

11 October 2024

Overview

Indonesian retailers are growing increasingly concerned as consumer confidence weakens, with the Consumer Confidence Index dropping to 121.5 in September. Despite this, Bank Indonesia remains optimistic, forecasting 1.9% rise in retail sales for October, primarily supported by demand for food and beverages. Inflation is expected to slow by November 2024, though caution persists due to potential fluctuations in food and energy prices. Meanwhile, global economic shifts continue to favor Indonesia's outlook, with strong commodity demand providing buffer for economic growth. President-elect Prabowo Subianto has set ambitious targets for food self-sufficiency within four years, accompanied by a large-scale free meal program, while continued investment in infrastructure and human capital is seen as essential for long-term resilience. Though concerns over labour practices remain, the nickel boom presents significant opportunities for the EV industry. Additionally, steel imports from China are threatening the domestic industry, prompting calls for protective trade policies, and efforts to develop new seaports outside Java aim to enhance regional connectivity. However, a lack of renewable energy at the Batang Industrial Park could deter potential investors, emphasizing the need for sustainable solutions.

Key Comments

Economy, Business and Finance

Retailers Express Concern as Consumer Confidence Wanes: Indonesian retailers have expressed concern over the weakening consumer confidence revealed by a recent survey. The Consumer Confidence Index (CCI) fell to 121.5 in September 2024 from 123.1 in August, according to Bank Indonesia (BI). Retailers fear that this downturn in consumer sentiment could impact holiday shopping and year-end sales. While consumer spending has been resilient so far, retailers expect slower sales growth in the months ahead. BI, however, remains optimistic, forecasting that retail sales will still grow by 1.9% in October 2024, supported by demand for food and beverages. Analysts suggest that promotional events and discounts may be necessary to stimulate consumer spending in the near term.

Inflation to Ease by November 2024, but Caution Remains:

Bank Indonesia's Retail Sales Survey for August 2024 indicated that inflation is projected to slow in November and February 2025. The survey suggests that despite current concerns over rising food prices, the inflationary pressure will gradually ease as seasonal factors, such as food supply, stabilize. Retailers are expected to see a short-term rise in sales over the next three months due to festive spending, but this is likely to taper off in 2025. The central bank's monetary policies are aligned with ensuring inflation stays within the targeted range of 2-4%, although energy and food prices remain key risks.

Global Economic Shifts Favorable for Indonesia's Outlook:

Global economic dynamics are positively impacting Indonesia's economic outlook. As major economies grapple with inflation and geopolitical challenges, Indonesia remains a key beneficiary of global commodity demand. This external strength has provided a buffer for Indonesia's economy, allowing it to maintain robust GDP growth despite domestic inflationary pressures. According to economic experts, the influx of investment, particularly in sectors like nickel and electric vehicles (EV), gives Indonesia an edge in capitalizing on the growing global demand for sustainable energy resources.

Prabowo's Ambitious Food Self-Sufficiency Plans:

President-elect Prabowo Subianto has made food security a cornerstone of his economic agenda. His administration plans to end Indonesia's reliance on food imports within four years by boosting domestic agricultural production and reforming the food supply chain. The free meal program, part of this initiative, is set to absorb 1.5 million workers and provide meals to over 82.9 million people daily, with an estimated cost of IDR 800 billion per day. This program aims to not only address hunger but also stimulate rural economies by creating jobs in food production and logistics.

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Jokowi and Prabowo's Presence at BNI Investor Daily Summit Signals Positive Market Outlook: The participation of outgoing President Joko "Jokowi" Widodo and President-elect Prabowo Subianto at the BNI Investor Daily Summit has been widely interpreted as a sign of market stability and continuity. Their joint presence at the summit signals a smooth transition of power, with both leaders committing to policies that support economic growth, investment, and market confidence. Prabowo reaffirmed his commitment to achieving an 8% GDP growth target during his presidency, though analysts stress that substantial reforms, particularly in state-owned enterprises (SOEs), will be needed to reach this ambitious goal.

Infrastructure and Human Capital Critical to Economic Resilience: Finance Minister Sri Mulyani Indrawati reiterated that infrastructure development and human capital are vital to Indonesia's long-term economic resilience. The government's sustained investment in key infrastructure projects, including roads, airports, and energy infrastructure, has been crucial for supporting economic growth. Sri Mulyani emphasized that aside from physical infrastructure, investment in education, training, and workforce development is necessary to build a competitive labor force that can meet the challenges of a rapidly changing global economy.

