

## Overview

Indonesia's trade surplus surged to USD 2.89 billion in August 2024, reflecting a robust export recovery driven by strong demand for key commodities and favorable exchange rates. However, this marks a year-on-year decline of 6.96%, as global demand fluctuations impacted overall trade figures. On the economic front, President-elect Prabowo Subianto faces challenges in appointing a finance minister who can tackle rising inflation, implement fiscal reforms, and attract foreign investment. Meanwhile, government plans for self-sufficiency in milk production and taxation on private home construction face skepticism. Additionally, Indonesia's expanding role in the global nickel market and the development of a USD 65 billion green fund demonstrate efforts toward economic growth and sustainability.

## Key Comments

### Economy, Business & Finance

**Indonesia's Trade Surplus Beats Forecast in August on Export Recovery:** In August 2024, Indonesia's trade surplus rose significantly to USD 2.89 billion, far exceeding market expectations of USD 1.96 billion and our upper bound forecast of USD 2.32 billion. The figure reflects robust trade performance driven by strong export growth and rising imports. Exports grew 7.13% year-on-year, marking the fastest growth in 19 months, fueled by high demand for key commodities and favorable currency conditions. Imports also saw a 9.46% increase, highlighting domestic consumption recovery and demand for manufacturing inputs. Despite uncertainties, Indonesia posted a cumulative trade surplus of USD 23.71 billion for the first eight months of 2024. However, future trade prospects may face challenges from industrial slowdown.

**August 2024 Trade Surplus Drops 6.96% YoY:** Despite the impressive performance in August, Indonesia's trade surplus of USD 2.89 billion reflected a 6.96% year-on-year (yoy) decrease from USD 3.11 billion in August 2023. On a cumulative basis, the January-August (8M) trade surplus in 2024 also showed a decline compared to the same period in 2023. This drop is attributed to weaker global demand earlier in the year and fluctuating commodity prices.

**Prabowo's Finance Minister Pick Will Face Formidable Challenges Ahead:** As Prabowo Subianto prepares to assume the presidency in October, his choice for finance minister is expected to be crucial in tackling Indonesia's economic challenges, including the middle-income trap and the need for fiscal reforms...

...The incoming finance minister must also navigate rising inflation, manage the budget deficit, and oversee efforts to attract foreign investment to support long-term growth, particularly in the manufacturing and green economy sectors.

**Mega Dairy Farm for Milk Self-Sufficiency Too Optimistic:** The Indonesian government's ambitious plan to build a mega dairy farm to achieve milk self-sufficiency by 2029 has been met with skepticism by industry players. Farmers and experts have raised concerns about the feasibility of the plan, citing challenges such as the current cattle population and underdeveloped supply chains. The dairy farm project is part of President-elect Prabowo Subianto's program to provide free nutritious meals to schoolchildren. However, achieving milk self-sufficiency is seen as an overly optimistic goal.

**Industry Ministry Floats Incentives to Make Sweet Drinks Excise Less Bitter:** In anticipation of a new excise on sweetened beverages, set to take effect early next year, the Industry Ministry has proposed offering incentives to producers. The excise is aimed at reducing sugar consumption, but the ministry is exploring ways to mitigate price increases that may result from the tax. This move comes as part of the government's broader effort to regulate unhealthy ingredients in processed foods, including upcoming limits on sugar, salt, and fat content.

**Private House Construction Tax to Increase to 2.4%:** Beginning next year, the tax on private house construction in Indonesia will rise from 2.2% to 2.4%, as announced by a Finance Ministry advisor. The increase is intended to bolster state revenue, particularly in light of the government's infrastructure projects, but may also impact housing affordability and demand in the short term.

**Indonesia's Shrinking Middle Class is Worrying:** A significant contraction in Indonesia's middle class has been observed since the pre-pandemic period, with middle-class citizens shrinking from 57 million in 2019 to nearly 48 million in 2024. This decline, representing just over 17% of the population, raises concerns among economists regarding the country's long-term economic prospects, as the middle class is a key driver of consumer demand and economic growth.

**Nickel Flowing to Europe Shows Indonesia's Grip on Global Supply:** Indonesian nickel pig iron (NPI) exports to Europe have skyrocketed in 2024, reaching 87,485 tons, up from just 1,006 tons in 2023...

...The Netherlands, Italy, and the UK have been the primary destinations for these exports. The surge in nickel exports underscores Indonesia's dominance in the global nickel market, particularly as European industries seek new supply sources amid geopolitical tensions with traditional suppliers like Russia.

**Indonesia's Prabowo Plans USD65 Billion Green Fund from Selling Carbon Credits:** President-elect Prabowo Subianto has unveiled plans to raise USD65 billion by 2028 through the sale of carbon credits generated from environmental projects, including rainforest conservation. This initiative is a key component of Prabowo's broader strategy to promote green economic growth while capitalizing on global demand for carbon credits. The proceeds from the fund will be used to finance renewable energy projects and bolster Indonesia's climate resilience.

