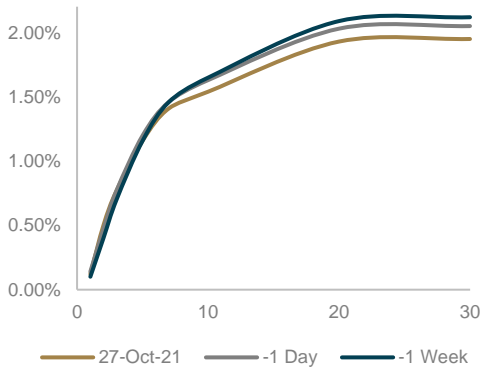


## Exhibit 1. U.S. Treasury Yield



Source : U.S Treasury Department

## Exhibit 2. Global Gov't Bond Yield

Country	27-Oct-21	-1 Day	-1 Week
U.S	1.55%	1.62%	1.66%
U.K	1.07%	1.12%	1.15%
Germany	-0.16%	-0.13%	-0.13%
Australia	1.81%	1.81%	1.81%
Japan	0.10%	0.11%	0.09%
China	2.98%	2.98%	3.01%
Malaysia	3.59%	3.60%	3.59%
Thailand	1.96%	1.96%	2.01%

Source : Bloomberg

## Exhibit 3. Market Indicators

Indicators	Unit	Value
U.S. Treasury	%	1.55
Indo 5-Year CDS	bps	76.13
USD/IDR	points	14,173
BI 7DRR	%	3.50

Source : Bloomberg as of October 27, 2021



**Tirta Widi Gilang Citradi**

Economist & Fixed Income Analyst

## Global Market Update

- The 10-year U.S. treasury yield dropped 8 bps to a level of 1.55% on Wednesday (10/27/21). U.S. treasury yields fell by 2-10 bps along the curve.
- The fall in yields noted as a result of Bank of Canada's decision to join other central banks, such as Bank of England, in ending its quantitative easing programme yesterday.
- U.S. stocks market closed mixed last night. No changes on Nasdaq Composite despite DJI and S&P 500 slipped 0.74% and 0.51% respectively.
- New orders for U.S. durable goods decreased 0.4% MoM in Sep-21 from 1.3% in Aug-21, driven by the ongoing supply chain disruptions.
- Bank of Canada announced its target overnight rate maintained at 0.25%. An earlier hike rate is signalled to anticipate CPI inflation, resulted from higher energy prices and supply bottlenecks in pandemic era.
- The GfK Consumer Climate in Germany climbed 0.5 points from previous month's to 0.9 into Nov-21. This hike was attributable to the German's expectation of a higher inflation rate to occur.
- France's consumer confidence dropped to 99 in Oct-21, 2 points lower than both consensus and September's figure of 101.
- Australia's annual inflation rate declined to a level of 3.0% in 3Q21, below the consensus of 3.1%.

## Domestic Market Update

- The 10-year Indo GB yield stayed flat. As of Wednesday (10/27/21), the benchmark government bond yield closed at 6.00%. This is in line with our daily forecast range of 5.95%-6.05%.
- The value of rupiah depreciated against USD to IDR 14,173/USD yesterday. Meanwhile 5-year Indo CDS dropped more than 5 bps to 76.13 bps.
- BI said that the 10-year U.S. treasury yield may rise gradually to 2.0-2.5% in 2022. BI said that domestic central bank will strengthen stabilization policy to anticipate the potential outflows during monetary tightening period.
- On the macro side, as of Sep-21 credit in Indonesia grew 3.2% and is expected to reach 4-5% this year. Bank's NPL was at 3.22% and restructured loans value decreased to IDR738.6tn according to OJK.
- Overall, credit condition in Indonesia keeps improving. We believe that with the decline in NPL and restructured loans values, banking provisioning to decrease, therefore improving banks profitability.

## Market Projection

- We expect the 10 year Indo GB yield to decline to a range of 5.95% - 6.05% on Thursday (10/28/21).
- Attractive Indo GB series to be traded today : FR0086, FR0090, FR0082, FR0087, FR0091, FR0068, FR0080, FR0088, FR0050, FR0083 and FR0092.