Nickel Boom Sparks EV Industry Hopes: Indonesia's vast nickel reserves are positioning the country as a critical player in the global electric vehicle (EV) supply chain. In 2023, Indonesia produced 40.2% of the world's nickel supply, sparking hopes of leveraging this resource to build a domestic EV industry. However, the nickel boom has also been marred by controversy, including recent allegations of forced labor. The Indonesian government has denied these allegations and continues to focus on expanding its downstream nickel industry, attracting major investments from international automakers and battery producers.

Steel Imports from China Pose a Threat to Domestic Industry: The Indonesian Iron and Steel Industry Association (IISIA) has raised concerns over the significant increase in steel imports from China, warning that it could have devastating effects on Indonesia's domestic steel industry...

...IISIA has called for immediate government intervention to prevent cheap Chinese steel from flooding the market and undermining local producers. President Jokowi has responded by stressing the need to protect Indonesia's domestic industries through trade policies, as more countries implement restrictions on foreign imports.

Government Offers Three Seaports to Foreign and Domestic Investors: In a move aimed at boosting regional development, the Indonesian government is inviting foreign and domestic investors to participate in the development of three seaports located outside the Java region. The Transportation Ministry announced that the seaports, part of its broader infrastructure development strategy, are expected to improve trade logistics and connect underdeveloped regions to global markets.

Lack of Renewable Energy Access at Batang Industrial Park a Concern for Investors: The development of the Batang Integrated Industrial Zone (KIT) in Central Java has entered its second phase, but concerns have been raised about the lack of access to clean and renewable energy. Investors have increasingly adopted environmental, social, and governance (ESG) criteria when making investment decisions, and the absence of sustainable energy sources at Batang may deter potential investors looking to meet these standards.

Prabowo to Establish Ministry of Housing: As part of his broader strategy for housing reform, President-elect Prabowo plans to establish a separate Ministry of Housing, dividing responsibilities from the existing Ministry of Public Works. This move is aimed at accelerating the development of affordable housing and improving urban planning across the nation.

Oil and Gas Exploration Focused on Eastern Indonesia: The government has announced its intent to intensify oil and gas exploration in Eastern Indonesia. The Ministry of Energy and Mineral Resources is leading efforts to attract foreign investment and develop the region's untapped natural resources, which are considered crucial to Indonesia's long-term energy security.

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Politics, Security, National

Prabowo Defends Plans for Expanded Government: President-elect Prabowo defended his proposal for a larger cabinet, arguing that expanding government agencies is necessary for effective administration, despite concerns about bureaucratic inefficiency.

Jokowi to Inaugurate Key Projects in New Capital Before Leaving Office: President Jokowi is set to inaugurate key developments in Nusantara, the new capital city, as part of his final duties before stepping down. The move aims to cement his legacy in infrastructure development.

Indonesian Air Force Focuses on Cybersecurity: The Indonesian Air Force is prioritizing cybersecurity in its long-term strategy, aligning with the country's broader focus on technological modernization and defense.

Digital Economy and Telcos

Kitabisa Enters Insurance Sector: Indonesian crowdfunding platform Kitabisa has officially expanded into the insurance industry, marking its entry into financial services. The company aims to disrupt the traditional insurance market with its digital-first approach.

BNI Adopts AI for Enhanced Customer Service: Bank Negara Indonesia (BNI) is leveraging artificial intelligence to improve customer service and operational efficiency, signaling the bank's commitment to innovation and digital transformation.

Environment and Green Economy

Palm Oil Plantations Accelerate Forest Loss: Greenpeace reports a significant rise in palm oil plantations replacing forests over the last five years, leading to the ongoing destruction of critical wildlife habitats and increasing environmental degradation.

Indonesia Discusses Ocean-Based Climate Solutions: Indonesia led discussions on ocean-based approaches to combat climate change during a regional dialogue with Asia-Pacific nations. These talks highlight the nation's commitment to leveraging its maritime resources for climate action.

Regional and Local Issues

Batam Designated as Health and Tourism SEZ: President Jokowi has officially designated two areas in Batam as special economic zones for health and tourism, aiming to boost investment in these sectors and enhance regional economic growth.

Indonesia's Coastal Communities Protest Sand Exports: Coastal communities in Java have staged protests against the government's decision to lift a 20-year ban on sea sand exports, expressing concerns about environmental damage and coastal erosion.

Market Movement

The Indonesian stock market closed on a downward trend, with the Jakarta Composite Index (JCI) falling by 0.28% to settle at 7,480.1 on October 10, 2024. Similarly, the Indonesia Sharia Stock Index (ISSI) declined by 0.33%, closing at 224.5. This downturn occurred despite a general upward movement across other Asian markets, such as the Nikkei rising 0.3% to 39,381 and the Hang Seng seeing a substantial gain of 3.0%, closing at 21,252.

