

Overview

Indonesia's economic landscape faces significant challenges as Finance Minister Sri Mulyani highlighted that a 5% growth rate is insufficient for the country to achieve high-income status by 2045, emphasizing the need for enhanced human capital and a more favorable business environment to attract foreign direct investment. Concurrently, discussions are ongoing about a potential VAT hike to 12%, aimed at boosting fiscal revenues, though its impact on economic growth and inflation raises concerns. The declining middle class, which is critical to domestic consumption, remains a worry, prompting the government to consider targeted incentives to revitalize this segment. Moreover, the government seeks an additional IDR 20 trillion to fund the development of Nusantara, Indonesia's future capital, reflecting the project's escalating costs. Bank Indonesia's strategic investment proposals at the US-Indonesia Business Forum underscore efforts to deepen economic ties with the U.S., while plans to restrict subsidized fuel sales and boost electricity subsidies highlight the government's balancing act between fiscal sustainability and social welfare. Meanwhile, P.T. Pertamina is exploring strategic partnerships in the U.S. to expand its renewable energy portfolio, and Antam's acquisition of a nickel smelter stake aligns with Indonesia's strategy to dominate the global nickel supply chain. The stagnation in geothermal investment and the swift progress of ENI's Geng North gas project further illustrate the mixed progress in the energy sector. Lastly, the government's focus on the retail sector as an economic driver and the ongoing defense of the palm oil industry against E.U. regulations round out the diverse economic strategies being pursued amidst global uncertainties.

Key Comments

Economy, Business and Finance

5% Growth is Not Enough for Indonesia to Become High-Income Country: Finance Minister Sri Mulyani acknowledged that Indonesia's current 5-percent growth rate is insufficient to achieve high-income status by 2045. To reach the ambitious goal of becoming a high-income country by its centennial, Indonesia needs to pursue more robust and diversified economic growth strategies. These include enhancing human capital, accelerating digital transformation, and improving the business climate to attract more foreign direct investment (FDI).

VAT Hike Discussions Ongoing: Sri Mulyani confirmed ongoing discussions with President-elect Prabowo Subianto regarding a potential increase in the Value Added Tax (VAT) rate to 12 percent. The VAT hike is seen as a necessary measure to bolster fiscal revenues amid increasing government expenditures, particularly in infrastructure and social welfare. The government is balancing the need for additional revenue with the potential impact on consumption and business activities. However, our simulation suggests that the effect of VAT will have minimal impact on the state budget revenue. Concurrently, a 1% hike in VAT would reduce consumption (-0.3%), contract economic growth (0.02%), and cause higher inflation (1.5-2.0%)

Middle-Class Decline: The Coordinating Minister for Economic Affairs, Airlangga Hartarto, raised concerns over the declining middle class, a crucial driver of domestic consumption. This decline, attributed to the 'scarring effects' of the COVID-19 pandemic and subsequent economic disruptions, threatens to slow down the recovery momentum. The government is considering targeted fiscal policies and incentives to mitigate this decline and ensure that the middle class remains a strong pillar of economic growth.

Government Pushes for Middle Class Incentives: In response to the middle class's declining numbers, the Indonesian government plans to introduce a series of incentives to revitalize their economic contributions. These incentives could include tax relief, affordable housing programs, and improved access to credit, designed to boost consumer spending and investment in small and medium-sized enterprises (SMEs).

Additional IDR 20 Trillion Sought for Nusantara Development: The government is seeking an additional IDR 20 trillion in funding for the development of Nusantara, Indonesia's future capital. This request reflects the escalating costs associated with the project, which has already exceeded its initial budget projections. The additional funding will be used for critical infrastructure, including transportation networks and public facilities, essential for the city's planned operational phase by 2025.

B.I. Offers Strategic Investment Projects at US-Indonesia Business Forum: Bank Indonesia (B.I.) presented three strategic investment projects at the US-Indonesia Business Forum in Washington, D.C. These projects are designed to attract foreign investment in key sectors, including renewable energy, digital infrastructure, and manufacturing....

The forum marked the 75th anniversary of bilateral relations between the United States and Indonesia, highlighting the deepening economic ties between the two countries.

Potential Restrictions on Subsidized Fuel Sales: The government is contemplating restrictions on the sale of subsidized fuels beginning October 1, 2024. This policy is part of broader efforts to manage subsidy spending and ensure the long-term sustainability of the state budget. The plan could impact millions of consumers who rely on subsidized RON 90 Pertalite gasoline and Solar C.N. 48 diesel, with potential implications for inflation and consumer spending.

