Daily Economic & Fixed Income Report

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

SAMUEL SEKURITAS INDONESIA
Your Lifelong Investment Partner

Economic & Fixed Income Analysis

4 December 2023

Economic and Fixed Income Indicators

Currencies	12/1/2023	Daily (%)	MTD (%)	YTD (%)
EUR/USD	1.09	(0.0)	(0.0)	1.7
GBP/USD	1.27	0.7	0.7	5.2
AUD/USD	0.67	1.1	1.1	(2.0)
USD/CHF	0.87	(0.7)	(0.7)	(6.0)
USD/JPY	146.8	(0.9)	(0.9)	12.0
Dollar Index	103.3	(0.2)	(0.2)	(0.2)
Bloomberg Asia Dollar Index	92.3	(0.2)	(0.2)	(2.4)
USD/KRW	1,306	1.2	1.2	3.2
USD/SGD	1.33	(0.3)	(0.3)	(0.4)
USD/CNY	7.13	(0.1)	(0.1)	3.3
USD/INR	83.3	(0.1)	(0.1)	0.7
USD/IDR	15,485	(0.2)	(0.2)	(0.5)
USD/IDR 1 Month NDF	15,409	(0.9)	(0.9)	(0.8)
USD/MYR	4.67	0.2	0.2	6.1
USD/THB	35.0	(0.5)	(0.5)	1.2
USD/PHP	55.4	(0.1)	(0.1)	(0.6)
Rates	**12/1/2023**	**Daily (bp)**	**MTD (bp)**	**YTD (bp)**
US Treasuries 10-Year	4.20	(13.1)	(13.1)	32.1
Germany Bund 10-Year	2.36	(8.5)	(8.5)	(20.9)
Japan JGB 10-Year	0.70	2.5	2.5	27.5
US SOFR Overnight	5.33	0.0	0.0	103.0
LIBOR 1-Month	5.46	0.0	0.0	106.4
Indonesia INDOGB 10-Year	6.62	(1.0)	(1.0)	(32.1)
Indonesia INDOGB 5-Year	6.64	(2.7)	(2.7)	43.5
Indonesia INDOGB 2-Year	6.63	(3.2)	(3.2)	55.4
INDOGB-UST (bp)	242.34	12.1	12.1	(64.2)
Indonesia INDON 10-Year	5.45	0.4	0.4	65.2
Indonesia INDON 5-Year	5.11	1.3	1.3	42.8
Indonesia INDON 2-Year	5.24	0.9	0.9	44.3
INDON-UST (bp)	125.24	13.5	13.5	33.1
Indonesia Corporate AAA 10-Year	7.39	(1.2)	(1.2)	(35.7)
Indonesia Corporate AAA 5-Year	7.33	(2.6)	(2.6)	52.5
Indonesia Corporate AAA 2-Year	7.24	(4.3)	(4.3)	76.0
INDONIA	5.81	(11.1)	(11.1)	79.0
JIBOR 1-Month	6.65	(0.4)	(0.4)	44.6
Bond Indexes	**12/1/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
S&P Global Bond Developed Index	180.1	0.5	0.5	2.4
EMBI Global Index	812.8	0.4	0.4	5.8
iShare USD EMBI Index	85.6	0.0	0.0	1.0
ICBI Index	370.2	0.0	0.0	7.4
IDMA Index	101.0	0.0	0.0	3.7
INDOBeX Government Bond Index	362.3	0.0	0.0	7.4
INDOBeX Corporate Bond Index	419.0	0.0	0.0	6.8
Prices	**12/1/2023**	**Daily (%)**	**MTD (%)**	**YTD (%)**
ID CDS 5-Year	74.8	(0.6)	(0.6)	(24.8)
JCI	7,060	(0.3)	(0.3)	3.1
S&P-Goldman Sachs Commodity Index	545.9	(2.0)	(2.0)	(10.5)
FR0095	99.08	0.1	0.1	(0.1)
FR0096	102.73	0.1	0.1	2.2
FR0097	102.58	0.0	0.0	2.4
FR0098	103.27	0.2	0.2	2.8