Foreign investors were net sellers in both the regular and negotiated markets, registering a net sell of IDR 766.9 billion in the regular market and IDR 210.2 billion in the negotiated market. This withdrawal of foreign funds contributed to the JCI's negative performance for the day.

Sector-wise, the IDXCYC sector emerged as the top gainer, while the IDXBASIC sector was the biggest loser. Within individual stocks, some of the key foreign net buy stocks included BUMI, which rose by 2.3% to 131, and AKRA, which gained 1.3% to close at 1,545. Meanwhile, MYOR saw a decline of 3.3%, despite being among the top foreign net buy stocks. On the flip side, the major foreign net sell stocks included BBRI, which fell by 1.4% to 4,860, and UNTR, which dropped by 2.6% to 25,900.

Among the leading movers, KPIG saw a significant rise of 11.6% to 163, followed by MSIN with a 4.5% gain, closing at 1,500. DSSA also showed a positive movement, increasing by 0.8% to 41,650.

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However, the lagging movers weighed on the market, with TPIA falling 3.4% to 8,575 and BBRI dropping 1.4% to 4,860. UNTR and AMMN also experienced losses of 2.6% and 1.4%, respectively.

In terms of stock value, BBRI, despite its 1.4% decline, topped the list of high-value stocks, followed by BBCA, which fell by 0.7% to 10,500. Other top value stocks included BMRI, which remained flat at 6,950, and ADRO, which held steady at 3,820.

In the broader market context, global commodity prices showed mixed trends. Gold edged up by 0.3% to USD 2,616 per ounce, while Brent oil saw a stronger gain, rising by 1.4% to USD 78 per barrel. Meanwhile, the Indonesian Rupiah strengthened slightly against the US dollar, with the USD/IDR exchange rate declining by 0.3% to 15,665.

This market performance reflects a day of mixed investor sentiment, with gains in select sectors and stocks counterbalanced by broader selling pressures, particularly among foreign investors.

Fixed Income

The Indonesian bond market exhibited a modest yet notable strengthening, largely supported by gains in longer-term government bonds, specifically the SBN series, which helped counterbalance the impact of a weakening Rupiah. This limited uptrend in bond prices suggests that investors continue to find value in Indonesian bonds, especially in the context of longer-dated maturities, despite external pressures on the currency. The Indonesia Composite Bond Index (ICBI) rose by 0.07%, contributing to a respectable year-to-date return of 4.98%. This reflects sustained investor interest in the bond market, particularly amid global uncertainties that may be driving capital toward safer, longer-term assets.

However, despite the general market strengthening, the benchmark 10-year government bond (FR0100) faced pressure, closing with a slight decline and a yield of 6.67%. This indicates that while there is still demand for Indonesian bonds, market participants are keeping a close watch on broader economic indicators,

...particularly the performance of the Rupiah and international bond yields. The weakening of the Rupiah, which depreciated by 48 points to IDR 15,678 per USD, is a crucial factor. The depreciation reflects concerns about external factors, such as rising global interest rates, which are also contributing to higher yields on U.S. Treasury bonds. The U.S. Treasury 10-year bond yield increased by 0.057 basis points to 4.081%, creating additional competition for fixed-income investments and impacting global capital flows

The day's trading activity also reflected a more cautious tone among investors. Bond transaction volumes dropped by 7.61%, reaching IDR 43.85 trillion, compared to IDR 47.46 trillion in the previous session. This decline in volume suggests that while there is still demand for bonds, the level of market participation has softened, possibly due to concerns over currency volatility and the outlook for global interest rates. Additionally, the frequency of bond trades fell by 6.79%, from 2,710 transactions to 2,526 transactions, indicating that fewer participants were actively engaged in the market today.

US 10 Year Treasury

The yield on the 10-year US Treasury note climbed above 4.05%, reaching its highest level in over two months, following the release of minutes from the FOMC's recent rate-setting meeting. The minutes revealed that policymakers were divided on the size of the rate cut ultimately chosen by the central bank. The Federal Reserve decided on a more aggressive 50 basis point rate cut to counter signs of a weakening labor market, despite some calls for more caution and clearer evidence that inflation was moving toward its target. Those advocating for a smaller rate cut pointed to the unexpected rise in non-farm payrolls and the unexpected drop in unemployment since the Fed's September meeting, reinforcing expectations that the central bank would not need to implement larger rate cuts. Markets are currently pricing in two 25 basis point cuts this year, with the Federal funds rate expected to stabilize around 3.5% by the end of next year.

