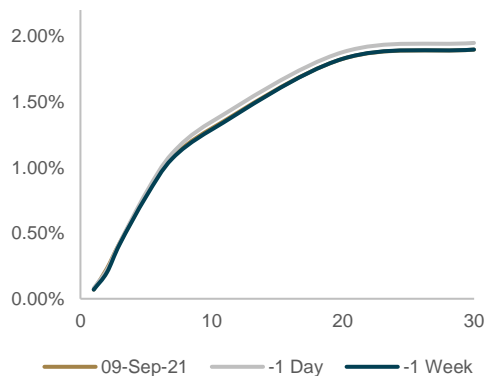


## Exhibit 1. U.S. Treasury Yield



Source : U.S Treasury Department

## Exhibit 2. Global Gov't Bond Yield

Country	09-Sep-21	-1 Day	-1 Week
U.S	1.30%	1.34%	1.28%
U.K	0.74%	0.74%	0.68%
Germany	-0.36%	-0.32%	-0.39%
Australia	1.24%	1.27%	1.22%
Japan	0.04%	0.05%	0.04%
China	2.87%	2.87%	2.83%
Malaysia	3.23%	3.23%	3.20%
Thailand	1.70%	1.71%	1.64%

Source : Bloomberg

## Exhibit 3. Market Indicators

Indicators	Unit	Value
U.S. Treasury	%	1.30
Indo 5-Year CDS	bps	67.82
USD/IDR	points	14,253
BI 7DRR	%	3.50

Source : Bloomberg as of September 9, 2021



**Tirta Widi Gilang Citradi**

Economist & Fixed Income Analyst

## Global Market Update

- U.S. job market continued to gain its strength. As of September 9, the initial jobless claims dropped to 310,000 below previous week figure of 345,000 and consensus estimate 335,000.
- The Fed governor Michelle Bowman urged the central bank to trim the asset purchase worth of USD120bn/month later this year.
- Despite the recent pressure to taper earlier this year, the government bond yield ebbed lower yesterday (09/09/21).
- The 10 year U.S. treasury yield declined by 4 bps to 1.30%. Overall the U.S. treasury yields dropped 1-5 bps along the curve.
- U.S. stock market tumbled at the same time. DJI & S&P 500 dropped more than 0.4% while Nasdaq Composite lost 0.25%.
- Elsewhere ECB kept the interest rates unchanged at its historical low. However the ECB President Christina Lagarde said that the pace of asset purchases under PEPP needs to be reduced in the coming quarter.
- The pace of asset purchase will be slowed down to around EUR60-70bn from previously USD80bn.

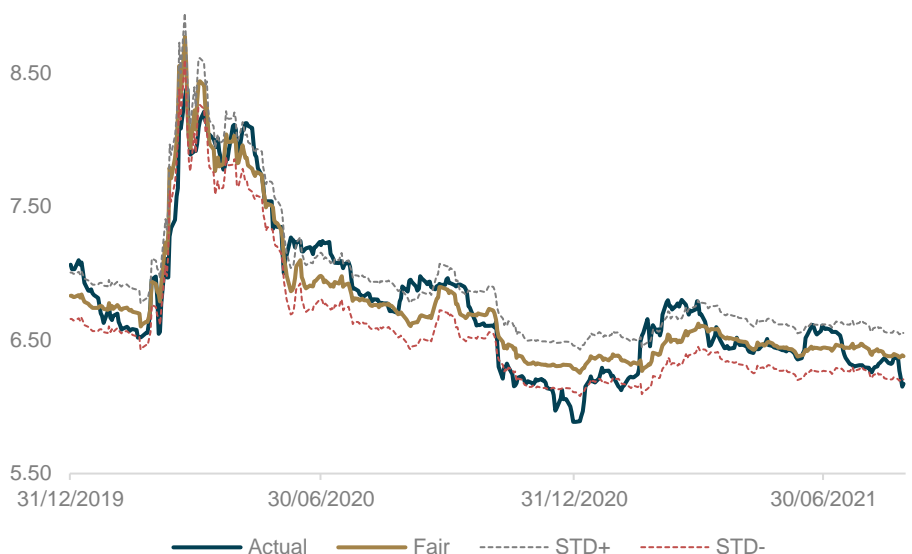
## Domestic Market Update

- ICBI closed at 327.73 yesterday nearly flat from the previous trading session.
- The 10 year Indo GB yield stayed flat at 6.17%. The prices of Indo GB benchmark series (FR0086, FR0087, FR0088 & FR0083) were little changed.
- The value of Indonesian rupiah remained at IDR14,253/USD yesterday. Meanwhile 5 year Indo CDS was stable below 70 bps.
- The spread between 10 year U.S. treasury & Indo GB yield was at 483 bps.
- Bank Indonesia (BI) reported the domestic retail sales contracted -5.0% MoM/-2.9% YoY in July-21.
- The retail sales was deteriorated during the implementation of social restriction (PPKM leveling) in Java & Bali.

