Daily Economic & Fixed Income Report

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

SAMUEL SEKURITAS INDONESIA

Your Lifelong Investment Partner

Economic & Fixed Income Analysis

20 October 2023

Economic and Fixed Income Indicators

Currencies	10/19/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.06	0.4	0.1	(1.1)
GBP/USD	1.21	0.0	(0.5)	0.5
AUD/USD	0.63	(0.1)	(1.6)	(7.1)
USD/CHF	0.89	(0.8)	(2.6)	(3.6)
USD/JPY	149.8	(0.1)	0.3	14.2
Dollar Index	106.3	(0.3)	0.1	2.6
Bloomberg Asia Dollar Index	90.0	(0.1)	(0.4)	(4.8)
USD/KRW	1,357	0.6	0.6	7.3
USD/SGD	1.37	(0.0)	0.5	2.5
USD/CNY	7.31	(0.1)	0.2	6.0
USD/INR	83.2	(0.0)	0.2	0.6
USD/IDR	15,815	0.5	2.3	1.6
USD/IDR 1 Month NDF	15,858	0.3	2.4	2.1
USD/MYR	4.77	0.5	1.6	8.3
USD/THB	36.5	0.5	0.1	5.4
USD/PHP	56.9	0.3	0.5	2.0
Rates	**10/19/2023**	**Daily (bp)**	**MTD (bp)**	**YTD (bp)**
US Treasuries 10-Year	4.99	7.5	41.9	111.5
Germany Bund 10-Year	2.93	0.7	9.2	36.0
Japan JGB 10-Year	0.84	3.1	7.5	41.8
US SOFR Overnight	5.30	0.0	(1.0)	100.0
LIBOR 1-Month	5.45	0.0	2.0	106.2
Indonesia INDOGB 10-Year	6.88	(0.3)	(3.3)	(5.9)
Indonesia INDOGB 5-Year	6.88	16.2	31.1	67.5
Indonesia INDOGB 2-Year	6.55	(1.3)	12.4	47.4
INDOGB-UST (bp)	189.12	(7.8)	(45.2)	(117.4)
Indonesia INDON 10-Year	6.26	11.7	35.6	146.7
Indonesia INDON 5-Year	5.79	13.6	21.2	110.0
Indonesia INDON 2-Year	5.57	5.6	11.7	77.4
INDON-UST (bp)	127.32	4.2	(6.3)	35.2
Indonesia Corporate AAA 10-Year	7.73	(0.0)	1.3	(1.5)
Indonesia Corporate AAA 5-Year	7.50	16.0	24.5	70.0
Indonesia Corporate AAA 2-Year	6.99	(1.0)	3.9	50.2
INDONIA	5.67	3.1	4.3	64.8
JIBOR 1-Month	6.40	0.0	0.0	20.0
Bond Indexes	**10/19/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
S&P Global Bond Developed Index	173.6	0.0	(0.9)	(1.3)
EMBI Global Index	757.2	(0.4)	(2.5)	(1.4)
iShare USD EMBI Index	80.1	(0.4)	(3.1)	(5.5)
ICBI Index	363.1	(0.3)	(0.6)	5.3
IDMA Index	99.6	(0.3)	(1.0)	2.3
INDOBeX Government Bond Index	355.1	(0.3)	(0.6)	5.3
INDOBeX Corporate Bond Index	413.7	(0.0)	(0.1)	5.5
Prices	**10/19/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
ID CDS 5-Year	101.8	4.1	9.5	2.2
JCI	6,846	(1.2)	(1.3)	(0.1)
S&P-Goldman Sachs Commodity Index	603.9	0.9	(0.8)	(1.0)
FR0095	98.21	(0.6)	(1.2)	(0.9)
FR0096	100.97	0.0	0.3	0.4
FR0097	98.73	(1.5)	(2.3)	(1.4)
FR0098	99.93	(0.4)	(1.2)	(0.6)

Source: Bloomberg, SSI Research

Lionel Priyadi

Macro Strategist

lionel.priyadi@samuel.co.id

+6221 2854 8854

UST 10Y yield finally touches 5%, while INDOGB 10Y yield still has to catch up to 7.3-7.4%

