Daily Economic & Fixed Income Report

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

SAMUEL SEKURITAS INDONESIA
Your Lifelong Investment Partner

Economic & Fixed Income Analysis

19 October 2023

Economic and Fixed Income Indicators

Currencies	10/18/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.05	(0.4)	(0.3)	(1.6)
GBP/USD	1.21	(0.4)	(0.5)	0.5
AUD/USD	0.63	(0.5)	(1.5)	(7.0)
USD/CHF	0.90	(0.1)	(1.8)	(2.8)
USD/JPY	149.9	0.1	0.4	14.3
Dollar Index	106.6	0.3	0.4	2.9
Bloomberg Asia Dollar Index	90.2	(0.0)	(0.3)	(4.7)
USD/KRW	1,350	(0.3)	0.0	6.6
USD/SGD	1.37	0.4	0.5	2.5
USD/CNY	7.32	0.0	0.3	6.1
USD/INR	83.3	0.0	0.3	0.6
USD/IDR	15,730	0.1	1.8	1.0
USD/IDR 1 Month NDF	15,814	0.5	2.1	1.8
USD/MYR	4.75	0.2	1.1	7.8
USD/THB	36.3	(0.3)	(0.4)	4.8
USD/PHP	56.7	(0.1)	0.2	1.8

Rates	10/18/2023	Daily (bp)	MTD (bp)	YTD (bp)
US Treasuries 10-Year	4.91	8.1	34.4	104.0
Germany Bund 10-Year	2.92	4.2	8.5	35.3
Japan JGB 10-Year	0.81	2.8	4.4	38.7
US SOFR Overnight	5.31	0.0	0.0	101.0
LIBOR 1-Month	5.45	0.0	1.5	105.6
Indonesia INDOGB 10-Year	6.88	11.5	(3.0)	(5.6)
Indonesia INDOGB 5-Year	6.72	4.1	14.9	51.3
Indonesia INDOGB 2-Year	6.56	4.2	13.7	48.7
INDOGB-UST (bp)	196.91	3.4	(37.4)	(109.6)
Indonesia INDON 10-Year	6.15	7.4	23.9	135.0
Indonesia INDON 5-Year	5.65	6.9	7.6	96.4
Indonesia INDON 2-Year	5.51	2.4	6.1	71.8
INDON-UST (bp)	123.11	(0.7)	(10.5)	31.0
Indonesia Corporate AAA 10-Year	7.73	11.6	1.3	(1.5)
Indonesia Corporate AAA 5-Year	7.34	4.1	8.5	54.0
Indonesia Corporate AAA 2-Year	7.00	4.2	4.9	51.2
INDONIA	5.64	(0.1)	1.3	61.7
JIBOR 1-Month	6.40	0.0	0.0	20.0

Bond Indexes	10/18/2023	Daily (%)	MTD (%)	YTD (%)
S&P Global Bond Developed Index	174.1	0.0	(0.7)	(1.0)
EMBI Global Index	760.1	(0.5)	(2.1)	(1.1)
iShare USD EMBI Index	80.4	(0.5)	(2.7)	(5.1)
ICBI Index	364.0	(0.2)	(0.3)	5.6
IDMA Index	99.9	(0.3)	(0.7)	2.6
INDOBeX Government Bond Index	356.1	(0.2)	(0.3)	5.6
INDOBeX Corporate Bond Index	413.8	(0.0)	(0.0)	5.5

Prices	10/18/2023	Daily (%)	MTD (%)	YTD (%)
ID CDS 5-Year	97.8	2.0	5.3	(1.7)
JCI	6,928	(0.2)	(0.2)	1.1
S&P-Goldman Sachs Commodity Index	598.8	1.2	(1.6)	(1.9)
FR0095	98.76	(0.2)	(0.6)	(0.4)
FR0096	100.96	(0.7)	0.2	0.4
FR0097	100.26	(0.2)	(0.8)	0.1
FR0098	100.35	(0.6)	(0.7)	(0.1)

Source: Bloomberg, SSI Research

Will BOJ end its negative rate policy in 4Q23?