Source: Bloomberg, SSI Research

Market players see Powell's speech as dovish signal

Global markets saw another buying action on Friday (12/1), with many investors interpreting Federal Reserve Chair Jerome Powell's speech as a dovish pivot signal, although Powell emphasized the phrase "balanced tightening" in his speech. Market players' positive interpretation of Powell's speech is reflected by the increase in the S&P bond index for developed markets (0.5%) and EMBI for emerging markets (0.4%), followed by the drop in the 10Y UST and Bund yields of -13 and -9 bps to 4.2% and 2.36%. In our opinion, this bullish sentiment should positively impact the 2Y and 5Y INDOGB, whose yields might still drop to the lower limit of JIBOR 1W (6.25%). Meanwhile, the 10Y INDOGB yield might stay between 6.55-6.65% since it has dropped to the lower limit of JIBOR 1M (6.66%). We project the Rupiah to consolidate at IDR 15,400-15,500 per USD today. We believe market players' optimism regarding Powell's speech will be really tested this Friday with the release of the US labor market data (proj. unemployment rate: 3.9%).

Fixed Income News: The SRBI 12M discount rate rose to 6.91% (11/29: 6.87%). The increase, which occurred on the auction on Friday (12/11), was mainly caused by a drop in demand to IDR 8.2tn (11/29: IDR 8.9tn; 11/24: IDR 11.5tn). During the auction, Bank Indonesia also reduced the new SRBI issuance to only IDR 3.3tn (29/11: IDR 8.9tn; 24/11: IDR 10tn) allegedly due to President Joko Widodo's criticism regarding banking loan liquidity at BI's Annual Meeting. Even though BI stated that it would maintain the 7DRRR at 6% in 2024, market players, especially foreign investors, are still demanding higher returns from their investments in the Indonesian fixed income market**.** (*Bank Indonesia*)

Global Economic News: The US ISM manufacturing PMI came in at 46.7 in November (Oct: 46.7; Cons: 47.6). The drop in manufacturing activity, which reduced workforce absorption and utilization to 45.8 (Oct: 46.8), might cause further slowdown in the US labor market, which might encourage the Fed to take a dovish pivot immediately. (*Wall Street Journal*)

Domestic Economic News: The S&P manufacturing PMI went up slightly to 51.7 in November (51.5). The increase was mainly caused by higher demand, although the rate of demand growth was slowing down. In response to this, manufacturers increased purchasing activities and recruited new workers. However, the increase was accompanied by higher input inflation, some of the impact of which was passed on to consumers. (*S&P*)

Recommendation: FR0096, FR0097, FR0098, FR0100, FR0101.

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Economic Calender

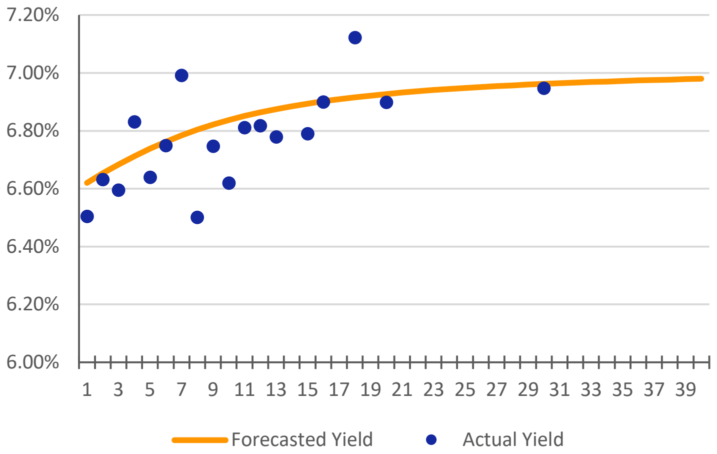
Time (Jakarta)	Country	Data and Event	Period	Survey	Prior
12/04/2023 14:00	GE	Trade Balance SA	Oct	17.0b	16.7b
12/04/2023 14:00	GE	Exports SA MoM	Oct	1.00%	-2.30%
12/04/2023 14:00	GE	Imports SA MoM	Oct	1.00%	-1.80%
12/04/2023 16:30	EC	Sentix Investor Confidence	Dec	(16.30)	(18.60)

