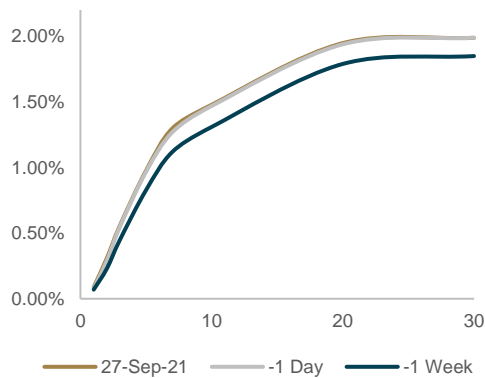


## Exhibit 1. U.S. Treasury Yield



Source : U.S Treasury Department

## Exhibit 2. Global Gov't Bond Yield

Country	27-Sep-21	-1 Day	-1 Week
U.S	1.48%	1.45%	1.31%
U.K	0.96%	0.93%	0.79%
Germany	-0.21%	-0.23%	-0.32%
Australia	1.41%	1.41%	1.30%
Japan	0.06%	0.06%	0.05%
China	2.88%	2.87%	2.88%
Malaysia	3.43%	3.41%	3.34%
Thailand	1.82%	1.78%	1.79%

Source : Bloomberg

## Exhibit 3. Market Indicators

Indicators	Unit	Value
U.S. Treasury	%	1.48
Indo 5-Year CDS	bps	79.90
USD/IDR	points	14,253
BI 7DRR	%	3.50

Source : Bloomberg as of September 27, 2021



**Tirta Widi Gilang Citradi**

Economist & Fixed Income Analyst

## Global Market Update

- The U.S. treasury yield curve moved upward. The 10 year benchmark rate rose by 3 bps to 1.48% and hitting the highest level since July-21.
- Two Fed's officials Williams & Brainard reiterated that U.S. economy has made substantial progress of recovery from the perspective of output, inflation and unemployment, therefore urging central bank to adjust the pace of its asset purchase.
- The 10 year U.S. treasury yield recorded an increase of 17 bps from a week ago following more hawkish stance of central bankers that see a quicker rates hike in 2022.
- Elsewhere, the ECB decided to keep interest rate unchanged, but said it would start conducting a moderately lower pace of net asset purchases under the PEPP for the rest of the year due to improved economic and financial conditions.
- The ECB also revised up the bloc economic projection with higher output (5% vs 4.6% estimated in June) and higher inflation (2.2% vs 1.9% estimated in June) in 2021.
- Keeping interest rate unchanged was also followed by two other central banks (BoE & BoJ), both took a more dovish stance.
- BoE pegged its bond buying program at a total of GBP 895 billion by the end of this year, while BoJ decided to maintain the target for the 10-year government bond yield at around 0%.
- We already see now that the path to monetary policy normalization is widely open. Hence propping up the government bond yields.

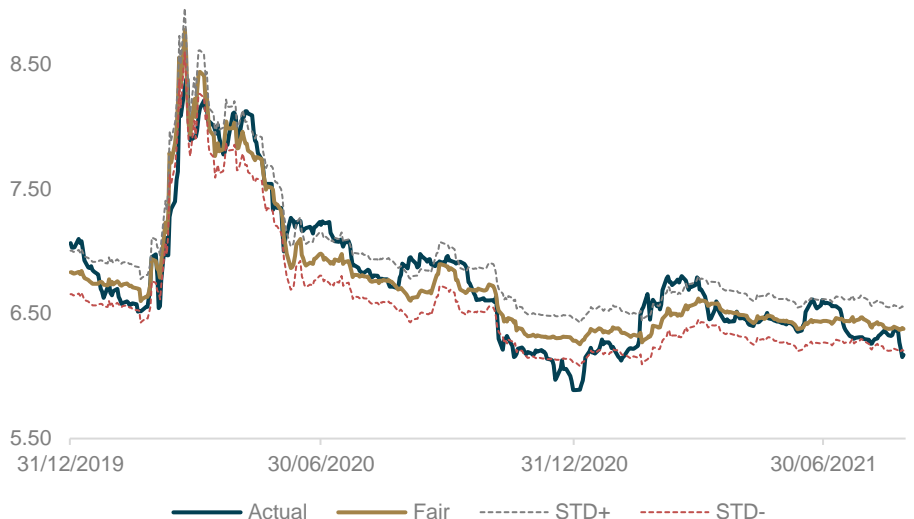
## Domestic Market Update

- The 10 year Indo GB yield rose to 6.20% on Monday (09/27/21) and remained within our forecast range of 6.15%-6.25% so far.
- Rising the local currency denominated bond yields was attributable to a higher yields environment globally.
- 5 year Indo CDS increased to a near of 80 bps while rupiah remained stable below IDR 14,300/USD.

