Daily Economic & Fixed Income Report

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SAMUEL SEKURITAS INDONESIA

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Economic & Fixed Income Analysis

23 August 2023

Economic and Fixed Income Indicators

Currencies	8/22/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.08	(0.5)	(1.4)	1.3
GBP/USD	1.27	(0.2)	(0.8)	5.4
AUD/USD	0.64	0.1	(4.4)	(5.7)
USD/CHF	0.88	0.2	1.0	(4.8)
USD/JPY	145.9	(0.2)	2.5	11.3
Dollar Index	103.6	0.3	1.7	0.0
Bloomberg Asia Dollar Index	90.9	0.1	(2.3)	(3.9)
USD/KRW	1,336	(0.5)	4.8	5.5
USD/SGD	1.36	0.0	2.1	1.4
USD/CNY	7.29	0.1	2.1	5.7
USD/INR	82.9	(0.2)	0.8	0.2
USD/IDR	15,315	(0.1)	1.6	(1.6)
USD/IDR 1 Month NDF	15,340	(0.2)	1.5	(1.2)
USD/MYR	4.65	(0.0)	3.1	5.5
USD/THB	35.0	(0.6)	2.1	1.0
USD/PHP	56.4	0.4	2.7	1.2
Rates	**8/22/2023**	**Daily (bp)**	**MTD (bp)**	**YTD (bp)**
US Treasuries 10-Year	4.32	(1.4)	36.5	44.9
Germany Bund 10-Year	2.65	(5.8)	15.3	7.4
Japan JGB 10-Year	0.67	1.7	5.4	24.4
US SOFR Overnight	5.30	0.0	(1.0)	100.0
LIBOR 1-Month	5.43	0.0	(0.0)	104.1
Indonesia INDOGB 10-Year	6.67	4.8	41.6	(27.4)
Indonesia INDOGB 5-Year	6.34	3.8	35.2	13.9
Indonesia INDOGB 2-Year	6.19	2.4	11.6	11.0
INDOGB-UST (bp)	234.19	6.2	5.1	(72.3)
Indonesia INDON 10-Year	5.34	(3.6)	43.9	54.2
Indonesia INDON 5-Year	5.34	0.2	43.9	65.8
Indonesia INDON 2-Year	5.50	(0.5)	20.3	70.5
INDON-UST (bp)	101.39	(2.2)	7.4	9.3
Indonesia Corporate AAA 10-Year	7.54	7.8	42.2	(21.0)
Indonesia Corporate AAA 5-Year	7.03	4.5	30.0	22.5
Indonesia Corporate AAA 2-Year	6.69	1.1	(0.4)	20.7
INDONIA	5.65	(4.0)	(4.2)	62.6
JIBOR 1-Month	6.40	0.0	0.0	20.0
Bond Indexes	**8/22/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
S&P Global Bond Developed Index	176.2	0.0	(1.5)	0.2
EMBI Global Index	785.3	0.2	(3.1)	2.2
iShare USD EMBI Index	84.0	0.3	(3.8)	(0.9)
ICBI Index	365.7	(0.3)	(0.9)	6.1
IDMA Index	100.1	0.0	(1.8)	2.8
INDOBeX Government Bond Index	357.9	(0.4)	(1.0)	6.1
INDOBeX Corporate Bond Index	412.3	(0.1)	(0.1)	5.1
Prices	**8/22/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
ID CDS 5-Year	85.0	(5.5)	16.0	(14.7)
JCI	6,916	0.7	(0.2)	1.0
S&P-Goldman Sachs Commodity Index	578.2	(0.1)	(2.7)	(5.2)
FR0095	100.29	(0.1)	(1.5)	1.2
FR0096	102.50	(0.3)	(2.8)	2.0
FR0097	102.83	(0.5)	(4.1)	2.7
FR0098	103.09	(0.3)	(3.5)	2.6

Source: Bloomberg, SSI Research

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INDOGB 10Y yield stays at its technical support level

The Indonesian bond market survived the selling pressure from the global market yesterday (8/22). INDOGB 10Y yield, which touched 6.7% during the day, managed to return to its technical support area and closed at 6.67%. As a result, the IDMA index was relatively flat, even though the ICBI index experienced a -0.3% correction. Considering the situation in the global market, which started to stabilize last night (marked by the rebound of the EMBI bond index for developing countries by 0.2% and the drop in UST 10Y yield of -1 bps to 4.32%), we advise investors to overweight INDOGB 10Y and 15Y, mainly due to the dovishness among Fed officials, which was reflected by the minutes of the FOMC Discount Window meeting last night, which indicated the dovish position of New York Fed President John Williams. We expect the INDOGB 10Y yield and Rupiah will consolidate at 6.55-6.65% and IDR 15,300-15,400 per USD today.

