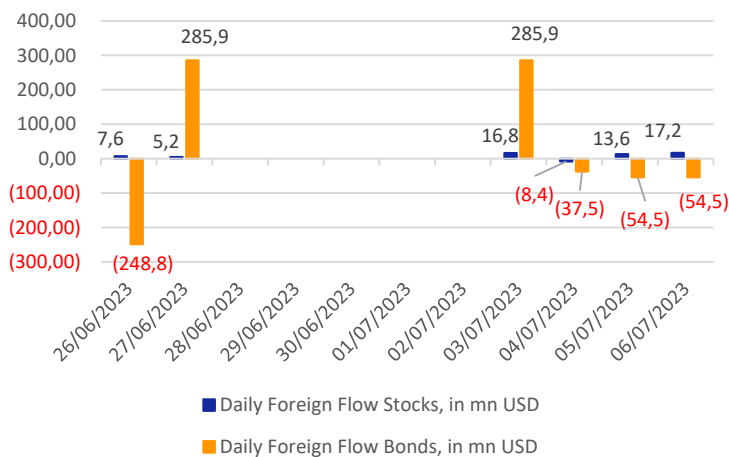
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



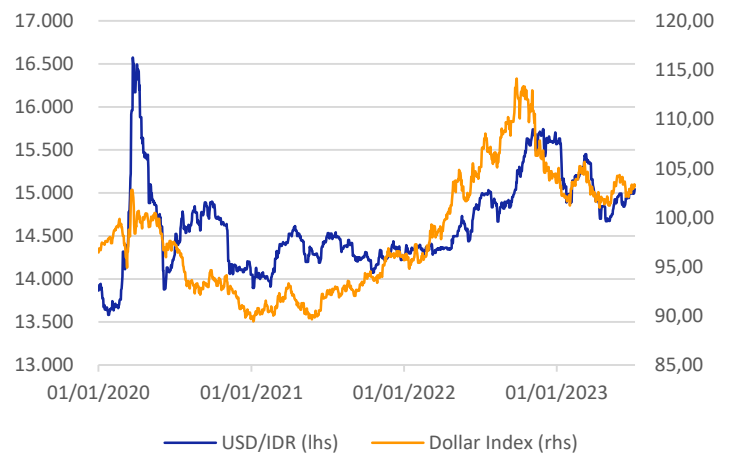
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

# Daily Economic & Fixed Income Report

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Economic & Fixed Income Analysis

7 July 2023

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