## Exhibit 4. 10 Year Indo GB Fair Yield



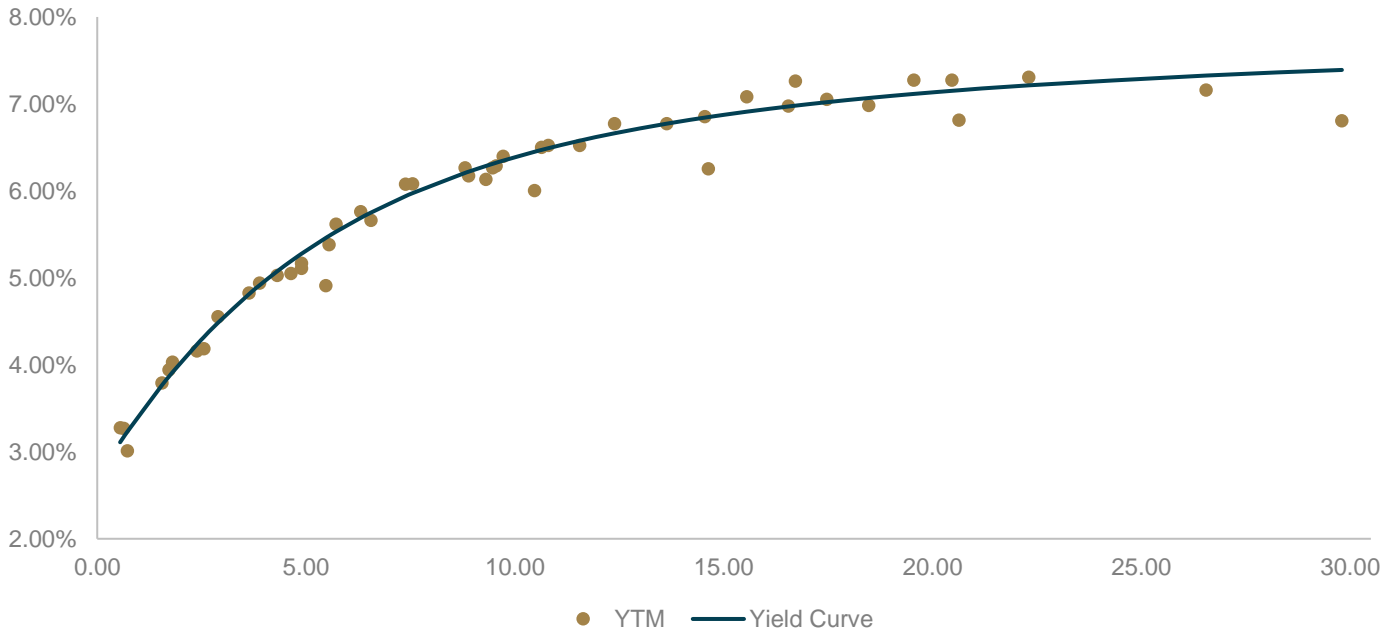
Source : Bloomberg, MNCS Calculation

## Exhibit 5. Indo GB Series Valuation

Series	Maturity	TTM	Last Price	YTM	Fair Yield	Fair Price	Valuation
FR61	15-May-22	0.55	102.00	3.28%	3.11%	102.11	Fair
FR35	15-Jun-22	0.63	105.93	3.27%	3.17%	106.05	Fair
FR43	15-Jul-22	0.72	105.05	3.01%	3.23%	104.93	Premium
FR63	15-May-23	1.55	102.72	3.80%	3.77%	102.77	Fair
FR46	15-Jul-23	1.72	109.10	3.94%	3.87%	109.26	Fair
FR39	15-Aug-23	1.80	113.23	4.03%	3.91%	113.49	Fair
FR70	15-Mar-24	2.38	109.44	4.16%	4.23%	109.29	Fair
FR77	15-May-24	2.55	109.41	4.19%	4.32%	109.10	Fair
FR44	15-Sep-24	2.89	114.52	4.56%	4.48%	114.76	Fair
FR81	15-Jun-25	3.63	105.50	4.83%	4.81%	105.55	Fair
FR40	15-Sep-25	3.89	121.14	4.94%	4.92%	121.26	Fair
FR84	15-Feb-26	4.30	108.47	5.03%	5.08%	108.30	Fair
FR86	15-Jun-26	4.63	101.77	5.05%	5.19%	101.25	Fair
FR37	15-Sep-26	4.89	129.10	5.17%	5.28%	128.60	Fair
FR56	15-Sep-26	4.89	113.92	5.11%	5.28%	113.18	Fair
FR90	15-Apr-27	5.47	101.00	4.91%	5.46%	98.44	Premium
FR59	15-May-27	5.55	107.67	5.38%	5.48%	107.17	Fair
FR42	15-Jul-27	5.72	122.35	5.62%	5.53%	122.85	Fair
FR47	15-Feb-28	6.30	122.10	5.76%	5.69%	122.55	Fair
FR64	15-May-28	6.55	102.49	5.66%	5.75%	102.02	Fair
FR71	15-Mar-29	7.38	117.15	6.08%	5.94%	118.07	Fair
FR78	15-May-29	7.55	112.97	6.08%	5.97%	113.66	Fair
FR52	15-Aug-30	8.80	128.28	6.27%	6.21%	128.76	Fair
FR82	15-Sep-30	8.89	105.57	6.17%	6.22%	105.25	Fair
FR87	15-Feb-31	9.30	102.55	6.13%	6.29%	101.47	Fair
FR85	15-Apr-31	9.47	110.48	6.26%	6.31%	110.13	Fair
FR73	15-May-31	9.55	117.47	6.29%	6.32%	117.19	Fair
FR54	15-Jul-31	9.72	122.15	6.40%	6.35%	122.58	Fair
FR91	15-Apr-32	10.47	102.83	6.01%	6.45%	99.43	Premium
FR58	15-Jun-32	10.63	113.25	6.50%	6.47%	113.51	Fair
