Daily Economic & Fixed Income Report

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

Economic & Fixed Income Analysis

3 August 2023

Economic and Fixed Income Indicators

Currencies	8/2/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.09	(0.4)	0.3	2.2
GBP/USD	1.27	(0.5)	0.1	5.2
AUD/USD	0.65	(1.1)	(1.9)	(4.0)
USD/CHF	0.88	0.3	(2.0)	(5.1)
USD/JPY	143.3	(0.0)	(0.7)	9.3
Dollar Index	102.6	0.3	(0.3)	(0.9)
Bloomberg Asia Dollar Index	92.2	(0.4)	0.7	(2.5)
USD/KRW	1,298	1.1	(1.5)	2.6
USD/SGD	1.34	0.3	(0.8)	0.1
USD/CNY	7.19	0.2	(0.9)	4.2
USD/INR	82.6	0.4	0.7	(0.2)
USD/IDR	15,175	0.4	1.2	(2.5)
USD/IDR 1 Month NDF	15,227	0.6	1.2	(2.0)
USD/MYR	4.54	0.5	(2.7)	3.1
USD/THB	34.3	0.1	(3.4)	(1.0)
USD/PHP	55.2	0.8	(0.0)	(1.0)
Rates	**8/2/2023**	**Daily (bp)**	**MTD (bp)**	**YTD (bp)**
US Treasuries 10-Year	4.08	5.5	24.1	20.3
Germany Bund 10-Year	2.54	(2.2)	14.3	(3.6)
Japan JGB 10-Year	0.63	2.1	22.7	20.6
LIBOR Overnight	5.06	0.0	0.0	74.4
LIBOR 1-Month	5.43	0.0	21.5	104.1
Indonesia INDOGB 10-Year	6.26	0.8	(0.4)	(68.3)
Indonesia INDOGB 5-Year	5.98	0.7	7.0	(22.3)
Indonesia INDOGB 2-Year	6.05	(1.4)	17.6	(3.0)
INDOGB-UST (bp)	217.95	(4.7)	(24.5)	(88.6)
Indonesia INDON 10-Year	4.98	7.4	15.3	17.9
Indonesia INDON 5-Year	4.95	5.5	16.6	26.6
Indonesia INDON 2-Year	5.27	1.0	5.1	47.9
INDON-UST (bp)	89.75	1.9	(8.8)	(2.4)
Indonesia Corporate AAA 10-Year	7.12	0.8	(8.4)	(62.5)
Indonesia Corporate AAA 5-Year	6.72	0.7	2.0	(8.5)
Indonesia Corporate AAA 2-Year	6.67	(1.4)	14.7	18.7
INDONIA	5.62	2.3	(28.9)	60.0
JIBOR 1-Month	6.40	0.0	0.5	20.0
Bond Indexes	**8/2/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
S&P Global Bond Developed Index	178.2	0.0	(0.7)	1.3
EMBI Global Index	801.0	(0.6)	0.4	4.3
iShare USD EMBI Index	85.8	(0.7)	(0.2)	1.3
ICBI Index	369.3	(0.1)	0.6	7.1
IDMA Index	101.6	(0.0)	0.5	4.4
INDOBeX Government Bond Index	361.7	(0.1)	0.6	7.3
INDOBeX Corporate Bond Index	412.9	(0.0)	0.6	5.3
Prices	**8/2/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
ID CDS 5-Year	77.2	3.0	(10.4)	(22.5)
JCI	6,855	(0.5)	2.9	0.1
S&P-Goldman Sachs Commodity Index	589.7	(0.8)	9.0	(3.4)
FR0095	101.83	(0.0)	(0.3)	2.7
FR0096	105.41	(0.1)	0.0	4.8
FR0097	107.26	(0.0)	1.1	7.1
FR0098	106.80	(0.0)	0.5	6.3

Source: Bloomberg, SSI Research

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Downgrade-driven sell-off continues

Massive sell-off in global markets following the downgrade of the US government's long-term debt rating continued last night (8/2); S&P and Goldman Sachs commodity indexes fell -0.8%. Meanwhile, US and European stock indexes fell by an average of -1.4%. However, the sell-off in developed bond markets of developed countries has subsided, as reflected in the S&P bond index for developed markets which stayed relatively flat. On the other hand, the sell-off momentum in developing countries' bond markets remained strong, with the EMBI index falling by -0.6%. The impact of the sell-off on the domestic bond market was more concentrated in foreign currency-denominated INDON instruments; The INDON 10Y yield rose 7 bps to 4.98%, and the 3Y rose 6 bps to 4.95%, while INDON 2Y yield moved up slightly by 1 bps to 5.27%. We believe the effect of the US debt rating downgrade will continue today, though not as intense as before. We project INDOGB 10Y yield to remain at 6.2-6.3%, while rupiah might continue its depreciation and fall to IDR 15,150-250 per USD.