## Market Projection

- Government will conduct debt securities auction for 7 series with lower indicative target of IDR12-18tn on Tuesday (09/28/21). Lower indicative target was driven by a front loading issuance strategy in 1H21 amid concern of a more hawkish stance from global central banks in 2H21.
- We expect the 10 year Indo GB yield to rise again and moving within range of 6.15% - 6.25% today on the back of rising U.S. treasury yield.
- Attractive Indo GB series to be traded today : FR0086, FR0090, FR0064, FR0071, FR0078, FR0082, FR0087, FR0091, FR0088, FR0062.

## Exhibit 4. 10 Year Indo GB Fair Yield



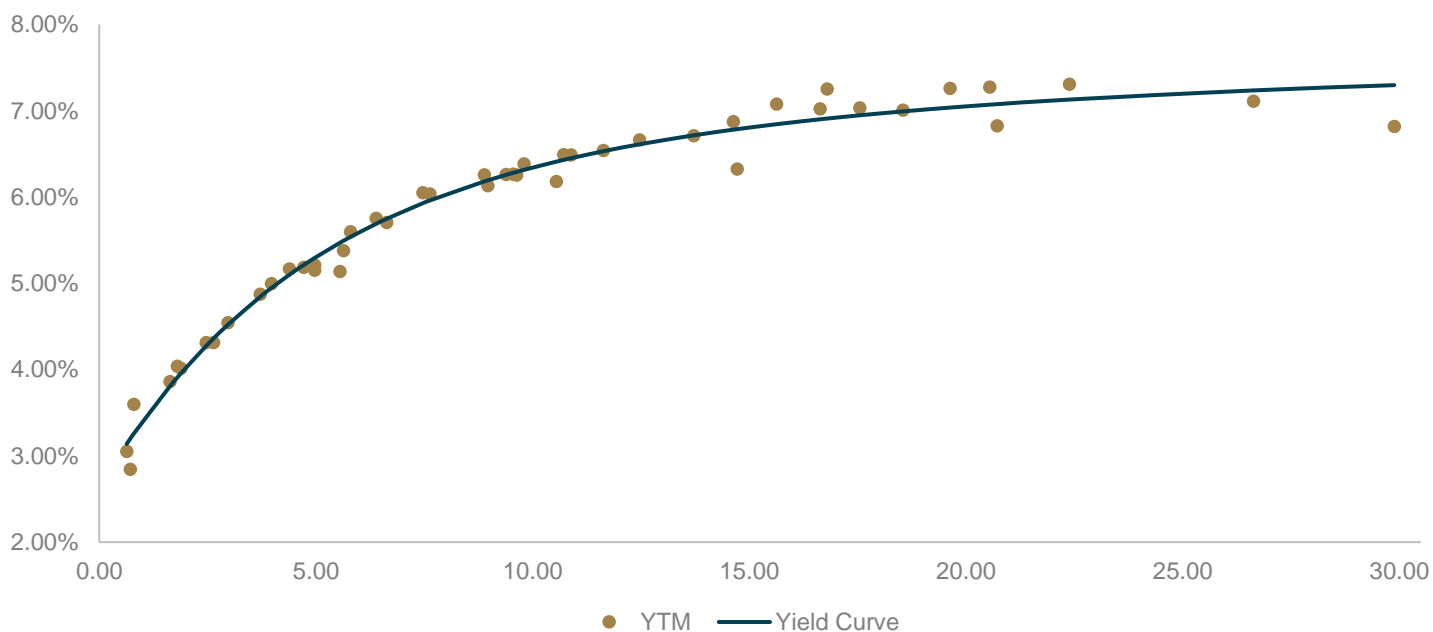
Source : Bloomberg, MNCS Calculation

## Exhibit 5. Indo GB Series Valuation

Series	Maturity	TTM	Last Price	YTM	Fair Yield	Fair Price	Valuation
FR61	15-May-22	0.63	102.43	3.05%	3.14%	102.40	Fair
FR35	15-Jun-22	0.72	107.01	2.84%	3.20%	106.80	Premium
FR43	15-Jul-22	0.80	105.15	3.59%	3.26%	105.46	Discounted
FR63	15-May-23	1.63	102.76	3.86%	3.81%	102.85	Fair
FR46	15-Jul-23	1.80	109.35	4.04%	3.90%	109.62	Fair
FR39	15-Aug-23	1.88	113.85	4.01%	3.95%	114.00	Fair
FR70	15-Mar-24	2.46	109.39	4.31%	4.27%	109.51	Fair
FR77	15-May-24	2.63	109.37	4.31%	4.36%	109.27	Fair
FR44	15-Sep-24	2.97	114.96	4.54%	4.52%	115.06	Fair
FR81	15-Jun-25	3.72	105.45	4.87%	4.84%	105.56	Fair
FR40	15-Sep-25	3.97	121.35	4.99%	4.94%	121.57	Fair
FR84	15-Feb-26	4.39	108.07	5.16%	5.10%	108.35	Fair
FR86	15-Jun-26	4.72	101.26	5.19%	5.21%	101.19	Fair
FR37	15-Sep-26	4.97	129.35	5.21%	5.29%	128.96	Fair
FR56	15-Sep-26	4.97	113.96	5.15%	5.29%	113.31	Fair
FR90	15-Apr-27	5.55	99.94	5.14%	5.47%	98.38	Premium
FR59	15-May-27	5.63	107.78	5.38%	5.49%	107.22	Fair
FR42	15-Jul-27	5.80	122.75	5.59%	5.54%	123.09	Fair
FR47	15-Feb-28	6.38	122.40	5.75%	5.69%	122.80	Fair
FR64	15-May-28	6.63	102.30	5.70%	5.75%	102.05	Fair