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Outlook

Given the recent market movements, several factors will likely continue to shape the Indonesian bond market's trajectory. The Rupiah's ongoing depreciation could exert further upward pressure on bond yields, as investors seek to mitigate currency risk.

Investors will need to monitor domestic policy responses, such as interventions by Bank Indonesia, to stabilize the Rupiah and support the bond market. Furthermore, any changes in global risk sentiment, driven by factors like inflation data or geopolitical developments, could impact investor appetite for emerging market assets, including Indonesian bonds.

Overall, while the bond market remains resilient, particularly in the long-term government bond space, it is clear that market participants are treading carefully amidst a backdrop of global monetary dynamics. The continued strength of long-term bonds suggests that investors are still seeking stability and are willing to lock in returns despite uncertainties. However, the decline in trading volume and frequency underscores a level of caution that could persist, especially if global interest rates continue to rise and exert downward pressure on emerging market currencies like the Rupiah. As we move forward, the bond market is likely to remain sensitive to both domestic economic conditions and international monetary policy shifts, with currency movements and interest rate differentials playing key roles in shaping investor sentiment.

Last week, the benchmark 10-year bond yield increased, with the range of 6.7-6.8 serving as a key determinant for further yield increases. A drop below 6.55 could revive the potential for a decline in yields.

The U.S. 3-day equity-bond yield correlation indicates that recent positive U.S. macroeconomic indicators are outweighing geopolitical risks, as evidenced by the strong positive correlation between bond yields and the equity market. This is also a sign that, in the short run, U.S. assets are becoming a safe haven amidst geopolitical risks.

However, this is not necessarily good news for the Indonesian bond market. The inflow of foreign capital may slow, and in the worst case, could result in a capital reversal. Domestically, the 3-day correlation between Indonesian equities and bond yields shows an inverse movement, which suggests that domestic investors are seeking safety by shifting towards more fixed-income assets.

Strategy

RRG Chart Analysis: Shorter-term yields (less than 10 years) are still lagging compared to the 10-year benchmark, except for the 1-2-9 year tenors. Given the global dynamics, we recommend a mixed strategy as follows:

INDOGB: FR94, FR54, FR68, FR80, FR92

INDOIS: PBS22, PBS37

DAILY ECONOMIC INSIGHTS



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Macro Forecasts

Macro	2023A	2024F	2025F
GDP (% YoY)	5.1	4.9	5.0
Inflation (% YoY)	2.6	2.5	3.0
Current Account Balance (% GDP)	-0.1	-0.7	-1.2
Fiscal Balance (% to GDP)	-1.7	-2.7	-2.9
BI 7DRRR (%)	6.0	6.0	5.5
10Y. Government Bond Yield (%)	6.6	6.8	7.0
Exchange Rate (USD/IDR)	15,399	15,700	15,900

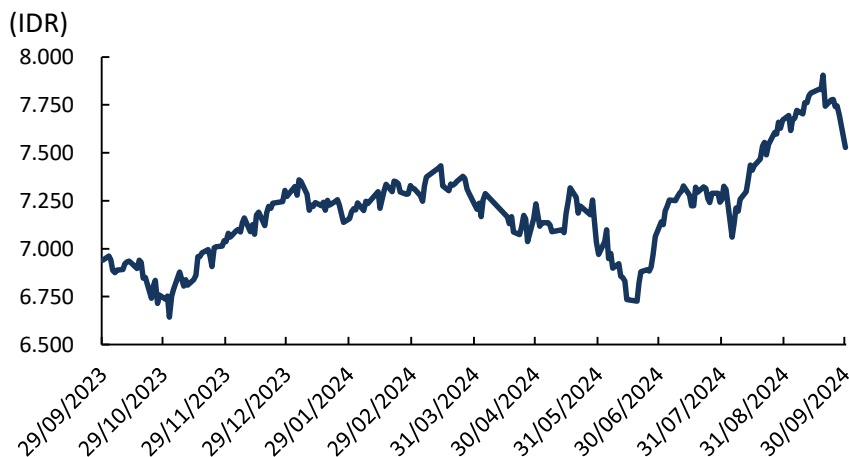
Source: SSI Research

Currencies

Currency Pair	Index, Last	Currency Pair	Index, Last
AUD / USD	0.6	AUD / IDR	10,533
CNY / USD	7.0	CNY / IDR	2,214
EUR / USD	1.0	EUR / IDR	17,134
GBP / USD	1.3	GBP / IDR	20,479
HKD / USD	7.7	HKD / IDR	2,015
JPY / USD	149	JPY / IDR	105
MYR / USD	4.2	MYR / IDR	3,649
NZD / USD	0.6	NZD / IDR	9,526
SAR / USD	3.7	SAR / IDR	4,176
SGD / USD	1.3	SGD / IDR	11,989
		USD / IDR	15,678

