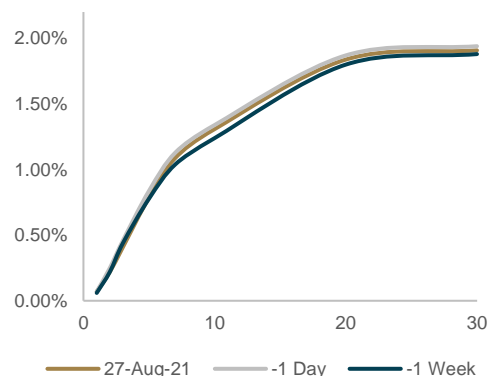


## Exhibit 1. U.S. Treasury Yield



Source : U.S Treasury Department

## Exhibit 2. Global Gov't Bond Yield

Country	27-Aug-21	-1 Day	-1 Week
U.S	1.31%	1.35%	1.26%
U.K	0.59%	0.60%	0.52%
Germany	-0.41%	-0.41%	-0.50%
Australia	1.19%	1.19%	1.08%
Japan	0.03%	0.03%	0.01%
China	2.87%	2.89%	2.85%
Malaysia	3.23%	3.24%	3.23%
Thailand	1.60%	1.60%	1.52%

Source : Bloomberg

## Exhibit 3. Market Indicators

Indicators	Unit	Value
U.S. Treasury	%	1.31
Indo 5-Year CDS	bps	72.12
USD/IDR	points	14,418
BI 7DRR	%	3.50

Source : Bloomberg as of August 27, 2021



**Tirta Widi Gilang Citradi**

Economist & Fixed Income Analyst

## Global Market Update

- Fed Chair Powell signaled the central bank will likely begin tapering by the end of this year, remarks from his speech at Jackson Hole Symposium last week.
- Fed Chair said that U.S. economy has made a substantial progress on inflation and job markets.
- However the recent plan to begin curbing the stimulus will not carry a direct increase in interest rates.
- U.S. PCE inflation rose 4.2% YoY in July-21, higher than consensus estimate and previous month.
- Meanwhile, at the same time the pace of increasing U.S. Core PCE stayed flat at 3.6% YoY.
- On Friday (08/27/21), the 10 year U.S. treasury yield fell 3.9 bps to 3.1%.
- At the same time, U.S. stock market closed higher with DJI rose 0.69%; S&P 500 increased 0.88% and Nasdaq Composite edged higher with 1.23% appreciation.

