Daily Economic & Fixed Income Report

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

SAMUEL SEKURITAS INDONESIA

Your Lifelong Investment Partner

Economic & Fixed Income Analysis

23 October 2023

Economic and Fixed Income Indicators

Currencies	10/20/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.06	0.1	0.2	(1.0)
GBP/USD	1.22	0.2	(0.3)	0.7
AUD/USD	0.63	(0.2)	(1.9)	(7.3)
USD/CHF	0.89	0.1	(2.5)	(3.5)
USD/JPY	149.9	0.0	0.3	14.3
Dollar Index	106.2	(0.1)	(0.0)	2.6
Bloomberg Asia Dollar Index	90.1	0.1	(0.4)	(4.7)
USD/KRW	1,353	(0.4)	0.2	6.9
USD/SGD	1.37	(0.0)	0.5	2.5
USD/CNY	7.32	0.1	0.2	6.0
USD/INR	83.1	(0.1)	0.1	0.5
USD/IDR	15,875	0.4	2.7	2.0
USD/IDR 1 Month NDF	15,889	0.2	2.6	2.3
USD/MYR	4.77	(0.0)	1.5	8.3
USD/THB	36.5	0.1	0.3	5.5
USD/PHP	56.8	(0.0)	0.4	2.0
Rates	**10/20/2023**	**Daily (bp)**	**MTD (bp)**	**YTD (bp)**
US Treasuries 10-Year	4.91	(7.6)	34.3	103.9
Germany Bund 10-Year	2.89	(4.2)	5.0	31.8
Japan JGB 10-Year	0.84	0.2	7.7	42.0
US SOFR Overnight	5.30	0.0	(1.0)	100.0
LIBOR 1-Month	5.45	(0.7)	1.3	105.5
Indonesia INDOGB 10-Year	7.10	22.1	18.8	16.2
Indonesia INDOGB 5-Year	7.02	13.8	44.9	81.3
Indonesia INDOGB 2-Year	6.52	(3.4)	9.0	44.0
INDOGB-UST (bp)	218.83	29.7	(15.5)	(87.7)
Indonesia INDON 10-Year	6.30	4.0	39.6	150.7
Indonesia INDON 5-Year	5.81	2.1	23.3	112.1
Indonesia INDON 2-Year	5.57	0.7	12.4	78.1
INDON-UST (bp)	138.93	11.6	5.3	46.8
Indonesia Corporate AAA 10-Year	7.94	21.2	22.4	19.6
Indonesia Corporate AAA 5-Year	7.62	11.3	35.8	81.3
Indonesia Corporate AAA 2-Year	6.96	(2.9)	1.0	47.3
INDONIA	5.79	11.4	15.8	76.2
JIBOR 1-Month	6.62	22.5	22.5	42.5
Bond Indexes	**10/20/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
S&P Global Bond Developed Index	173.6	0.2	(0.9)	(1.3)
EMBI Global Index	758.2	0.1	(2.4)	(1.3)
iShare USD EMBI Index	80.1	0.1	(3.0)	(5.4)
ICBI Index	361.0	(0.6)	(1.1)	4.7
IDMA Index	98.9	(0.8)	(1.7)	1.5
INDOBeX Government Bond Index	353.0	(0.6)	(1.2)	4.7
INDOBeX Corporate Bond Index	412.8	(0.2)	(0.3)	5.2
Prices	**10/20/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
ID CDS 5-Year	102.4	0.5	10.1	2.8
JCI	6,849	0.0	(1.3)	(0.0)
S&P-Goldman Sachs Commodity Index	600.2	(0.6)	(1.4)	(1.6)
FR0095	97.62	(0.6)	(1.8)	(1.5)
FR0096	99.45	(1.5)	(1.3)	(1.1)
FR0097	98.34	(0.4)	(2.7)	(1.8)
FR0098	98.45	(1.5)	(2.6)	(2.0)

Source: Bloomberg, SSI Research

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10Y INDOGB yield peak on sight