The UST 10Y yield reached the consensus equilibrium last night at 4.99%, which reduced the upside risk of another yield hike in the future (SSI estimate: 10-20 bps). However, INDOGB 10Y yield was stuck at 6.88% yesterday (10/19), even though the INDOGB 5Y and INDON 10Y yields spiked by 16 and 12 bps to 6.88% and 6.26%. In our opinion, the INDOGB 10Y is facing a high risk of another sell-off, due to the fact that its yield spread with the UST 10Y is too low at 189 bps (6-month average: 230 bps), and its yield is roughly the same as the INDOGB 5Y. The risk of an INDOGB 10Y sell-off is even higher after the surprise 7DRRR hike yesterday (10/19). We expect the INDOGB 10Y yield to experience pressure and move toward 6.95-7.05%, with an estimated peak range of 7.3-7.4%. Meanwhile, Rupiah might depreciate further toward the IDR 15,850-15,950 per USD range due to the potential INDOGB sell-off.

Fixed Income News: BI plans to hold the first SVBI and SUVBI auction on November 17. Those instruments are part of the expansion of SRBI (Sekuritas Rupiah Bank Indonesia) which is expected to help maintai the stability of Rupiah. SVBI uses a discount system similar to SRBI. Meanwhile, SUVBI uses simple interest due of its status as a sharia financial instrument. The underlying assets used are BI's global bonds and sukuk. Both of these instruments can be purchased by the public on the secondary market. (*Bank Indonesia*)

Global Economic News: Powell might consider holding interest rates in 4Q23. Although Fed Chair Jerome Powell's speech was still as hawkish as before, Powell sent several dovish messages, including the on-track inflation slowdown, financial market tightening by rising long-term bond yields, and the slowdown in US labor market expansion. In our opinion, the plan to raise FFR by 1X25 bps in 4Q23 could be canceled if the disinflation process in the US continues uninterrupted. (*Wall Street Journal*)

Domestic Economic News: Bulog will speed up imports of 250,000 tons of corn. This decision was taken after the latest BPS data showed a decline in corn production by 10.1% yoy to 2.49 million hectares. The decline in corn production, which is thought to be caused by El Niño, has caused prices to rise above the benchmark price of IDR 7,282 per kg (benchmark: IDR 5,000 per kg). (*Kontan*)

Recommendation: FR0040, FR0044, FR0056, FR0077.

Economic Calender

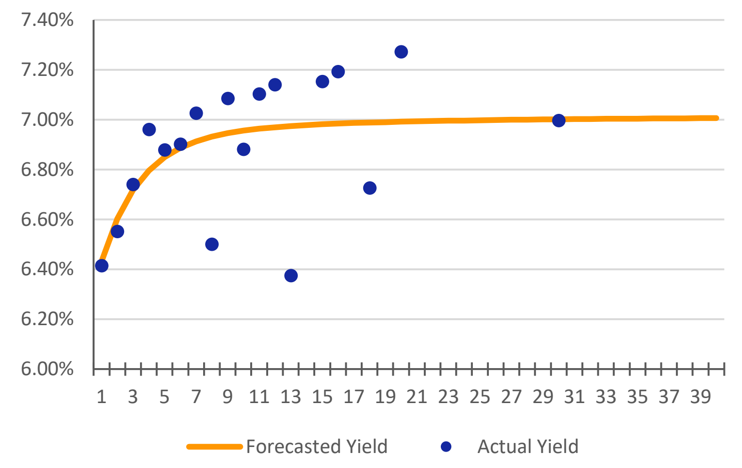
Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
10/20/2023 06:30	JN	Natl CPI YoY	Sep	3.00%	3.20%
10/20/2023 06:30	JN	Natl CPI Ex Fresh Food, Energy YoY	Sep	4.10%	4.30%
10/20/2023 08:15	CH	5-Year Loan Prime Rate	20-Oct	4.20%	4.20%
10/20/2023 08:15	CH	1-Year Loan Prime Rate	20-Oct	3.45%	3.45%