Source: STAR, SSI Research

JCI Chart Intraday



Source: Bloomberg, SSI Research

DAILY ECONOMIC INSIGHTS



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Net Foreign Flow: IDR 977 Bn **Outflow**

Stock	% TVAL	Last	% CHG	% MTD	% YTD	NVAL (IDR bn)
BBRI	6.4	4,860	-1.4	-1.8	-15.1	-447
ADRO	1.1	3,820	0.0	0.2	60.5	-64
UNTR	0.5	25,900	-2.6	-4.6	14.4	-58
BBNI	0.7	5,325	0.0	-0.4	-0.9	-37
BUKA	0.3	129	-7.1	6.6	-40.2	-33
TPIA	0.3	8,575	-3.3	1.1	63.3	-27
BMRI	2.2	6,950	0.0	0.3	14.8	-24
MNCN	0.3	312	0.0	0.6	-19.1	-20
PTBA	0.2	3,020	-0.9	-1.9	23.7	-17
BRIS	0.1	3,030	1.0	0.6	74.1	-16

Source: STAR, SSI Research

Index Stock Mover Summary

Stock	% CHG	JCI (+)	M.CAP (IDR tn)	Stock	% CHG	JCI (+)	M.CAP (IDR tn)
BBCA	0.7	22.11	1,281	TPIA	-3.3	-62.71	742
MSIN	4.5	9.52	91	BBRI	-1.4	-25.37	729
DSSA	0.7	6.05	321	BREN	-1.1	-24.24	873
ASII	0.9	4.88	207	AMMN	-1.3	-21.90	644
ISAT	2.5	4.87	82	UNTR	-2.6	-6.30	97
MLPT	18.0	4.19	11	MYOR	-3.3	-4.86	59
KPIG	11.6	4.00	16	GEMS	-2.2	-3.55	65
BRIS	1.0	3.31	138	BRMS	-3.6	-3.42	37
BUMI	2.3	2.69	49	CUAN	-1.4	-2.71	78
NCKL	1.6	2.27	58	MBMA	-1.8	-2.60	57

Source: Bloomberg, STAR, SSI Research

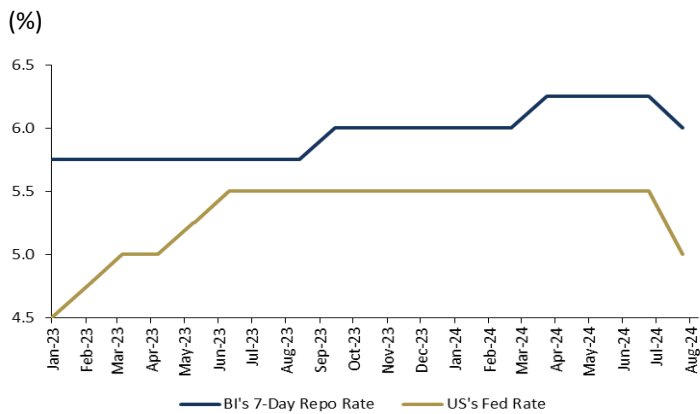
Daily Sector Summary

SECTOR	TVAL	%TVAL	FNVAL	FBVAL	DBVAL	FSVAL	DSVAL
IDXTRANS	82.3B	0.9	7.7B	11.2B	71.1B	3.4B	78.9B
COMPOSITE	9.0T	100.0		3.1T	5.9T	4.1T	4.9T
IDXNONCYC	906.3B	10.0	-3.7B	242.1B	664.1B	245.8B	660.4B
IDXINFRA	863.1B	9.5	-6.8B	286.4B	576.7B	293.2B	569.9B
IDXPROPERT	373.9B	4.1	-8.3B	121.2B	252.6B	129.6B	244.2B
IDXCYCLIC	535.6B	5.9	-25.9B	126.8B	408.7B	152.8B	382.7B
IDXENERGY	1.2T	13.3	-4.6B	296.9B	909.7B	340.6B	866.0B
IDXTECHNO	339.4B	3.7	-4.1B	57.4B	282.0B	104.5B	234.8B
IDXHEALTH	202.3B	2.2	-50.1B	41.7B	160.6B	91.9B	110.4B
IDXINDUST	379.2B	4.2	-59.2B	129.3B	249.9B	188.5B	190.7B
IDXBASIC	1.0T	11.1	-61.9B	387.7B	682.5B	449.7B	620.5B
IDXFINANCE	3.1T	34.4	-677.9B	1.4T	1.6T	2.1T	1.0T