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	0.29	8.4%	100.57	6.2%	6.2%	100.62	2.68	Cheap	0.28
2	FR77	9/27/2018	5/15/2024	0.45	8.1%	100.77	6.3%	6.2%	100.85	11.83	Cheap	0.45
3	FR44	4/19/2007	9/15/2024	0.79	10.0%	102.55	6.6%	6.3%	102.82	26.40	Cheap	0.75
4	FR81	8/1/2019	6/15/2025	1.54	6.5%	100.02	6.5%	6.4%	100.08	4.21	Cheap	1.46
5	FR40	9/21/2006	9/15/2025	1.79	11.0%	107.32	6.6%	6.5%	107.53	7.41	Cheap	1.62
6	FR84	5/4/2020	2/15/2026	2.21	7.3%	101.33	6.6%	6.5%	101.45	4.81	Cheap	2.05
7	FR86	8/13/2020	4/15/2026	2.37	5.5%	98.00	6.4%	6.6%	97.72	(13.04)	Expensive	2.22
8	FR56	9/23/2010	9/15/2026	2.79	8.4%	104.66	6.5%	6.6%	104.47	(9.05)	Expensive	2.48
9	FR37	5/18/2006	9/15/2026	2.79	12.0%	113.76	6.5%	6.6%	113.58	(9.92)	Expensive	2.39
10	FR90	7/8/2021	4/15/2027	3.37	5.1%	95.80	6.5%	6.6%	95.48	(10.78)	Expensive	3.09
11	FR59	9/15/2011	5/15/2027	3.45	7.0%	101.43	6.5%	6.6%	101.07	(11.93)	Expensive	3.09
12	FR42	1/25/2007	7/15/2027	3.62	10.3%	110.89	6.8%	6.7%	111.39	13.46	Cheap	3.07
13	FR94	3/4/2022	1/15/2028	4.13	5.6%	94.97	7.0%	6.7%	96.13	33.81	Cheap	3.67
14	FR47	8/30/2007	2/15/2028	4.21	10.0%	111.81	6.7%	6.7%	111.96	2.50	Cheap	3.52
15	FR64	8/13/2012	5/15/2028	4.46	6.1%	98.18	6.6%	6.7%	97.80	(10.10)	Expensive	3.92
16	FR95	8/19/2022	8/15/2028	4.71	6.4%	99.08	6.6%	6.7%	98.64	(11.24)	Expensive	4.09
17	FR99	1/27/2023	1/15/2029	5.13	6.4%	98.25	6.8%	6.7%	98.58	7.65	Cheap	4.36
18	FR71	9/12/2013	3/15/2029	5.29	9.0%	110.18	6.7%	6.7%	109.93	(6.26)	Expensive	4.25
19	FR78	9/27/2018	5/15/2029	5.46	8.3%	106.95	6.7%	6.7%	106.78	(3.99)	Expensive	4.47
20	FR52	8/20/2009	8/15/2030	6.71	10.5%	119.76	6.8%	6.8%	119.81	(0.18)	Expensive	5.06
21	FR82	8/1/2019	9/15/2030	6.79	7.0%	101.63	6.7%	6.8%	101.19	(8.59)	Expensive	5.40
22	FRSDG1	10/27/2022	10/15/2030	6.88	7.4%	102.49	6.9%	6.8%	103.22	13.06	Cheap	5.42
23	FR87	8/13/2020	2/15/2031	7.21	6.5%	98.80	6.7%	6.8%	98.38	(7.77)	Expensive	5.78
24	FR85	5/4/2020	4/15/2031	7.38	7.8%	105.73	6.7%	6.8%	105.49	(4.39)	Expensive	5.69
25	FR73	8/6/2015	5/15/2031	7.46	8.8%	111.63	6.7%	6.8%	111.31	(5.58)	Expensive	5.65