**Private Lenders Battle Indonesian Media Company Over USD560 Million Debt Claim:** Visi Media Asia, a subsidiary of the powerful Bakrie Group, is engaged in a legal dispute with private creditors over a USD560 million debt claim. The media company is challenging court rulings that favor creditors while attempting to exclude them from its debt restructuring process. This high-profile case could significantly affect the Bakrie Group's media interests and broader financial position.

### Politics, Security, National

**Prabowo to Announce Cabinet on Inauguration Day:** President-elect Prabowo Subianto plans to announce his cabinet lineup on the day of his inauguration, scheduled for October 20, 2024. Analysts are closely watching the appointments, particularly for key economic and defense portfolios, as they will shape the direction of his administration in the years ahead. A cabinet with strong technocrats could help address Indonesia's economic challenges, but political appointments may complicate governance.

**Gerindra to Have Limited Representation in Prabowo's Cabinet:** Despite leading Gerindra, Prabowo Subianto's party is expected to have limited representation in the upcoming cabinet. According to senior Gerindra executives, Prabowo is prioritizing a broad coalition government, which may leave fewer key positions for Gerindra members, particularly as other parties like Golkar are pushing for a larger presence in the cabinet.

**Kadin's Dual Leadership Crisis Reaches President Jokowi:** The leadership crisis within the Indonesian Chamber of Commerce and Industry (Kadin) has escalated, with both newly-appointed chairman Anindya Bakrie and incumbent Arsjad Rasjid seeking President Jokowi's intervention...

...The internal conflict, which stems from factional disagreements tied to the February presidential election, threatens to destabilize Kadin ahead of Prabowo's inauguration.

### Digital Economy, Telcos

**Indodax Claims IDR 11.5T in Crypto Reserves Amid Cyberattack:** Indonesia's largest cryptocurrency trading platform, Indodax, announced it holds IDR 11.52 trillion (USD 747.7 million) in proven crypto asset reserves. This announcement comes in the wake of a cyberattack that has disrupted its website for several days. Despite the attack, Indodax has pledged to compensate any users who may have had funds stolen and warned customers to be cautious of scammers attempting to exploit the situation.

**QRIS Expands, Marking a New Era of Payment Systems in Indonesia:** Indonesia's QRIS payment system, which now boasts over 50 million users and 33 million merchants, is ushering in a new era of seamless domestic and international transactions. With enhanced interoperability, QRIS is positioned to further drive Indonesia's digital economy by facilitating easy, secure payments across various platforms and borders.

**New AI Regulation in Indonesia Aims to Address Ethical Use and Data Security:** The Indonesian Ministry of Communication and Information Technology is preparing a new artificial intelligence regulation (AI) to address ethical concerns and data security. The new framework will establish clear guidelines for AI implementation across industries, focusing on preventing misuse and ensuring that AI applications align with the country's digital transformation goals.

**OJK Issues Warning to P2P Lending Apps, Users Remain Unfazed:** The Financial Services Authority (OJK) has mandated peer-to-peer lending (P2P) platforms to prominently display warnings discouraging borrowers from taking loans they cannot repay. However, despite the increased regulatory scrutiny, P2P lending continues to grow, with users largely undeterred by the warnings, reflecting the strong demand for alternative financing options in the market.

**North Korean-Affiliated Hacker Suspected in Indodax Hacking:** A hacking incident affecting Indonesia's largest cryptocurrency platform, Indodax, is believed to have been carried out by a North Korea-affiliated cybercriminal group. The cyberattack has disrupted operations, leaving many users unable to access their crypto assets, though the company has assured clients that their funds are secure and will be reimbursed where necessary.

**Indonesia's PC Market Grows 17.9% YoY in Q2 2024:** The Indonesian personal computer (PC) market expanded by 17.9% year-on-year in the second quarter of 2024, driven by strong demand for laptops and workstations in both the business and education sectors. According to IDC data, 953,000 units were shipped during the quarter, reflecting the country's continued digital adoption across various sectors.

### **Environment, Green Economy**

**Indonesia Accelerates Energy Transition with Cirata Floating Solar Power Plant:** Indonesia's renewable energy efforts received a boost with the Cirata Floating Solar Power Plant project. The solar plant, a result of global collaborations, is part of the country's strategy to meet its Net Zero Emission target by 2060. Officials emphasized that public support and international cooperation are key to achieving this ambitious goal.

**25-Fold Surge in Malaria in Indonesia's Gold Frontier Linked to Deforestation:** The Pohuwato district in Sulawesi has seen a 25-fold increase in malaria cases in 2023, a surge that health officials attribute to rampant deforestation associated with illegal gold mining. The environmental degradation in the area has disrupted ecosystems and created conditions favorable for the spread of malaria, raising concerns over the health and environmental impacts of unchecked resource extraction.

### **Market Movement**

The market showed mixed performances across the Asia-Pacific region, with notable divergence in the major indexes. The Nikkei 225 fell by 1.0% to 36,203 points, weighed down by profit-taking following a sustained rally in recent weeks. Conversely, the Hang Seng Index rebounded by 1.4% to 17,660, driven by strong gains in the technology sector and improved sentiment in Chinese stocks. The Shanghai Composite was down 0.5% at 2,704, reflecting ongoing concerns about the country's economic slowdown and the limited impact of government support measures. Meanwhile, the Kospi in South Korea recorded a marginal increase of 0.1% to 2,575 points, stabilizing after earlier volatility in tech-heavy sectors.

