Daily Economic & Fixed Income Report

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

SAMUEL SEKURITAS INDONESIA

Your Lifelong Investment Partner

Economic & Fixed Income Analysis

16 October 2023

Economic and Fixed Income Indicators

Currencies	10/13/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.05	(0.2)	(0.6)	(1.8)
GBP/USD	1.21	(0.3)	(0.5)	0.5
AUD/USD	0.63	(0.3)	(2.2)	(7.6)
USD/CHF	0.90	(0.7)	(1.5)	(2.4)
USD/JPY	149.6	(0.2)	0.1	14.1
Dollar Index	106.6	0.0	0.4	3.0
Bloomberg Asia Dollar Index	90.3	(0.2)	(0.2)	(4.5)
USD/KRW	1,350	0.9	0.0	6.7
USD/SGD	1.37	(0.1)	0.2	2.2
USD/CNY	7.31	(0.0)	0.1	5.9
USD/INR	83.3	0.0	0.3	0.6
USD/IDR	15,683	(0.0)	1.5	0.7
USD/IDR 1 Month NDF	15,707	(0.2)	1.4	1.1
USD/MYR	4.73	0.4	0.7	7.4
USD/THB	36.2	0.0	(0.6)	4.5
USD/PHP	56.8	0.2	0.4	1.9
Rates	**10/13/2023**	**Daily (bp)**	**MTD (bp)**	**YTD (bp)**
US Treasuries 10-Year	4.61	(8.5)	4.1	73.8
Germany Bund 10-Year	2.74	(4.9)	(10.2)	16.6
Japan JGB 10-Year	0.76	0.3	(0.4)	33.9
US SOFR Overnight	5.31	0.0	0.0	101.0
LIBOR 1-Month	5.45	0.0	1.6	105.7
Indonesia INDOGB 10-Year	6.79	0.0	(12.9)	(15.5)
Indonesia INDOGB 5-Year	6.61	(2.0)	4.6	41.0
Indonesia INDOGB 2-Year	6.50	0.3	6.8	41.8
INDOGB-UST (bp)	217.26	8.5	(17.0)	(89.3)
Indonesia INDON 10-Year	6.00	7.8	9.3	120.4
Indonesia INDON 5-Year	5.54	4.4	(3.6)	85.2
Indonesia INDON 2-Year	5.45	3.7	0.1	65.8
INDON-UST (bp)	138.76	16.3	5.2	46.6
Indonesia Corporate AAA 10-Year	7.63	0.0	(8.6)	(11.4)
Indonesia Corporate AAA 5-Year	7.24	(2.1)	(1.9)	43.6
Indonesia Corporate AAA 2-Year	6.93	0.5	(1.9)	44.4
INDONIA	5.51	(3.1)	(12.2)	48.2
JIBOR 1-Month	6.40	0.0	0.0	20.0
Bond Indexes	**10/13/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
S&P Global Bond Developed Index	175.4	0.2	0.1	(0.3)
EMBI Global Index	769.3	0.0	(0.9)	0.1
iShare USD EMBI Index	81.3	(0.0)	(1.5)	(4.0)
ICBI Index	364.5	0.1	(0.2)	5.7
IDMA Index	100.1	(0.1)	(0.6)	2.7
INDOBeX Government Bond Index	356.6	0.1	(0.2)	5.7
INDOBeX Corporate Bond Index	413.9	0.1	(0.0)	5.5
Prices	**10/13/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
ID CDS 5-Year	95.7	2.0	3.0	(3.9)
JCI	6,927	(0.1)	(0.2)	1.1
S&P-Goldman Sachs Commodity Index	595.3	3.0	(2.2)	(2.4)
FR0095	99.15	0.1	(0.2)	0.0
FR0096	101.62	0.0	0.9	1.1
FR0097	100.87	(0.1)	(0.2)	0.7
FR0098	101.02	(0.0)	(0.1)	0.5