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%	100.87	6.1%	5.8%	101.02	27.49	Cheap	0.40
2	FR77	9/27/2018	5/15/2024	0.57	8.1%	101.09	6.1%	5.8%	101.26	25.46	Cheap	0.56
3	FR44	4/19/2007	9/15/2024	0.91	10.0%	103.31	6.1%	6.0%	103.52	15.90	Cheap	0.87
4	FR81	8/1/2019	6/15/2025	1.66	6.5%	99.91	6.6%	6.2%	100.48	36.32	Cheap	1.58
5	FR40	9/21/2006	9/15/2025	1.91	11.0%	108.01	6.4%	6.3%	108.42	17.48	Cheap	1.74
6	FR84	5/4/2020	2/15/2026	2.33	7.3%	101.41	6.6%	6.4%	101.91	22.10	Cheap	2.13
7	FR86	8/13/2020	4/15/2026	2.49	5.5%	97.40	6.7%	6.4%	97.99	26.77	Cheap	2.34
8	FR56	9/23/2010	9/15/2026	2.91	8.4%	104.46	6.7%	6.5%	104.99	18.69	Cheap	2.60
9	FR37	5/18/2006	9/15/2026	2.91	12.0%	114.15	6.5%	6.5%	114.47	8.15	Cheap	2.50
10	FR90	7/8/2021	4/15/2027	3.49	5.1%	94.97	6.8%	6.6%	95.60	21.87	Cheap	3.21
11	FR59	9/15/2011	5/15/2027	3.57	7.0%	100.65	6.8%	6.6%	101.36	22.40	Cheap	3.15
12	FR42	1/25/2007	7/15/2027	3.74	10.3%	111.11	6.8%	6.6%	111.96	22.95	Cheap	3.19
13	FR94	3/4/2022	1/15/2028	4.24	5.6%	95.88	6.7%	6.6%	96.18	8.71	Cheap	3.79
14	FR47	8/30/2007	2/15/2028	4.33	10.0%	112.10	6.7%	6.7%	112.40	5.96	Cheap	3.56
15	FR64	8/13/2012	5/15/2028	4.58	6.1%	97.73	6.7%	6.7%	97.84	3.01	Cheap	3.97
16	FR95	8/19/2022	8/15/2028	4.83	6.4%	98.21	6.8%	6.7%	98.67	11.31	Cheap	4.13
17	FR99	1/27/2023	1/15/2029	5.25	6.4%	99.16	6.6%	6.7%	98.54	(14.51)	Expensive	4.49
18	FR71	9/12/2013	3/15/2029	5.41	9.0%	109.24	6.9%	6.7%	110.07	16.80	Cheap	4.36
19	FR78	9/27/2018	5/15/2029	5.58	8.3%	106.39	6.8%	6.8%	106.83	8.80	Cheap	4.50
20	FR52	8/20/2009	8/15/2030	6.83	10.5%	119.27	6.9%	6.8%	119.77	7.31	Cheap	5.06
21	FR82	8/1/2019	9/15/2030	6.91	7.0%	100.09	7.0%	6.8%	100.91	14.95	Cheap	5.50
22	FRSDG1	10/27/2022	10/15/2030	6.99	7.4%	102.17	7.0%	6.8%	102.96	13.95	Cheap	5.54
23	FR87	8/13/2020	2/15/2031	7.33	6.5%	96.66	7.1%	6.9%	98.01	23.98	Cheap	5.78
24	FR85	5/4/2020	4/15/2031	7.49	7.8%	104.21	7.0%	6.9%	105.17	16.01	Cheap	5.79
25	FR73	8/6/2015	5/15/2031	7.58	8.8%	110.04	7.0%	6.9%	111.02	15.49	Cheap	5.64