Pertamina Explores Strategic Partnerships in the U.S.: P.T. Pertamina is actively exploring strategic partnerships and investment opportunities during the Indonesia-U.S. Business Forum in Washington. The focus is on expanding its renewable energy portfolio, particularly in solar and geothermal energy, to align with Indonesia's energy transition goals. These partnerships are expected to bring in significant foreign investment and technological expertise.

Geothermal Sector Investment Stagnation: Investment in Indonesia's geothermal sector remains sluggish, with regulatory challenges, infrastructure bottlenecks, and high exploration costs cited as the main barriers. Despite the country's vast geothermal potential, attracting sufficient investment has been difficult, highlighting the need for policy reforms and government support to unlock this sector's full potential.

Electricity Subsidies Set to Increase in 2025: The government has approved an increase in electricity subsidies to IDR 90.22 trillion for 2025, up from IDR 73.24 trillion in 2024. This increase is intended to support the energy transition, with subsidies directed toward renewable energy projects and efforts to make electricity more affordable for lower-income households. This move is also aligned with the government's broader goal of reducing carbon emissions and achieving energy security.

Antam Acquires Part Ownership of Tsingshan Group Nickel Smelter: P.T. Aneka Tambang Tbk (Antam) has made a strategic corporate move by acquiring a stake in Tsingshan Group's subsidiary, Newton International Investment Pte. Ltd., which operates a nickel smelter. This acquisition aligns with Indonesia's broader strategy to dominate the global nickel supply chain, crucial for the production of electric vehicle batteries. Antam's investment is expected to enhance Indonesia's position as a key player in the global nickel market.

ENI's Geng North Gas Project to Start in 2027: Indonesia is set to witness one of its fastest gas developments with ENI's Geng North gas project, expected to start production by late 2027. The project, valued at nearly USD 12 billion, is part of Indonesia's strategy to boost its natural gas output and reduce dependency on imports. The swift progress of this project underscores the government's commitment to strengthening the country's energy sector.

Investment in Retail Sector as an Economic Growth Driver: The Indonesian government is focusing on the retail sector as a key driver of economic growth. Coordinating Minister Airlangga Hartarto has highlighted plans to increase retail income, particularly through boosting domestic consumption and supporting local businesses. The retail sector is expected to play a crucial role in sustaining Indonesia's economic momentum amid global uncertainties.

Ceramic Makers Protest Subsidized Gas Quota Cuts: The Indonesian ceramic industry is facing challenges following PGN's decision to reduce the subsidized gas quota by 50 percent. The move has increased production costs for ceramic manufacturers, who are now sourcing gas at market prices. Industry associations are lobbying the government to reconsider the quota cuts, arguing that they threaten the competitiveness of the domestic ceramic industry.

Indonesia and Malaysia to Defend Palm Oil Industry Against EUDR: Indonesia and Malaysia, two of the world's largest palm oil producers, are set to defend their interests against the European Union's deforestation regulation (EUDR) in upcoming talks in Brussels. The regulation, which targets palm oil and other forestry products, has been criticized by both countries as discriminatory and potentially damaging to their economies. The outcome of these negotiations will be closely watched by stakeholders in the palm oil industry.

Indonesia's Palm Oil Exports See Slight Decline in June: Indonesia's palm oil exports in June 2024 fell by 1.88% year-on-year to 3.385 million metric tons. The decline is attributed to lower global demand and stricter environmental regulations in key markets. The Indonesian Palm Oil Association (GAPKI) is monitoring the situation closely, as palm oil remains a critical export commodity for the country.

PLN-Pupuk Kujang-IHI Corporation to Develop Green Ammonia: PT PLN, in collaboration with PT Pupuk Kujang and Japan's IHI Corporation, has signed an agreement to develop green ammonia as a sustainable alternative to coal in Indonesia's coal-fired power plants (PLTU)....

...This initiative is part of Indonesia's broader strategy to transition to cleaner energy sources and reduce its carbon footprint.

Politics, National

Jakarta Gubernatorial Race Intensifies: The race for Jakarta's governorship is heating up as two prominent candidate pairs officially register for the upcoming election. This sets the stage for a competitive three-way contest in November. Ridwan Kamil, one of the key candidates, has promised to tackle Jakarta's chronic issues, including flooding and traffic congestion, with innovative solutions.