Fixed Income News: Demand for bonds in the SUN auction on Tuesday (8/22) went up to IDR 34.6tn (8/8: IDR 32.5tn). The figure far exceeded our estimate of IDR 20-25tn. We believe that one of the reasons for the increase in demand was the release of a new bond instrument, FR0100 (10Y), with a yield of 6.72%, a coupon of 6.625%, and a total absorbed value of IDR 6.85tn. In addition, the Ministry of Finance again reduced the issuance of new SUN, which fell to IDR 7.87tn (8/8: IDR 9.85tn). In our opinion, this decision might help keep the INDOGB 10Y yield at its technical support area of 6.6-6.67%. (*DJPPR*)

Global Economic News: Political crisis in Thailand ends with the appointment of Srettha Thavisin as Prime Minister. Srettha's appointment was a compromise between the opposition party backed by former prime minister Thaksin Shinawatra, who was removed by a military coup in September 2006, and the Thai military through proxies of Palang Pracharath (40 seats) and United Thai Nation (36 seats). In our view, this compromise can help improve foreign investors' perceptions of political stability in Southeast Asia, including Indonesia, which will hold its own election in 2024. (*Nikkei*)

Domestic Economic News: The government is exploring the possibility of a merger between Garuda Indonesia, Citilink, and Pelita Air. The merger has two purposes: restructuring Garuda Indonesia's financial health and supporting the expansion of the national aviation industry by increasing the availability of domestic aircraft from 550 to 729. Minister of BUMN Erick Thohir cited the success of the Pelindo merger in reducing national logistics costs from 11% to 23% as the main rationale for the merger plan. We think that the merger will be carried out after the 2024 election. (*Kontan*)

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

Economic Calender

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
08/23/2023 07:30	JN	Jibun Bank Japan PMI Mfg	Aug P	--	49.60
08/23/2023 15:00	EC	HCOB Eurozone Manufacturing PMI	Aug P	42.60	42.70
08/23/2023 15:30	UK	S&P Global/CIPS UK Manufacturing PMI	Aug P	45.00	45.30
08/23/2023 20:45	US	S&P Global US Manufacturing PMI	Aug P	49.00	49.00