26	FR54	7/22/2010	7/15/2031	7.74	9.5%	114.07	7.1%	6.9%	115.62	23.37	Cheap	5.72
27	FR91	7/8/2021	4/15/2032	8.50	6.4%	95.74	7.1%	6.9%	96.72	16.01	Cheap	6.57
28	FR58	7/21/2011	6/15/2032	8.66	8.3%	108.47	6.9%	6.9%	108.72	3.33	Cheap	6.34
29	FR74	11/10/2016	8/15/2032	8.83	7.5%	103.06	7.0%	6.9%	103.91	12.55	Cheap	6.49
30	FR96	8/19/2022	2/15/2033	9.33	7.0%	100.97	6.9%	6.9%	100.58	(5.92)	Expensive	6.85
31	FR65	8/30/2012	5/15/2033	9.58	6.6%	97.55	7.0%	6.9%	97.96	6.01	Cheap	7.04
32	FR100	8/24/2023	2/15/2034	10.33	6.6%	96.61	7.1%	6.9%	97.73	15.49	Cheap	7.41
33	FR68	8/1/2013	3/15/2034	10.41	8.4%	109.64	7.0%	6.9%	110.53	11.12	Cheap	7.17
34	FR80	7/4/2019	6/15/2035	11.66	7.5%	103.05	7.1%	7.0%	104.26	14.78	Cheap	7.88
35	FR72	7/9/2015	5/15/2036	12.58	8.3%	109.79	7.1%	7.0%	110.57	8.58	Cheap	8.06
36	FR88	1/7/2021	6/15/2036	12.67	6.3%	92.84	7.1%	7.0%	93.96	14.06	Cheap	8.62
37	FR45	5/24/2007	5/15/2037	13.58	9.8%	124.97	6.9%	7.0%	123.98	(10.12)	Expensive	8.20
38	FR93	1/6/2022	7/15/2037	13.75	6.4%	94.56	7.0%	7.0%	94.63	0.68	Cheap	9.10
39	FR75	8/10/2017	5/15/2038	14.58	7.5%	102.62	7.2%	7.0%	104.54	20.78	Cheap	8.95
40	FR98	9/15/2022	6/15/2038	14.67	7.1%	99.93	7.1%	7.0%	101.14	13.24	Cheap	9.15
41	FR50	1/24/2008	7/15/2038	14.75	10.5%	130.51	7.1%	7.0%	131.87	11.99	Cheap	8.53
42	FR79	1/7/2019	4/15/2039	15.50	8.4%	111.11	7.2%	7.0%	112.81	16.69	Cheap	9.16
43	FR83	11/7/2019	4/15/2040	16.50	7.5%	103.12	7.2%	7.0%	104.69	15.83	Cheap	9.70
44	FR57	4/21/2011	5/15/2041	17.58	9.5%	128.45	6.7%	7.0%	124.78	(30.80)	Expensive	9.60
45	FR62	2/9/2012	4/15/2042	18.50	6.4%	93.32	7.0%	7.0%	93.28	(0.47)	Expensive	10.70
46	FR92	7/8/2021	6/15/2042	18.67	7.1%	99.67	7.2%	7.0%	100.97	12.54	Cheap	10.38
47	FR97	8/19/2022	6/15/2043	19.67	7.1%	98.73	7.2%	7.0%	100.93	20.85	Cheap	10.59
48	FR67	7/18/2013	2/15/2044	20.34	8.8%	115.53	7.3%	7.0%	118.33	23.23	Cheap	10.24
49	FR76	9/22/2017	5/15/2048	24.59	7.4%	102.40	7.2%	7.1%	103.66	10.59	Cheap	11.51
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