As we expected, 10Y INDOGB yield rose 22 bps to 7.1% last Friday (10/20), which widened the yield spread between 10Y INDOGB Vs. UST to 219 bps (10/20: 189 bps), while 5Y INDOGB yield increased 14 bps to 7.02%. In our view, this movement is positive, because it narrows yield gap between SBN current market value and its peak value. We also observe that yield spread between 10Y Vs. 2Y UST narrowed to (-16) bps, driven by a drop in 10Y UST yield of (-8) bps to 4.91%, as well as 2Y UST yield of (-9) bps to 5.07%. This pattern of narrowing yield spread may indicate a shift in trend from inverted bear steepening to inverted bull steepening, reflecting a change in the whole dynamics from a rise of 10Y yield to a decrease of 2Y yield. However, we think this shift needs to be confirmed via two data release this week, namely the release of 3Q23 US GDP growth on Thursday (10/26) and September's core PCE inflation on Friday (10/27). We expect 10Y INDOGB yield to consolidate today within the range of 7.05-7.15% today, while Rupiah within the range of IDR 15,850-15,950 per USD.

Fixed Income News: SRBI new releases down to USD 11.2bn last week (Prev: USD 21.9bn). The drop was caused by falling demand for SRBI to USD 11.5bn (Prev: USD 22.6bn). In our view, falling demand was caused by growing risk averse attitude among foreign investors in response to sharp depreciation in Rupiah to IDR 15,875 per USD as of (10/20). (*Bank Indonesia*)

Global Economic News: BOJ evaluates the plan to raise interest rate. Bank of Japan (BOJ) has conducted a preliminary study on the impat of first rate hikes in a decade, ending its negative interest rate policy. Based on the study done by BOJ, rate hikes by 1% will increase banking sector's total revenue in the long-run, overcoming short-term losses from rising JGB yield estimated near JPY 3tn (USD 20bn). We expect the BOJ to start raising rate in the near future with a target of 1% by the end of 1Q24. (*Nikkei*)

Domestic Economic News: The Ministry of Finance issued PMK No. 103/2023, opening the opportunity to use state budget in coal-fired power plants early retirement program. Nevertheless, the government has no plan for widespread implementation of this policy in the near future as stated by the Directorate General of Electricity at the Ministry of Energy and Mineral Resources. We expect the government to initially limit the implementation of this policy on the early retirement of Cirebon-I (IDR 13.4tn) dan Pelabuhan Ratu (IDR 12tn) coal-fired power plants (PLTU). (*Kontan*)

Recommendation: FR0040, FR0044, FR0056, FR0077.

Economic Calender

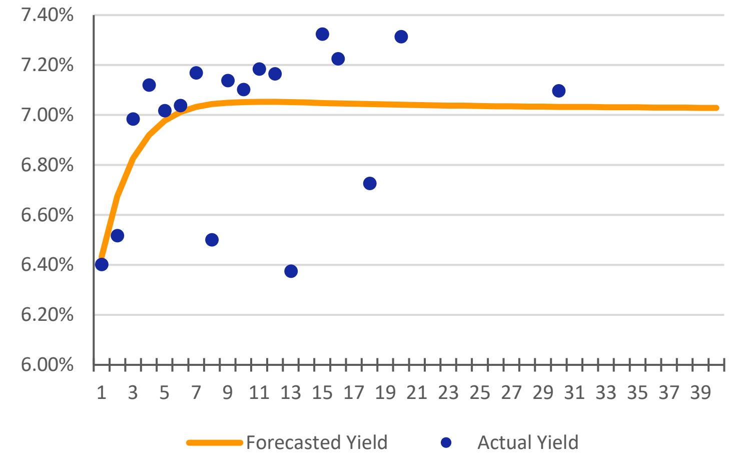
Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
10/21/2023 03:00	US	Monthly Budget Statement	Sep	-$166.0b	-$429.8b
10/23/2023 16:00	EC	Govt Debt/GDP Ratio	2022 F	--	91.60%
10/23/2023 19:30	US	Chicago Fed Nat Activity Index	Sep	--	(0.16)
10/23/2023 21:00	EC	Consumer Confidence	Oct P	(18.30)	(17.80)

