Daily Economic & Fixed Income Report

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

SAMUEL SEKURITAS INDONESIA
Your Lifelong Investment Partner

Economic & Fixed Income Analysis

7 September 2023

Continue to overweight on INDOGB 2Y amidst inflation reacceleration fears

The threat of inflation re-acceleration due to crude oil spike (Brent closed at USD 90.6 per bbl on Wednesday [9/6]) still looms over global investors, especially in emerging markets, as reflected by the decline in EMBI bond index for emerging markets (-0.4%). The ICBI index also fell -0.2%, and the INDOGB 10Y yield rose 10 bps to 6.54%. However, foreign investors' perception of the domestic bond market might have started to shift to a more positive direction, as reflected by foreign capital inflow on Tuesday (9/5), which reached USD 270.8mn. There is a possibility that foreign investor optimism will remain high due to the bearish steepening in the last two days, which helped widen the INDOGB 10Y Vs. 2Y yield spread to 22 bps (9/5: 13 bps). We maintain our 'Overweight on INDOGB 2Y' recommendation with a yield target of 6% and 10Y Vs. 2Y yield spread of 40 bps. We project INDOGB 10Y yield and Rupiah to lose some steam and move to 6.55-6.65% and IDR 15,300-15,400 per USD today.

Fixed Income News: Pefindo announced that the total value of maturing bonds reached IDR 19.28tn in September, much higher than in October (IDR 7.51tn), November (IDR 7.65tn) and December (IDR 11.2tn). The data indicates that bond issuances for refinancing will be carried out mostly this month and in December. (*Emitennews*)

Global Economic News: US ISM services PMI went up to 54.5 in August (Prev: 52.7; Cons: 52.5). The data confirms the resilience of the United States economy in fighting the pressure of high interest rate policies. This might encourage the Federal Reserve to raise its benchmark interest rates further in 4Q23 to help push down inflation toward its target of 2% in 2024. At the moment, 41% of analysts expect the Fed to raise is FFR by 25 bps to 5.75% in November or December. (*Reuters*)

Domestic Economic News: Ministry of Cooperatives and MSMEs urges a ban on social-commerce activities through the TikTok Shop. The ministry believes that TikTok could influence and monitor consumer shopping activities through its social media facilities and infrastructure (which might hurt local businesses and MSMEs), as well as monopolize payment and logistics activities. Besides that, TikTok Shop also allows overseas producers to offer their products without having to deal with import regulations. To note, various countries also implement similar policies, including the US, Canada, UK, European Union, India, Taiwan, etc.(*Kontan*)

Recommendation: FR0040, FR0056, FR0081, FR0084, FR0086, FR0096, FR0097, FR0098.