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	0.56	8.4%	101.28	6.0%	5.0%	101.85	97.80	Cheap	0.55
2	FR77	9/27/2018	5/15/2024	0.73	8.1%	101.40	6.1%	5.1%	102.11	95.02	Cheap	0.72
3	FR44	4/19/2007	9/15/2024	1.07	10.0%	103.90	6.1%	5.4%	104.75	75.79	Cheap	1.01
4	FR81	8/1/2019	6/15/2025	1.82	6.5%	100.61	6.1%	5.7%	101.28	38.07	Cheap	1.71
5	FR40	9/21/2006	9/15/2025	2.07	11.0%	109.22	6.2%	5.8%	109.92	31.14	Cheap	1.85
6	FR84	5/4/2020	2/15/2026	2.49	7.3%	102.65	6.1%	6.0%	102.92	10.99	Cheap	2.29
7	FR86	8/13/2020	4/15/2026	2.65	5.5%	98.34	6.2%	6.0%	98.77	17.65	Cheap	2.46
8	FR56	9/23/2010	9/15/2026	3.07	8.4%	105.85	6.2%	6.1%	106.28	14.22	Cheap	2.71
9	FR37	5/18/2006	9/15/2026	3.07	12.0%	115.85	6.2%	6.1%	116.28	12.21	Cheap	2.60
10	FR90	7/8/2021	4/15/2027	3.65	5.1%	96.43	6.2%	6.2%	96.55	3.81	Cheap	3.32
11	FR59	9/15/2011	5/15/2027	3.73	7.0%	102.41	6.3%	6.2%	102.60	5.05	Cheap	3.32
12	FR42	1/25/2007	7/15/2027	3.90	10.3%	114.16	6.1%	6.2%	113.72	(12.98)	Expensive	3.28
13	FR94	3/4/2022	1/15/2028	4.40	5.6%	97.68	6.2%	6.3%	97.39	(7.73)	Expensive	3.90
14	FR47	8/30/2007	2/15/2028	4.49	10.0%	115.21	6.1%	6.3%	114.29	(23.18)	Expensive	3.73
15	FR64	8/13/2012	5/15/2028	4.73	6.1%	99.41	6.3%	6.3%	99.22	(5.02)	Expensive	4.14
16	FR95	8/19/2022	8/15/2028	4.99	6.4%	100.28	6.3%	6.3%	100.15	(3.23)	Expensive	4.30
17	FR99	1/27/2023	1/15/2029	5.41	6.4%	100.36	6.3%	6.4%	100.13	(5.36)	Expensive	4.58
18	FR71	9/12/2013	3/15/2029	5.57	9.0%	112.13	6.4%	6.4%	112.11	(0.90)	Expensive	4.45
19	FR78	9/27/2018	5/15/2029	5.73	8.3%	108.22	6.5%	6.4%	108.80	11.09	Cheap	4.67
20	FR52	8/20/2009	8/15/2030	6.99	10.5%	121.95	6.5%	6.5%	122.46	7.50	Cheap	5.24
21	FR82	8/1/2019	9/15/2030	7.07	7.0%	102.38	6.6%	6.5%	103.04	11.41	Cheap	5.58
22	FRSDG1	10/27/2022	10/15/2030	7.15	7.4%	104.75	6.5%	6.5%	105.17	6.83	Cheap	5.62
23	FR87	8/13/2020	2/15/2031	7.49	6.5%	99.46	6.6%	6.5%	100.15	11.75	Cheap	5.97
24	FR85	5/4/2020	4/15/2031	7.65	7.8%	106.53	6.6%	6.5%	107.57	16.47	Cheap	5.86
25	FR73	8/6/2015	5/15/2031	7.73	8.8%	113.15	6.6%	6.5%	113.62	6.83	Cheap	5.83
26	FR54	7/22/2010	7/15/2031	7.90	9.5%	118.24	6.5%	6.5%	118.39	1.69	Cheap	5.80
27	FR91	7/8/2021	4/15/2032	8.65	6.4%	98.41	6.6%	6.5%	99.12	10.82	Cheap	6.65
28	FR58	7/21/2011	6/15/2032	8.82	8.3%	110.68	6.6%	6.5%	111.51	11.27	Cheap	6.40
29	FR74	11/10/2016	8/15/2032	8.99	7.5%	106.42	6.5%	6.5%	106.60	2.44	Cheap	6.69
30	FR96	8/19/2022	2/15/2033	9.49	7.0%	102.48	6.6%	6.5%	103.28	11.24	Cheap	7.03
31	FR65	8/30/2012	5/15/2033	9.74	6.6%	99.88	6.6%	6.5%	100.64	10.40	Cheap	7.24
32	FR68	8/1/2013	3/15/2034	10.57	8.4%	112.98	6.6%	6.6%	113.75	9.24	Cheap	7.24
33	FR80	7/4/2019	6/15/2035	11.82	7.5%	105.81	6.8%	6.6%	107.55	20.39	Cheap	7.95
34	FR72	7/9/2015	5/15/2036	12.74	8.3%	114.08	6.6%	6.6%	114.21	1.18	Cheap	8.31
35	FR88	1/7/2021	6/15/2036	12.82	6.3%	99.63	6.3%	6.6%	97.13	(29.38)	Expensive	8.80
36	FR45	5/24/2007	5/15/2037	13.74	9.8%	125.65	6.8%	6.6%	128.22	24.10	Cheap	8.37
37	FR93	1/6/2022	7/15/2037	13.91	6.4%	100.44	6.3%	6.6%	97.99	(27.12)	Expensive	9.27
38	FR75	8/10/2017	5/15/2038	14.74	7.5%	106.13	6.8%	6.6%	108.34	22.63	Cheap	9.21
39	FR98	9/15/2022	6/15/2038	14.82	7.1%	103.09	6.8%	6.6%	104.85	18.31	Cheap	9.24
40	FR50	1/24/2008	7/15/2038	14.91	10.5%	135.58	6.7%	6.6%	136.56	8.11	Cheap	8.64
41	FR79	1/7/2019	4/15/2039	15.66	8.4%	116.15	6.7%	6.6%	117.02	7.83	Cheap	9.30
42	FR83	11/7/2019	4/15/2040	16.66	7.5%	106.18	6.9%	6.6%	108.79	24.85	Cheap	9.79
43	FR57	4/21/2011	5/15/2041	17.74	9.5%	128.43	6.7%	6.6%	129.70	9.90	Cheap	9.76
44	FR62	2/9/2012	4/15/2042	18.66	6.4%	98.27	6.5%	6.6%	97.25	(9.82)	Expensive	10.89
45	FR92	7/8/2021	6/15/2042	18.83	7.1%	103.68	6.8%	6.6%	105.22	13.98	Cheap	10.52
46	FR97	8/19/2022	6/15/2043	19.83	7.1%	102.78	6.9%	6.6%	105.30	22.40	Cheap	10.75
47	FR67	7/18/2013	2/15/2044	20.50	8.8%	120.47	6.9%	6.6%	123.40	22.80	Cheap	10.60
48	FR76	9/22/2017	5/15/2048	24.75	7.4%	107.31	6.8%	6.7%	108.60	10.06	Cheap	11.96
49	FR89	1/7/2021	8/15/2051	28.00	6.9%	100.54	6.8%	6.7%	102.58	16.10	Cheap	12.62