Source: Bloomberg, STAR, SSI Research

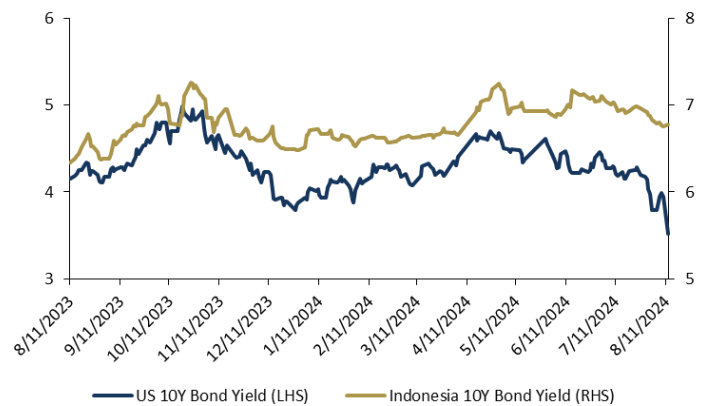
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Monetary Policy



Source: Bloomberg, SSI Research

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



Source: Trading Economic, SSI Research

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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	FR81	8/1/2019	15/06/2025	0.68	6.5%	100.19	6.2%	6.3%	100.13	(12.05)	Expensive	0.67
2	FR40	9/21/2006	15/09/2025	0.93	11.0%	104.08	6.3%	6.3%	104.18	2.42	Cheap	0.90
3	FR84	5/4/2020	15/02/2026	1.35	7.3%	101.22	6.3%	6.3%	101.15	(7.40)	Expensive	1.28
4	FR86	8/13/2020	15/04/2026	1.52	5.5%	98.89	6.3%	6.4%	98.78	(6.90)	Expensive	1.44
5	FR37	5/18/2006	15/09/2026	1.93	12.0%	110.07	6.3%	6.4%	110.08	(4.21)	Expensive	1.75
6	FR56	9/23/2010	15/09/2026	1.93	8.4%	103.72	6.3%	6.4%	103.58	(9.57)	Expensive	1.80
7	FR90	7/8/2021	15/04/2027	2.52	5.1%	97.44	6.2%	6.4%	97.05	(16.52)	Expensive	2.34
8	FR59	9/15/2011	15/05/2027	2.60	7.0%	101.50	6.4%	6.4%	101.37	(5.93)	Expensive	2.38
9	FR42	1/25/2007	15/07/2027	2.76	10.3%	109.65	6.4%	6.4%	109.55	(6.19)	Expensive	2.41
10	FR94	3/4/2022	15/01/2028	3.27	5.6%	97.01	6.6%	6.5%	97.52	17.95	Cheap	2.96
11	FR47	8/30/2007	15/02/2028	3.35	10.0%	110.75	6.4%	6.5%	110.53	(9.00)	Expensive	2.88
12	FR64	8/13/2012	15/05/2028	3.60	6.1%	99.23	6.4%	6.5%	98.91	(10.34)	Expensive	3.23
13	FR95	8/19/2022	15/08/2028	3.85	6.4%	100.01	6.4%	6.5%	99.64	(11.48)	Expensive	3.41
14	FR99	1/27/2023	15/01/2029	4.27	6.4%	99.64	6.5%	6.5%	99.62	(0.88)	Expensive	3.71
15	FR71	9/12/2013	15/03/2029	4.43	9.0%	109.59	6.5%	6.5%	109.45	(4.30)	Expensive	3.72
16	101	11/2/2023	15/04/2029	4.52	6.9%	101.76	6.4%	6.5%	101.39	(9.63)	Expensive	3.86
17	FR78	9/27/2018	15/05/2029	4.60	8.3%	106.90	6.5%	6.5%	106.79	(3.41)	Expensive	3.86
18	104	8/22/2024	15/07/2030	5.77	6.5%	100.43	6.4%	6.6%	99.67	(16.45)	Expensive	4.78
19	FR52	8/20/2009	15/08/2030	5.85	10.5%	119.36	6.5%	6.6%	118.82	(11.24)	Expensive	4.52
20	FR82	8/1/2019	15/09/2030	5.94	7.0%	102.51	6.5%	6.6%	102.05	(9.72)	Expensive	4.90
21	FR87	8/13/2020	15/02/2031	6.36	6.5%	99.91	6.5%	6.6%	99.51	(7.99)	Expensive	5.20
22	FR85	5/4/2020	15/04/2031	6.52	7.8%	106.01	6.6%	6.6%	106.00	(0.34)	Expensive	5.13
23	FR73	8/6/2015	15/05/2031	6.60	8.8%	111.71	6.5%	6.6%	111.32	(7.27)	Expensive	5.12