PDI-P Denies Anies Baswedan's Candidacy: The Indonesian Democratic Party of Struggle (PDI-P) has clarified that it never considered Anies Baswedan for the Jakarta gubernatorial nomination, quashing rumors of his potential candidacy. This clarification comes amid growing speculation about the potential candidates for the upcoming regional elections.

East Java Gubernatorial Election to Feature All-Female Candidates: East Java is set to witness an all-female gubernatorial race, with Khofifah Indar Parawansa seeking reelection against Luluk Nur Hamidah from PKB, and potentially facing competition from Tri Rismaharini of PDI-P. This election is expected to be closely contested, with significant implications for the political landscape in one of Indonesia's most populous provinces.

Jokowi-Prabowo Rift Speculations Denied: The Presidential Office has dismissed rumors of a rift between President Joko "Jokowi" Widodo and president-elect Prabowo Subianto. The speculation emerged following recent comments from both leaders that appeared to indicate diverging views on election policies. The palace's denial aims to reassure the public of a smooth transition of power.

Digital Economy, Telcos

Strategic Partnership to Develop Indonesia's Telecommunications Infrastructure: Telin and Indosat Ooredoo Hutchison have announced a strategic partnership to develop the Indonesia Cable System Express 2 (ICE System 2), which is expected to significantly boost the country's telecommunications infrastructure. This partnership will improve internet connectivity, particularly in underserved regions, and support the growth of Indonesia's digital economy.

Environment, Green Economy

Indonesia Seeks USD 25 Billion for Green Hydrogen Development: The Indonesian government has outlined its ambitious plan to attract USD 25 billion in private investment for green hydrogen development by 2060. This initiative is part of the country's broader strategy to achieve net-zero emissions and establish itself as a leader in the global green energy market.

Criticism Over ASEAN Environmental Rights Declaration: Critics have voiced concerns that the ASEAN Environmental Rights Declaration falls short in addressing critical issues, including the protection of Indigenous peoples' rights. The declaration, intended to safeguard environmental rights across Southeast Asia, has been criticized for lacking strong enforcement mechanisms and failing to fully acknowledge the unique challenges faced by marginalized communities.

Regional/Local Issues

Ridwan Kamil Promises Solutions for Jakarta's Flooding and Traffic Issues: Jakarta gubernatorial candidate Ridwan Kamil has pledged to implement innovative solutions to address the city's chronic flooding and traffic congestion. His proposals include modernizing Jakarta's drainage systems, expanding green spaces, and improving public transportation infrastructure to reduce reliance on private vehicles.

Surakarta King Withdraws from Mayoral Race: Mangkunegara X, the titular king of Surakarta, has withdrawn from the mayoral race, a decision that could significantly impact the city's political landscape ahead of the election. His withdrawal leaves the field open for other candidates and could lead to unexpected alliances and shifts in voter support.

Market Movement

The Jakarta Composite Index (JCI) closed marginally lower by 0.41% at 7,627.6, reflecting a subdued performance amidst mixed movements in Asian markets. The broader Indonesia Sharia Stock Index (ISSI) also declined by 0.35%, settling at 224.8. Despite the negative closing, foreign investors maintained a net buying position, posting IDR 1,162.6 billion in the regular market and IDR 246.4 billion in the negotiated market, signaling continued interest in Indonesian equities.

Leading the gainers were BREN, TLKM, and PANI, with BREN advancing by 2.2% to close at IDR 10,425, while TLKM rose by 1.7% to IDR 3,030. PANI was the standout performer, surging by 7.5% to IDR 7,525. ASII and AMMN also contributed to the positive momentum, with gains of 1.0% and 0.5%, respectively. However, the index was dragged down by significant losses in BMRI, BBCA, and BYAN. BMRI fell by 1.7% to IDR 7,100, while BBCA and BYAN slipped by 1.2% and 2.0%, respectively.

Sectoral performance was mixed, with the IDXCYCLIC sector emerging as the top gainer, while the IDX BASIC sector underperformed, closing as the top loser. Notable stocks with foreign net buy activity included BBRI, despite a 0.5% decline, and BMRI, which fell by 1.7%. Conversely, foreign investors were net sellers in stocks like ANTM, which dropped by 2.8%, and BRPT, which saw a steep decline of 4.2%.

Gold prices saw a solid increase of 0.7%, reaching USD 2,521 per ounce, driven by ongoing global uncertainties, while Brent oil remained stable at USD 79 per barrel. The Indonesian Rupiah slightly weakened against the US Dollar, with the USD/IDR pair closing at 15,415, a marginal increase of 0.1%.