## Market Projection

- With the decline of U.S. treasury yield there is a potential upside for domestic bond market on Friday (09/10/21).
- However we expect the 10 year Indo GB yield to move within range of 6.10%-6.20%.
- Attractive Indo GB series to be traded today : FR0086, FR0064, FR0071, FR0078, FR0082, FR0087, FR0068, FR0088 & FR0083.

## Exhibit 4. 10 Year Indo GB Fair Yield



Source : Bloomberg, MNCS Calculation

# Fixed Income Report

MNC Sekuritas Research Division | September 10, 2021

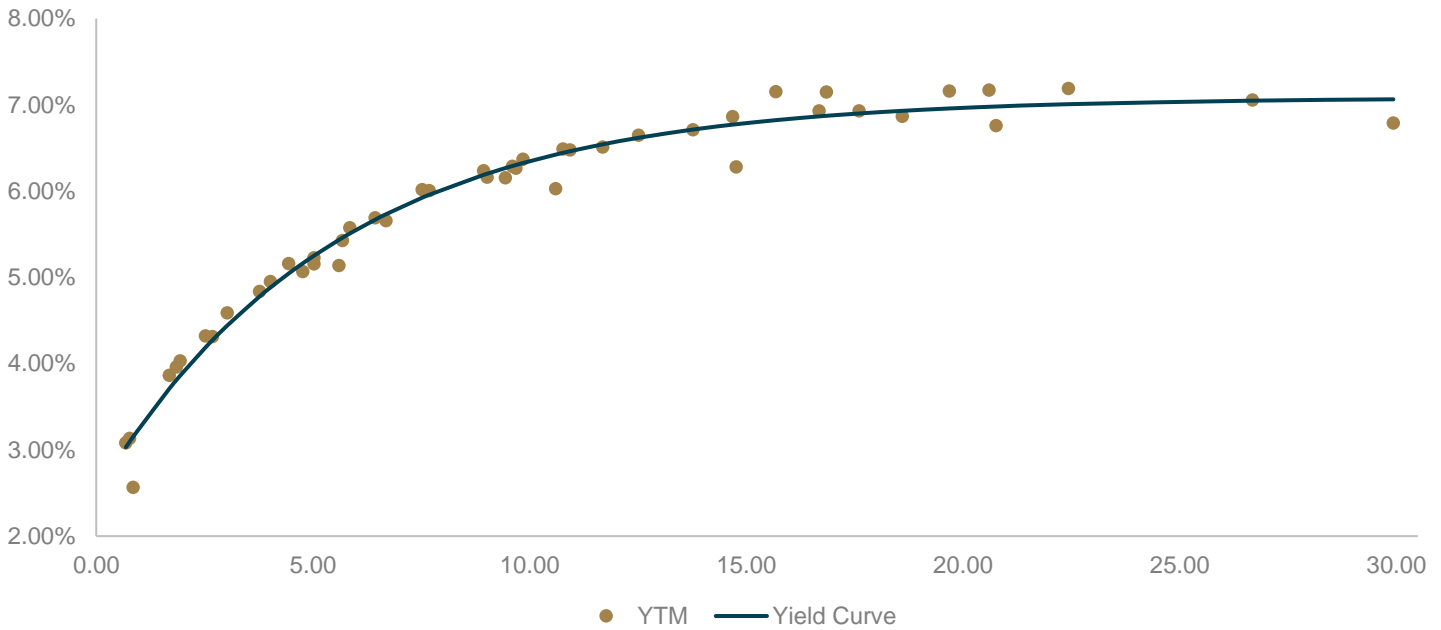


## Exhibit 5. Indo GB Series Valuation

Series	Maturity	TTM	Last Price	YTM	Fair Yield	Fair Price	Valuation
FR61	15-May-22	0.68	102.57	3.08%	3.03%	102.65	Fair
FR35	15-Jun-22	0.76	107.19	3.13%	3.09%	107.35	Premium
FR43	15-Jul-22	0.85	106.30	2.56%	3.15%	105.88	Premium
FR63	15-May-23	1.68	102.82	3.86%	3.71%	103.09	Fair
FR46	15-Jul-23	1.85	109.70	3.96%	3.81%	110.05	Discounted
FR39	15-Aug-23	1.93	114.11	4.03%	3.86%	114.55	Fair
FR70	15-Mar-24	2.51	109.52	4.32%	4.18%	109.91	Fair
FR77	15-May-24	2.68	109.51	4.31%	4.27%	109.66	Fair
FR44	15-Sep-24	3.02	115.03	4.59%	4.44%	115.54	Discounted
FR81	15-Jun-25	3.77	105.64	4.84%	4.78%	105.86	Fair
FR40	15-Sep-25	4.02	121.73	4.95%	4.88%	122.07	Fair
FR84	15-Feb-26	4.44	108.17	5.16%	5.04%	108.66	Fair
FR86	15-Jun-26	4.76	101.76	5.06%	5.16%	101.40	Fair
FR37	15-Sep-26	5.02	129.50	5.22%	5.25%	129.43	Fair
FR56	15-Sep-26	5.02	114.04	5.16%	5.25%	113.63	Fair
FR90	15-Apr-27	5.60	99.94	5.14%	5.43%	98.52	Premium
FR59	15-May-27	5.68	107.59	5.43%	5.46%	107.43	Fair
FR42	15-Jul-27	5.85	123.00	5.57%	5.51%	123.42	Fair
FR47	15-Feb-28	6.43	122.90	5.69%	5.67%	123.07	Fair
FR64	15-May-28	6.68	102.57	5.66%	5.73%	102.15	Fair
FR71	15-Mar-29	7.51	117.82	6.01%	5.92%	118.46	Fair
FR78	15-May-29	7.68	113.64	6.00%	5.96%	113.96	Fair
FR52	15-Aug-30	8.93	128.85	6.23%	6.19%	129.25	Fair
FR82	15-Sep-30	9.02	105.75	6.16%	6.20%	105.45	Fair
FR87	15-Feb-31	9.44	102.44	6.15%	6.27%	101.64	Fair