Former Bank of Japan (BOJ) deputy governor Makoto Sakurai stated that the BOJ would stop its negative rate policy in October 2023. Although the BOJ has not confirmed the statement, this information surprised market players and sparked a JGB 10Y yield hike of 3 bps to 0.81%. In our opinion, this information will trigger speculative selling in Asian bond markets, which might affect the SBN market. INDOGB and INDON 10Y yields, which rose by 12 and 7 bps to 6.88% and 6.15% yesterday (10/18), will experience even more pressure than before. We believe that the impact of speculation over negative BOJ interest rates will mix with bearish sentiment in the US treasury market, which led to an 8 bps hike of the UST 10Y yield to 4.91% on Wednesday (10/18). We estimate that the INDOGB 10Y yield will move up further toward 6.9-7% today, while Rupiah might depreciate to IDR 15,750-15,850 per USD following the USD index hike (0.3% to 106.6).

Fixed Income News: SMRA offers Shelf Registration Bonds IV Phase II/2023. The bonds, with a total value of IDR 900bn. Will be offered in two series; Series A (IDR 468bn, with a coupon of 7.35% per annum and 3-year tenor, and Series B (IDR 432bn, with a coupon of 8% per annum and 5-year tenor). The offering period takes place from October 9 to November 2, 2023. (*DJPPR*)

Global Economic News: China's GDP grew by 4.9% yoy or 1.3% qoq in 3Q23 (2Q23: 6.3% yoy or 0.5% qoq; Cons: 4.4% yoy or 1% qoq). September industrial production and retail sales growth were also higher than expected, reaching 4.5% and 5.5% yoy (Aug: 4.5% & 4.6% yoy; Cons: 4.3% & 4.9% yoy). Fixed asset investment growth was in line with market expectations at 3.1% yoy (Aug: & Cons: 3.2% yoy). However, we believe China's GDP growth will be considerably slower in 4Q23, considering the ongoing deflationary spiral. (*Investing*)

Domestic Economic News: Domestic 2W sales fell (-0.9)% yoy to 509,946 units in September (Aug: 1.8% yoy & 534,379 units). On a quarterly basis, domestic 2W sales went up 11.3% yoy to 1.52 million units in 3Q23 (2Q23: 40% yoy & 1.38 million units). However, 2W sales in September were slower than 3Q18 (1.72 million units) and 3Q19 (1.69 million units), indicating that people's purchasing power has not yet fully recovered. (*AISI*)

Recommendation: FR0040, FR0044, FR0056, FR0077.

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Economic Calender

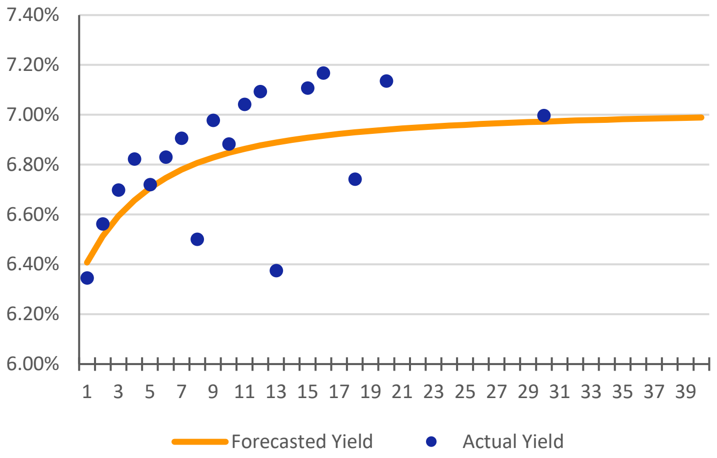
Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
10/19/2023 14:20	ID	Bank Indonesia 7D Reverse Repo	19-Oct	5.75%	5.75%
10/19/2023 19:30	US	Initial Jobless Claims	14-Oct	210k	209k
10/19/2023 21:00	US	Existing Home Sales	Sep	3.89m	4.04m
10/19/2023 21:00	US	Leading Index	Sep	-0.40%	-0.40%