Source: Bloomberg, SSI Research

Flight to safety vs. bearish sentiment

We noticed that the 'fight' between the 'flight to safety' strategy triggered by geopolitical conflict in the Middle East and the bearish sentiment caused by the US inflation data is still ongoing, as reflected by the buying action on global bond markets on Friday (10/13) which caused the S&P bond index for developed markets to rise 0.2% and UST and Bund 10Y yields to fall (-9) and (-5) bps to 4.61% and 2.74%. The buying action continued even though 1-year consumer inflation expectations for October went up to 3.8% (Sep: & Cons: 3.2%). This, coupled with the release of September CPI data, fueled concerns that the Fed would raise its Fed rate by 1X25 bps to 5.75% in December. At the moment, 32% of analysts expect a hike in December, while 66% predict that the rate will not change until the end of this year. We project the INDOGB 10Y yield and Rupiah to consolidate at 6.75-6.85% and IDR 15,650-15,750 per USD today. The release of September trade balance data might become a positive catalyst for Rupiah, especially if the surplus remains in the USD 2-2.5bn range.

Fixed Income News: BI issued IDR 21.9tn worth of SBNs at last week's auction (Prev: IDR 20.3tn). We noticed that BI decided to increase supply even though demand fell to IDR 22.6tn (Prev: IDR 24.3tn). In our opinion, the action was an indirect intervention to prevent further depreciation of Rupiah by attracting as many foreign funds as possible to the very short-term instruments (1 week to 1 year). (*Bank Indonesia*)

Global Economic News: Deflationary pressure still loomed over China's economy in September. Although China's PPI deflation fell to -2.5% yoy in September (Aug: -3% yoy; Cons: -2.4% yoy), China's CPI inflation fell to 0% (Aug: 0.1% yoy; Cons: 0.3% yoy) . This indicates that China's economic slowdown will continue for a while. (*Reuters*)

Domestic Economic News: Rice imports in January-July 2023 reached USD 627.2mn (2022: USD 202mn). The rice import value will continue to increase because the value still does not take into account the remaining rice import quota of 300,000 tons (out of a total of 2 million tons) as well as the potential for an additional rice import quota of 1.5 million tons to maintain Bulog's rice stocks. We estimated that FY23 rice imports could reach USD 1bn. (*Kontan*)

Recommendation: FR0040, FR0050, FR0068, FR0100.

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Economic Calender

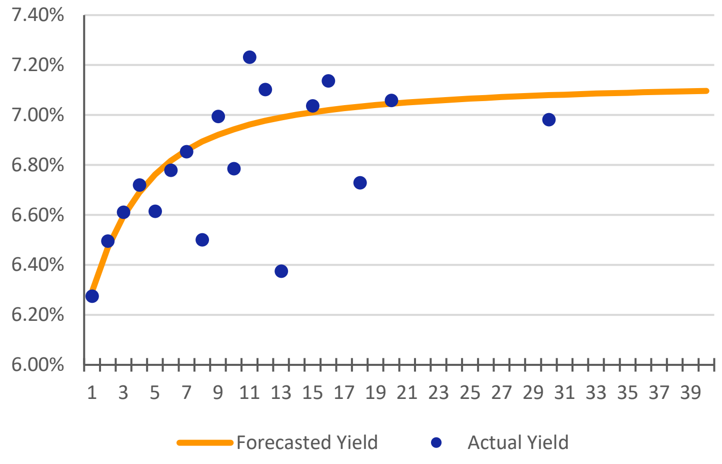
Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
10/16/2023 08:20	CH	1-Yr Medium-Term Lending Facility Rate	15-Oct	2.50%	2.50%
10/16/2023 11:00	ID	Trade Balance	Sep	$2349m	$3120m
10/16/2023 11:00	ID	Exports YoY	Sep	-13.80%	-21.21%
10/16/2023 11:00	ID	Imports YoY	Sep	-5.50%	-14.77%