Economic and Fixed Income Indicators

Currencies	9/6/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.07	0.0	(1.1)	0.2
GBP/USD	1.25	(0.5)	(1.3)	3.5
AUD/USD	0.64	0.0	(1.6)	(6.3)
USD/CHF	0.89	0.2	0.9	(3.6)
USD/JPY	147.7	(0.0)	1.5	12.6
Dollar Index	104.9	0.1	1.2	1.3
Bloomberg Asia Dollar Index	90.6	(0.1)	(0.7)	(4.2)
USD/KRW	1,331	0.0	0.6	5.1
USD/SGD	1.36	0.2	0.9	1.8
USD/CNY	7.32	0.2	0.8	6.1
USD/INR	83.1	0.1	0.4	0.5
USD/IDR	15,293	0.2	0.4	(1.8)
USD/IDR 1 Month NDF	15,349	0.2	0.7	(1.2)
USD/MYR	4.68	0.2	0.8	6.2
USD/THB	35.5	0.1	1.5	2.6
USD/PHP	56.9	0.2	0.6	2.2
Rates	**9/6/2023**	**Daily (bp)**	**MTD (bp)**	**YTD (bp)**
US Treasuries 10-Year	4.28	2.0	17.2	40.5
Germany Bund 10-Year	2.65	4.1	18.7	8.2
Japan JGB 10-Year	0.66	0.2	0.9	23.8
US SOFR Overnight	5.31	0.0	0.0	101.0
LIBOR 1-Month	5.44	0.0	0.0	105.1
Indonesia INDOGB 10-Year	6.54	9.7	15.8	(40.3)
Indonesia INDOGB 5-Year	6.23	5.5	4.7	2.8
Indonesia INDOGB 2-Year	6.32	1.2	4.5	24.5
INDOGB-UST (bp)	225.73	7.7	(1.4)	(80.8)
Indonesia INDON 10-Year	5.52	3.0	9.0	72.4
Indonesia INDON 5-Year	5.30	4.6	9.8	61.3
Indonesia INDON 2-Year	5.24	1.9	2.9	44.8
INDON-UST (bp)	124.03	1.0	(8.2)	31.9
Indonesia Corporate AAA 10-Year	7.36	9.8	15.0	(38.8)
Indonesia Corporate AAA 5-Year	6.87	5.5	4.1	6.1
Indonesia Corporate AAA 2-Year	6.80	1.2	3.5	32.0
INDONIA	5.63	3.5	6.1	60.4
JIBOR 1-Month	6.40	0.0	0.0	20.0
Bond Indexes	**9/6/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
S&P Global Bond Developed Index	177.2	0.0	(0.7)	0.8
EMBI Global Index	790.7	(0.4)	(1.0)	2.9
iShare USD EMBI Index	84.2	(0.4)	(1.6)	(0.7)
ICBI Index	368.7	(0.2)	(0.2)	6.9
IDMA Index	102.2	(0.0)	1.0	4.9
INDOBeX Government Bond Index	360.9	(0.2)	(0.3)	7.0
INDOBeX Corporate Bond Index	414.1	(0.0)	0.1	5.6
Prices	**9/6/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
ID CDS 5-Year	79.4	0.3	(2.3)	(20.3)
JCI	6,996	0.1	0.6	2.1
S&P-Goldman Sachs Commodity Index	602.2	0.1	1.9	(1.3)
FR0095	100.71	(0.3)	(0.2)	1.6
FR0096	103.34	(0.7)	(1.1)	2.8
FR0097	104.81	(0.6)	(0.7)	4.6
FR0098	104.96	(0.7)	(1.1)	4.5

Source: Bloomberg, SSI Research

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

Economic Calender

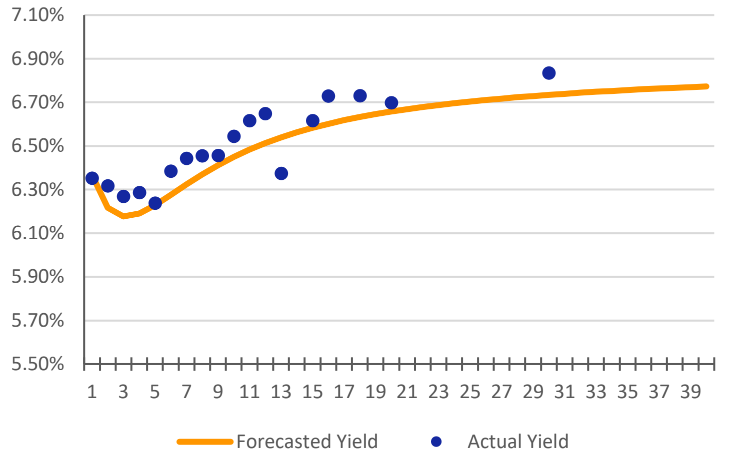
Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
09/07/2023	CH	Foreign Reserves	Aug	$3180.00b	$3204.27b
09/07/2023	CH	Trade Balance	Aug	$67.73b	$80.60b
09/07/2023 10:00	ID	Net Foreign Assets IDR	Aug	--	1940.7t
09/07/2023 10:00	ID	Foreign Reserves	Aug	--	$137.70b