Fixed Income News: Fitch Ratings affirms PT Pan Brothers' rating at 'ÇCC-'. The rating reflects the company's inability to generate sufficient cash flow to repay its USD 124mn syndicated loan, which will mature later this year. In fact, the company's cash flow from its operations is expected to remain negative in 2023 (1Q23:USD -37mn). Facing these conditions, the company has no choice but to refinance, and it has started negotiations with related parties. (*Fitch Ratings*)

Global Economic News: Bank of Thailand (BOT) raises its benchmark interest rate by 25 bps to 2.25%. The BOT will also consider the possibility of another rate hike in September as BOT officials are worried about the inflationary impact of El Nino and the plans of the parties winning the election in Thailand to raise the minimum wage. In our opinion, the BOT interest rate decision will not affect Bank Indonesia, thanks to Indonesia's better macroeconomic situation. (*Nikkei*)

Domestic Economic News: Ministry of Finance announces DHE SDA deposits interest tax incentives. The incentives will be provided in the form of a cut in income tax on deposit interest from 20% to 10% (1-month deposit), 7.5% (3 months), and 2.5% (6 months). Exporters who convert foreign currency deposits into Rupiah deposits will receive an additional tax discount of 7.5% (1 month), 5% (3 months), and tax-free (6 months). However, we believe that the policy won't be enough to reduce rupiah volatility, though it may help stabilize rupiah in 4Q23. (*Kontan*)

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

Economic Calender

Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
08/03/2023 08:45	CH	Caixin China PMI Services	Jul	52.40	53.90
08/03/2023 16:00	EC	PPI YoY	Jun	-3.20%	-1.50%
08/03/2023 18:00	UK	Bank of England Bank Rate	3-Aug	5.25%	5.00%
08/03/2023 21:00	US	ISM Services Index	Jul	53.10	53.90