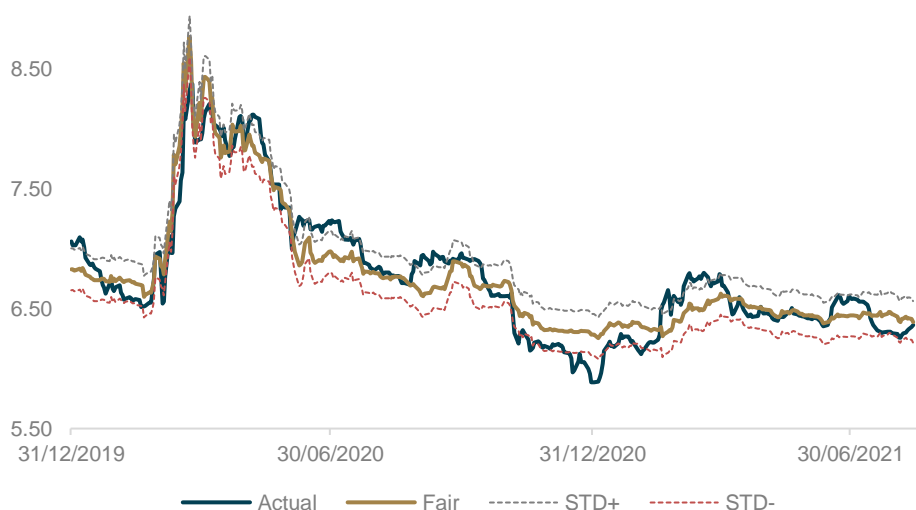
## Domestic Market Update

- The 10 year Indo GB yield rose nearly 2 bps to 6.17% on Friday (08/27/21). On a weekly basis the yield has declined by nearly 20 bps.
- Rupiah stayed flat at IDR14,418/USD. The 5 year CDS was also stable at 72 bps..
- We believe that clear communication from the Fed about tapering off is the reason behind there is no spike in yield despite the debate on timing continues.
- In addition, we think that markets already priced as the U.S. treasury yield began to rise in earlier this year before normalizing at the current level.
- From August 23-26, 2021 foreign investors recorded a net buy in domestic Indo GB market with the total amount of IDR7.18tn.

## Market Projection

- We foresee that the 10 year Indo GB yield to sideways today as we do not see any catalyst or pressure that would influence yields significantly.
- The 10 year yield would likely to move within range of 6.15%-6.25% today.
- Attractive government bond for trading purpose : FR0086, FR0064, FR0082, FR0087, FR0083 and FR0076.