This market performance reflects a cautious stance among investors amid global market fluctuations and domestic economic factors. The ongoing net foreign buying in key stocks suggests confidence in Indonesia's market fundamentals, although selective profit-taking was evident in some heavyweight counters.

Fixed Income

The Indonesian Rupiah-denominated bond market experienced an overall strengthening, driven primarily by gains in long-term government bonds (SBN). However, this positive movement was slightly tempered by a relatively stagnant Rupiah exchange rate as investors awaited the release of key economic data from the United States.

The Indonesia Composite Bond Index (ICBI) increased by 0.09%, bringing the year-to-date return to 4.39%. Meanwhile, the benchmark 10-year government bond (FR0100) showed little movement, closing with a yield of 6.62%. On the currency front, the Rupiah weakened marginally by 2 points to close at IDR 15,424 per USD. In contrast, the yield on the U.S. 10-year Treasury Bond declined slightly by 0.009 basis points to 3.834%.

Trading Activity

Today's bond trading volume saw a significant increase of 5.05%, reaching IDR 37.00 trillion compared to IDR 35.22 trillion in the previous session. However, the frequency of transactions decreased by 17.50%, from 3,697 to 3,050 trades.

The bond market's strength, particularly in long-term tenors, reflects investor confidence in Indonesia's macroeconomic fundamentals amidst global uncertainty. The slight depreciation in the Rupiah suggests cautious sentiment among investors as they await further clarity from upcoming U.S. economic data releases, which could impact global financial markets and emerging market currencies like the Rupiah.

The drop in transaction frequency, despite the increase in trading volume, may indicate a consolidation phase as market participants await new economic data and potential shifts in global bond market dynamics.

US 10 year Treasury

The US 10-year Treasury yield stabilized around 3.84% on Thursday as investors anticipated significant US economic data that could impact the Federal Reserve's monetary policy outlook. The inversion of the yield curve between two- and 10-year notes continued to decrease, signaling market expectations of an upcoming Fed easing cycle. Several Fed officials have indicated that rate cuts may be on the horizon due to easing inflation and growing labor market risks, with Fed Chair Jerome Powell stating at Jackson Hole last week that the "time has come" to adjust policy restrictiveness. Markets are currently pricing in a total easing of about 100 basis points this year.

Outlook

The yield on the 10-year benchmark government bond (SUN) is at a crossroads, with the support pattern since Sep23 around 6.64. If there is an increase above 6.7, the yield will rise again, ending the decline since Jun24. However, if it breaks through 6.6, the decline may continue to 6.45.

The 3-day U.S. equity-bond yield correlation experienced a negative trend, suggesting continued movement that pushed the market into relative co-movement, absorbing a dovish stance from the Fed. Although there was a slight uptick on the last day of the week, indicating a probable fear of a U.S. economic slowdown, the risk may not be significant.

As for Indonesia, a short period of positive correlation occurred at the beginning of the week, suggesting a positive push to the bond market due to risk-averse behavior. However, it reverted back to a more inverse relationship, given the dominant agnostic stance from foreign flows, which pushed the equity and bond markets in the same direction.

Looking forward, the bond market is expected to remain sensitive to external factors, particularly developments in U.S. economic data and monetary policy, which could influence investor sentiment and market movements. Additionally, domestic factors, such as upcoming economic indicators and policy decisions by Bank Indonesia, will continue to play a crucial role in shaping the bond market's trajectory.

Investors should stay vigilant and monitor these developments closely to make informed decisions in the bond market.

Strategy

Based on the RRG chart, most tenors are experiencing strengthening momentum, except for the 4-5 year tenors. Other tenors are gaining momentum, with the 2-7-9 year tenors leading against the 10-year benchmark yield. We still see a possible dynamics in the bond market, therefore we recommend a mixed collection as follows:

INDOGB: FR78, FR52, FR64

INDOIS: PBS30, PBS22

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Currencies

Currency Pair	Index, Last	Currency Pair	Index, Last
AUD / USD	0.6	AUD / IDR	10,498
CNY / USD	7.0	CNY / IDR	2,175
EUR / USD	1.1	EUR / IDR	17,103
GBP / USD	1.3	GBP / IDR	20,345
HKD / USD	7.7	HKD / IDR	1,978
JPY / USD	144.5	JPY / IDR	107
MYR / USD	4.3	MYR / IDR	3,577
NZD / USD	0.6	NZD / IDR	9,677
SAR / USD	3.7	SAR / IDR	4,110
SGD / USD	1.3	SGD / IDR	11,844
		USD / IDR	15,424