FR74	15-Aug-32	10.80	107.46	6.52%	6.49%	107.73	Fair
FR65	15-May-33	11.55	100.80	6.52%	6.58%	100.38	Fair
FR68	15-Mar-34	12.38	113.24	6.78%	6.66%	114.27	Fair
FR80	15-Jun-35	13.63	106.37	6.78%	6.77%	106.39	Fair
FR72	15-May-36	14.55	112.72	6.85%	6.84%	112.83	Fair
FR88	15-Jun-36	14.63	99.93	6.26%	6.85%	94.51	Premium
FR45	15-May-37	15.55	124.87	7.08%	6.91%	126.79	Fair
FR75	15-May-38	16.55	105.08	6.98%	6.97%	105.14	Fair
FR50	15-Jul-38	16.72	131.00	7.26%	6.98%	134.39	Discounted
FR79	15-Apr-39	17.47	113.12	7.06%	7.02%	113.51	Fair
FR83	15-Apr-40	18.47	105.30	6.98%	7.07%	104.41	Fair
FR57	15-May-41	19.55	123.00	7.28%	7.12%	124.97	Fair
FR62	15-Apr-42	20.47	90.50	7.27%	7.15%	91.72	Fair
FR92	15-Jun-42	20.63	103.42	6.81%	7.16%	99.64	Premium
FR67	15-Feb-44	22.30	115.75	7.31%	7.21%	116.89	Fair
FR76	15-May-48	26.55	102.51	7.16%	7.33%	100.56	Fair
FR89	15-Aug-51	29.80	100.84	6.81%	7.39%	93.81	Premium

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

## Exhibit 6. Indo GB Yield Curve



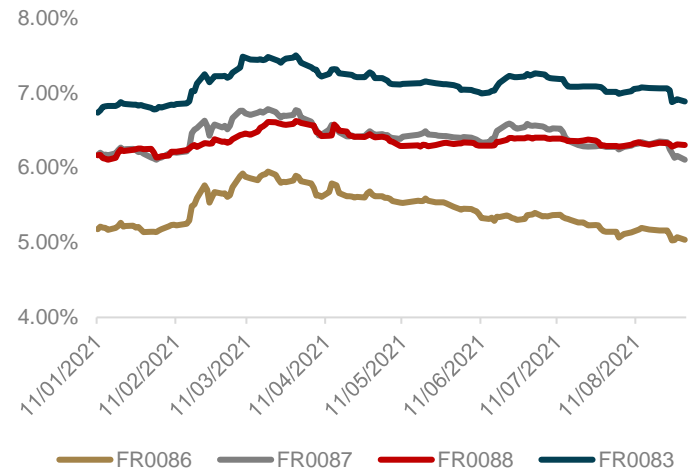
Source : Bloomberg, MNCS Calculation as of October 27, 2021

## 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	Sep-21
Bank	37.96	37.09	37.86	36	36.33	32.5	31.92	33.45	33.69
Central Bank (Nett)	9.52	10.98	10.65	12.77	11.99	15.93	16.08	14.78	14.87
Mutual Fund	4.18	4.04	3.92	3.81	3.06	3.16	3.18	3.20	3.28
Insurance & Pension Fund	14.04	14.01	14.08	14.14	14.44	14.24	14.59	14.45	13.34
Foreign	24.86	23.81	22.89	22.74	22.76	22.82	22.53	22.44	21.56
Individuals	3.51	4.11	4.56	4.49	4.61	4.49	4.64	4.46	4.94
Others	5.93	5.97	6.03	6.05	6.83	6.95	7.07	7.21	8.31

Source : DJPPR as of September 30, 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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