FR85	15-Apr-31	9.60	110.41	6.29%	6.29%	110.39	Fair
FR73	15-May-31	9.68	117.80	6.27%	6.30%	117.53	Fair
FR54	15-Jul-31	9.85	122.60	6.37%	6.33%	122.99	Fair
FR91	15-Apr-32	10.60	102.68	6.03%	6.42%	99.63	Premium
FR58	15-Jun-32	10.77	113.47	6.49%	6.44%	113.86	Fair
FR74	15-Aug-32	10.93	107.92	6.48%	6.46%	108.04	Fair
FR65	15-May-33	11.68	100.92	6.51%	6.54%	100.66	Fair
FR68	15-Mar-34	12.51	114.51	6.65%	6.62%	114.80	Fair
FR80	15-Jun-35	13.77	107.00	6.71%	6.71%	106.98	Fair
FR72	15-May-36	14.68	112.70	6.86%	6.77%	113.62	Fair
FR88	15-Jun-36	14.77	99.72	6.28%	6.78%	95.14	Premium
FR45	15-May-37	15.68	124.25	7.15%	6.82%	127.91	Discounted
FR75	15-May-38	16.68	105.59	6.93%	6.87%	106.22	Fair
FR50	15-Jul-38	16.85	132.50	7.15%	6.87%	135.85	Discounted
FR79	15-Apr-39	17.60	114.55	6.93%	6.90%	114.89	Fair
FR83	15-Apr-40	18.60	106.62	6.86%	6.93%	105.89	Fair
FR57	15-May-41	19.68	124.50	7.16%	6.96%	127.01	Discounted
FR62	15-Apr-42	20.60	91.50	7.17%	6.98%	93.46	Fair
FR92	15-Jun-42	20.77	104.06	6.76%	6.98%	101.56	Premium
FR67	15-Feb-44	22.43	117.25	7.19%	7.01%	119.56	Discounted
FR76	15-May-48	26.68	103.81	7.05%	7.05%	103.89	Fair
FR89	15-Aug-51	29.93	101.10	6.79%	7.06%	97.66	Premium

Source : Bloomberg, MNCS Calculation as of September 9, 2021

## Exhibit 6. Indo GB Yield Curve



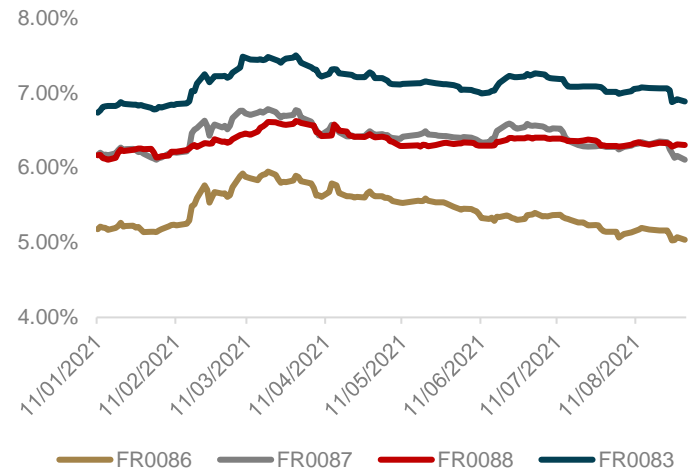
Source : Bloomberg, MNCS Calculation as of September 9, 2021

## 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	33.53
Central Bank (Nett)	9.52	10.98	10.65	12.77	11.99	15.93	16.08	14.69
Mutual Fund	4.18	4.04	3.92	3.81	3.06	3.16	3.18	3.22
Insurance & Pension Fund	14.04	14.01	14.08	14.14	14.44	14.24	14.59	14.45
Foreign	24.86	23.81	22.89	22.74	22.76	22.82	22.53	22.37
Individuals	3.51	4.11	4.56	4.49	4.61	4.49	4.64	4.52
Others	5.93	5.97	6.03	6.05	6.83	6.95	7.07	7.22

Source : DJPPR as of August 27, 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

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