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	0.42	8.4%	100.91	6.1%	5.6%	101.16	49.86	Cheap	0.42
2	FR77	9/27/2018	5/15/2024	0.59	8.1%	101.13	6.1%	5.6%	101.43	45.99	Cheap	0.57
3	FR44	4/19/2007	9/15/2024	0.93	10.0%	103.41	6.1%	5.8%	103.76	32.18	Cheap	0.89
4	FR81	8/1/2019	6/15/2025	1.67	6.5%	100.15	6.4%	6.1%	100.70	34.21	Cheap	1.59
5	FR40	9/21/2006	9/15/2025	1.93	11.0%	108.12	6.4%	6.1%	108.71	27.73	Cheap	1.75
6	FR84	5/4/2020	2/15/2026	2.35	7.3%	101.60	6.5%	6.3%	102.14	23.65	Cheap	2.15
7	FR86	8/13/2020	4/15/2026	2.51	5.5%	97.77	6.5%	6.3%	98.17	18.33	Cheap	2.32
8	FR56	9/23/2010	9/15/2026	2.93	8.4%	104.76	6.5%	6.4%	105.20	15.31	Cheap	2.62
9	FR37	5/18/2006	9/15/2026	2.93	12.0%	114.50	6.5%	6.4%	114.74	5.74	Cheap	2.52
10	FR90	7/8/2021	4/15/2027	3.51	5.1%	95.61	6.6%	6.5%	95.72	4.09	Cheap	3.18
11	FR59	9/15/2011	5/15/2027	3.59	7.0%	101.08	6.7%	6.5%	101.50	12.93	Cheap	3.17
12	FR42	1/25/2007	7/15/2027	3.76	10.3%	111.74	6.7%	6.6%	112.14	10.03	Cheap	3.13
13	FR94	3/4/2022	1/15/2028	4.26	5.6%	95.89	6.7%	6.6%	96.26	10.47	Cheap	3.75
14	FR47	8/30/2007	2/15/2028	4.35	10.0%	112.50	6.6%	6.6%	112.53	(0.64)	Expensive	3.57
15	FR64	8/13/2012	5/15/2028	4.59	6.1%	97.92	6.7%	6.7%	97.90	(0.49)	Expensive	3.99
16	FR95	8/19/2022	8/15/2028	4.84	6.4%	99.15	6.6%	6.7%	98.71	(11.04)	Expensive	4.16
17	FR99	1/27/2023	1/15/2029	5.26	6.4%	99.23	6.6%	6.7%	98.55	(15.78)	Expensive	4.43
18	FR71	9/12/2013	3/15/2029	5.42	9.0%	110.27	6.7%	6.7%	110.10	(4.22)	Expensive	4.38
19	FR78	9/27/2018	5/15/2029	5.59	8.3%	106.90	6.7%	6.8%	106.84	(1.69)	Expensive	4.52
20	FR52	8/20/2009	8/15/2030	6.84	10.5%	119.19	6.9%	6.8%	119.71	7.73	Cheap	5.07
21	FR82	8/1/2019	9/15/2030	6.93	7.0%	100.95	6.8%	6.8%	100.82	(2.57)	Expensive	5.52
22	FRSDG1	10/27/2022	10/15/2030	7.01	7.4%	102.71	6.9%	6.9%	102.86	2.57	Cheap	5.46
23	FR87	8/13/2020	2/15/2031	7.35	6.5%	98.24	6.8%	6.9%	97.89	(6.49)	Expensive	5.82
24	FR85	5/4/2020	4/15/2031	7.51	7.8%	104.98	6.9%	6.9%	105.04	0.89	Cheap	5.70
25	FR73	8/6/2015	5/15/2031	7.59	8.8%	110.90	6.9%	6.9%	110.90	(0.36)	Expensive	5.67