Domestically, Indonesia's Jakarta Composite Index (JCI) showed resilience, closing 0.3% higher at 7,832. This positive momentum was also reflected in the Indonesia Sharia Stock Index (ISSI), which rose by 0.52% to end the day at 227.8. This positive momentum was also reflected in the Indonesia Sharia Stock Index (ISSI),...

which rose by 0.52% to end the day at 227.8. Foreign investors were net buyers in both the regular and negotiated markets, with a significant net buy of IDR 669.7 billion in the regular market, suggesting continued foreign interest in Indonesian equities.

From a sectoral perspective, the IDXTECH sector outperformed, emerging as the top sector gainer for the day, while the IDXINFRA sector lagged behind, recording losses. This divergence highlights the varying sectoral dynamics, with technology-related stocks benefiting from global trends, while infrastructure stocks faced headwinds, possibly due to concerns over future funding or regulatory challenges.

Looking at specific stocks, BRIS saw a strong surge of 8.4%, attracting significant foreign buying interest, followed by BMRI, which gained 2.1%. BBCA and UNTR also saw gains of 0.7% and 1.2%, respectively, contributing to the positive market sentiment. On the flip side, BREN emerged as the biggest foreign net sell stock, dropping 5.3%, while BBRI remained flat at 5,300.

Among the leading movers, GOTO stood out with a 6.6% increase, continuing its positive momentum, while BRIS and BMRI further supported the market's upward trend. On the other hand, lagging movers such as BREN and DNET declined sharply by 5.3% and 6.6%, respectively, with STTP taking the hardest hit, plunging 9.7% for the day.

In terms of value stocks, BBRI led with stable performance, followed by BBCA, BMRI, BRIS, and BREN, despite the latter's weakness. The energy sector, represented by ADRO, also contributed positively, gaining 2.5%, supported by strong commodity prices.

The broader market environment remains influenced by global macroeconomic factors, including fluctuating oil prices, as Brent crude fell by 0.4% to USD 73 per barrel, and a slight decline in gold prices by 0.3% to USD 2,574 per ounce. The USD/IDR exchange rate rose by 0.4% to 15,335, signaling some weakness in the rupiah amid dollar strength.

Overall, the market reflected a cautiously optimistic sentiment, with select sectors and stocks outperforming despite external uncertainties, and foreign investors maintaining a bullish stance on Indonesian equities.

## **Fixed Income**

### **Overview**

The Rupiah-denominated bond market started the week with notable strength, supported by the appreciation of the Rupiah and positive market sentiment ahead of the interest rate decisions by both the Federal Reserve (The Fed) and Bank Indonesia (BI). The Indonesia Composite Bond Index (ICBI) gained by 0.15%, bringing the year-to-date return to 4.94%. The Indonesian government bond benchmark, FR0100 (10-year maturity), experienced an increase, closing with a yield of 6.54%. Additionally, the Rupiah strengthened by 67 points, settling at Rp 15,335 per USD, while the US Treasury 10-year bond yield declined by 0.031% to 3.613%.

### **Bond Trading Activity**

There was a significant rise in trading activity at the start of the week. The volume of bond transactions surged by 116.47% to Rp 68.75 trillion, compared to the previous trading session at Rp 31.75 trillion. In terms of transaction frequency, the market also saw a substantial increase of 87.88%, from 2,451 transactions to 4,605 transactions.

### **Key Drivers:**

- **Rupiah Appreciation:** The strengthened Rupiah provided a positive backdrop for the bond market, especially for foreign investors seeking exposure to Indonesian assets, as currency risk was perceived to be lower.
- **Global Interest Rate Sentiment:** The anticipation of The Fed and Bank Indonesia's upcoming interest rate decisions added to the optimistic sentiment. Both markets were closely watching for any signals on monetary policy that might impact yields and bond attractiveness.
- **Indonesian Government Bonds Performance:** The increase in the 10-year benchmark bond yield (FR0100) to 6.54% highlights the bond market's resilience and attractiveness, with investors possibly seeing these bonds as a relatively safer investment amidst global uncertainties.
- **US Treasury Market Influence:** The slight decline in UST 10Y bond yields contributed to a more favorable environment for Indonesian bonds. Lower U.S. yields often drive demand for emerging market bonds, as investors seek higher returns.

## **US 10 year Treasury**

The yield on the US 10-year Treasury fell to around 3.62% on Tuesday, marking its lowest point since May 2023, as traders increased their bets on the Federal Reserve taking more aggressive action when it begins cutting interest rates this week. Currently, the market is factoring in a 67% likelihood that the Fed will implement a larger 50 basis point rate cut on Wednesday, up from 25% just a month ago, while the chance of a smaller 25 basis point cut is 33%, according to CME's FedWatch Tool. These expectations persist despite key inflation data for August being higher than expected last week, although recent employment data has shown signs of a weakening labor market.