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%	100.84	6.1%	6.2%	100.87	(3.94)	Expensive	0.40
2	FR77	9/27/2018	5/15/2024	0.57	8.1%	100.97	6.3%	6.2%	101.05	9.40	Cheap	0.56
3	FR44	4/19/2007	9/15/2024	0.91	10.0%	103.27	6.2%	6.4%	103.18	(18.38)	Expensive	0.87
4	FR81	8/1/2019	6/15/2025	1.66	6.5%	99.66	6.7%	6.5%	99.92	16.52	Cheap	1.57
5	FR40	9/21/2006	9/15/2025	1.91	11.0%	108.05	6.4%	6.6%	107.77	(19.38)	Expensive	1.74
6	FR84	5/4/2020	2/15/2026	2.33	7.3%	101.52	6.5%	6.7%	101.21	(15.26)	Expensive	2.13
7	FR86	8/13/2020	4/15/2026	2.49	5.5%	97.00	6.8%	6.7%	97.28	13.00	Cheap	2.34
8	FR56	9/23/2010	9/15/2026	2.91	8.4%	103.86	6.9%	6.8%	104.19	11.25	Cheap	2.60
9	FR37	5/18/2006	9/15/2026	2.91	12.0%	114.15	6.5%	6.8%	113.62	(21.85)	Expensive	2.50
10	FR90	7/8/2021	4/15/2027	3.49	5.1%	94.36	7.0%	6.8%	94.78	14.63	Cheap	3.21
11	FR59	9/15/2011	5/15/2027	3.57	7.0%	100.11	7.0%	6.8%	100.50	12.29	Cheap	3.15
12	FR42	1/25/2007	7/15/2027	3.74	10.3%	110.79	6.9%	6.9%	111.03	5.33	Cheap	3.18
13	FR94	3/4/2022	1/15/2028	4.24	5.6%	95.88	6.7%	6.9%	95.29	(16.65)	Expensive	3.79
14	FR47	8/30/2007	2/15/2028	4.33	10.0%	112.25	6.7%	6.9%	111.41	(22.97)	Expensive	3.56
15	FR64	8/13/2012	5/15/2028	4.58	6.1%	96.65	7.0%	6.9%	96.91	6.95	Cheap	3.97
16	FR95	8/19/2022	8/15/2028	4.83	6.4%	97.62	7.0%	6.9%	97.71	2.24	Cheap	4.13
17	FR99	1/27/2023	1/15/2029	5.25	6.4%	98.76	6.7%	7.0%	97.55	(28.39)	Expensive	4.48
18	FR71	9/12/2013	3/15/2029	5.41	9.0%	108.67	7.0%	7.0%	109.00	6.27	Cheap	4.36
19	FR78	9/27/2018	5/15/2029	5.58	8.3%	105.69	7.0%	7.0%	105.77	1.23	Cheap	4.50
20	FR52	8/20/2009	8/15/2030	6.83	10.5%	119.28	6.9%	7.0%	118.53	(13.48)	Expensive	5.06
21	FR82	8/1/2019	9/15/2030	6.91	7.0%	99.31	7.1%	7.0%	99.80	8.95	Cheap	5.49
22	FRSDG1	10/27/2022	10/15/2030	6.99	7.4%	101.33	7.1%	7.0%	101.82	8.84	Cheap	5.53
23	FR87	8/13/2020	2/15/2031	7.33	6.5%	95.95	7.2%	7.1%	96.89	16.94	Cheap	5.78
24	FR85	5/4/2020	4/15/2031	7.49	7.8%	102.87	7.2%	7.1%	103.99	18.99	Cheap	5.78
25	FR73	8/6/2015	5/15/2031	7.58	8.8%	108.67	7.2%	7.1%	109.80	18.06	Cheap	5.63