26	FR54	7/22/2010	7/15/2031	7.76	9.5%	114.39	7.1%	6.9%	115.48	16.22	Cheap	5.62
27	FR91	7/8/2021	4/15/2032	8.51	6.4%	97.22	6.8%	6.9%	96.54	(10.86)	Expensive	6.49
28	FR58	7/21/2011	6/15/2032	8.68	8.3%	107.68	7.0%	6.9%	108.53	12.17	Cheap	6.34
29	FR74	11/10/2016	8/15/2032	8.85	7.5%	103.56	7.0%	6.9%	103.71	2.00	Cheap	6.51
30	FR96	8/19/2022	2/15/2033	9.35	7.0%	101.62	6.8%	6.9%	100.35	(18.65)	Expensive	6.88
31	FR65	8/30/2012	5/15/2033	9.59	6.6%	98.58	6.8%	7.0%	97.71	(12.70)	Expensive	7.08
32	FR100	8/24/2023	2/15/2034	10.35	6.6%	97.92	6.9%	7.0%	97.44	(6.81)	Expensive	7.45
33	FR68	8/1/2013	3/15/2034	10.43	8.4%	109.02	7.1%	7.0%	110.23	15.44	Cheap	7.17
34	FR80	7/4/2019	6/15/2035	11.68	7.5%	103.39	7.1%	7.0%	103.90	6.15	Cheap	7.91
35	FR72	7/9/2015	5/15/2036	12.60	8.3%	109.09	7.1%	7.0%	110.16	11.98	Cheap	8.06
36	FR88	1/7/2021	6/15/2036	12.68	6.3%	94.04	7.0%	7.0%	93.58	(5.87)	Expensive	8.66
37	FR45	5/24/2007	5/15/2037	13.60	9.8%	125.81	6.8%	7.0%	123.50	(23.10)	Expensive	8.23
38	FR93	1/6/2022	7/15/2037	13.76	6.4%	95.30	6.9%	7.0%	94.20	(13.12)	Expensive	8.99
39	FR75	8/10/2017	5/15/2038	14.60	7.5%	103.87	7.1%	7.1%	104.06	1.88	Cheap	9.00
40	FR98	9/15/2022	6/15/2038	14.68	7.1%	101.02	7.0%	7.1%	100.67	(4.05)	Expensive	9.20
41	FR50	1/24/2008	7/15/2038	14.76	10.5%	130.73	7.1%	7.1%	131.31	4.90	Cheap	8.38
42	FR79	1/7/2019	4/15/2039	15.52	8.4%	111.75	7.1%	7.1%	112.27	5.07	Cheap	9.03
43	FR83	11/7/2019	4/15/2040	16.52	7.5%	103.56	7.1%	7.1%	104.14	5.79	Cheap	9.55
44	FR57	4/21/2011	5/15/2041	17.60	9.5%	128.45	6.7%	7.1%	124.12	(36.44)	Expensive	9.62
45	FR62	2/9/2012	4/15/2042	18.52	6.4%	94.51	6.9%	7.1%	92.70	(18.37)	Expensive	10.59
46	FR92	7/8/2021	6/15/2042	18.68	7.1%	100.05	7.1%	7.1%	100.36	2.83	Cheap	10.41
47	FR97	8/19/2022	6/15/2043	19.68	7.1%	100.87	7.0%	7.1%	100.29	(5.64)	Expensive	10.71
48	FR67	7/18/2013	2/15/2044	20.36	8.8%	115.67	7.3%	7.1%	117.60	15.97	Cheap	10.26
49	FR76	9/22/2017	5/15/2048	24.61	7.4%	102.53	7.2%	7.1%	102.89	3.01	Cheap	11.54
50	FR89	1/7/2021	8/15/2051	27.86	6.9%	98.87	7.0%	7.1%	96.85	(17.10)	Expensive	12.36