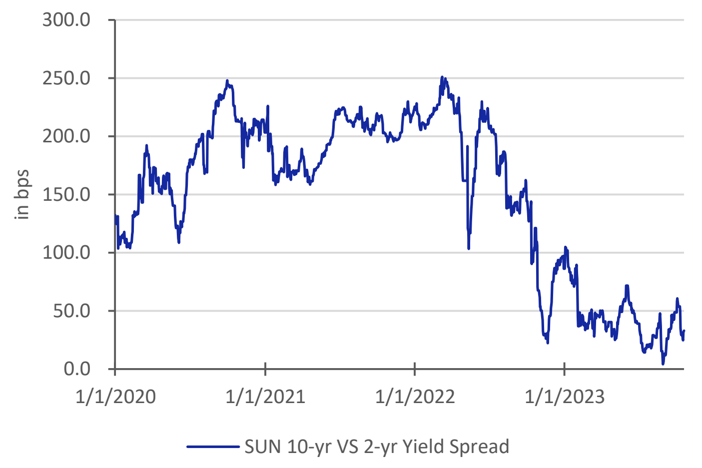
No.	Series	Issue Date	Maturity Date	Tenure (Year)	Coupon Rate	Actual Price	Yield to Maturity	Yield Curve	Valuation Price	Spread to YC (bps)	Recommendation	Duration
1	PBS31	7/29/2021	7/15/2024	0.74	4.0%	98.43	6.2%	6.2%	98.43	2.76	Cheap	0.73
2	PBS26	10/17/2019	10/15/2024	0.99	6.6%	100.59	6.0%	6.2%	100.39	(22.16)	Expensive	0.96
3	PBS36	8/25/2022	8/15/2025	1.82	5.4%	98.14	6.5%	6.3%	98.49	21.07	Cheap	1.73
4	PBS17	1/11/2018	10/15/2025	1.99	6.1%	99.61	6.3%	6.3%	99.72	6.35	Cheap	1.89
5	PBS32	7/29/2021	7/15/2026	2.74	4.9%	96.09	6.5%	6.3%	96.40	12.99	Cheap	2.58
6	PBS21	12/5/2018	11/15/2026	3.08	8.5%	105.99	6.3%	6.4%	105.92	(3.95)	Expensive	2.71
7	PBS3	2/2/2012	1/15/2027	3.24	6.0%	98.42	6.5%	6.4%	98.95	18.26	Cheap	2.96
8	PBS20	10/22/2018	10/15/2027	3.99	9.0%	108.65	6.5%	6.4%	108.97	7.81	Cheap	3.42
9	PBS18	6/4/2018	5/15/2028	4.58	7.6%	104.21	6.5%	6.5%	104.58	8.69	Cheap	3.87
10	PBS30	6/4/2021	7/15/2028	4.74	5.9%	96.97	6.6%	6.5%	97.62	16.47	Cheap	4.16
11	PBSG1	9/22/2022	9/15/2029	5.91	6.6%	101.23	6.4%	6.5%	100.46	(16.19)	Expensive	4.91
12	PBS23	5/15/2019	5/15/2030	6.58	8.1%	107.53	6.7%	6.6%	108.23	12.35	Cheap	5.15
13	PBS12	1/28/2016	11/15/2031	8.08	8.9%	112.88	6.8%	6.6%	113.91	14.92	Cheap	5.92
14	PBS24	5/28/2019	5/15/2032	8.58	8.4%	110.72	6.7%	6.6%	111.20	6.60	Cheap	6.25
15	PBS25	5/29/2019	5/15/2033	9.58	8.4%	110.95	6.8%	6.7%	111.91	12.53	Cheap	6.75
16	PBS29	1/14/2021	3/15/2034	10.41	6.4%	98.12	6.6%	6.7%	97.64	(6.63)	Expensive	7.61
17	PBS22	1/24/2019	4/15/2034	10.50	8.6%	114.79	6.6%	6.7%	114.38	(5.29)	Expensive	7.26
18	PBS37	1/12/2023	3/15/2036	12.41	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%	94.61	6.7%	6.8%	94.33	(3.33)	Expensive	8.98
20	PBS34	1/13/2022	6/15/2039	15.67	6.5%	98.14	6.7%	6.8%	97.30	(9.08)	Expensive	9.82
21	PBS7	9/29/2014	9/15/2040	16.92	9.0%	121.37	6.8%	6.8%	121.96	4.92	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	10.56
23	PBS5	5/2/2013	4/15/2043	19.50	6.8%	99.35	6.8%	6.8%	99.26	(0.81)	Expensive	10.94
24	PBS28	7/23/2020	10/15/2046	23.01	7.8%	108.36	7.0%	6.8%	110.46	17.06	Cheap	11.34
25	PBS33	1/13/2022	6/15/2047	23.67	6.8%	98.01	6.9%	6.8%	98.90	7.69	Cheap	11.78
26	PBS15	7/21/2017	7/15/2047	23.75	8.0%	113.69	6.8%	6.8%	113.46	(1.95)	Expensive	11.54