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	0.52	8.4%	101.10	6.2%	4.3%	102.06	181.98	Cheap	0.51
2	FR77	9/27/2018	5/15/2024	0.69	8.1%	101.23	6.2%	4.5%	102.46	175.23	Cheap	0.68
3	FR44	4/19/2007	9/15/2024	1.03	10.0%	103.76	6.1%	4.7%	105.21	135.68	Cheap	0.96
4	FR81	8/1/2019	6/15/2025	1.78	6.5%	100.41	6.2%	5.3%	102.04	96.49	Cheap	1.66
5	FR40	9/21/2006	9/15/2025	2.03	11.0%	108.93	6.2%	5.4%	110.58	78.62	Cheap	1.81
6	FR84	5/4/2020	2/15/2026	2.45	7.3%	102.14	6.3%	5.6%	103.69	66.74	Cheap	2.25
7	FR86	8/13/2020	4/15/2026	2.61	5.5%	98.33	6.2%	5.7%	99.58	52.79	Cheap	2.42
8	FR56	9/23/2010	9/15/2026	3.03	8.4%	105.76	6.2%	5.8%	107.01	42.84	Cheap	2.66
9	FR37	5/18/2006	9/15/2026	3.03	12.0%	115.78	6.2%	5.8%	116.94	35.96	Cheap	2.56
10	FR90	7/8/2021	4/15/2027	3.61	5.1%	96.95	6.1%	6.0%	97.30	11.38	Cheap	3.28
11	FR59	9/15/2011	5/15/2027	3.69	7.0%	102.43	6.2%	6.0%	103.32	26.25	Cheap	3.28
12	FR42	1/25/2007	7/15/2027	3.86	10.3%	114.24	6.0%	6.0%	114.37	1.92	Cheap	3.24
13	FR94	3/4/2022	1/15/2028	4.36	5.6%	97.55	6.3%	6.1%	98.08	14.35	Cheap	3.86
14	FR47	8/30/2007	2/15/2028	4.45	10.0%	114.75	6.1%	6.1%	114.91	2.23	Cheap	3.68
15	FR64	8/13/2012	5/15/2028	4.69	6.1%	99.52	6.2%	6.2%	99.88	8.60	Cheap	4.10
16	FR95	8/19/2022	8/15/2028	4.95	6.4%	100.68	6.2%	6.2%	100.79	2.26	Cheap	4.26
17	FR99	1/27/2023	1/15/2029	5.36	6.4%	100.72	6.2%	6.2%	100.74	0.29	Cheap	4.54
18	FR71	9/12/2013	3/15/2029	5.53	9.0%	112.31	6.3%	6.3%	112.68	6.76	Cheap	4.41
19	FR78	9/27/2018	5/15/2029	5.69	8.3%	108.96	6.3%	6.3%	109.37	7.59	Cheap	4.63
20	FR52	8/20/2009	8/15/2030	6.95	10.5%	122.55	6.4%	6.4%	122.94	5.27	Cheap	5.20
21	FR82	8/1/2019	9/15/2030	7.03	7.0%	102.92	6.5%	6.4%	103.54	10.71	Cheap	5.55
22	FRSDG1	10/27/2022	10/15/2030	7.11	7.4%	104.92	6.5%	6.4%	105.66	12.43	Cheap	5.58
23	FR87	8/13/2020	2/15/2031	7.45	6.5%	99.85	6.5%	6.4%	100.64	13.40	Cheap	5.93
24	FR85	5/4/2020	4/15/2031	7.61	7.8%	107.83	6.4%	6.4%	108.03	2.91	Cheap	5.83
25	FR73	8/6/2015	5/15/2031	7.69	8.8%	113.62	6.5%	6.4%	114.08	6.35	Cheap	5.79