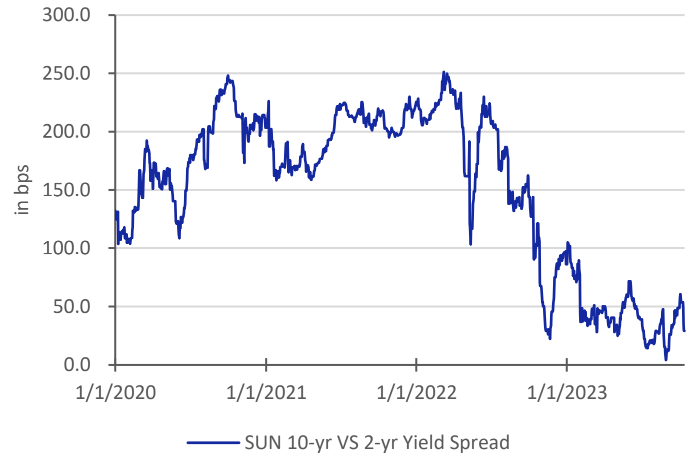
No.	Series	Issue Date	Maturity Date	Tenure (Year)	Coupon Rate	Actual Price	Yield to Maturity	Yield Curve	Valuation Price	Spread to YC (bps)	Recommendation	Duration
1	PBS31	7/29/2021	7/15/2024	0.76	4.0%	98.38	6.2%	6.3%	98.29	(10.24)	Expensive	0.74
2	PBS26	10/17/2019	10/15/2024	1.01	6.6%	100.45	6.2%	6.3%	100.31	(15.55)	Expensive	0.96
3	PBS36	8/25/2022	8/15/2025	1.84	5.4%	98.24	6.4%	6.2%	98.55	18.66	Cheap	1.75
4	PBS17	1/11/2018	10/15/2025	2.01	6.1%	99.61	6.3%	6.2%	99.84	12.49	Cheap	1.87
5	PBS32	7/29/2021	7/15/2026	2.76	4.9%	96.22	6.4%	6.2%	96.72	20.49	Cheap	2.56
6	PBS21	12/5/2018	11/15/2026	3.09	8.5%	106.91	6.0%	6.2%	106.42	(18.33)	Expensive	2.73
7	PBS3	2/2/2012	1/15/2027	3.26	6.0%	99.27	6.2%	6.2%	99.45	5.76	Cheap	2.93
8	PBS20	10/22/2018	10/15/2027	4.01	9.0%	109.39	6.3%	6.2%	109.78	9.77	Cheap	3.37
9	PBS18	6/4/2018	5/15/2028	4.59	7.6%	105.08	6.3%	6.2%	105.50	9.83	Cheap	3.89
10	PBS30	6/4/2021	7/15/2028	4.76	5.9%	97.87	6.4%	6.2%	98.53	16.52	Cheap	4.11
11	PBSG1	9/22/2022	9/15/2029	5.93	6.6%	101.68	6.3%	6.3%	101.63	(1.31)	Expensive	4.93
12	PBS23	5/15/2019	5/15/2030	6.59	8.1%	109.01	6.4%	6.3%	109.58	9.67	Cheap	5.18
13	PBS12	1/28/2016	11/15/2031	8.10	8.9%	115.93	6.3%	6.4%	115.45	(7.61)	Expensive	5.97
14	PBS24	5/28/2019	5/15/2032	8.59	8.4%	112.42	6.5%	6.4%	112.73	4.03	Cheap	6.29
15	PBS25	5/29/2019	5/15/2033	9.59	8.4%	112.47	6.6%	6.5%	113.47	12.80	Cheap	6.79
16	PBS29	1/14/2021	3/15/2034	10.43	6.4%	98.47	6.6%	6.5%	99.04	7.70	Cheap	7.63
17	PBS22	1/24/2019	4/15/2034	10.51	8.6%	116.08	6.5%	6.5%	115.95	(1.71)	Expensive	7.16
18	PBS37	1/12/2023	3/15/2036	12.43	6.9%	101.59	6.7%	6.6%	102.54	11.03	Cheap	8.44
19	PBS4	2/16/2012	2/15/2037	13.35	6.1%	94.90	6.7%	6.6%	95.60	8.20	Cheap	9.00
20	PBS34	1/13/2022	6/15/2039	15.68	6.5%	97.94	6.7%	6.7%	98.46	5.39	Cheap	9.83
21	PBS7	9/29/2014	9/15/2040	16.94	9.0%	121.38	6.8%	6.7%	123.25	15.96	Cheap	9.54
22	PBS35	3/30/2022	3/15/2042	18.43	6.8%	99.83	6.8%	6.7%	100.39	5.30	Cheap	10.61
23	PBS5	5/2/2013	4/15/2043	19.52	6.8%	99.65	6.8%	6.7%	100.22	5.26	Cheap	10.79
24	PBS28	7/23/2020	10/15/2046	23.02	7.8%	109.66	6.9%	6.8%	111.29	13.09	Cheap	11.22
25	PBS33	1/13/2022	6/15/2047	23.69	6.8%	99.42	6.8%	6.8%	99.63	1.73	Cheap	11.88
26	PBS15	7/21/2017	7/15/2047	23.77	8.0%	114.90	6.7%	6.8%	114.28	(4.96)	Expensive	11.42