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	0.62	8.4%	101.48	5.8%	2.8%	103.41	304.69	Cheap	0.60
2	FR77	9/27/2018	5/15/2024	0.79	8.1%	101.67	5.9%	3.2%	103.83	270.80	Cheap	0.75
3	FR44	4/19/2007	9/15/2024	1.12	10.0%	104.58	5.7%	3.8%	106.73	184.50	Cheap	1.06
4	FR81	8/1/2019	6/15/2025	1.87	6.5%	100.88	6.0%	4.8%	103.03	119.71	Cheap	1.76
5	FR40	9/21/2006	9/15/2025	2.12	11.0%	110.11	5.8%	5.0%	111.94	82.18	Cheap	1.91
6	FR84	5/4/2020	2/15/2026	2.54	7.3%	103.11	5.9%	5.3%	104.63	62.43	Cheap	2.31
7	FR86	8/13/2020	4/15/2026	2.70	5.5%	98.86	6.0%	5.4%	100.34	59.76	Cheap	2.52
8	FR56	9/23/2010	9/15/2026	3.12	8.4%	106.77	6.0%	5.6%	108.00	40.08	Cheap	2.76
9	FR37	5/18/2006	9/15/2026	3.12	12.0%	117.06	5.9%	5.6%	118.26	35.13	Cheap	2.65
10	FR90	7/8/2021	4/15/2027	3.70	5.1%	97.78	5.8%	5.7%	97.97	5.93	Cheap	3.38
11	FR59	9/15/2011	5/15/2027	3.79	7.0%	103.18	6.0%	5.8%	104.15	27.63	Cheap	3.32
12	FR42	1/25/2007	7/15/2027	3.95	10.3%	115.00	5.9%	5.8%	115.50	11.32	Cheap	3.34
13	FR94	3/4/2022	1/15/2028	4.46	5.6%	98.28	6.0%	5.9%	98.78	13.12	Cheap	3.95
14	FR47	8/30/2007	2/15/2028	4.54	10.0%	115.20	6.1%	5.9%	115.99	16.83	Cheap	3.70
15	FR64	8/13/2012	5/15/2028	4.79	6.1%	100.45	6.0%	6.0%	100.61	3.64	Cheap	4.13
16	FR95	8/19/2022	8/15/2028	5.04	6.4%	101.83	5.9%	6.0%	101.54	(6.89)	Expensive	4.29
17	FR99	1/27/2023	1/15/2029	5.46	6.4%	101.53	6.1%	6.1%	101.49	(1.06)	Expensive	4.64
18	FR71	9/12/2013	3/15/2029	5.62	9.0%	113.58	6.1%	6.1%	113.65	0.63	Cheap	4.51
19	FR78	9/27/2018	5/15/2029	5.79	8.3%	110.04	6.2%	6.1%	110.28	3.80	Cheap	4.65
20	FR52	8/20/2009	8/15/2030	7.04	10.5%	123.66	6.3%	6.2%	124.02	4.82	Cheap	5.19
21	FR82	8/1/2019	9/15/2030	7.13	7.0%	103.66	6.4%	6.2%	104.32	11.12	Cheap	5.65
22	FRSDG1	10/27/2022	10/15/2030	7.21	7.4%	104.75	6.5%	6.2%	106.47	28.79	Cheap	5.67
23	FR87	8/13/2020	2/15/2031	7.55	6.5%	100.75	6.4%	6.3%	101.37	10.28	Cheap	5.94
24	FR85	5/4/2020	4/15/2031	7.71	7.8%	108.47	6.3%	6.3%	108.87	5.78	Cheap	5.94
25	FR73	8/6/2015	5/15/2031	7.79	8.8%	115.00	6.3%	6.3%	114.99	(0.79)	Expensive	5.79