### **Outlook**

With the upcoming announcements on interest rate policies from the Fed and Bank Indonesia, volatility could increase in the near term. The direction of the Rupiah and global macroeconomic conditions will continue to play a pivotal role in shaping the bond market's trajectory. The strong trading volume suggests sustained investor interest in Indonesian bonds, particularly given the solid year-to-date performance.

**Indonesian 10-Year Government Bonds (SUN):** The benchmark yield continued its decline. The triangle pattern from August 2023 to August 2024 indicates a downward target toward the 2023 low of around 6.0%. In the short term, yields may fall to 6.5-6.4%. A move above 6.6% would signal a bullish reversal.

The 3-day U.S. equity-bond yield correlation remained positive, although the magnitude is moving closer to a negative correlation. The downward trend indicates that U.S. investors anticipate the possibility of the Fed cutting rates by more than 25 bps, as evidenced by a greater probability of a larger 50 bps reduction, according to CME's FedWatch Tool. A 50 bps cut, instead of 25 bps, is seen as an indication of a greater likelihood of an economic slowdown or recession, prompting investors to avoid short-term risk by favoring U.S. 10-year Treasuries.

The 3-day equity-bond yield correlation in Indonesia also mirrors that of the U.S., where investors tend to shift more funds into bonds. However, the wider interest rate parity with the U.S. bond market could attract more foreign inflows into Indonesia, benefiting both the equity and bond markets.

**Strategy**

*According to the RRG (Relative Rotation Graph) chart, most tenors are showing strengthened momentum, with long-term yields now leading compared to the 10-year benchmark. Short-term yields are lagging, except for the 2-year tenor. Therefore we recommend the following:*

**INDOGB: FR94, FR47, FR52, FR85, FR90**

**INDOIS: PBS23, PBS30, PBS18**

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**Currencies**

| Currency Pair | Index, Last | Currency Pair | Index, Last |
|---------------|-------------|---------------|-------------|
| AUD / USD     | 0.6         | AUD / IDR     | 10,347      |
| CNY / USD     | 7.0         | CNY / IDR     | 2,161       |
| EUR / USD     | 1.1         | EUR / IDR     | 17,059      |
| GBP / USD     | 1.3         | GBP / IDR     | 20,248      |
| HKD / USD     | 7.7         | HKD / IDR     | 1,968       |
| JPY / USD     | 140.7       | JPY / IDR     | 109         |
| MYR / USD     | 4.2         | MYR / IDR     | 3,582       |
| NZD / USD     | 0.6         | NZD / IDR     | 9,490       |
| SAR / USD     | 3.7         | SAR / IDR     | 4,086       |
| SGD / USD     | 1.2         | SGD / IDR     | 11,844      |
|               |             | USD / IDR     | 15,334      |

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 679bn Inflow**

| Stock | % TVAL | Last   | % CHG | % MTD | % YTD | NVAL (IDR bn) |
|-------|--------|--------|-------|-------|-------|---------------|
| BBCA  | 6.0    | 10,500 | 0.7   | 1.6   | 11.7  | 285           |
| BMRI  | 4.4    | 7,425  | 2.0   | 4.2   | 22.7  | 215           |
| UNTR  | 0.4    | 26,675 | 1.2   | -1.3  | 17.9  | 36            |
| CPIN  | 0.2    | 4,960  | 3.3   | 2.0   | -1.2  | 34            |
| FILM  | 0.1    | 4,040  | 0.2   | -16.8 | 2.0   | 26            |
| AMMN  | 0.3    | 10,275 | -0.4  | -3.5  | 56.8  | 23            |
| BUMI  | 0.1    | 105    | 6.0   | 17.9  | 23.5  | 22            |
| SMRA  | 0.1    | 650    | -0.7  | 6.5   | 13.0  | 20            |
| MAPI  | 0.2    | 1,790  | 7.8   | 19.7  | 0.0   | 18            |
| CMRY  | 0.2    | 5,500  | 2.8   | 11.3  | 37.1  | 17            |

Source: SSI Research, STAR

**Index Stock Mover Summary**

| Stock | % CHG | JCI (+) | M.CAP (IDR tn) | Stock | % CHG | JCI (+) | M.CAP (IDR tn) |
|-------|-------|---------|----------------|-------|-------|---------|----------------|
| BMRI  | 2.0   | 12.43   | 686            | BREN  | -5.3  | -74.98  | 1,492          |
| BRIS  | 8.3   | 9.83    | 142            | DNET  | -6.5  | -7.95   | 126            |
| BBCA  | 0.7   | 8.19    | 1,281          | TPIA  | -0.8  | -5.81   | 772            |
| GOTO  | 6.5   | 4.30    | 78             | AMMN  | -0.4  | -3.25   | 745            |
| LIFE  | 19.9  | 2.73    | 18             | GEMS  | -2.9  | -2.11   | 76             |
| ADRO  | 2.4   | 2.48    | 116            | STTP  | -9.7  | -1.88   | 19             |
| CPIN  | 3.3   | 2.35    | 81             | TLKM  | -0.6  | -1.77   | 306            |
| BMAS  | 25.0  | 2.33    | 13             | DSSA  | -0.5  | -1.55   | 317            |
| ARTO  | 6.4   | 2.21    | 41             | PANI  | -1.0  | -1.51   | 163            |
| BUMI  | 6.0   | 1.99    | 39             | EDGE  | -7.6  | -0.72   | 10             |