FR71	15-Mar-29	7.46	117.52	6.05%	5.93%	118.32	Fair
FR78	15-May-29	7.63	113.39	6.03%	5.96%	113.87	Fair
FR52	15-Aug-30	8.88	128.56	6.26%	6.18%	129.18	Fair
FR82	15-Sep-30	8.97	105.93	6.13%	6.19%	105.48	Fair
FR87	15-Feb-31	9.39	101.67	6.26%	6.26%	101.70	Fair
FR85	15-Apr-31	9.55	110.56	6.26%	6.28%	110.44	Fair
FR73	15-May-31	9.63	117.85	6.25%	6.29%	117.55	Fair
FR54	15-Jul-31	9.80	122.44	6.38%	6.31%	123.00	Fair
FR91	15-Apr-32	10.55	101.50	6.18%	6.41%	99.73	Premium
FR58	15-Jun-32	10.72	113.41	6.49%	6.43%	113.93	Fair
FR74	15-Aug-32	10.88	107.80	6.49%	6.45%	108.12	Fair
FR65	15-May-33	11.63	100.68	6.54%	6.53%	100.76	Fair
FR68	15-Mar-34	12.46	114.37	6.66%	6.61%	114.83	Fair
FR80	15-Jun-35	13.72	107.02	6.71%	6.71%	106.96	Fair
FR72	15-May-36	14.63	112.56	6.87%	6.78%	113.49	Fair
FR88	15-Jun-36	14.72	99.29	6.32%	6.79%	95.05	Premium
FR45	15-May-37	15.63	125.03	7.08%	6.84%	127.62	Discounted
FR75	15-May-38	16.63	104.66	7.02%	6.90%	105.87	Fair
FR50	15-Jul-38	16.80	131.25	7.25%	6.91%	135.35	Discounted
FR79	15-Apr-39	17.55	113.43	7.03%	6.95%	114.35	Fair
FR83	15-Apr-40	18.55	105.06	7.01%	6.99%	105.23	Fair
FR57	15-May-41	19.63	123.25	7.26%	7.04%	125.99	Discounted
FR62	15-Apr-42	20.55	90.50	7.27%	7.07%	92.52	Discounted
FR92	15-Jun-42	20.72	103.29	6.82%	7.08%	100.52	Premium
FR67	15-Feb-44	22.38	115.75	7.31%	7.13%	117.98	Discounted
FR76	15-May-48	26.63	103.12	7.11%	7.24%	101.63	Fair
FR89	15-Aug-51	29.88	100.74	6.82%	7.30%	94.89	Premium

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

## Exhibit 6. Indo GB Yield Curve



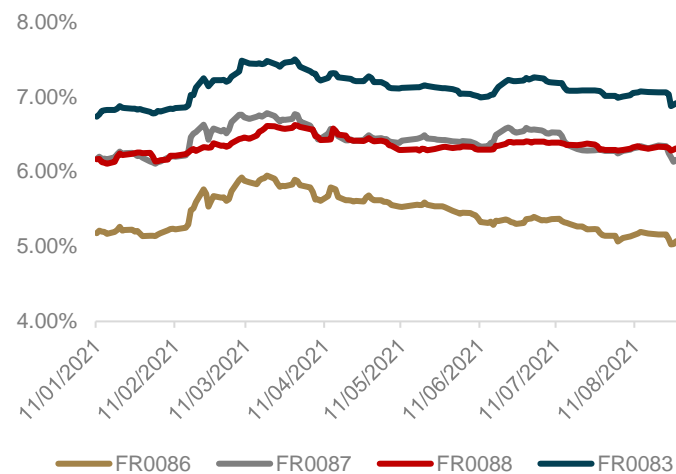
Source : Bloomberg, MNCS Calculation as of September 27, 2021

## 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	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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