Chart 1. Samuel's Yield Curve Forecast



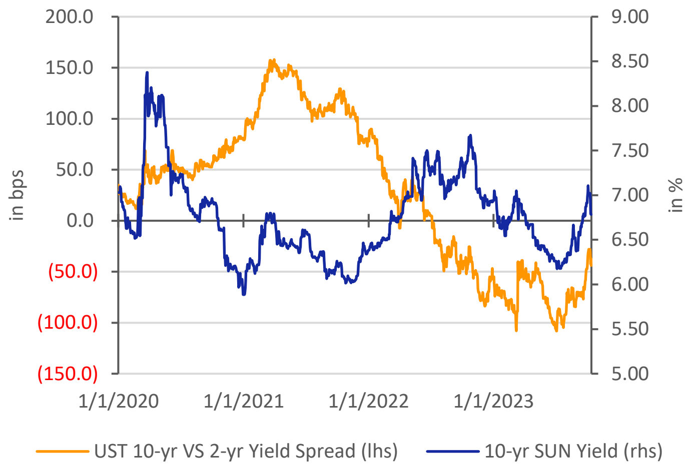
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



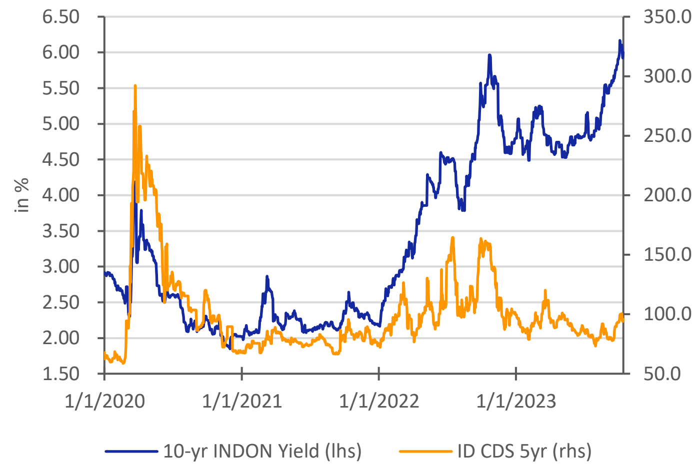
Source: Bloomberg

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



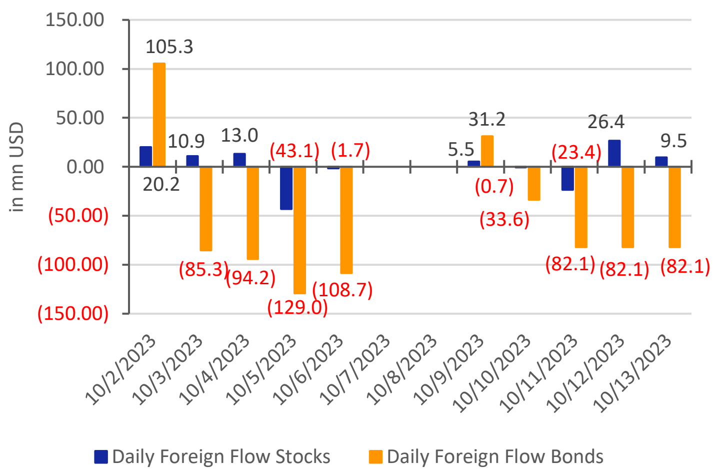
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



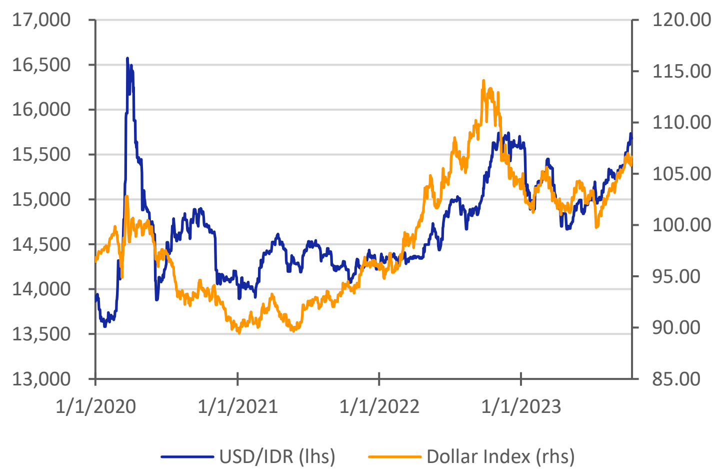
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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