26	FR54	7/22/2010	7/15/2031	7.62	9.5%	116.19	6.7%	6.8%	115.89	(5.14)	Expensive	5.62
27	FR91	7/8/2021	4/15/2032	8.38	6.4%	98.08	6.7%	6.8%	97.27	(13.03)	Expensive	6.48
28	FR58	7/21/2011	6/15/2032	8.55	8.3%	109.78	6.7%	6.8%	109.22	(8.52)	Expensive	6.24
29	FR74	11/10/2016	8/15/2032	8.71	7.5%	105.16	6.7%	6.8%	104.47	(10.65)	Expensive	6.52
30	FR96	8/19/2022	2/15/2033	9.22	7.0%	102.73	6.6%	6.8%	101.23	(22.09)	Expensive	6.88
31	FR65	8/30/2012	5/15/2033	9.46	6.6%	99.65	6.7%	6.8%	98.65	(14.69)	Expensive	7.08
32	FR100	8/24/2023	2/15/2034	10.22	6.6%	99.81	6.6%	6.8%	98.52	(18.04)	Expensive	7.47
33	FR68	8/1/2013	3/15/2034	10.29	8.4%	111.67	6.8%	6.8%	111.29	(5.25)	Expensive	7.08
34	FR80	7/4/2019	6/15/2035	11.55	7.5%	105.65	6.8%	6.8%	105.21	(5.58)	Expensive	7.82
35	FR72	7/9/2015	5/15/2036	12.46	8.3%	111.74	6.8%	6.8%	111.64	(1.38)	Expensive	8.14
36	FR88	1/7/2021	6/15/2036	12.55	6.3%	96.32	6.7%	6.8%	95.02	(15.95)	Expensive	8.58
37	FR45	5/24/2007	5/15/2037	13.46	9.8%	124.31	6.9%	6.9%	125.21	8.56	Cheap	8.23
38	FR93	1/6/2022	7/15/2037	13.63	6.4%	97.08	6.7%	6.9%	95.80	(14.97)	Expensive	9.05
39	FR75	8/10/2017	5/15/2038	14.46	7.5%	107.00	6.7%	6.9%	105.83	(12.40)	Expensive	9.12
40	FR98	9/15/2022	6/15/2038	14.55	7.1%	103.27	6.8%	6.9%	102.43	(9.09)	Expensive	9.13
41	FR50	1/24/2008	7/15/2038	14.63	10.5%	132.27	6.9%	6.9%	133.29	8.77	Cheap	8.46
42	FR79	1/7/2019	4/15/2039	15.38	8.4%	114.17	6.9%	6.9%	114.23	0.41	Cheap	9.14
43	FR83	11/7/2019	4/15/2040	16.38	7.5%	106.03	6.9%	6.9%	106.17	1.19	Cheap	9.68
44	FR57	4/21/2011	5/15/2041	17.47	9.5%	123.83	7.1%	6.9%	126.51	22.57	Cheap	9.52
45	FR62	2/9/2012	4/15/2042	18.38	6.4%	96.36	6.7%	6.9%	94.84	(15.09)	Expensive	10.71
46	FR92	7/8/2021	6/15/2042	18.55	7.1%	103.39	6.8%	6.9%	102.61	(7.38)	Expensive	10.42
47	FR97	8/19/2022	6/15/2043	19.55	7.1%	102.58	6.9%	6.9%	102.65	0.61	Cheap	10.65
48	FR67	7/18/2013	2/15/2044	20.22	8.8%	117.90	7.1%	6.9%	120.28	19.18	Cheap	10.41
49	FR76	9/22/2017	5/15/2048	24.47	7.4%	104.54	7.0%	6.9%	105.73	9.74	Cheap	11.73
50	FR89	1/7/2021	8/15/2051	27.72	6.9%	99.40	6.9%	6.9%	99.79	3.05	Cheap	12.48