Source: SSI Research

Macro Forecasts

Macro	2023A	2024F	2025F
GDP (% YoY)	5.1	4.9	5.0
Inflation (% YoY)	2.6	3.2	3.5
Current Account Balance (% GDP)	-0.1	-0.7	-1.2
Fiscal Balance (% to GDP)	-1.7	-2.7	-2.9
BI 7DRRR (%)	6.0	6.25	5.75
10Y. Government Bond Yield (%)	6.6	6.9	7.2
Exchange Rate (USD/IDR)	15,252	16,000	16,200

Source: SSI Research

IHSG Chart Intraday



Source: SSI Research

Net Foreign Flow: IDR 1,410bn Inflow

Stock	% TVAL	Last	% CHG	% MTD	% YTD	NVAL (IDR bn)
BBRI	3.7	5,125	-0.4	9.7	-10.4	215
BMRI	2.7	7,100	-1.7	10.9	17.3	168
CUAN	0.9	9,450	0.8	11.5	-29.6	160
TLKM	1.3	3,030	1.6	5.2	-23.2	139
BREN	4.1	10,425	2.2	20.5	39.4	121
BBCA	2.5	10,225	-1.2	-0.4	8.7	115
ASII	0.8	5,075	0.9	7.5	-10.1	105
PNLF	0.4	442	10.5	34.7	67.4	74
BBNI	0.7	5,300	-1.3	6.6	-1.3	67
AMMN	0.5	10,825	0.4	-8.4	65.2	36

Source: SSI Research, STAR

Index Stock Mover Summary

Stock	% CHG	JCI (+)	M.CAP (IDR tn)	Stock	% CHG	JCI (+)	M.CAP (IDR tn)
BREN	2.2	26.99	1,395	BBCA	-1.2	-13.68	1,248
PANI	7.5	7.95	127	BYAN	-2.0	-10.46	563
TLKM	1.6	4.44	300	BMRI	-1.7	-10.35	656
AMMN	0.4	3.25	785	BRPT	-4.2	-4.20	107
PNBN	10.6	2.99	35	BNLI	-9.1	-4.01	45
ASII	0.9	1.81	205	TPIA	-0.5	-3.87	813
DSSA	0.5	1.55	321	BBRI	-0.4	-3.36	769
SRTG	5.4	1.33	29	BBNI	-1.3	-2.48	196
PTRO	13.0	1.26	12	ISAT	-2.8	-2.16	83
PNLF	10.5	1.20	14	BRIS	-1.8	-2.04	122

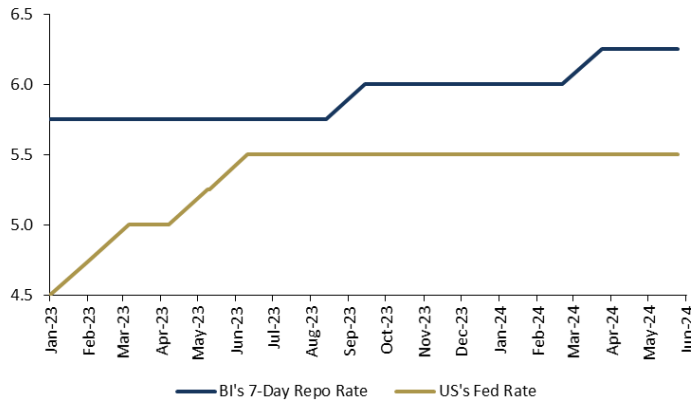
Source: SSI Research, STAR

Sector Statistic

SECTOR	TVAL	%TVAL	FNVAL	FBVAL	DBVAL	FSVAL	DSVAL
IDXFINANCE	4.0T	30.0	974.6B	2.3T	1.6T	1.4T	2.6T
IDXINFRA	1.8T	13.5	250.9B	983.0B	895.6B	732.1B	1.1T
IDXINDUST	445.0B	3.3	129.1B	246.0B	199.0B	116.8B	328.1B
IDXENERGY	2.8T	21.0	122.9B	560.9B	2.2T	438.0B	2.4T
IDXNONCYC	657.4B	4.9	76.5B	234.8B	422.5B	158.3B	499.1B
IDXPROPERT	653.8B	4.9	35.2B	178.7B	475.0B	143.4B	510.3B
IDXHEALTH	204.4B	1.5	13.1B	58.4B	145.9B	45.3B	159.1B
IDXTRANS	61.7B	0.4	1.0B	6.9B	54.8B	5.8B	55.8B
IDXTECHNO	133.9B	1.0	201.1M	30.5B	103.4B	30.3B	103.6B
COMPOSITE	13.3T	100.0		5.0T	8.2T	3.6T	9.6T
IDXCYCLIC	530.3B	3.9	79.0B	71.7B	458.5B	150.8B	379.5B
IDXBASIC	1.9T	14.2	115.2B	345.7B	1.6T	460.9B	1.4T