26	FR54	7/22/2010	7/15/2031	7.86	9.5%	118.66	6.4%	6.4%	118.83	1.84	Cheap	5.77
27	FR91	7/8/2021	4/15/2032	8.61	6.4%	99.32	6.5%	6.4%	99.54	3.24	Cheap	6.62
28	FR58	7/21/2011	6/15/2032	8.78	8.3%	111.88	6.5%	6.5%	111.91	(0.09)	Expensive	6.38
29	FR74	11/10/2016	8/15/2032	8.95	7.5%	107.15	6.4%	6.5%	106.99	(2.50)	Expensive	6.66
30	FR96	8/19/2022	2/15/2033	9.45	7.0%	103.30	6.5%	6.5%	103.66	4.84	Cheap	7.00
31	FR65	8/30/2012	5/15/2033	9.70	6.6%	101.01	6.5%	6.5%	101.00	(0.42)	Expensive	7.21
32	FR68	8/1/2013	3/15/2034	10.53	8.4%	113.41	6.6%	6.5%	114.06	7.79	Cheap	7.21
33	FR80	7/4/2019	6/15/2035	11.78	7.5%	107.17	6.6%	6.5%	107.80	7.21	Cheap	7.94
34	FR72	7/9/2015	5/15/2036	12.70	8.3%	114.32	6.6%	6.6%	114.43	0.86	Cheap	8.28
35	FR88	1/7/2021	6/15/2036	12.78	6.3%	99.43	6.3%	6.6%	97.35	(24.55)	Expensive	8.75
36	FR45	5/24/2007	5/15/2037	13.70	9.8%	127.40	6.7%	6.6%	128.38	8.80	Cheap	8.37
37	FR93	1/6/2022	7/15/2037	13.87	6.4%	99.04	6.5%	6.6%	98.17	(9.77)	Expensive	9.19
38	FR75	8/10/2017	5/15/2038	14.70	7.5%	107.53	6.7%	6.6%	108.48	9.51	Cheap	9.20
39	FR98	9/15/2022	6/15/2038	14.78	7.1%	104.94	6.6%	6.6%	104.99	0.30	Cheap	9.25
40	FR50	1/24/2008	7/15/2038	14.87	10.5%	135.63	6.7%	6.6%	136.67	8.51	Cheap	8.60
41	FR79	1/7/2019	4/15/2039	15.62	8.4%	115.89	6.7%	6.6%	117.11	11.22	Cheap	9.25
42	FR83	11/7/2019	4/15/2040	16.62	7.5%	107.56	6.7%	6.6%	108.85	12.16	Cheap	9.79
43	FR57	4/21/2011	5/15/2041	17.70	9.5%	128.50	6.7%	6.6%	129.71	9.43	Cheap	9.72
44	FR62	2/9/2012	4/15/2042	18.62	6.4%	98.24	6.5%	6.6%	97.26	(9.39)	Expensive	10.85
45	FR92	7/8/2021	6/15/2042	18.79	7.1%	104.95	6.7%	6.6%	105.22	2.27	Cheap	10.53
46	FR97	8/19/2022	6/15/2043	19.79	7.1%	104.79	6.7%	6.6%	105.27	4.10	Cheap	10.80
47	FR67	7/18/2013	2/15/2044	20.46	8.8%	120.45	6.9%	6.6%	123.32	22.34	Cheap	10.56
48	FR76	9/22/2017	5/15/2048	24.71	7.4%	107.25	6.8%	6.7%	108.44	9.22	Cheap	11.91
49	FR89	1/7/2021	8/15/2051	27.96	6.9%	100.92	6.8%	6.7%	102.36	11.35	Cheap	12.61