24	FR54	7/22/2010	15/07/2031	6.77	9.5%	115.58	6.6%	6.6%	115.55	(1.18)	Expensive	5.11
25	FR91	7/8/2021	15/04/2032	7.52	6.4%	98.74	6.6%	6.6%	98.44	(5.04)	Expensive	5.93
26	FR58	7/21/2011	15/06/2032	7.69	8.3%	109.73	6.6%	6.6%	109.52	(3.80)	Expensive	5.84
27	FR74	11/10/2016	15/08/2032	7.85	7.5%	105.42	6.6%	6.7%	105.11	(5.37)	Expensive	6.00
28	FR96	8/19/2022	15/02/2033	8.36	7.0%	102.15	6.7%	6.7%	102.08	(1.49)	Expensive	6.35
29	FR65	8/30/2012	15/05/2033	8.60	6.6%	99.71	6.7%	6.7%	99.64	(1.23)	Expensive	6.56
30	100	8/24/2023	15/02/2034	9.36	6.6%	99.67	6.7%	6.7%	99.44	(3.41)	Expensive	6.97
31	FR68	8/1/2013	15/03/2034	9.44	8.4%	111.17	6.8%	6.7%	111.51	4.33	Cheap	6.75
32	FR80	7/4/2019	15/06/2035	10.69	7.5%	105.43	6.8%	6.7%	105.67	2.86	Cheap	7.50
33	103	8/8/2024	15/07/2035	10.77	6.8%	100.55	6.7%	6.7%	100.01	(7.34)	Expensive	7.63
34	FR72	7/9/2015	15/05/2036	11.61	8.3%	111.36	6.8%	6.8%	111.74	4.23	Cheap	7.72
35	FR88	1/7/2021	15/06/2036	11.69	6.3%	96.56	6.7%	6.8%	95.81	(9.75)	Expensive	8.27
36	FR45	5/24/2007	15/05/2037	12.61	9.8%	124.02	6.9%	6.8%	124.73	6.91	Cheap	7.86
37	FR93	1/6/2022	15/07/2037	12.77	6.4%	96.83	6.7%	6.8%	96.39	(5.43)	Expensive	8.62
38	FR75	8/10/2017	15/05/2038	13.61	7.5%	105.20	6.9%	6.8%	105.95	8.12	Cheap	8.68
39	FR98	9/15/2022	15/06/2038	13.69	7.1%	103.13	6.8%	6.8%	102.65	(5.50)	Expensive	8.89
40	FR50	1/24/2008	15/07/2038	13.77	10.5%	133.29	6.7%	6.8%	132.48	(8.04)	Expensive	8.14
41	FR79	1/7/2019	15/04/2039	14.52	8.4%	114.28	6.8%	6.8%	113.98	(3.17)	Expensive	8.79
42	FR83	11/7/2019	15/04/2040	15.53	7.5%	105.42	6.9%	6.9%	106.05	6.33	Cheap	9.31
43	FR57	4/21/2011	15/05/2041	16.61	9.5%	125.56	6.9%	6.9%	125.71	1.03	Cheap	9.27
44	FR62	2/9/2012	15/04/2042	17.53	6.4%	96.16	6.8%	6.9%	94.77	(14.12)	Expensive	10.36
45	FR92	7/8/2021	15/06/2042	17.69	7.1%	102.02	6.9%	6.9%	102.32	2.83	Cheap	10.22
46	FR97	8/19/2022	15/06/2043	18.69	7.1%	102.06	6.9%	6.9%	102.24	1.61	Cheap	10.51
47	FR67	7/18/2013	15/02/2044	19.36	8.8%	120.87	6.8%	6.9%	119.39	(12.35)	Expensive	10.25
48	FR76	9/22/2017	15/05/2048	23.61	7.4%	105.08	6.9%	7.0%	104.86	(1.85)	Expensive	11.51
49	FR89	1/7/2021	15/08/2051	26.87	6.9%	99.54	6.9%	7.0%	98.93	(5.16)	Expensive	12.27
50	102	1/5/2024	15/07/2054	29.78	6.9%	99.42	6.9%	7.0%	98.89	(4.33)	Expensive	12.60
51	105	8/27/2024	15/07/2064	39.79	6.9%	100.15	6.9%	6.9%	99.50	(4.93)	Expensive	13.61