26	FR54	7/22/2010	7/15/2031	7.74	9.5%	113.25	7.2%	7.1%	114.35	16.57	Cheap	5.71
27	FR91	7/8/2021	4/15/2032	8.50	6.4%	94.90	7.2%	7.1%	95.55	10.70	Cheap	6.56
28	FR58	7/21/2011	6/15/2032	8.66	8.3%	108.47	6.9%	7.1%	107.45	(15.58)	Expensive	6.34
29	FR74	11/10/2016	8/15/2032	8.83	7.5%	102.54	7.1%	7.1%	102.67	1.56	Cheap	6.48
30	FR96	8/19/2022	2/15/2033	9.33	7.0%	99.44	7.1%	7.1%	99.34	(1.82)	Expensive	6.83
31	FR65	8/30/2012	5/15/2033	9.58	6.6%	96.52	7.1%	7.1%	96.72	2.91	Cheap	7.03
32	FR100	8/24/2023	2/15/2034	10.33	6.6%	95.93	7.2%	7.1%	96.45	7.29	Cheap	7.40
33	FR68	8/1/2013	3/15/2034	10.41	8.4%	109.22	7.1%	7.1%	109.14	(1.28)	Expensive	7.16
34	FR80	7/4/2019	6/15/2035	11.66	7.5%	102.99	7.1%	7.1%	102.87	(1.70)	Expensive	7.88
35	FR72	7/9/2015	5/15/2036	12.58	8.3%	109.85	7.1%	7.1%	109.08	(9.00)	Expensive	8.07
36	FR88	1/7/2021	6/15/2036	12.67	6.3%	92.05	7.2%	7.1%	92.62	7.32	Cheap	8.60
37	FR45	5/24/2007	5/15/2037	13.58	9.8%	122.73	7.1%	7.2%	122.32	(4.41)	Expensive	8.15
38	FR93	1/6/2022	7/15/2037	13.75	6.4%	94.09	7.1%	7.2%	93.25	(10.18)	Expensive	9.09
39	FR75	8/10/2017	5/15/2038	14.58	7.5%	102.14	7.3%	7.2%	103.03	9.71	Cheap	8.93
40	FR98	9/15/2022	6/15/2038	14.67	7.1%	98.45	7.3%	7.2%	99.67	13.55	Cheap	9.10
41	FR50	1/24/2008	7/15/2038	14.75	10.5%	129.68	7.2%	7.2%	130.09	3.31	Cheap	8.51
42	FR79	1/7/2019	4/15/2039	15.50	8.4%	110.85	7.2%	7.2%	111.18	3.22	Cheap	9.16
43	FR83	11/7/2019	4/15/2040	16.50	7.5%	102.43	7.2%	7.2%	103.12	7.03	Cheap	9.67
44	FR57	4/21/2011	5/15/2041	17.58	9.5%	128.45	6.7%	7.2%	122.96	(46.48)	Expensive	9.60
45	FR62	2/9/2012	4/15/2042	18.50	6.4%	93.18	7.0%	7.2%	91.78	(14.56)	Expensive	10.69
46	FR92	7/8/2021	6/15/2042	18.67	7.1%	99.21	7.2%	7.2%	99.38	1.53	Cheap	10.36
47	FR97	8/19/2022	6/15/2043	19.67	7.1%	98.34	7.3%	7.2%	99.31	9.33	Cheap	10.57
48	FR67	7/18/2013	2/15/2044	20.34	8.8%	115.41	7.3%	7.2%	116.50	9.02	Cheap	10.23
49	FR76	9/22/2017	5/15/2048	24.59	7.4%	102.53	7.2%	7.2%	101.92	(5.30)	Expensive	11.52
50	FR89	1/7/2021	8/15/2051	27.84	6.9%	98.16	7.0%	7.2%	95.94	(18.97)	Expensive	12.29