## Exhibit 4. 10 Year Indo GB Fair Yield



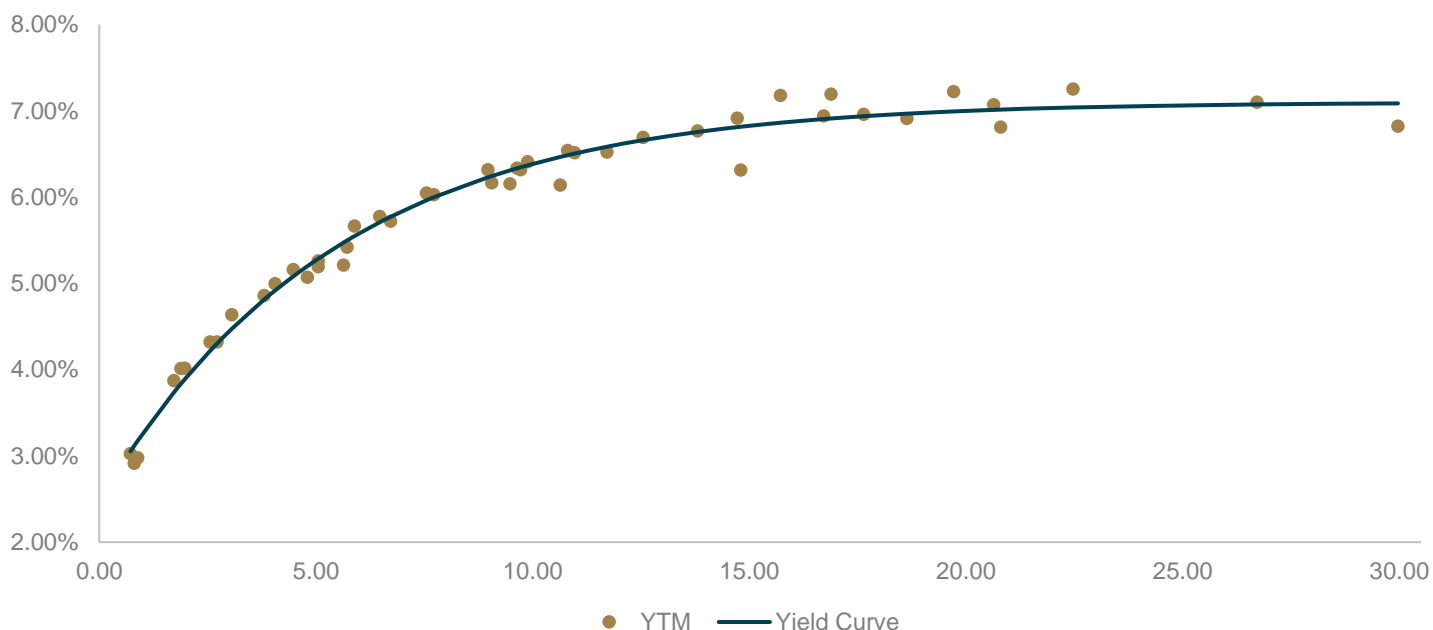
Source : Bloomberg, MNCS Calculation

## Exhibit 5. Indo GB Series Valuation

Series	Maturity	TTM	Last Price	YTM	Fair Yield	Fair Price	Valuation
FR61	15-May-22	0.72	102.75	3.02%	3.05%	102.77	Fair
FR35	15-Jun-22	0.80	107.73	2.91%	3.12%	107.67	Premium
FR43	15-Jul-22	0.88	106.21	2.98%	3.18%	106.11	Premium
FR63	15-May-23	1.72	102.86	3.87%	3.73%	103.11	Fair
FR46	15-Jul-23	1.88	109.80	4.01%	3.84%	110.19	Discounted
FR39	15-Aug-23	1.97	114.41	4.01%	3.89%	114.75	Fair
FR70	15-Mar-24	2.55	109.66	4.32%	4.21%	109.96	Fair
FR77	15-May-24	2.72	109.61	4.32%	4.30%	109.69	Fair
FR44	15-Sep-24	3.05	115.05	4.64%	4.47%	115.60	Discounted
FR81	15-Jun-25	3.80	105.61	4.86%	4.81%	105.79	Fair
FR40	15-Sep-25	4.05	121.73	4.99%	4.92%	122.10	Fair
FR84	15-Feb-26	4.47	108.23	5.16%	5.08%	108.58	Fair
FR86	15-Jun-26	4.80	101.75	5.07%	5.20%	101.25	Fair
FR37	15-Sep-26	5.05	129.51	5.26%	5.29%	129.42	Fair
FR56	15-Sep-26	5.05	113.96	5.19%	5.29%	113.53	Fair
FR90	15-Apr-27	5.63	99.58	5.21%	5.47%	98.33	Premium
FR59	15-May-27	5.72	107.68	5.42%	5.50%	107.28	Fair
FR42	15-Jul-27	5.88	122.64	5.66%	5.55%	123.33	Fair
FR47	15-Feb-28	6.47	122.50	5.77%	5.71%	122.94	Fair
FR64	15-May-28	6.72	102.23	5.72%	5.77%	101.94	Fair
FR71	15-Mar-29	7.55	117.69	6.04%	5.96%	118.25	Fair
FR78	15-May-29	7.72	113.53	6.03%	6.00%	113.74	Fair
FR52	15-Aug-30	8.97	128.28	6.32%	6.23%	129.01	Fair
FR82	15-Sep-30	9.05	105.72	6.17%	6.24%	105.17	Fair
FR87	15-Feb-31	9.47	102.45	6.15%	6.31%	101.35	Fair
FR85	15-Apr-31	9.63	110.06	6.34%	6.33%	110.10	Fair
FR73	15-May-31	9.72	117.44	6.32%	6.34%	117.24	Fair
FR54	15-Jul-31	9.88	122.33	6.41%	6.37%	122.71	Fair
FR91	15-Apr-32	10.63	101.83	6.14%	6.46%	99.31	Premium
FR58	15-Jun-32	10.80	113.10	6.54%	6.48%	113.55	Fair
FR74	15-Aug-32	10.97	107.64	6.51%	6.50%	107.73	Fair
FR65	15-May-33	11.72	100.85	6.52%	6.58%	100.33	Fair
FR68	15-Mar-34	12.55	114.14	6.69%	6.66%	114.44	Fair
FR80	15-Jun-35	13.80	106.53	6.76%	6.75%	106.62	Fair
FR72	15-May-36	14.72	112.18	6.92%	6.81%	113.24	Fair
FR88	15-Jun-36	14.80	99.41	6.31%	6.81%	94.78	Premium
FR45	15-May-37	15.72	124.00	7.18%	6.86%	127.50	Discounted
FR75	15-May-38	16.72	105.46	6.94%	6.90%	105.85	Fair
FR50	15-Jul-38	16.88	132.00	7.19%	6.91%	135.44	Discounted
FR79	15-Apr-39	17.63	114.25	6.96%	6.94%	114.50	Fair
FR83	15-Apr-40	18.63	106.10	6.91%	6.97%	105.52	Fair
FR57	15-May-41	19.72	123.75	7.22%	6.99%	126.61	Discounted
FR62	15-Apr-42	20.63	92.50	7.07%	7.01%	93.12	Fair
FR92	15-Jun-42	20.80	103.46	6.81%	7.01%	101.21	Premium
FR67	15-Feb-44	22.47	116.50	7.25%	7.04%	119.19	Discounted
FR76	15-May-48	26.72	103.26	7.10%	7.07%	103.59	Fair
FR89	15-Aug-51	29.97	100.68	6.82%	7.08%	97.41	Premium