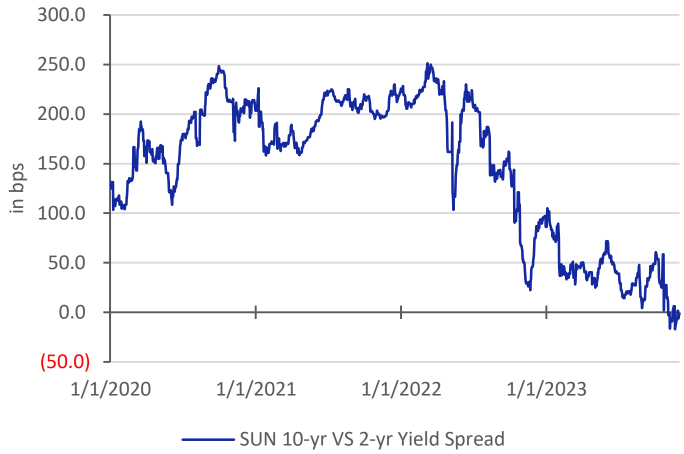
No.	Series	Issue Date	Maturity Date	Tenure (Year)	Coupon Rate	Actual Price	Yield to Maturity	Yield Curve	Valuation Price	Spread to YC (bps)	Recommendation	Duration
1	PBS31	7/29/2021	7/15/2024	0.62	4.0%	98.47	6.6%	6.6%	98.44	(2.20)	Expensive	0.61
2	PBS26	10/17/2019	10/15/2024	0.87	6.6%	100.30	6.2%	6.6%	100.02	(36.08)	Expensive	0.85
3	PBS36	8/25/2022	8/15/2025	1.71	5.4%	97.81	6.8%	6.6%	98.01	13.06	Cheap	1.64
4	PBS17	1/11/2018	10/15/2025	1.87	6.1%	99.01	6.7%	6.6%	99.12	6.53	Cheap	1.77
5	PBS32	7/29/2021	7/15/2026	2.62	4.9%	95.85	6.6%	6.7%	95.78	(2.44)	Expensive	2.46
6	PBS21	12/5/2018	11/15/2026	2.96	8.5%	104.22	6.9%	6.7%	104.85	22.16	Cheap	2.64
7	PBS3	2/2/2012	1/15/2027	3.13	6.0%	98.62	6.5%	6.7%	98.13	(17.94)	Expensive	2.85
8	PBS20	10/22/2018	10/15/2027	3.87	9.0%	107.36	6.8%	6.7%	107.73	9.35	Cheap	3.30
9	PBS18	6/4/2018	5/15/2028	4.46	7.6%	103.13	6.8%	6.7%	103.43	7.46	Cheap	3.82
10	PBS30	6/4/2021	7/15/2028	4.62	5.9%	96.86	6.7%	6.7%	96.66	(5.32)	Expensive	4.04
11	PBSG1	9/22/2022	9/15/2029	5.79	6.6%	99.80	6.7%	6.8%	99.35	(9.75)	Expensive	4.79
12	PBS23	5/15/2019	5/15/2030	6.46	8.1%	106.32	6.9%	6.8%	106.94	11.27	Cheap	5.12
13	PBS12	1/28/2016	11/15/2031	7.96	8.9%	112.61	6.8%	6.8%	112.51	(2.01)	Expensive	5.91
14	PBS24	5/28/2019	5/15/2032	8.46	8.4%	109.31	6.9%	6.8%	109.86	7.80	Cheap	6.24
15	PBS25	5/29/2019	5/15/2033	9.46	8.4%	109.44	7.0%	6.8%	110.57	15.29	Cheap	6.74
16	PBS29	1/14/2021	3/15/2034	10.29	6.4%	95.57	7.0%	6.9%	96.53	13.48	Cheap	7.45
17	PBS22	1/24/2019	4/15/2034	10.38	8.6%	114.30	6.7%	6.9%	113.02	(16.29)	Expensive	7.14
18	PBS37	1/12/2023	3/15/2036	12.30	6.9%	99.45	6.9%	6.9%	100.02	6.85	Cheap	8.26
19	PBS4	2/16/2012	2/15/2037	13.22	6.1%	92.24	7.0%	6.9%	93.29	12.90	Cheap	8.94
20	PBS34	1/13/2022	6/15/2039	15.55	6.5%	95.95	6.9%	6.9%	96.25	3.22	Cheap	9.63
21	PBS7	9/29/2014	9/15/2040	16.80	9.0%	118.58	7.1%	6.9%	120.65	18.36	Cheap	9.32
22	PBS35	3/30/2022	3/15/2042	18.30	6.8%	96.44	7.1%	6.9%	98.34	18.80	Cheap	10.34
23	PBS5	5/2/2013	4/15/2043	19.38	6.8%	99.55	6.8%	6.9%	98.24	(12.50)	Expensive	10.83
24	PBS28	7/23/2020	10/15/2046	22.89	7.8%	107.94	7.0%	6.9%	109.38	11.73	Cheap	11.20
25	PBS33	1/13/2022	6/15/2047	23.55	6.8%	97.91	6.9%	6.9%	97.93	0.20	Cheap	11.66
26	PBS15	7/21/2017	7/15/2047	23.64	8.0%	115.02	6.7%	6.9%	112.36	(20.84)	Expensive	11.49