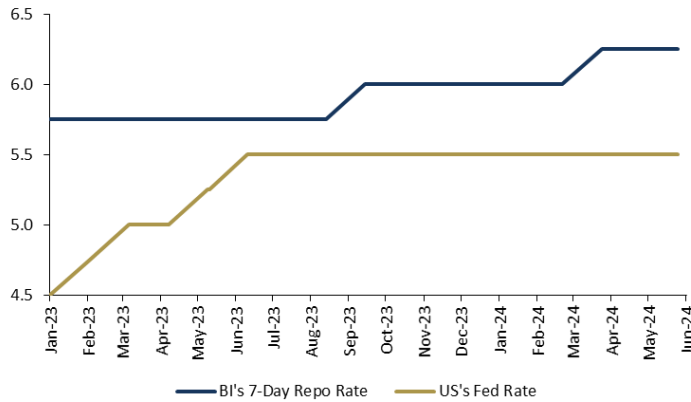
Source: SSI Research, STAR

**Sector Statistic**

| SECTOR     | TVAL   | %TVAL | FNVAL   | FBVAL  | DBVAL  | FSVAL  | DSVAL  |
|------------|--------|-------|---------|--------|--------|--------|--------|
| IDXFINANCE | 4.9T   | 41.1  | 681.0B  | 3.1T   | 1.7T   | 2.5T   | 2.4T   |
| IDXNONCYC  | 661.6B | 5.5   | 115.7B  | 313.5B | 348.0B | 197.8B | 463.7B |
| IDX BASIC  | 1.2T   | 10.0  | 64.5B   | 302.2B | 935.4B | 237.7B | 1.0T   |
| IDXCYCLIC  | 501.6B | 4.2   | 61.4B   | 138.8B | 362.7B | 77.4B  | 424.1B |
| IDXINDUST  | 437.8B | 3.6   | 32.3B   | 182.8B | 254.9B | 150.4B | 287.3B |
| IDXHEALTH  | 303.3B | 2.5   | 3.6B    | 111.7B | 191.6B | 108.1B | 195.2B |
| COMPOSITE  | 11.9T  | 100.0 |         | 5.2T   | 6.6T   | 4.6T   | 7.3T   |
| IDXTRANS   | 56.0B  | 0.4   | -107.4M | 4.3B   | 51.7B  | 4.4B   | 51.6B  |
| IDXPROPERT | 603.5B | 5.0   | 3.9B    | 170.8B | 432.7B | 174.7B | 428.8B |
| IDXENERGY  | 1.6T   | 13.4  | 74.8B   | 264.1B | 1.3T   | 338.9B | 1.2T   |
| IXTECHNO   | 608.9B | 5.1   | 91.1B   | 160.1B | 448.7B | 251.2B | 357.6B |
| IDXINFRA   | 1.0T   | 8.4   | 109.9B  | 446.7B | 586.5B | 556.6B | 476.6B |