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	0.41	8.4%	100.91	6.0%	5.8%	101.03	18.74	Cheap	0.40
2	FR77	9/27/2018	5/15/2024	0.58	8.1%	101.12	6.1%	5.8%	101.27	21.82	Cheap	0.56
3	FR44	4/19/2007	9/15/2024	0.91	10.0%	103.32	6.1%	6.0%	103.53	15.55	Cheap	0.87
4	FR81	8/1/2019	6/15/2025	1.66	6.5%	100.11	6.4%	6.2%	100.48	23.26	Cheap	1.58
5	FR40	9/21/2006	9/15/2025	1.91	11.0%	107.99	6.4%	6.3%	108.43	18.88	Cheap	1.74
6	FR84	5/4/2020	2/15/2026	2.33	7.3%	101.54	6.5%	6.4%	101.92	16.29	Cheap	2.14
7	FR86	8/13/2020	4/15/2026	2.49	5.5%	97.63	6.5%	6.4%	97.99	16.27	Cheap	2.34
8	FR56	9/23/2010	9/15/2026	2.91	8.4%	104.59	6.6%	6.5%	105.00	13.89	Cheap	2.60
9	FR37	5/18/2006	9/15/2026	2.91	12.0%	114.19	6.5%	6.5%	114.48	7.04	Cheap	2.51
10	FR90	7/8/2021	4/15/2027	3.49	5.1%	95.45	6.6%	6.6%	95.60	5.59	Cheap	3.21
11	FR59	9/15/2011	5/15/2027	3.58	7.0%	100.94	6.7%	6.6%	101.36	13.13	Cheap	3.16
12	FR42	1/25/2007	7/15/2027	3.74	10.3%	111.46	6.7%	6.6%	111.97	12.93	Cheap	3.19
13	FR94	3/4/2022	1/15/2028	4.25	5.6%	95.88	6.7%	6.6%	96.18	8.62	Cheap	3.79
14	FR47	8/30/2007	2/15/2028	4.33	10.0%	112.28	6.7%	6.7%	112.41	1.64	Cheap	3.56
15	FR64	8/13/2012	5/15/2028	4.58	6.1%	97.81	6.7%	6.7%	97.84	1.00	Cheap	3.97
16	FR95	8/19/2022	8/15/2028	4.83	6.4%	98.75	6.7%	6.7%	98.67	(2.18)	Expensive	4.14
17	FR99	1/27/2023	1/15/2029	5.25	6.4%	99.16	6.6%	6.7%	98.54	(14.54)	Expensive	4.49
18	FR71	9/12/2013	3/15/2029	5.41	9.0%	110.03	6.7%	6.7%	110.07	0.14	Cheap	4.37
19	FR78	9/27/2018	5/15/2029	5.58	8.3%	106.68	6.8%	6.8%	106.83	2.73	Cheap	4.50
20	FR52	8/20/2009	8/15/2030	6.83	10.5%	119.39	6.9%	6.8%	119.78	5.35	Cheap	5.06
21	FR82	8/1/2019	9/15/2030	6.92	7.0%	100.72	6.9%	6.8%	100.91	3.25	Cheap	5.51
22	FRSDG1	10/27/2022	10/15/2030	7.00	7.4%	102.52	6.9%	6.8%	102.96	7.67	Cheap	5.54
23	FR87	8/13/2020	2/15/2031	7.33	6.5%	97.51	6.9%	6.9%	98.01	8.78	Cheap	5.80
24	FR85	5/4/2020	4/15/2031	7.50	7.8%	104.36	7.0%	6.9%	105.17	13.49	Cheap	5.79
25	FR73	8/6/2015	5/15/2031	7.58	8.8%	110.61	6.9%	6.9%	111.03	6.23	Cheap	5.65