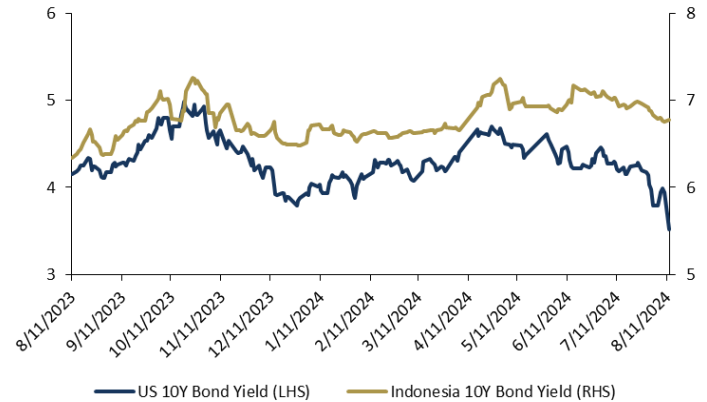
Source: STAR, SSI Research

Monetary Policy



Source: Bloomberg, SSI Research

Indonesia 10Y Bond Yield vs. U.S. 10Y Treasury Yield



Source: Trading Economic, SSI Research

INDOGB Bonds Valuation

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	FR44	4/19/2007	9/15/2024	0.05	10.0%	100.19	4.5%	5.7%	100.21	(116.93)	Expensive	0.05
2	FR81	8/1/2019	6/15/2025	0.80	6.5%	100.04	6.4%	5.9%	100.45	52.19	Cheap	0.77
3	FR40	9/21/2006	9/15/2025	1.05	11.0%	104.54	6.4%	6.0%	105.03	41.16	Cheap	0.98
4	FR84	5/4/2020	2/15/2026	1.47	7.3%	101.08	6.5%	6.1%	101.62	37.79	Cheap	1.40
5	FR86	8/13/2020	4/15/2026	1.63	5.5%	98.57	6.4%	6.1%	99.06	32.57	Cheap	1.56
6	FR37	5/18/2006	9/15/2026	2.05	12.0%	110.55	6.4%	6.2%	111.01	18.62	Cheap	1.82
7	FR56	9/23/2010	9/15/2026	2.05	8.4%	103.67	6.4%	6.2%	104.13	22.41	Cheap	1.88
8	FR90	7/8/2021	4/15/2027	2.63	5.1%	97.02	6.4%	6.3%	97.21	8.32	Cheap	2.46
9	FR59	9/15/2011	5/15/2027	2.71	7.0%	101.49	6.4%	6.3%	101.70	7.83	Cheap	2.49
10	FR42	1/25/2007	7/15/2027	2.88	10.3%	109.68	6.5%	6.3%	110.17	15.78	Cheap	2.52
11	FR94	3/4/2022	1/15/2028	3.38	5.6%	96.80	6.7%	6.4%	97.62	28.11	Cheap	3.08
12	FR47	8/30/2007	2/15/2028	3.47	10.0%	110.89	6.4%	6.4%	111.04	2.74	Cheap	2.99
13	FR64	8/13/2012	5/15/2028	3.72	6.1%	98.98	6.4%	6.4%	99.02	0.88	Cheap	3.34
14	FR95	8/19/2022	8/15/2028	3.97	6.4%	100.09	6.3%	6.5%	99.74	(10.26)	Expensive	3.53
15	FR99	1/27/2023	1/15/2029	4.39	6.4%	99.48	6.5%	6.5%	99.67	4.78	Cheap	3.82
16	FR71	9/12/2013	3/15/2029	4.55	9.0%	109.61	6.5%	6.5%	109.71	1.77	Cheap	3.76
17	FR101	11/2/2023	4/15/2029	4.63	6.9%	101.48	6.5%	6.5%	101.46	(1.09)	Expensive	3.98
18	FR78	9/27/2018	5/15/2029	4.72	8.3%	106.83	6.5%	6.5%	106.96	2.21	Cheap	3.97
19	FR52	8/20/2009	8/15/2030	5.97	10.5%	118.51	6.7%	6.6%	119.06	9.22	Cheap	4.63
20	FR82	8/1/2019	9/15/2030	6.05	7.0%	102.24	6.5%	6.6%	102.02	(4.55)	Expensive	4.93
21	FR87	8/13/2020	2/15/2031	6.47	6.5%	99.60	6.6%	6.6%	99.44	(3.33)	Expensive	5.31
22	FR85	5/4/2020	4/15/2031	6.63	7.8%	105.41	6.7%	6.6%	106.01	10.69	Cheap	5.24
23	FR73	8/6/2015	5/15/2031	6.72	8.8%	111.25	6.6%	6.6%	111.41	2.19	Cheap	5.23
24	FR54	7/22/2010	7/15/2031	6.88	9.5%	115.37	6.7%	6.6%	115.69	4.56	Cheap	5.22