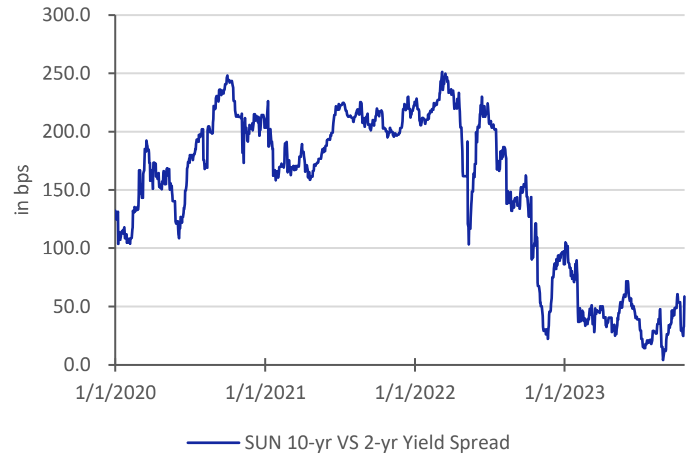
No.	Series	Issue Date	Maturity Date	Tenure (Year)	Coupon Rate	Actual Price	Yield to Maturity	Yield Curve	Valuation Price	Spread to YC (bps)	Recommendation	Duration
1	PBS31	7/29/2021	7/15/2024	0.74	4.0%	98.34	6.4%	6.2%	98.42	14.58	Cheap	0.73
2	PBS26	10/17/2019	10/15/2024	0.99	6.6%	100.54	6.0%	6.2%	100.36	(20.50)	Expensive	0.96
3	PBS36	8/25/2022	8/15/2025	1.82	5.4%	98.04	6.5%	6.3%	98.35	18.69	Cheap	1.73
4	PBS17	1/11/2018	10/15/2025	1.99	6.1%	99.41	6.4%	6.4%	99.56	8.17	Cheap	1.89
5	PBS32	7/29/2021	7/15/2026	2.74	4.9%	96.02	6.5%	6.4%	96.12	4.37	Cheap	2.58
6	PBS21	12/5/2018	11/15/2026	3.08	8.5%	105.72	6.4%	6.5%	105.57	(6.52)	Expensive	2.71
7	PBS3	2/2/2012	1/15/2027	3.24	6.0%	98.39	6.6%	6.5%	98.59	6.90	Cheap	2.96
8	PBS20	10/22/2018	10/15/2027	3.99	9.0%	108.48	6.5%	6.6%	108.48	(0.99)	Expensive	3.42
9	PBS18	6/4/2018	5/15/2028	4.58	7.6%	104.03	6.6%	6.6%	104.01	(0.89)	Expensive	3.87
10	PBS30	6/4/2021	7/15/2028	4.74	5.9%	97.00	6.6%	6.6%	97.06	1.52	Cheap	4.16
11	PBSG1	9/22/2022	9/15/2029	5.91	6.6%	100.94	6.4%	6.7%	99.74	(25.00)	Expensive	4.91
12	PBS23	5/15/2019	5/15/2030	6.58	8.1%	107.22	6.7%	6.7%	107.42	3.20	Cheap	5.15
13	PBS12	1/28/2016	11/15/2031	8.08	8.9%	113.05	6.7%	6.8%	112.91	(2.49)	Expensive	5.92
14	PBS24	5/28/2019	5/15/2032	8.58	8.4%	109.97	6.8%	6.8%	110.18	2.75	Cheap	6.24
15	PBS25	5/29/2019	5/15/2033	9.58	8.4%	109.87	6.9%	6.8%	110.80	12.38	Cheap	6.74
16	PBS29	1/14/2021	3/15/2034	10.41	6.4%	95.70	7.0%	6.8%	96.57	12.04	Cheap	7.57
17	PBS22	1/24/2019	4/15/2034	10.50	8.6%	113.33	6.8%	6.8%	113.19	(2.00)	Expensive	7.24
18	PBS37	1/12/2023	3/15/2036	12.41	6.9%	98.82	7.0%	6.9%	99.95	13.69	Cheap	8.36
19	PBS4	2/16/2012	2/15/2037	13.34	6.1%	92.69	6.9%	6.9%	93.13	5.31	Cheap	8.93
20	PBS34	1/13/2022	6/15/2039	15.67	6.5%	97.00	6.8%	6.9%	95.96	(11.28)	Expensive	9.78
21	PBS7	9/29/2014	9/15/2040	16.92	9.0%	119.61	7.0%	6.9%	120.34	6.21	Cheap	9.47
22	PBS35	3/30/2022	3/15/2042	18.42	6.8%	98.62	6.9%	7.0%	97.92	(6.92)	Expensive	10.55
23	PBS5	5/2/2013	4/15/2043	19.50	6.8%	98.82	6.9%	7.0%	97.78	(9.94)	Expensive	10.92
24	PBS28	7/23/2020	10/15/2046	23.01	7.8%	108.33	7.0%	7.0%	108.74	3.30	Cheap	11.34
25	PBS33	1/13/2022	6/15/2047	23.67	6.8%	96.38	7.1%	7.0%	97.30	8.18	Cheap	11.69
26	PBS15	7/21/2017	7/15/2047	23.75	8.0%	113.42	6.8%	7.0%	111.69	(13.87)	Expensive	11.53