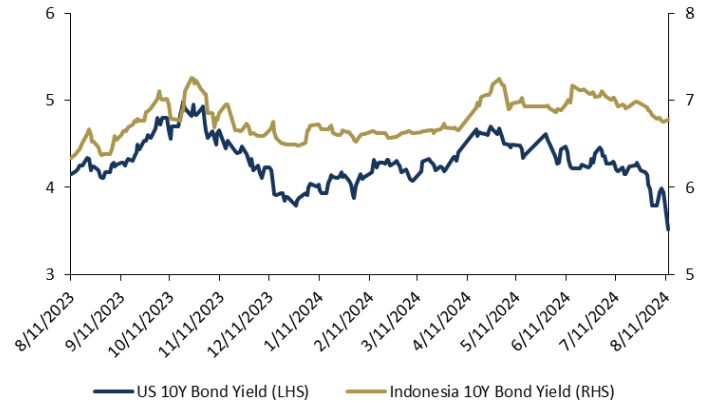
Source: STAR, SSI Research

**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   | 19/04/2007 | 15/09/2024    | 0.00          | 10.0%       | 100.03       | 0.0%              | 5.7%        | 99.99           | 0.00               | 0              | 0.00     |
| 2   | FR81   | 01/08/2019 | 15/06/2025    | 0.75          | 6.5%        | 100.04       | 6.4%              | 5.9%        | 100.43          | 52.81              | Cheap          | 0.74     |
| 3   | FR40   | 21/09/2006 | 15/09/2025    | 1.00          | 11.0%       | 104.46       | 6.3%              | 6.0%        | 104.81          | 31.60              | Cheap          | 0.96     |
| 4   | FR84   | 04/05/2020 | 15/02/2026    | 1.42          | 7.3%        | 101.11       | 6.4%              | 6.1%        | 101.58          | 33.34              | Cheap          | 1.35     |
| 5   | FR86   | 13/08/2020 | 15/04/2026    | 1.58          | 5.5%        | 98.59        | 6.5%              | 6.1%        | 99.10           | 35.09              | Cheap          | 1.51     |
| 6   | FR37   | 18/05/2006 | 15/09/2026    | 2.00          | 12.0%       | 110.28       | 6.4%              | 6.2%        | 110.76          | 22.06              | Cheap          | 1.82     |
| 7   | FR56   | 23/09/2010 | 15/09/2026    | 2.00          | 8.4%        | 103.75       | 6.3%              | 6.2%        | 104.05          | 15.03              | Cheap          | 1.86     |
| 8   | FR90   | 08/07/2021 | 15/04/2027    | 2.58          | 5.1%        | 97.14        | 6.3%              | 6.3%        | 97.27           | 6.09               | Cheap          | 2.41     |
| 9   | FR59   | 15/09/2011 | 15/05/2027    | 2.66          | 7.0%        | 101.54       | 6.4%              | 6.3%        | 101.69          | 5.57               | Cheap          | 2.44     |
| 10  | FR42   | 25/01/2007 | 15/07/2027    | 2.83          | 10.3%       | 109.88       | 6.4%              | 6.3%        | 110.02          | 3.93               | Cheap          | 2.47     |
| 11  | FR94   | 04/03/2022 | 15/01/2028    | 3.33          | 5.6%        | 96.69        | 6.7%              | 6.4%        | 97.67           | 33.83              | Cheap          | 3.02     |
| 12  | FR47   | 30/08/2007 | 15/02/2028    | 3.42          | 10.0%       | 110.72       | 6.4%              | 6.4%        | 110.91          | 4.39               | Cheap          | 2.94     |
| 13  | FR64   | 13/08/2012 | 15/05/2028    | 3.66          | 6.1%        | 99.11        | 6.4%              | 6.4%        | 99.04           | (2.38)             | Expensive      | 3.29     |
| 14  | FR95   | 19/08/2022 | 15/08/2028    | 3.92          | 6.4%        | 99.94        | 6.4%              | 6.4%        | 99.76           | (5.48)             | Expensive      | 3.47     |
| 15  | FR99   | 27/01/2023 | 15/01/2029    | 4.33          | 6.4%        | 99.64        | 6.5%              | 6.5%        | 99.69           | 0.95               | Cheap          | 3.77     |
| 16  | FR71   | 12/09/2013 | 15/03/2029    | 4.50          | 9.0%        | 109.73       | 6.5%              | 6.5%        | 109.63          | (2.75)             | Expensive      | 3.79     |
| 17  | FR101  | 02/11/2023 | 15/04/2029    | 4.58          | 6.9%        | 101.75       | 6.4%              | 6.5%        | 101.46          | (7.65)             | Expensive      | 3.93     |
| 18  | FR78   | 27/09/2018 | 15/05/2029    | 4.66          | 8.3%        | 107.08       | 6.5%              | 6.5%        | 106.91          | (4.72)             | Expensive      | 3.92     |
| 19  | FR52   | 20/08/2009 | 15/08/2030    | 5.92          | 10.5%       | 118.39       | 6.7%              | 6.6%        | 118.94          | 9.41               | Cheap          | 4.58     |
| 20  | FR82   | 01/08/2019 | 15/09/2030    | 6.00          | 7.0%        | 102.46       | 6.5%              | 6.6%        | 102.02          | (9.03)             | Expensive      | 4.96     |
| 21  | FR87   | 13/08/2020 | 15/02/2031    | 6.42          | 6.5%        | 99.81        | 6.5%              | 6.6%        | 99.45           | (7.12)             | Expensive      | 5.26     |
| 22  | FR85   | 04/05/2020 | 15/04/2031    | 6.58          | 7.8%        | 105.93       | 6.6%              | 6.6%        | 105.99          | 0.71               | Cheap          | 5.20     |
| 23  | FR73   | 06/08/2015 | 15/05/2031    | 6.66          | 8.8%        | 111.57       | 6.6%              | 6.6%        | 111.35          | (4.36)             | Expensive      | 5.18     |
| 24  | FR54   | 22/07/2010 | 15/07/2031    | 6.83          | 9.5%        | 115.41       | 6.6%              | 6.6%        | 115.60          | 2.66               | Cheap          | 5.17     |
| 25  | FR91   | 08/07/2021 | 15/04/2032    | 7.58          | 6.4%        | 98.80        | 6.6%              | 6.6%        | 98.39           | (7.16)             | Expensive      | 5.99     |