25	FR91	7/8/2021	4/15/2032	7.64	6.4%	98.63	6.6%	6.7%	98.37	(4.57)	Expensive	6.04
26	FR58	7/21/2011	6/15/2032	7.80	8.3%	109.35	6.7%	6.7%	109.58	3.14	Cheap	5.84
27	FR74	11/10/2016	8/15/2032	7.97	7.5%	104.90	6.7%	6.7%	105.13	3.44	Cheap	6.11
28	FR96	8/19/2022	2/15/2033	8.47	7.0%	102.46	6.6%	6.7%	102.08	(5.88)	Expensive	6.47
29	FR65	8/30/2012	5/15/2033	8.72	6.6%	100.01	6.6%	6.7%	99.64	(5.90)	Expensive	6.67
30	FR100	8/24/2023	2/15/2034	9.47	6.6%	100.09	6.6%	6.7%	99.50	(8.49)	Expensive	7.09
31	FR68	8/1/2013	3/15/2034	9.55	8.4%	112.12	6.6%	6.7%	111.69	(5.95)	Expensive	6.75
32	FR80	7/4/2019	6/15/2035	10.80	7.5%	106.35	6.7%	6.7%	105.92	(5.70)	Expensive	7.50
33	FR103	8/8/2024	7/15/2035	10.88	6.8%	101.53	6.5%	6.7%	100.22	(17.18)	Expensive	7.76
34	FR72	7/9/2015	5/15/2036	11.72	8.3%	112.42	6.7%	6.7%	112.16	(3.43)	Expensive	7.86
35	FR88	1/7/2021	6/15/2036	11.81	6.3%	96.57	6.7%	6.7%	96.10	(6.18)	Expensive	8.26
36	FR45	5/24/2007	5/15/2037	12.72	9.8%	123.86	6.9%	6.7%	125.38	15.16	Cheap	7.96
37	FR93	1/6/2022	7/15/2037	12.89	6.4%	97.45	6.7%	6.7%	96.82	(7.54)	Expensive	8.75
38	FR75	8/10/2017	5/15/2038	13.72	7.5%	106.50	6.8%	6.8%	106.58	0.66	Cheap	8.83
39	FR98	9/15/2022	6/15/2038	13.81	7.1%	103.96	6.7%	6.8%	103.27	(7.74)	Expensive	8.88
40	FR50	1/24/2008	7/15/2038	13.89	10.5%	130.69	7.0%	6.8%	133.37	24.52	Cheap	8.20
41	FR79	1/7/2019	4/15/2039	14.64	8.4%	114.50	6.8%	6.8%	114.81	2.84	Cheap	8.91
42	FR83	11/7/2019	4/15/2040	15.64	7.5%	106.57	6.8%	6.8%	106.95	3.63	Cheap	9.46
43	FR57	4/21/2011	5/15/2041	16.72	9.5%	125.88	6.9%	6.8%	126.96	8.87	Cheap	9.39
44	FR62	2/9/2012	4/15/2042	17.64	6.4%	96.44	6.7%	6.8%	95.81	(6.46)	Expensive	10.49
45	FR92	7/8/2021	6/15/2042	17.81	7.1%	103.14	6.8%	6.8%	103.46	2.93	Cheap	10.20
46	FR97	8/19/2022	6/15/2043	18.81	7.1%	103.64	6.8%	6.8%	103.50	(1.46)	Expensive	10.50
47	FR67	7/18/2013	2/15/2044	19.48	8.8%	119.61	6.9%	6.8%	120.93	10.63	Cheap	10.31
48	FR76	9/22/2017	5/15/2048	23.73	7.4%	106.36	6.8%	6.8%	106.57	1.61	Cheap	11.70
49	FR89	1/7/2021	8/15/2051	26.98	6.9%	100.21	6.9%	6.8%	100.65	3.57	Cheap	12.43
50	FR102	1/5/2024	7/15/2054	29.90	6.9%	100.61	6.8%	6.8%	100.59	(0.29)	Expensive	12.81