Chart 1. Samuel's Yield Curve Forecast



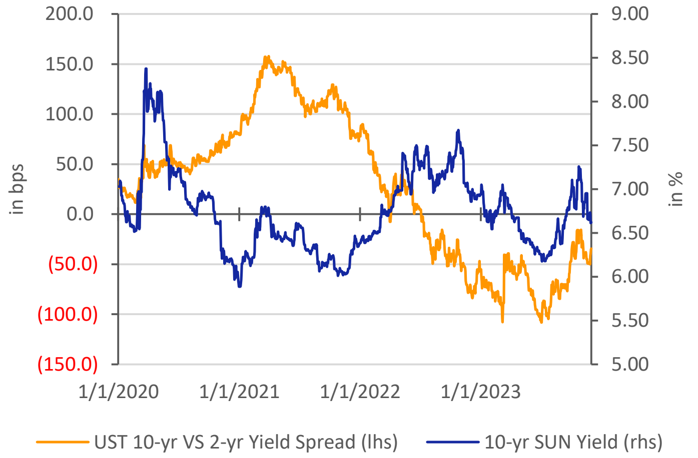
Source: Bloomberg

Chart 2. Leading Indicator for Indonesian Economic Recession



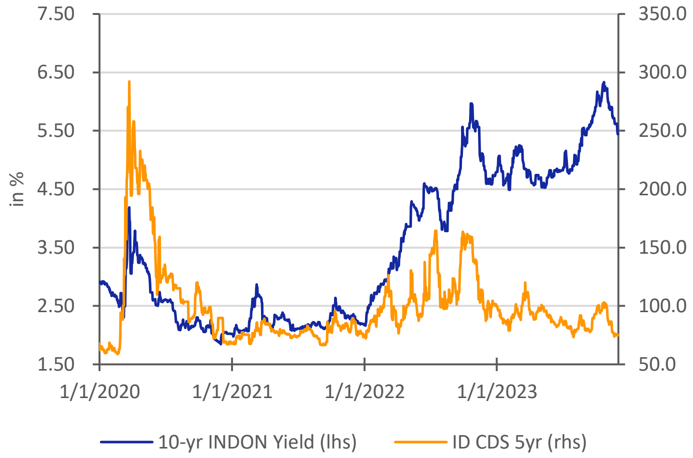
Source: Bloomberg

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



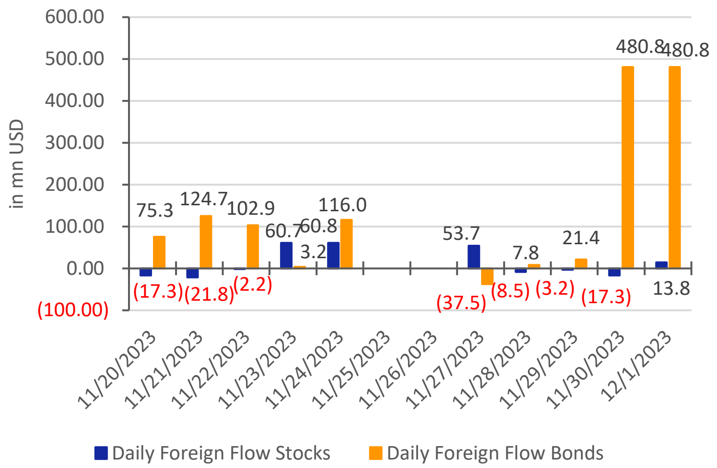
Source: Bloomberg

Chart 4. Leading Indicator for Bond Market Volatility



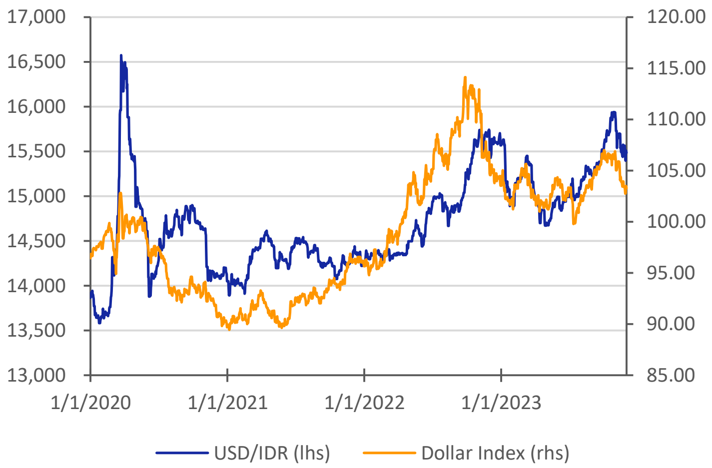
Source: Bloomberg

Chart 5. Foreign Capital Flow Indicator



Source: Bloomberg

Chart 6. Exchange Rate Indicator



Source: Bloomberg

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