Chart 1. Samuel's Yield Curve Forecast



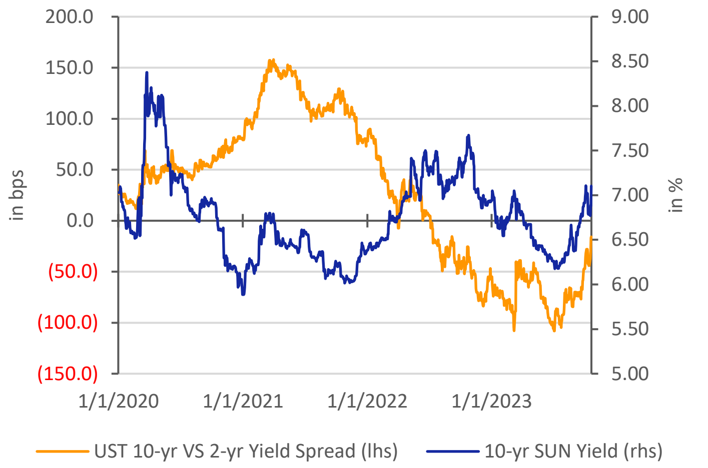
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



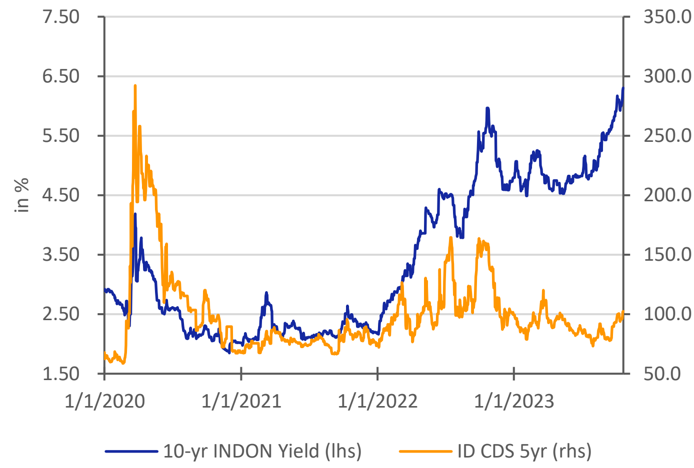
Source: Bloomberg

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



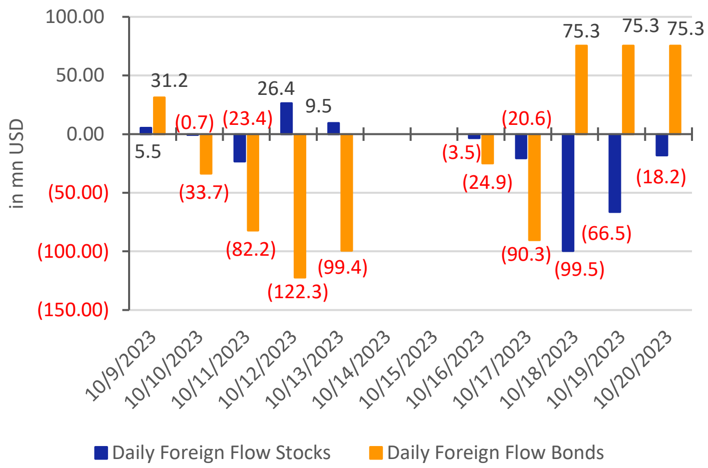
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



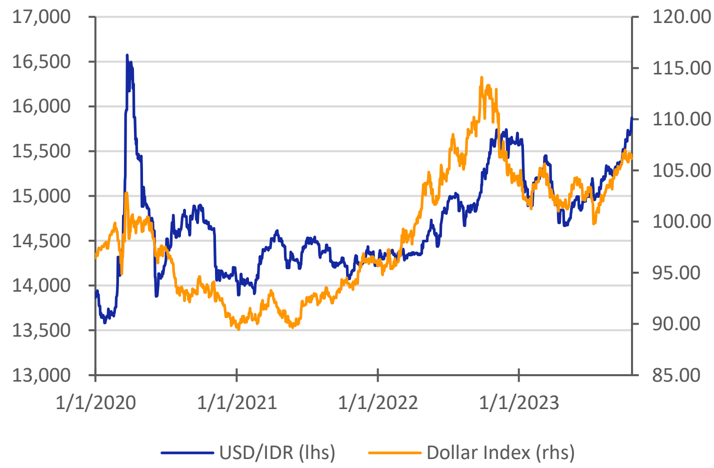
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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