26	FR54	7/22/2010	7/15/2031	7.96	9.5%	120.40	6.2%	6.3%	119.81	(9.08)	Expensive	5.88
27	FR91	7/8/2021	4/15/2032	8.71	6.4%	100.37	6.3%	6.3%	100.24	(2.03)	Expensive	6.73
28	FR58	7/21/2011	6/15/2032	8.88	8.3%	112.91	6.3%	6.3%	112.77	(2.44)	Expensive	6.48
29	FR74	11/10/2016	8/15/2032	9.04	7.5%	107.91	6.3%	6.4%	107.79	(1.93)	Expensive	6.65
30	FR96	8/19/2022	2/15/2033	9.55	7.0%	105.38	6.2%	6.4%	104.41	(13.54)	Expensive	7.01
31	FR65	8/30/2012	5/15/2033	9.79	6.6%	102.01	6.3%	6.4%	101.71	(4.24)	Expensive	7.20
32	FR68	8/1/2013	3/15/2034	10.62	8.4%	115.25	6.4%	6.4%	114.91	(4.47)	Expensive	7.33
33	FR80	7/4/2019	6/15/2035	11.88	7.5%	108.86	6.4%	6.5%	108.57	(3.68)	Expensive	8.07
34	FR72	7/9/2015	5/15/2036	12.79	8.3%	115.14	6.5%	6.5%	115.24	0.75	Cheap	8.24
35	FR88	1/7/2021	6/15/2036	12.88	6.3%	100.14	6.2%	6.5%	98.00	(24.82)	Expensive	8.87
36	FR45	5/24/2007	5/15/2037	13.79	9.8%	128.03	6.6%	6.5%	129.30	11.39	Cheap	8.32
37	FR93	1/6/2022	7/15/2037	13.96	6.4%	100.35	6.3%	6.5%	98.83	(16.76)	Expensive	9.32
38	FR75	8/10/2017	5/15/2038	14.79	7.5%	109.15	6.5%	6.5%	109.21	0.44	Cheap	9.18
39	FR98	9/15/2022	6/15/2038	14.88	7.1%	106.80	6.4%	6.5%	105.69	(11.37)	Expensive	9.40
40	FR50	1/24/2008	7/15/2038	14.96	10.5%	136.95	6.6%	6.5%	137.64	5.44	Cheap	8.72
41	FR79	1/7/2019	4/15/2039	15.71	8.4%	117.42	6.6%	6.5%	117.90	4.17	Cheap	9.39
42	FR83	11/7/2019	4/15/2040	16.72	7.5%	108.29	6.7%	6.5%	109.57	11.81	Cheap	9.91
43	FR57	4/21/2011	5/15/2041	17.80	9.5%	129.48	6.6%	6.6%	130.56	8.26	Cheap	9.67
44	FR62	2/9/2012	4/15/2042	18.72	6.4%	99.54	6.4%	6.6%	97.87	(15.76)	Expensive	11.00
45	FR92	7/8/2021	6/15/2042	18.88	7.1%	105.56	6.6%	6.6%	105.89	2.81	Cheap	10.65
46	FR97	8/19/2022	6/15/2043	19.88	7.1%	107.26	6.5%	6.6%	105.92	(11.73)	Expensive	11.00
47	FR67	7/18/2013	2/15/2044	20.55	8.8%	121.67	6.8%	6.6%	124.10	18.64	Cheap	10.51
48	FR76	9/22/2017	5/15/2048	24.80	7.4%	107.18	6.8%	6.6%	109.08	14.73	Cheap	11.80
49	FR89	1/7/2021	8/15/2051	28.05	6.9%	102.36	6.7%	6.6%	102.94	4.46	Cheap	12.59