26	FR54	7/22/2010	7/15/2031	7.75	9.5%	114.44	7.0%	6.9%	115.62	17.52	Cheap	5.73
27	FR91	7/8/2021	4/15/2032	8.50	6.4%	96.56	6.9%	6.9%	96.72	2.68	Cheap	6.58
28	FR58	7/21/2011	6/15/2032	8.67	8.3%	108.38	6.9%	6.9%	108.72	4.61	Cheap	6.34
29	FR74	11/10/2016	8/15/2032	8.83	7.5%	103.66	6.9%	6.9%	103.91	3.46	Cheap	6.50
30	FR96	8/19/2022	2/15/2033	9.34	7.0%	100.96	6.9%	6.9%	100.58	(5.74)	Expensive	6.86
31	FR65	8/30/2012	5/15/2033	9.58	6.6%	98.16	6.9%	6.9%	97.96	(2.96)	Expensive	7.06
32	FR100	8/24/2023	2/15/2034	10.34	6.6%	98.29	6.9%	6.9%	97.73	(7.97)	Expensive	7.44
33	FR68	8/1/2013	3/15/2034	10.41	8.4%	110.10	7.0%	6.9%	110.53	5.16	Cheap	7.18
34	FR80	7/4/2019	6/15/2035	11.67	7.5%	103.54	7.0%	7.0%	104.26	8.63	Cheap	7.90
35	FR72	7/9/2015	5/15/2036	12.58	8.3%	109.79	7.1%	7.0%	110.57	8.64	Cheap	8.07
36	FR88	1/7/2021	6/15/2036	12.67	6.3%	94.45	6.9%	7.0%	93.96	(6.16)	Expensive	8.66
37	FR45	5/24/2007	5/15/2037	13.58	9.8%	125.85	6.8%	7.0%	123.98	(18.67)	Expensive	8.22
38	FR93	1/6/2022	7/15/2037	13.75	6.4%	96.02	6.8%	7.0%	94.63	(16.50)	Expensive	9.15
39	FR75	8/10/2017	5/15/2038	14.58	7.5%	103.65	7.1%	7.0%	104.54	9.49	Cheap	8.98
40	FR98	9/15/2022	6/15/2038	14.67	7.1%	100.34	7.1%	7.0%	101.14	8.62	Cheap	9.16
41	FR50	1/24/2008	7/15/2038	14.75	10.5%	130.24	7.1%	7.0%	131.88	14.45	Cheap	8.53
42	FR79	1/7/2019	4/15/2039	15.50	8.4%	111.53	7.1%	7.0%	112.81	12.56	Cheap	9.18
43	FR83	11/7/2019	4/15/2040	16.50	7.5%	103.65	7.1%	7.0%	104.69	10.43	Cheap	9.72
44	FR57	4/21/2011	5/15/2041	17.59	9.5%	128.45	6.7%	7.0%	124.78	(30.79)	Expensive	9.61
45	FR62	2/9/2012	4/15/2042	18.50	6.4%	94.51	6.9%	7.0%	93.28	(12.45)	Expensive	10.75
46	FR92	7/8/2021	6/15/2042	18.67	7.1%	100.49	7.1%	7.0%	100.97	4.50	Cheap	10.42
47	FR97	8/19/2022	6/15/2043	19.67	7.1%	100.05	7.1%	7.0%	100.93	8.22	Cheap	10.66
48	FR67	7/18/2013	2/15/2044	20.34	8.8%	115.52	7.3%	7.0%	118.33	23.34	Cheap	10.24
49	FR76	9/22/2017	5/15/2048	24.59	7.4%	103.35	7.1%	7.1%	103.66	2.56	Cheap	11.57
50	FR89	1/7/2021	8/15/2051	27.84	6.9%	98.75	7.0%	7.1%	97.64	(9.38)	Expensive	12.34