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	PBS31	7/29/2021	7/15/2024	0.90	4.0%	98.47	5.8%	5.9%	98.37	(9.95)	Expensive	0.88
2	PBS26	10/17/2019	10/15/2024	1.15	6.6%	100.86	5.8%	5.9%	100.82	(5.17)	Expensive	1.11
3	PBS36	8/25/2022	8/15/2025	1.98	5.4%	98.44	6.2%	5.9%	99.08	35.17	Cheap	1.89
4	PBS17	1/11/2018	10/15/2025	2.15	6.1%	100.68	5.8%	5.9%	100.50	(9.69)	Expensive	2.02
5	PBS32	7/29/2021	7/15/2026	2.90	4.9%	97.22	5.9%	5.9%	97.30	3.49	Cheap	2.70
6	PBS21	12/5/2018	11/15/2026	3.24	8.5%	107.23	6.0%	5.9%	107.51	7.97	Cheap	2.87
7	PBS3	2/2/2012	1/15/2027	3.40	6.0%	100.19	5.9%	5.9%	100.23	0.95	Cheap	3.08
8	PBS20	10/22/2018	10/15/2027	4.15	9.0%	110.99	6.0%	6.0%	111.00	(0.68)	Expensive	3.52
9	PBS18	6/4/2018	5/15/2028	4.73	7.6%	106.59	6.0%	6.0%	106.59	(0.64)	Expensive	4.04
10	PBS30	6/4/2021	7/15/2028	4.90	5.9%	100.40	5.8%	6.0%	99.41	(23.94)	Expensive	4.27
11	PBSG1	9/22/2022	9/15/2029	6.07	6.6%	103.06	6.0%	6.1%	102.64	(8.39)	Expensive	5.00
12	PBS23	5/15/2019	5/15/2030	6.73	8.1%	110.55	6.2%	6.1%	110.80	3.72	Cheap	5.33
13	PBS12	1/28/2016	11/15/2031	8.24	8.9%	116.09	6.3%	6.2%	116.76	8.90	Cheap	6.11
14	PBS24	5/28/2019	5/15/2032	8.74	8.4%	113.74	6.3%	6.3%	113.97	2.79	Cheap	6.45
15	PBS25	5/29/2019	5/15/2033	9.74	8.4%	114.12	6.4%	6.3%	114.69	6.88	Cheap	6.96
16	PBS29	1/14/2021	3/15/2034	10.57	6.4%	100.25	6.3%	6.4%	99.99	(3.48)	Expensive	7.68
17	PBS22	1/24/2019	4/15/2034	10.65	8.6%	113.95	6.8%	6.4%	117.16	38.22	Cheap	7.27
18	PBS37	1/12/2023	3/15/2036	12.57	6.9%	101.51	6.7%	6.5%	103.45	22.45	Cheap	8.44
19	PBS4	2/16/2012	2/15/2037	13.50	6.1%	97.22	6.4%	6.5%	96.38	(9.66)	Expensive	9.21
20	PBS34	1/13/2022	6/15/2039	15.82	6.5%	100.26	6.5%	6.6%	99.15	(11.53)	Expensive	9.88
21	PBS7	9/29/2014	9/15/2040	17.08	9.0%	121.38	6.9%	6.6%	124.09	23.09	Cheap	9.50
22	PBS35	3/30/2022	3/15/2042	18.58	6.8%	99.52	6.8%	6.7%	100.94	13.42	Cheap	10.56
23	PBS5	5/2/2013	4/15/2043	19.66	6.8%	100.63	6.7%	6.7%	100.70	0.53	Cheap	10.97
24	PBS28	7/23/2020	10/15/2046	23.16	7.8%	105.02	7.3%	6.7%	111.64	54.72	Cheap	11.12
25	PBS33	1/13/2022	6/15/2047	23.83	6.8%	94.26	7.3%	6.8%	99.89	49.96	Cheap	11.51
26	PBS15	7/21/2017	7/15/2047	23.91	8.0%	113.39	6.9%	6.8%	114.59	9.13	Cheap	11.48