| 26  | FR58   | 21/07/2011 | 15/06/2032    | 7.75          | 8.3%        | 109.62       | 6.6%              | 6.7%        | 109.54          | (1.66)             | Expensive      | 5.90     |
| 27  | FR74   | 10/11/2016 | 15/08/2032    | 7.92          | 7.5%        | 105.34       | 6.6%              | 6.7%        | 105.11          | (3.88)             | Expensive      | 6.06     |
| 28  | FR96   | 19/08/2022 | 15/02/2033    | 8.42          | 7.0%        | 102.70       | 6.6%              | 6.7%        | 102.08          | (9.68)             | Expensive      | 6.42     |
| 29  | FR65   | 30/08/2012 | 15/05/2033    | 8.67          | 6.6%        | 100.34       | 6.6%              | 6.7%        | 99.65           | (10.74)            | Expensive      | 6.63     |
| 30  | FR100  | 24/08/2023 | 15/02/2034    | 9.42          | 6.6%        | 100.49       | 6.6%              | 6.7%        | 99.51           | (14.20)            | Expensive      | 7.04     |
| 31  | FR68   | 01/08/2013 | 15/03/2034    | 9.50          | 8.4%        | 112.36       | 6.6%              | 6.7%        | 111.65          | (9.54)             | Expensive      | 6.82     |
| 32  | FR80   | 04/07/2019 | 15/06/2035    | 10.75         | 7.5%        | 106.61       | 6.6%              | 6.7%        | 105.91          | (9.12)             | Expensive      | 7.59     |
| 33  | FR103  | 08/08/2024 | 15/07/2035    | 10.83         | 6.8%        | 101.59       | 6.5%              | 6.7%        | 100.22          | (17.93)            | Expensive      | 7.71     |
| 34  | FR72   | 09/07/2015 | 15/05/2036    | 11.67         | 8.3%        | 112.56       | 6.7%              | 6.7%        | 112.13          | (5.25)             | Expensive      | 7.81     |
| 35  | FR88   | 07/01/2021 | 15/06/2036    | 11.75         | 6.3%        | 97.16        | 6.6%              | 6.7%        | 96.11           | (13.40)            | Expensive      | 8.35     |
| 36  | FR45   | 24/05/2007 | 15/05/2037    | 12.67         | 9.8%        | 125.39       | 6.7%              | 6.7%        | 125.32          | (1.01)             | Expensive      | 7.94     |
| 37  | FR93   | 06/01/2022 | 15/07/2037    | 12.84         | 6.4%        | 97.72        | 6.6%              | 6.7%        | 96.84           | (10.69)            | Expensive      | 8.71     |
| 38  | FR75   | 10/08/2017 | 15/05/2038    | 13.67         | 7.5%        | 106.75       | 6.7%              | 6.8%        | 106.57          | (2.08)             | Expensive      | 8.78     |
| 39  | FR98   | 15/09/2022 | 15/06/2038    | 13.75         | 7.1%        | 104.06       | 6.7%              | 6.8%        | 103.27          | (8.95)             | Expensive      | 8.98     |
| 40  | FR50   | 24/01/2008 | 15/07/2038    | 13.84         | 10.5%       | 133.39       | 6.7%              | 6.8%        | 133.30          | (1.16)             | Expensive      | 8.20     |
| 41  | FR79   | 07/01/2019 | 15/04/2039    | 14.59         | 8.4%        | 114.61       | 6.8%              | 6.8%        | 114.79          | 1.58               | Cheap          | 8.86     |
| 42  | FR83   | 07/11/2019 | 15/04/2040    | 15.59         | 7.5%        | 106.73       | 6.8%              | 6.8%        | 106.94          | 2.03               | Cheap          | 9.42     |
| 43  | FR57   | 21/04/2011 | 15/05/2041    | 16.67         | 9.5%        | 125.83       | 6.9%              | 6.8%        | 126.92          | 9.02               | Cheap          | 9.34     |
| 44  | FR62   | 09/02/2012 | 15/04/2042    | 17.59         | 6.4%        | 96.25        | 6.7%              | 6.8%        | 95.82           | (4.36)             | Expensive      | 10.43    |
| 45  | FR92   | 08/07/2021 | 15/06/2042    | 17.76         | 7.1%        | 103.39       | 6.8%              | 6.8%        | 103.46          | 0.53               | Cheap          | 10.34    |
| 46  | FR97   | 19/08/2022 | 15/06/2043    | 18.76         | 7.1%        | 103.77       | 6.8%              | 6.8%        | 103.50          | (2.68)             | Expensive      | 10.64    |
| 47  | FR67   | 18/07/2013 | 15/02/2044    | 19.43         | 8.8%        | 120.60       | 6.8%              | 6.8%        | 120.91          | 2.29               | Cheap          | 10.30    |
| 48  | FR76   | 22/09/2017 | 15/05/2048    | 23.68         | 7.4%        | 106.53       | 6.8%              | 6.8%        | 106.57          | 0.16               | Cheap          | 11.65    |
| 49  | FR89   | 07/01/2021 | 15/08/2051    | 26.93         | 6.9%        | 100.46       | 6.8%              | 6.8%        | 100.65          | 1.50               | Cheap          | 12.39    |
| 50  | FR102  | 05/01/2024 | 15/07/2054    | 29.85         | 6.9%        | 100.60       | 6.8%              | 6.8%        | 100.59          | (0.17)             | Expensive      | 12.75    |