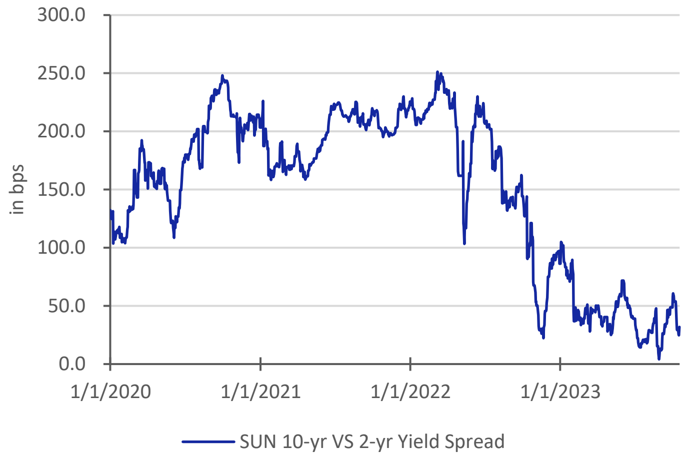
No.	Series	Issue Date	Maturity Date	Tenure (Year)	Coupon Rate	Actual Price	Yield to Maturity	Yield Curve	Valuation Price	Spread to YC (bps)	Recommendation	Duration
1	PBS31	7/29/2021	7/15/2024	0.74	4.0%	98.42	6.2%	6.2%	98.42	3.87	Cheap	0.73
2	PBS26	10/17/2019	10/15/2024	0.99	6.6%	100.66	5.9%	6.2%	100.39	(29.30)	Expensive	0.97
3	PBS36	8/25/2022	8/15/2025	1.83	5.4%	98.21	6.4%	6.3%	98.49	16.63	Cheap	1.73
4	PBS17	1/11/2018	10/15/2025	1.99	6.1%	99.60	6.3%	6.3%	99.72	6.62	Cheap	1.89
5	PBS32	7/29/2021	7/15/2026	2.74	4.9%	96.22	6.4%	6.3%	96.39	7.67	Cheap	2.58
6	PBS21	12/5/2018	11/15/2026	3.08	8.5%	106.62	6.1%	6.4%	105.92	(25.58)	Expensive	2.71
7	PBS3	2/2/2012	1/15/2027	3.25	6.0%	98.66	6.5%	6.4%	98.95	9.75	Cheap	2.97
8	PBS20	10/22/2018	10/15/2027	3.99	9.0%	108.75	6.5%	6.4%	108.98	5.22	Cheap	3.42
9	PBS18	6/4/2018	5/15/2028	4.58	7.6%	104.29	6.5%	6.5%	104.58	6.67	Cheap	3.87
10	PBS30	6/4/2021	7/15/2028	4.75	5.9%	96.95	6.6%	6.5%	97.62	17.02	Cheap	4.16
11	PBSG1	9/22/2022	9/15/2029	5.92	6.6%	101.34	6.3%	6.5%	100.46	(18.38)	Expensive	4.92
12	PBS23	5/15/2019	5/15/2030	6.58	8.1%	107.58	6.7%	6.6%	108.24	11.50	Cheap	5.15
13	PBS12	1/28/2016	11/15/2031	8.08	8.9%	113.03	6.8%	6.6%	113.91	12.74	Cheap	5.92
14	PBS24	5/28/2019	5/15/2032	8.58	8.4%	110.72	6.7%	6.6%	111.20	6.58	Cheap	6.26
15	PBS25	5/29/2019	5/15/2033	9.58	8.4%	110.94	6.8%	6.7%	111.91	12.71	Cheap	6.76
16	PBS29	1/14/2021	3/15/2034	10.41	6.4%	98.12	6.6%	6.7%	97.64	(6.70)	Expensive	7.61
17	PBS22	1/24/2019	4/15/2034	10.50	8.6%	114.78	6.6%	6.7%	114.38	(5.12)	Expensive	7.26
18	PBS37	1/12/2023	3/15/2036	12.42	6.9%	98.96	7.0%	6.7%	101.16	26.54	Cheap	8.37
19	PBS4	2/16/2012	2/15/2037	13.34	6.1%	94.59	6.7%	6.8%	94.33	(3.12)	Expensive	8.98
20	PBS34	1/13/2022	6/15/2039	15.67	6.5%	98.14	6.7%	6.8%	97.30	(8.99)	Expensive	9.82
21	PBS7	9/29/2014	9/15/2040	16.92	9.0%	121.37	6.8%	6.8%	121.96	4.85	Cheap	9.52
22	PBS35	3/30/2022	3/15/2042	18.42	6.8%	98.99	6.8%	6.8%	99.37	3.62	Cheap	10.57
23	PBS5	5/2/2013	4/15/2043	19.50	6.8%	99.26	6.8%	6.8%	99.26	0.03	Cheap	10.94
24	PBS28	7/23/2020	10/15/2046	23.01	7.8%	109.06	7.0%	6.8%	110.46	11.34	Cheap	11.38
25	PBS33	1/13/2022	6/15/2047	23.67	6.8%	98.01	6.9%	6.8%	98.90	7.69	Cheap	11.79
26	PBS15	7/21/2017	7/15/2047	23.76	8.0%	113.54	6.8%	6.8%	113.46	(0.83)	Expensive	11.54