Source: Bloomberg, SSI Research

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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	10/17/2019	15/10/2024	0.01	6.6%	100.00	5.0%	6.2%	100.01	(122.16)	Expensive	0.01
2	PBS036	8/25/2022	15/08/2025	0.85	5.4%	99.40	6.1%	6.3%	99.28	(14.90)	Expensive	0.83
3	PBS017	1/11/2018	15/10/2025	1.01	6.1%	99.82	6.3%	6.3%	99.86	3.92	Cheap	0.97
4	PBS032	7/29/2021	15/07/2026	1.76	4.9%	97.53	6.4%	6.3%	97.65	7.71	Cheap	1.68
5	PBS021	12/5/2018	15/11/2026	2.10	8.5%	105.50	5.7%	6.3%	104.22	(65.95)	Expensive	1.92
6	PBS003	2/2/2012	15/01/2027	2.27	6.0%	99.24	6.4%	6.3%	99.31	3.17	Cheap	2.10
7	PBS020	10/22/2018	15/10/2027	3.01	9.0%	107.19	6.3%	6.4%	107.13	(2.99)	Expensive	2.63
8	PBS018	6/4/2018	15/05/2028	3.60	7.6%	103.92	6.4%	6.4%	103.92	(0.76)	Expensive	3.15
9	PBS030	6/4/2021	15/07/2028	3.76	5.9%	98.05	6.5%	6.4%	98.28	6.87	Cheap	3.35
10	PBS023	5/15/2019	15/05/2030	5.60	8.1%	107.50	6.5%	6.5%	107.66	2.86	Cheap	4.54
11	PBS012	1/28/2016	15/11/2031	7.10	8.9%	113.05	6.5%	6.5%	113.16	1.28	Cheap	5.40
12	PBS024	5/28/2019	15/05/2032	7.60	8.4%	110.71	6.6%	6.5%	110.81	1.11	Cheap	5.74
13	PBS025	5/29/2019	15/05/2033	8.60	8.4%	110.88	6.7%	6.6%	111.63	10.50	Cheap	6.28
14	PBS029	1/14/2021	15/03/2034	9.43	6.4%	98.77	6.6%	6.6%	98.38	(5.75)	Expensive	7.11
15	PBS022	1/24/2019	15/04/2034	9.52	8.6%	113.63	6.7%	6.6%	114.05	5.41	Cheap	6.67
16	PBS037	1/12/2023	15/03/2036	11.44	6.9%	100.91	6.8%	6.7%	101.62	8.86	Cheap	7.99
17	PBS004	2/16/2012	15/02/2037	12.36	6.1%	95.46	6.6%	6.7%	95.05	(5.21)	Expensive	8.58
18	PBS034	1/13/2022	15/06/2039	14.69	6.5%	98.14	6.7%	6.8%	97.66	(5.41)	Expensive	9.47
19	PBS007	9/29/2014	15/09/2040	15.94	9.0%	121.89	6.7%	6.8%	121.41	(4.58)	Expensive	9.27
20	PBS039	1/11/2024	15/07/2041	16.77	6.6%	98.72	6.8%	6.8%	98.27	(4.70)	Expensive	10.04
21	PBS035	3/30/2022	15/03/2042	17.44	6.8%	99.51	6.8%	6.8%	99.37	(1.50)	Expensive	10.31
22	PBS005	5/2/2013	15/04/2043	18.52	6.8%	99.36	6.8%	6.8%	99.14	(2.16)	Expensive	10.51
23	PBS028	7/23/2020	15/10/2046	22.03	7.8%	111.01	6.8%	6.9%	109.70	(10.86)	Expensive	11.09
24	PBS033	1/13/2022	15/06/2047	22.69	6.8%	99.01	6.8%	6.9%	98.32	(6.18)	Expensive	11.66
25	PBS015	7/21/2017	15/07/2047	22.78	8.0%	112.67	6.9%	6.9%	112.56	(1.00)	Expensive	11.12
26	PBS038	12/7/2023	15/12/2049	25.20	6.9%	98.29	7.0%	6.9%	99.39	9.32	Cheap	11.97

Source: Bloomberg, SSI Research

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