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	PBS11	1/14/2016	8/15/2023	0.04	8.8%	100.14	2.3%	6.0%	100.10	(373.27)	Expensive	0.03
2	PBS19	10/4/2018	9/15/2023	0.12	8.3%	100.46	3.8%	6.0%	100.27	(222.54)	Expensive	0.12
3	PBS31	7/29/2021	7/15/2024	0.95	4.0%	98.59	5.6%	5.9%	98.29	(30.39)	Expensive	0.94
4	PBS26	10/17/2019	10/15/2024	1.21	6.6%	101.03	5.7%	5.8%	100.89	(14.08)	Expensive	1.16
5	PBS36	8/25/2022	8/15/2025	2.04	5.4%	98.90	6.0%	5.8%	99.14	13.06	Cheap	1.92
6	PBS17	1/11/2018	10/15/2025	2.21	6.1%	100.83	5.7%	5.8%	100.60	(12.21)	Expensive	2.07
7	PBS32	7/29/2021	7/15/2026	2.95	4.9%	96.93	6.0%	5.9%	97.37	17.22	Cheap	2.76
8	PBS21	12/5/2018	11/15/2026	3.29	8.5%	107.65	5.9%	5.9%	107.74	1.16	Cheap	2.87
9	PBS3	2/2/2012	1/15/2027	3.46	6.0%	100.72	5.8%	5.9%	100.35	(12.40)	Expensive	3.14
10	PBS20	10/22/2018	10/15/2027	4.21	9.0%	111.16	5.9%	5.9%	111.24	0.71	Cheap	3.57
11	PBS18	6/4/2018	5/15/2028	4.79	7.6%	106.65	6.0%	6.0%	106.74	1.29	Cheap	4.02
12	PBS30	6/4/2021	7/15/2028	4.96	5.9%	99.87	5.9%	6.0%	99.47	(9.57)	Expensive	4.32
13	PBSG1	9/22/2022	9/15/2029	6.13	6.6%	103.06	6.0%	6.1%	102.67	(7.93)	Expensive	5.06
14	PBS23	5/15/2019	5/15/2030	6.79	8.1%	110.48	6.2%	6.1%	110.83	5.42	Cheap	5.28
15	PBS12	1/28/2016	11/15/2031	8.29	8.9%	115.95	6.4%	6.3%	116.71	10.14	Cheap	6.04
16	PBS24	5/28/2019	5/15/2032	8.79	8.4%	113.88	6.3%	6.3%	113.87	(0.61)	Expensive	6.38
17	PBS25	5/29/2019	5/15/2033	9.79	8.4%	114.55	6.4%	6.4%	114.52	(0.76)	Expensive	6.89
18	PBS29	1/14/2021	3/15/2034	10.62	6.4%	100.54	6.3%	6.4%	99.75	(10.41)	Expensive	7.74
19	PBS22	1/24/2019	4/15/2034	10.71	8.6%	114.49	6.7%	6.4%	116.96	28.97	Cheap	7.33
20	PBS37	1/12/2023	3/15/2036	12.63	6.9%	103.68	6.4%	6.5%	103.14	(6.35)	Expensive	8.54
21	PBS4	2/16/2012	2/15/2037	13.55	6.1%	97.60	6.4%	6.5%	96.05	(17.72)	Expensive	9.13
22	PBS34	1/13/2022	6/15/2039	15.88	6.5%	99.95	6.5%	6.6%	98.78	(12.12)	Expensive	9.93
23	PBS7	9/29/2014	9/15/2040	17.13	9.0%	122.25	6.8%	6.7%	123.69	11.99	Cheap	9.58
24	PBS35	3/30/2022	3/15/2042	18.63	6.8%	101.40	6.6%	6.7%	100.55	(8.15)	Expensive	10.70
25	PBS5	5/2/2013	4/15/2043	19.72	6.8%	101.01	6.7%	6.7%	100.30	(6.62)	Expensive	11.05
26	PBS28	7/23/2020	10/15/2046	23.22	7.8%	111.28	6.8%	6.8%	111.22	(0.66)	Expensive	11.50
27	PBS33	1/13/2022	6/15/2047	23.88	6.8%	100.93	6.7%	6.8%	99.49	(12.33)	Expensive	11.97
28	PBS15	7/21/2017	7/15/2047	23.97	8.0%	110.53	7.1%	6.8%	114.16	28.55	Cheap	11.39