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	0.86	4.0%	98.45	5.9%	5.8%	98.54	13.65	Cheap	0.84
2	PBS26	10/17/2019	10/15/2024	1.11	6.6%	100.70	5.9%	5.8%	100.88	15.69	Cheap	1.06
3	PBS36	8/25/2022	8/15/2025	1.94	5.4%	98.38	6.3%	5.9%	99.10	40.10	Cheap	1.85
4	PBS17	1/11/2018	10/15/2025	2.11	6.1%	100.24	6.0%	5.9%	100.45	10.34	Cheap	1.97
5	PBS32	7/29/2021	7/15/2026	2.86	4.9%	96.92	6.1%	6.0%	97.15	9.41	Cheap	2.66
6	PBS21	12/5/2018	11/15/2026	3.19	8.5%	106.73	6.1%	6.0%	107.14	11.84	Cheap	2.83
7	PBS3	2/2/2012	1/15/2027	3.36	6.0%	99.91	6.0%	6.0%	99.91	(0.21)	Expensive	3.04
8	PBS20	10/22/2018	10/15/2027	4.11	9.0%	110.24	6.1%	6.1%	110.37	2.24	Cheap	3.47
9	PBS18	6/4/2018	5/15/2028	4.69	7.6%	105.80	6.2%	6.2%	105.88	1.23	Cheap	3.99
10	PBS30	6/4/2021	7/15/2028	4.86	5.9%	98.77	6.2%	6.2%	98.74	(0.76)	Expensive	4.22
11	PBSG1	9/22/2022	9/15/2029	6.03	6.6%	102.38	6.1%	6.3%	101.72	(13.25)	Expensive	4.96
12	PBS23	5/15/2019	5/15/2030	6.69	8.1%	109.57	6.3%	6.3%	109.70	1.55	Cheap	5.28
13	PBS12	1/28/2016	11/15/2031	8.20	8.9%	115.45	6.4%	6.4%	115.47	(0.40)	Expensive	6.06
14	PBS24	5/28/2019	5/15/2032	8.70	8.4%	112.90	6.4%	6.4%	112.70	(3.29)	Expensive	6.40
15	PBS25	5/29/2019	5/15/2033	9.70	8.4%	113.03	6.5%	6.5%	113.41	4.50	Cheap	6.90
16	PBS29	1/14/2021	3/15/2034	10.53	6.4%	99.44	6.4%	6.5%	98.88	(7.52)	Expensive	7.62
17	PBS22	1/24/2019	4/15/2034	10.61	8.6%	113.69	6.8%	6.5%	115.89	26.40	Cheap	7.22
18	PBS37	1/12/2023	3/15/2036	12.53	6.9%	102.31	6.6%	6.6%	102.42	1.20	Cheap	8.42
19	PBS4	2/16/2012	2/15/2037	13.45	6.1%	94.54	6.7%	6.6%	95.48	11.04	Cheap	9.10
20	PBS34	1/13/2022	6/15/2039	15.78	6.5%	98.52	6.7%	6.7%	98.44	(1.02)	Expensive	9.79
21	PBS7	9/29/2014	9/15/2040	17.04	9.0%	124.24	6.6%	6.7%	123.36	(7.62)	Expensive	9.55
22	PBS35	3/30/2022	3/15/2042	18.53	6.8%	100.30	6.7%	6.7%	100.48	1.74	Cheap	10.56
23	PBS5	5/2/2013	4/15/2043	19.62	6.8%	100.34	6.7%	6.7%	100.35	(0.01)	Expensive	10.92
24	PBS28	7/23/2020	10/15/2046	23.12	7.8%	110.66	6.8%	6.8%	111.59	7.26	Cheap	11.38
25	PBS33	1/13/2022	6/15/2047	23.79	6.8%	100.08	6.7%	6.8%	99.90	(1.66)	Expensive	11.82
26	PBS15	7/21/2017	7/15/2047	23.87	8.0%	116.84	6.6%	6.8%	114.60	(17.02)	Expensive	11.62