Source : Bloomberg, MNCS Calculation as of August 27, 2021

**Exhibit 6. Indo GB Yield Curve**



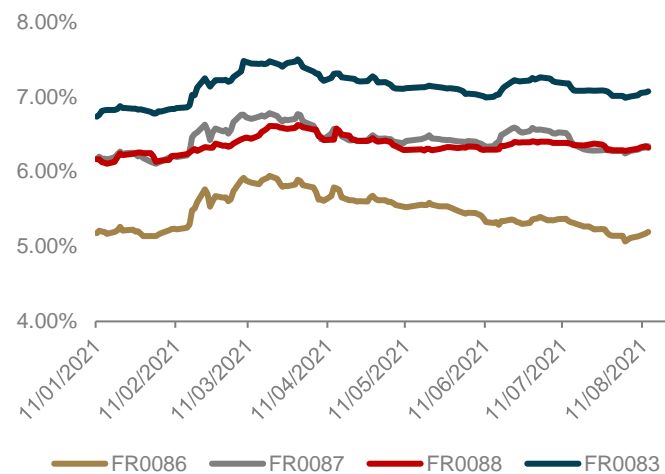
Source : Bloomberg, MNCS Calculation as of August 27, 2021

**Exhibit 7. 10 Year U.S. Treasury & Indo GB Spread**



Source : Bloomberg, MNCS Calculation

**Exhibit 8. Indo GB Benchmark Series Yield**



Source : Bloomberg

**Exhibit 9. Indo GB Ownership by Type of Investors (%)**

Bond Holder	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21
Bank	37.96	37.09	37.86	36.00	36.33	32.50	31.92	34.85
Central Bank (Nett)	9.52	10.98	10.65	12.77	11.99	15.93	16.08	13.17
Mutual Fund	4.18	4.04	3.92	3.81	3.06	3.16	3.18	3.17
Insurance & Pension Fund	14.04	14.01	14.08	14.14	14.44	14.24	14.59	14.59
Foreign	24.86	23.81	22.89	22.74	22.76	22.82	22.53	22.55
Individuals	3.51	4.11	4.56	4.49	4.61	4.49	4.64	4.60
Others	5.93	5.97	6.03	6.05	6.83	6.95	7.07	7.07

Source : DJPPR as of August 19, 2021

## MNC Research Industry Ratings Guidance

**OVERWEIGHT:** Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months

**NEUTRAL:** Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months

**UNDERWEIGHT:** Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

## MNC Research Investment Ratings Guidance

**BUY :** Share price may exceed 10% over the next 12 months

**HOLD :** Share price may fall within the range of +/- 10% of the next 12 months

**SELL :** Share price may fall by more than 10% over the next 12 months

**Not Rated :** Stock is not within regular research coverage

## PT MNC SEKURITAS

MNC Financial Center Lt. 14 – 16

Jl. Kebon Sirih No. 21 - 27, Jakarta Pusat 10340

Telp : (021) 2980 3111

Fax : (021) 3983 6899

Call Center : 1500 899

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