Chart 1. Samuel's Yield Curve Forecast



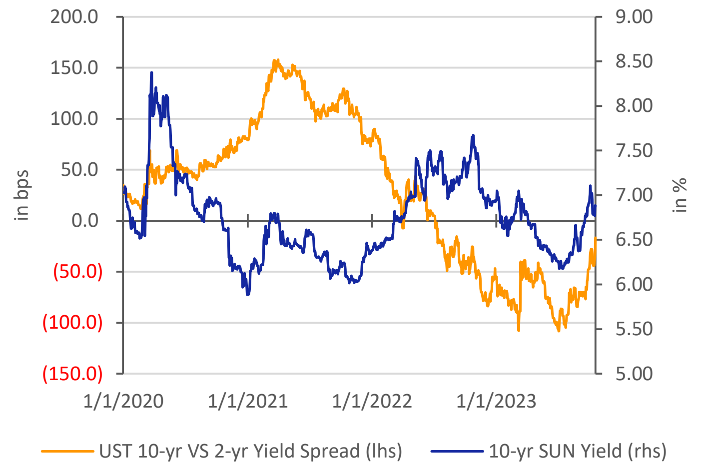
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



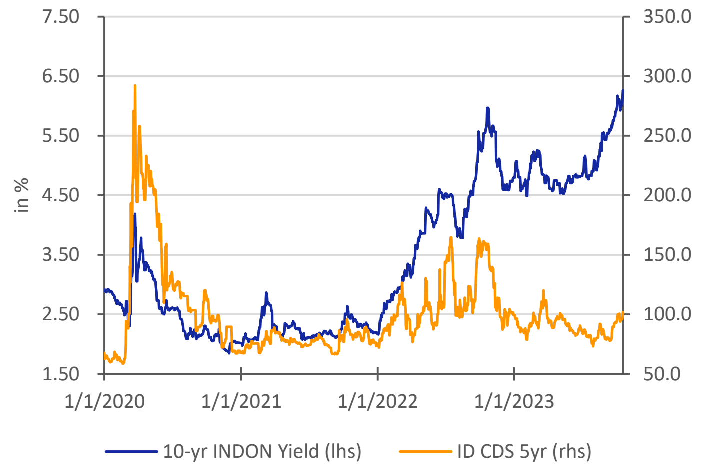
Source: Bloomberg

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



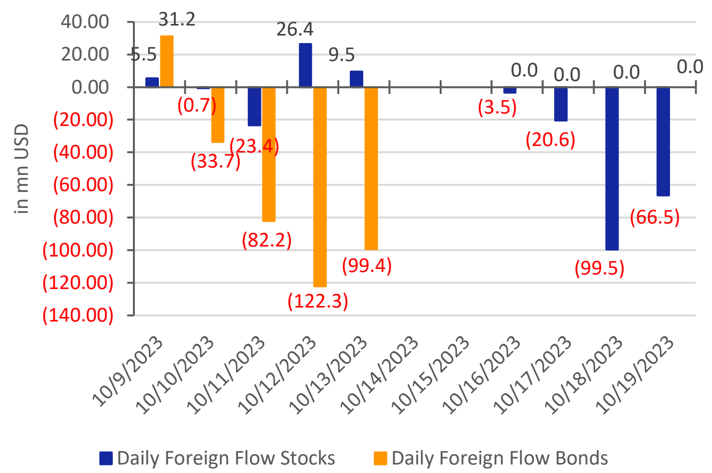
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



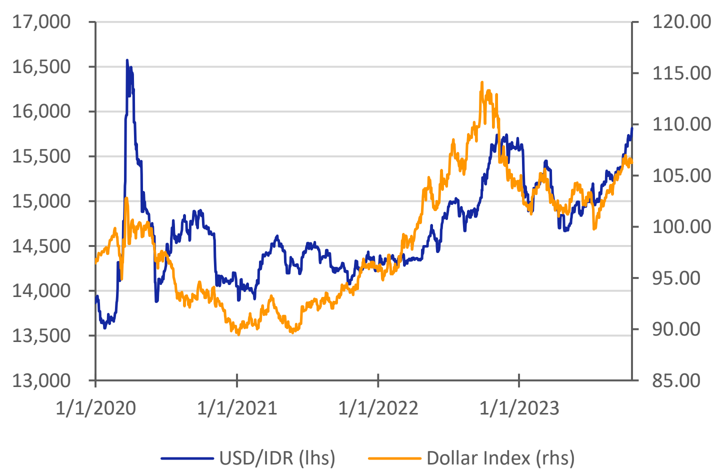
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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

Equity Institutional Team			
Widya Meidrianto	Head of Institutional Equity Sales	widya.meidrianto@samuel.co.id	+6221 2854 8317
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
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	Director of Equity	joseph.soegandhi@samuel.co.id	+6221 2854 8872
Damargumilang	Head of Equity Retail	damargumilang@samuel.co.id	+6221 2854 8309
Anthony Yunus	Head of Equity Sales	anthony.yunus@samuel.co.id	+6221 2854 8314
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