Chart 1. Samuel's Yield Curve Forecast



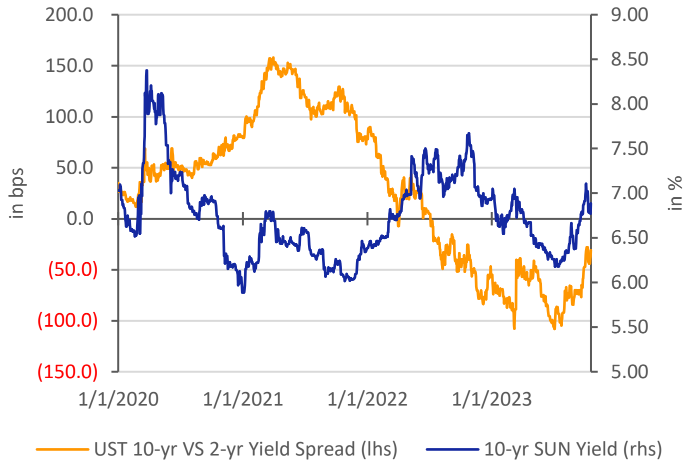
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



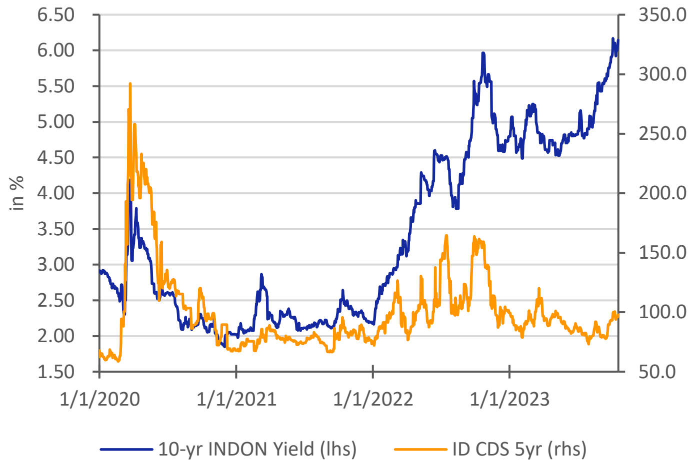
Source: Bloomberg

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



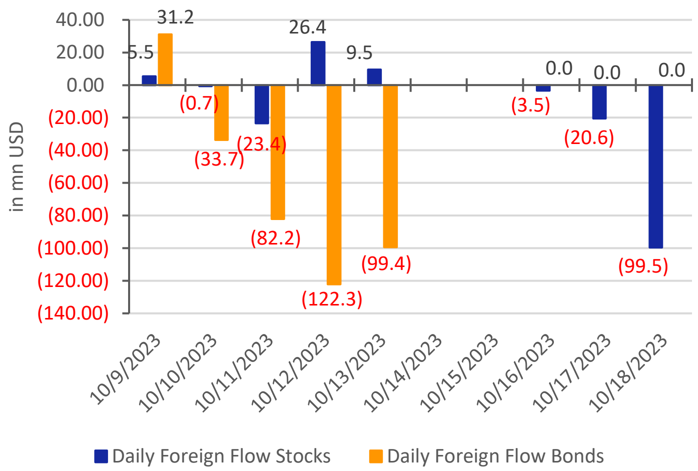
Source: Bloomberg

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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