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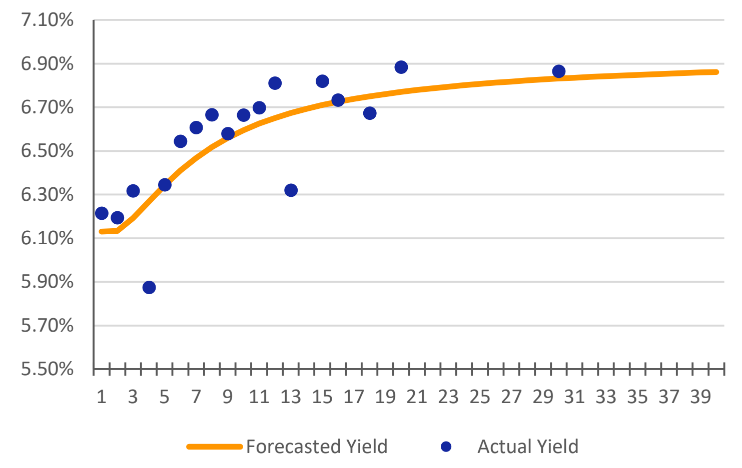
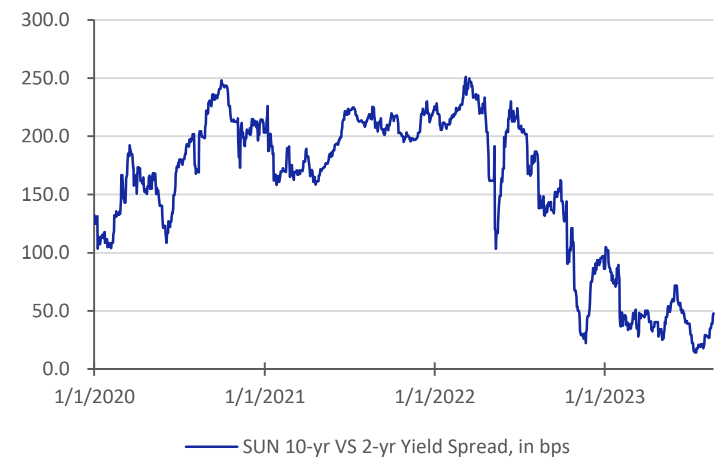
Chart 1. Samuel's Yield Curve Forecast