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 | 18/10/2019 | 15/10/2024    | 0.08          | 6.6%        | 99.99        | 6.5%              | 6.5%        | 100.01          | 5.41               | Cheap          | 0.07     |
| 2   | PBS036 | 26/08/2022 | 15/08/2025    | 0.91          | 5.4%        | 99.16        | 6.3%              | 6.5%        | 99.03           | (15.00)            | Expensive      | 0.89     |
| 3   | PBS017 | 1/11/2018  | 15/10/2025    | 1.08          | 6.1%        | 99.63        | 6.5%              | 6.5%        | 99.62           | (0.91)             | Expensive      | 1.04     |
| 4   | PBS032 | 30/07/2021 | 15/07/2026    | 1.82          | 4.9%        | 97.07        | 6.6%              | 6.5%        | 97.23           | 9.46               | Cheap          | 1.74     |
| 5   | PBS021 | 06/12/2018 | 15/11/2026    | 2.16          | 8.5%        | 104.02       | 6.5%              | 6.5%        | 103.94          | (4.88)             | Expensive      | 1.99     |
| 6   | PBS003 | 2/2/2012   | 15/01/2027    | 2.33          | 6.0%        | 98.99        | 6.5%              | 6.5%        | 98.90           | (4.81)             | Expensive      | 2.16     |
| 7   | PBS020 | 10/22/2018 | 15/10/2027    | 3.08          | 9.0%        | 106.77       | 6.5%              | 6.5%        | 106.78          | (0.49)             | Expensive      | 2.69     |
| 8   | PBS018 | 6/4/2018   | 15/05/2028    | 3.66          | 7.6%        | 103.43       | 6.6%              | 6.5%        | 103.47          | 0.63               | Cheap          | 3.22     |
| 9   | PBS030 | 07/06/2021 | 15/07/2028    | 3.83          | 5.9%        | 97.58        | 6.6%              | 6.5%        | 97.75           | 4.91               | Cheap          | 3.41     |
| 10  | PBS023 | 16/05/2019 | 15/05/2030    | 5.66          | 8.1%        | 107.10       | 6.6%              | 6.6%        | 107.18          | 1.16               | Cheap          | 4.60     |
| 11  | PBS012 | 1/28/2016  | 15/11/2031    | 7.16          | 8.9%        | 113.11       | 6.5%              | 6.6%        | 112.73          | (6.64)             | Expensive      | 5.46     |
| 12  | PBS024 | 29/05/2019 | 15/05/2032    | 7.66          | 8.4%        | 110.35       | 6.6%              | 6.6%        | 110.39          | 0.20               | Cheap          | 5.80     |
| 13  | PBS025 | 31/05/2019 | 15/05/2033    | 8.66          | 8.4%        | 110.97       | 6.7%              | 6.6%        | 111.26          | 3.85               | Cheap          | 6.34     |
| 14  | PBS029 | 15/01/2021 | 15/03/2034    | 9.50          | 6.4%        | 97.26        | 6.8%              | 6.7%        | 98.02           | 11.05              | Cheap          | 7.15     |
| 15  | PBS022 | 25/01/2019 | 15/04/2034    | 9.58          | 8.6%        | 113.19       | 6.7%              | 6.7%        | 113.74          | 7.04               | Cheap          | 6.72     |
| 16  | PBS037 | 13/01/2023 | 15/03/2036    | 11.50         | 6.9%        | 101.01       | 6.7%              | 6.7%        | 101.40          | 4.87               | Cheap          | 8.05     |
| 17  | PBS004 | 2/16/2012  | 15/02/2037    | 12.42         | 6.1%        | 94.91        | 6.7%              | 6.7%        | 94.87           | (0.48)             | Expensive      | 8.63     |
| 18  | PBS034 | 14/01/2022 | 15/06/2039    | 14.75         | 6.5%        | 97.54        | 6.8%              | 6.8%        | 97.62           | 0.73               | Cheap          | 9.52     |
| 19  | PBS007 | 9/29/2014  | 15/09/2040    | 16.01         | 9.0%        | 121.68       | 6.8%              | 6.8%        | 121.48          | (2.00)             | Expensive      | 9.32     |
| 20  | PBS039 | 12/01/2024 | 15/07/2041    | 16.84         | 6.6%        | 98.01        | 6.8%              | 6.8%        | 98.31           | 2.96               | Cheap          | 10.07    |
| 21  | PBS035 | 31/03/2022 | 15/03/2042    | 17.50         | 6.8%        | 98.86        | 6.9%              | 6.8%        | 99.42           | 5.58               | Cheap          | 10.35    |
| 22  | PBS005 | 5/2/2013   | 15/04/2043    | 18.59         | 6.8%        | 99.34        | 6.8%              | 6.8%        | 99.21           | (1.35)             | Expensive      | 10.57    |
| 23  | PBS028 | 24/07/2020 | 15/10/2046    | 22.09         | 7.8%        | 109.52       | 6.9%              | 6.9%        | 109.74          | 1.72               | Cheap          | 11.09    |
| 24  | PBS033 | 14/01/2022 | 15/06/2047    | 22.76         | 6.8%        | 98.32        | 6.9%              | 6.9%        | 98.33           | (0.01)             | Expensive      | 11.68    |
| 25  | PBS015 | 7/21/2017  | 15/07/2047    | 22.84         | 8.0%        | 113.18       | 6.8%              | 6.9%        | 112.58          | (4.94)             | Expensive      | 11.21    |
| 26  | PBS038 | 08/12/2023 | 15/12/2049    | 25.26         | 6.9%        | 99.23        | 6.9%              | 6.9%        | 99.26           | 0.10               | Cheap          | 12.10    |

Source: Bloomberg, SSI Research