Daily Economic & Fixed Income Report

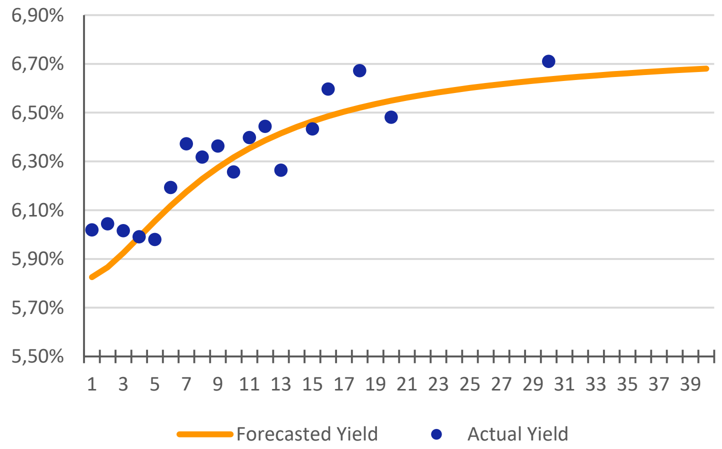
Economic-Currencies-Commodities-Fixed Income-Politics-Policies

SAMUEL SEKURITAS INDONESIA

Economic & Fixed Income Analysis

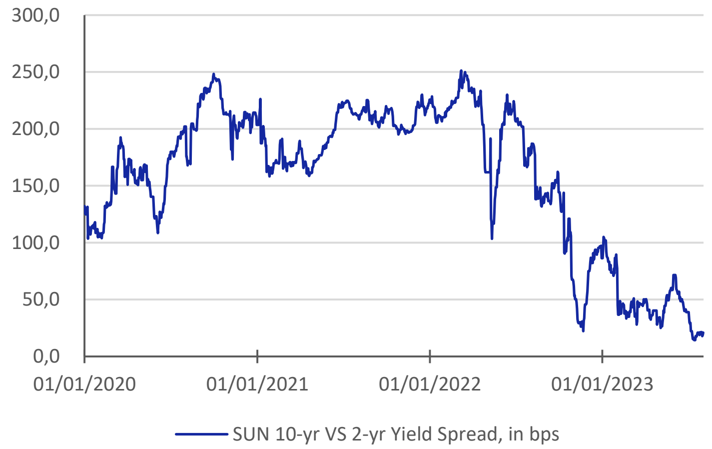
3 August 2023

Chart 1. Samuel's Yield Curve Forecast



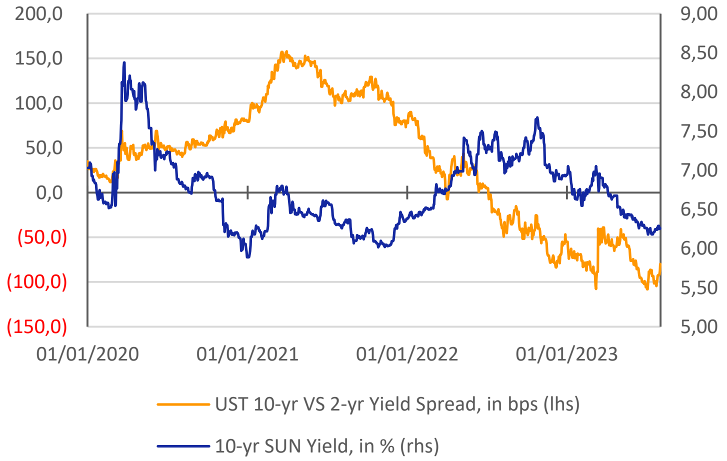
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



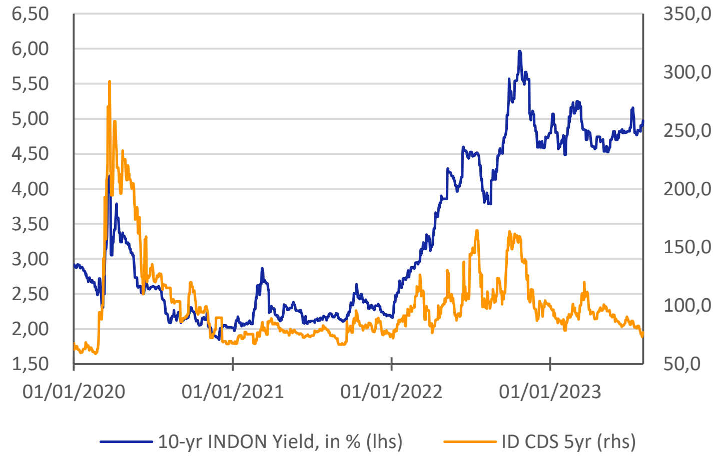
Source: Bloomberg

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



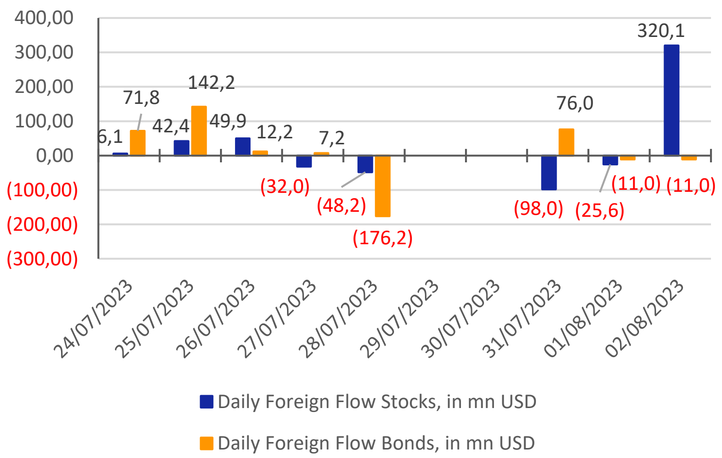
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



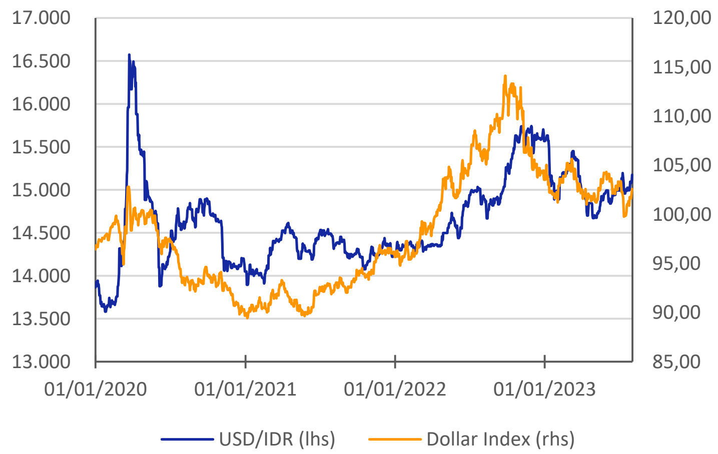
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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