Chart 1. Samuel's Yield Curve Forecast

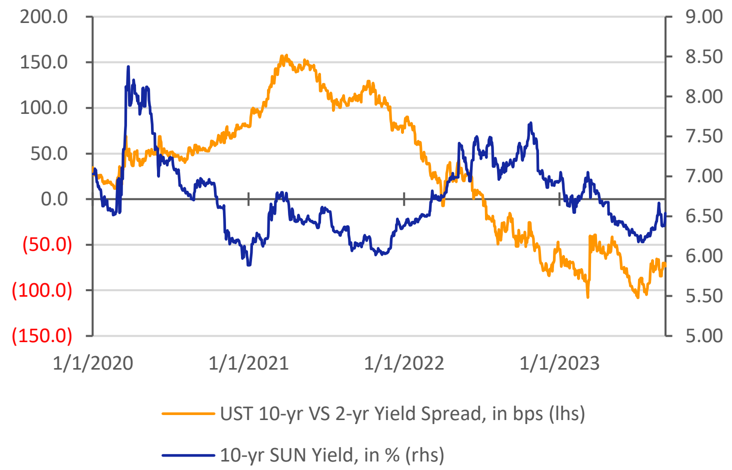


Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession

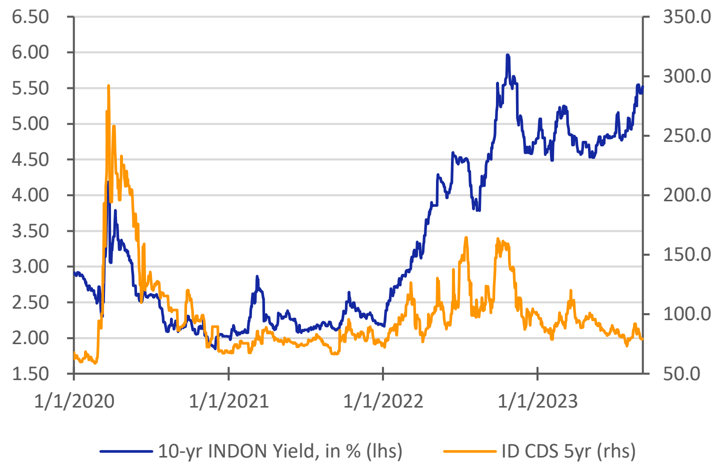
Source: Bloomberg

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



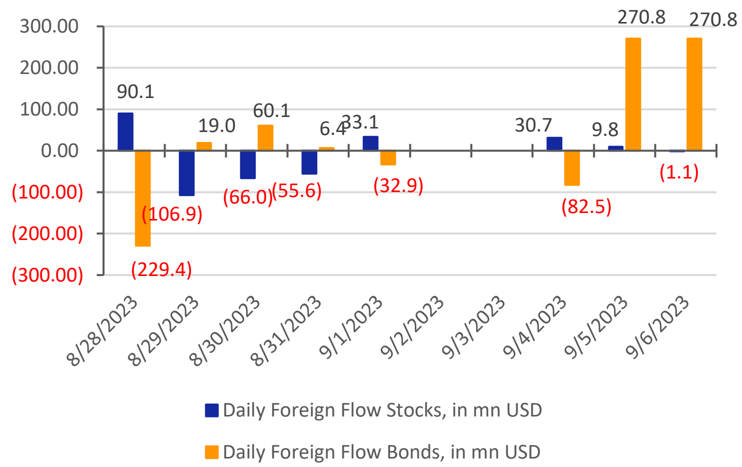
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



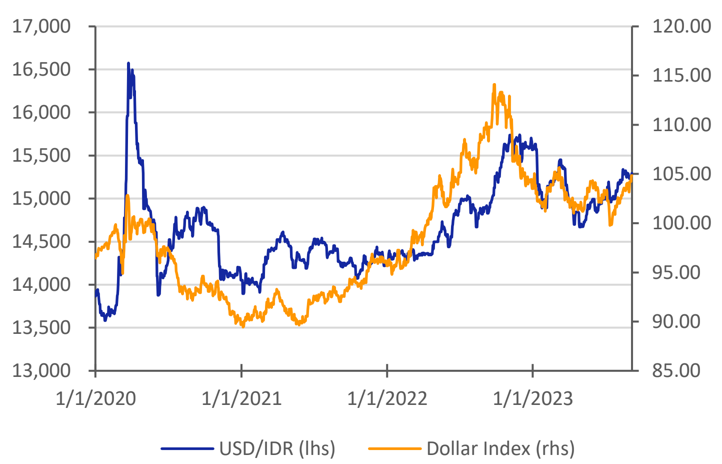
Source: Bloomberg

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
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
Haikal Putra	Research Associate	haikal.putra@samuel.co.id	+6221 2854 8353

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