Source: Bloomberg, SSI Research

INDOIS Bonds Valuation

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	PBS026	10/18/2019	10/15/2024	0.13	6.6%	100.03	6.2%	6.5%	100.02	(23.60)	Expensive	0.13
2	PBS036	8/26/2022	8/15/2025	0.96	5.4%	99.03	6.4%	6.5%	98.98	(4.48)	Expensive	0.94
3	PBS017	1/11/2018	10/15/2025	1.13	6.1%	99.62	6.5%	6.5%	99.61	(1.83)	Expensive	1.09
4	PBS032	7/30/2021	7/15/2026	1.88	4.9%	96.96	6.6%	6.5%	97.16	12.28	Cheap	1.79
5	PBS021	12/6/2018	11/15/2026	2.21	8.5%	104.17	6.4%	6.5%	104.03	(8.60)	Expensive	2.04
6	PBS003	2/2/2012	1/15/2027	2.38	6.0%	98.58	6.7%	6.5%	98.87	13.75	Cheap	2.22
7	PBS020	10/22/2018	10/15/2027	3.13	9.0%	106.95	6.5%	6.5%	106.88	(3.78)	Expensive	2.75
8	PBS018	6/4/2018	5/15/2028	3.71	7.6%	103.60	6.5%	6.5%	103.51	(3.58)	Expensive	3.27
9	PBS030	6/7/2021	7/15/2028	3.88	5.9%	97.60	6.6%	6.5%	97.72	3.69	Cheap	3.46
10	PBS023	5/16/2019	5/15/2030	5.71	8.1%	107.46	6.5%	6.6%	107.23	(5.33)	Expensive	4.66
11	PBS012	1/28/2016	11/15/2031	7.22	8.9%	113.77	6.5%	6.6%	112.80	(16.47)	Expensive	5.52
12	PBS024	5/29/2019	5/15/2032	7.72	8.4%	110.84	6.6%	6.6%	110.43	(6.80)	Expensive	5.86
13	PBS025	5/31/2019	5/15/2033	8.72	8.4%	111.44	6.6%	6.6%	111.31	(2.32)	Expensive	6.40
14	PBS029	1/15/2021	3/15/2034	9.55	6.4%	97.73	6.7%	6.7%	98.00	3.98	Cheap	7.10
15	PBS022	1/25/2019	4/15/2034	9.63	8.6%	113.59	6.7%	6.7%	113.79	2.15	Cheap	6.78
16	PBS037	1/13/2023	3/15/2036	11.55	6.9%	100.48	6.8%	6.7%	101.40	11.46	Cheap	7.96
17	PBS004	2/16/2012	2/15/2037	12.47	6.1%	94.30	6.8%	6.7%	94.85	6.90	Cheap	8.67
18	PBS034	1/14/2022	6/15/2039	14.80	6.5%	97.92	6.7%	6.8%	97.60	(3.58)	Expensive	9.42
19	PBS007	9/29/2014	9/15/2040	16.06	9.0%	121.65	6.8%	6.8%	121.50	(1.50)	Expensive	9.20
20	PBS039	1/12/2024	7/15/2041	16.89	6.6%	98.35	6.8%	6.8%	98.30	(0.64)	Expensive	10.14
21	PBS035	3/31/2022	3/15/2042	17.55	6.8%	99.27	6.8%	6.8%	99.41	1.35	Cheap	10.24
22	PBS005	5/2/2013	4/15/2043	18.64	6.8%	99.34	6.8%	6.8%	99.20	(1.43)	Expensive	10.62
23	PBS028	7/24/2020	10/15/2046	22.14	7.8%	109.43	6.9%	6.9%	109.74	2.44	Cheap	11.13
24	PBS033	1/14/2022	6/15/2047	22.81	6.8%	98.00	6.9%	6.9%	98.32	2.75	Cheap	11.52
25	PBS015	7/21/2017	7/15/2047	22.89	8.0%	113.24	6.8%	6.9%	112.58	(5.38)	Expensive	11.26
26	PBS038	12/8/2023	12/15/2049	25.31	6.9%	98.83	7.0%	6.9%	99.25	3.46	Cheap	11.91

Source: Bloomberg, SSI Research