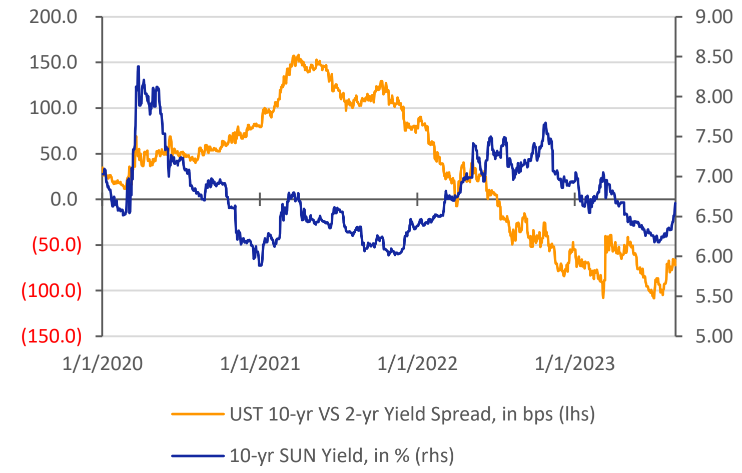
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



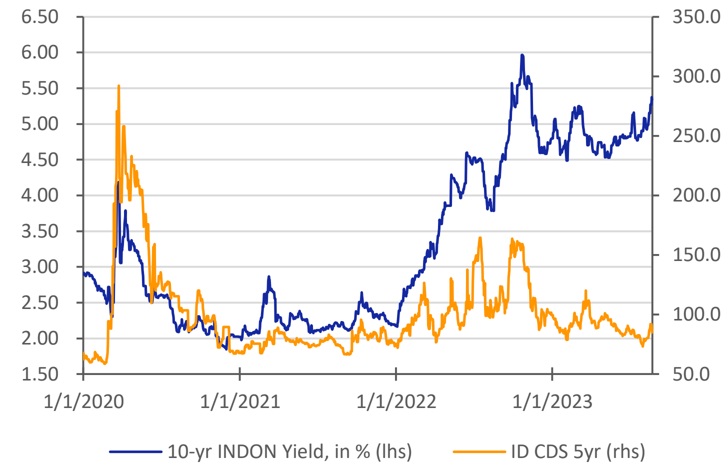
Source: Bloomberg

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



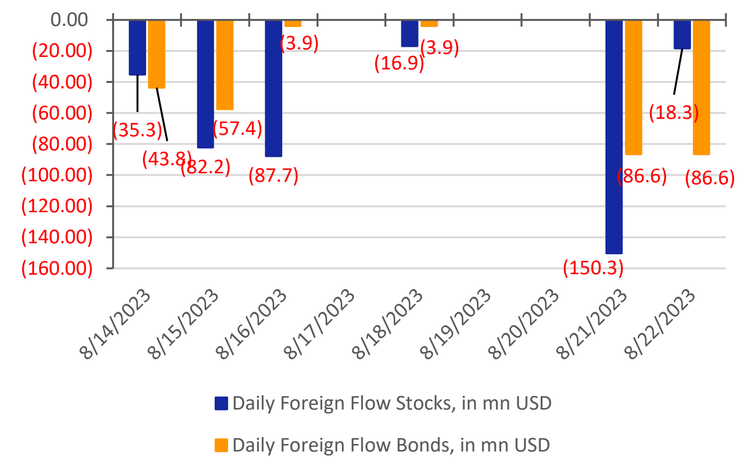
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



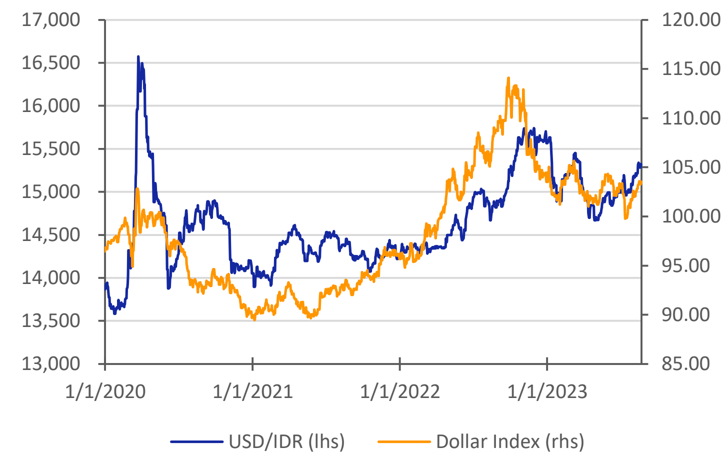
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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